THE IMPORTANCE AND CHALLENGES OF DEBT TRANSPARENCY – HUNGARIAN PERSPECTIVE

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DEBT SUSTAINABILITY

Debt rules:

- According to the Constitution (Para 37) public debt ratio should not be over 50pc of GDP. If over, a steady decline has to be targeted by the budget law.

- By EU regulation (Maastricht treaty) public debt has to be below 60pc. If over that level, a steady decline has to be ensured.

Debt rule supervision:

- State Audit Office and the Fiscal Council of Hungary supervise the development of the annual budget whether it is in line with the targeted debt path.
Scope of public debt:

- Originally central government (treasury circle)
- Local authorities are more strictly regulated after debt relief in 2013
- State-owned or directed entities (e.g. companies) are included in the public sector step-by-step (deposit insurance fund, Eximbank)
- ÁKK is usually involved in debt transactions by other entities in the public sector or guaranteed by the government as an advisor
- Challenges: local authorities, SOEs

Debt management strategy:

- Building the domestic and foreign government securities markets
- If loans come into the portfolio by take-over, they are usually pre-paid and refinanced by government securities
PUBLICATION OF PUBLIC DEBT DATA

3-tier publication of public debt data:

- **Debt agency**: central government debt (managed by ÁKK) data with details, break-downs published monthly with minimum time lag
- **MNB (Central bank) and Eurostat**: total public debt including SOEs and subnationals (but not guarantees) quarterly with longer time lag
- **MoF, State Audit Office and Fiscal Council**: total public debt including data on guarantees and debt projections annually
- All publications of information are regulated by laws

**Information on loan contracts:**

- Part of central government debt, the debt agency publish data on its website (amounts, day of disbursement and maturity, lender, type of interest)
ÁKK’S WEBSITE: WWW.AKK.HU

- Main source of providing information to the market, investors and other stakeholders

- Publications are also downloadable here (financing plan, annual debt management report including strategy, auction calendar, other reports)

- Flexible, easy to add new menu points or items

- Continuous task to add new information

- Bilingual, a mission to provide complete English version (unlike many other similar sites)
ÁKK is an independent company, autonomous DMO fulfilling all responsibilities associated with debt management.


Strategic decisions are made by the Board of Directors (senior officials of MoF) and the MoF.

Daily operations are done by the management of ÁKK.

Core objective of ÁKK is the best professional execution of debt management.

Actually, ÁKK’s first task was to gather, account for and publish public debt data.

Hungarian State Treasury manages and executes the public finances of the central government.

All public monies are held at the Treasury Single Account – limiting public debt.
Investors relations are managed by the Planning department (debt data) and the Front office (specific request about markets)