PUBLIC SECTOR DOMESTIC DEBT SURVEY RESULTS

Development Data Group

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FEBRUARY 2021

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List of Acronyms

BCG	Budgetary central government
CB	Central bank
CS-DRMS	The Commonwealth Secretariat Debt Recording and Management System
DMFAS	Debt Management and Financial Analysis System (UNCTAD)
DMO	Debt management office
DRS	The World Bank Debtor Reporting System
EBCG	Extra budgetary central government
GFSM	Government Finance Statistics Manual
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
LG	Local government
LIC	Low-income countries
LMIC	Lower-middle-income countries
MIC	Middle-income countries
MoF	Ministry of finance
NFPC	Non-financial public corporations
PSDD	Public sector domestic debt
PSDS	Public Sector Debt Statistics
QPSD	Quarterly Public Sector Debt
SNA	System of National Accounts
SO	Statistical office
SSF	Social security funds
UMIC	Upper-middle-income countries

EXECUTIVE SUMMARY

As part the public sector debt transparency agenda a questionnaire on public sector domestic debt (PSDD) was sent to 120 low- and middle-income countries that report to the World Bank Debtor Reporting System (DRS). A total of 70[1] countries (18 low- income [LIC], 21 lower-middle-income [LMIC] and 31 upper-middle-income [UMIC]) responded. Upper-middle-income and low-income countries had the highest response rate, 63 percent and 62 percent, respectively. For lower-middle-income countries only 48 percent responded.

The questionnaire included 42 questions, grouped into eight sections, covering information on the (i) Legal framework, (ii) Concepts, definitions and scope, (iii) Institutional and instrument coverage, (iv) Valuation and basis of recording, (v) Data sources, (vi) Available data, (vii) Dissemination and (viii) Revision policy of public sector domestic debt. This note summarizes the answers under the six topics.

Key messages from the survey are as follows:

- Residency of creditors is the most common norm to define domestic debt; half of the respondent countries apply this criterion. Residency is followed by currency of denomination and then market of issuance.
- The majority of respondents have a clear legal framework for domestic debt; 66 countries indicated there is a legal framework that governs domestic borrowing by the public sector entities.
- More than half of the respondent countries use their own national statistics frameworks to capture domestic debt data. The second most widely applied framework, the Public Sector Debt Statistics Guide (IMF, 2011), was used by 40 percent of the countries.
- Sectoral coverage of public sector domestic debt compiled varies widely among countries. Although all countries cover the budgetary central government, the number of countries that cover a wider public sector scope decreases as sectoral coverage is expanded. Also, countries compile data at varying degrees of coverage within the sub-sectors, i.e. data might be available but with gaps or only partially covered.
- Consolidation of indebtedness across and within sub-sectors is not common. Consolidation of indebtedness is required to avoid double counting, but less than half of the countries do so.
- Majority of the countries reported they include only debt securities and loans in their domestic debt. Within debt securities, treasury bills and fixed rate bonds are the most common types across all income groups. Responses show that, as income level rises, countries diversify their debt securities and issue instruments beyond bills and fixed rate bonds.

[1] Cambodia's answers were not included in the note due to its negligible domestic debt (around $1.5 million USD as of end-2019 for the BCG, based on currency/residency criteria, QPSD). Mauritania and Comoros sent their answers for some questions in the first two sections of the questionnaire only and they are included.

- Arrears are common, but they are not always included in domestic debt. One-third of the countries reported that budgetary arrears, such as unpaid bills to other sectors (such as household and/or private sector), are included in domestic debt. Arrears on debt service are treated differently across the countries; around 60 percent of countries reported that arrears on debt securities/loans (including interest and penalties that accrues on arrears) are recorded under the same debt instrument in domestic debt statistics.
- A majority of countries have institutions fully or partially responsible for centrally compiling public sector domestic debt data. In 37 countries one institution has this responsibility while 25 indicated it was the responsibility of more than one institution. Seven countries replied that there is no institution that centrally compiles public sector domestic debt data. Most often, the responsibility for the compilation of domestic debt rests with the ministry of finance, but the central bank has or shares the responsibility in about one-third of the countries.
- Data beyond the central government is often not captured in debt recording systems. Respondent countries typically use software provided by internal organizations, i.e. The Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) or Debt Management and Financial Analysis System (DMFAS), for recording/reporting of debt management operations.
- The capability to produce debt statistics directly from the debt recording system varies by type of indicator. Around two-thirds of countries can produce basic statistics from their debt recording systems. This ratio drops to 50 percent with regards to producing more sophisticated indicators such as remaining maturity structure and type of creditors.

INTRODUCTION

Availability of data on public sector debt is a prerequisite to assess a country's debt situation and its vulnerability to fiscal and liquidity risks. A complete picture of debt-related risks requires data on all public sector debt exposures. Over the last decade, debt vulnerabilities in low-income developing countries and emerging markets have risen, reflecting in both the level and composition of public debt. The current global circumstances have led to additional exposures where many governments have incurred higher deficits to mitigate the impact of the COVID-19 pandemic and will continue to do so over the next few years. As debt levels and the toll of debt service obligations in government budgets rise, the challenges in debt service capacity of many developing countries have brought the need for public debt transparency into the forefront of national and global policy discussion.

Domestic debt has become an important part of the financing mix in many low- and middle-income countries. Several countries have initiated policies to develop their local currency debt markets and thus increased their reliance on domestic debt, resulting in changes in the composition of their public debt portfolio. While this has helped countries address the currency mismatches in their portfolios, in some cases it also increased their exposure to shorter maturities, especially where a local institutional investor base is yet to be developed.

Domestic debt typically covers a diverse set of debt instruments. In some developing countries, accumulation of budgetary arrears has been a method to address financing gaps. Pension liabilities and other forms of financial obligations are also considered as part of domestic debt.

A sharp rise in the number of countries assessed to be at high risk of debt distress has raised concerns and questions about data gaps. While there has been great improvement in the availability and quality of data on external debt over the recent years, country practices on defining and capturing domestic debt vary considerably, leading to deficiencies in global comparisons. Not all governments compile a comprehensive set of data that captures various forms of their public domestic debt.

A survey was launched among DRS member countries to: (i) assess the potential for governments to comply with expanded debt reporting requirements; (ii) assess the countries' legal and statistical capacity to gather and record domestic debt; and (iii) assess the quality of domestic debt recording and classification.

SURVEY OBJECTIVE AND METHODOLOGY

Objective: As part of the global agenda on improving debt transparency, this survey will assess the countries' coverage of domestic public sector debt statistics it compiles and disseminates. Countries take different approaches to defining and reporting on public domestic debt, but a standardized reporting template is required for reporting to an international database if data are to serve for cross-country comparison and consistent analyses. The main objective of the survey was to gather qualitative and quantitative information on countries' practices in defining, recording and reporting public domestic debt.

Target group: The survey was sent to 120 low- and middle- income countries presently reporting to the DRS on external debt. Considering that these countries already have recording mechanisms in place to report to the DRS, in principle, it should be easier for the World Bank to support these governments to report on domestic debt. The survey was sent to the ministries of finance, the central banks and the debt management offices.

Questionnaire: The questionnaire included 42 questions to identify the authorities' definition of domestic debt; legal framework; coverage of data (in terms of sectors and instruments); the accounting methodology for data compilation; the government agency(ies) responsible for managing and reporting on domestic public debt and the primary data sources available. The survey included a set of instructions and explanations to guide the authorities in responding.

The team reviewed all the individual responses to assess the consistency of the answers to each of the questions across all the survey questions. Where possible, inconsistent answers were clarified with the authorities, and cross-checked with information available from other sources such as the International Monetary Fund and the World Bank country reports.

RESULTS OF THE DOMESTIC DEBT SURVEY

The questionnaire on public sector domestic debt was sent to 120 low- and middle-income countries that report to the DRS. A total of 70 countries[2], 18 low-income, 21 lower-middle income and 31 upper-middle-income, responded. Upper-middle-income and low-income countries had the highest response rate, 63 percent and 62 percent, respectively. For lower-middle-income countries only 48 percent responded. The majority of responses from countries across all income groups were sent by the ministries of finance.

Responses to the different sections were cross-checked for consistency. Inconsistencies included conflicting answers in different sections of the survey. For example, a disparity between the criteria for defining domestic debt (domestic currency only) and instruments included in the domestic debt portfolio (foreign currency denominated bonds). To clarify the responses, a set of second-round questions was sent to 52 countries. Half of these countries responded, enabling questionnaire responses to be corrected as appropriate. However, some inconsistencies still remain, particularly for countries that did not respond to the second-round questions.

The questionnaire included 42 questions, grouped into eight sections, covering information on the (i) Legal framework, (ii) Concepts, definitions and scope, (iii) Institutional and instrument coverage, (iv) Valuation and basis of recording, (v) Data sources, (vi) Available data, (vii) Dissemination and (viii) Revision policy of public sector domestic debt. This note summarizes the answers under six topics. Under the six topics, eight sections of the questionnaire were analyzed since some questions were related and served as consistency checks throughout the survey. The first section evaluates answers on defining public sector domestic debt. The second section gives information on legal and statistical frameworks. The next two sections include sectoral and instrument coverage. The institutional responsibilities and data sources section presents information on the institutions which take care of the compilation and dissemination of domestic debt data. This section also gives information on data systems where debt data are recorded and reported. Dissemination and revision policies of countries are summarized in the last section. A final section, which includes suggestions for next steps that can be taken to help produce more comprehensive public debt data by the Bank, completes the note.

1. Definition of public sector domestic debt

Question 2.4. Please indicate on which basis public sector domestic debt is defined.
Question 2.5. Are non-residents allowed to buy domestic debt instruments?
Question 2.6. Does domestic debt include both foreign currency and domestic currency denominated debt instruments?

The survey responses indicate there is no universal definition of domestic debt applicable to low- and middle-income countries. Table 1 reflects responses to Questions 2.4 which asked countries to specify the basis on which they defined domestic debt. Survey results indicate that

[2] Cambodia's answers were not included in the note due to its negligible domestic debt (around $1.5 million USD as of end-2019 for the BCG, based on currency/residency criteria, QPSD). Mauritania and Comoros sent their answers for some questions in the first two sections of the questionnaire only and they are included.

countries have various approaches to defining domestic debt including (i) residency; (ii) currency of denomination; and (iii) the market in which debt is issued.

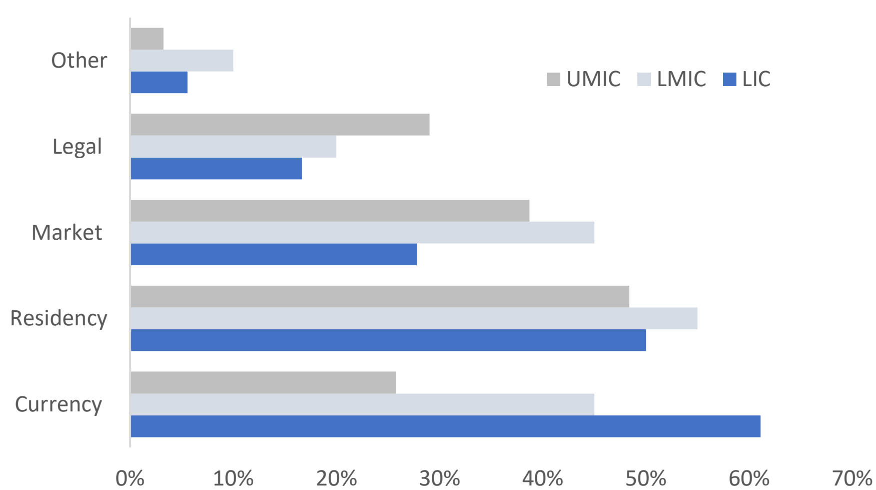
Residency of creditors is the most common norm to define domestic debt. Among the 44 countries that apply a single criterion to define domestic debt, residency is the most common norm, followed by currency of denomination and then market of issuance. In several countries, there is no material difference between criteria. For example, if foreign currency securities are not issued in the domestic market, then effectively the currency of denomination and market of issuance equate to the same definition. In such cases some countries selected multiple criteria in response to the question.

Table 1: Criteria for Defining Domestic Debt

	Number of Countries		
	Single Criterion	Multiple Criteria	Total
Currency	11	17	28
Residency	21	14	35
Market	9	17	26
Legal	3	13	16
Other	0	4	4
Total	44		

Income levels appear to influence the criterion for defining domestic debt. Middle-income (MIC) countries tend to refer to residency while low-income countries prefer currency of denomination; more than 60 percent of respondents that are in the low-income group uses the currency criteria. Whereas, almost half of the respondents that are middle-income countries use the residency criteria.

Figure 1: Criteria for Defining Domestic Debt by Income Groups, Percent Share



The composition of domestic debt (in terms of residency of creditors and currency of denomination) varies. A majority of countries (53), reported that non-resident investors are allowed to hold domestic debt instruments. Non-residents were more likely to hold domestic debt in middle-income countries. Less than half of all respondents (29) reported that foreign currency denominated instruments were included in their domestic debt portfolio. Fifty-three percent of middle-income countries included these type of instuments in domestic debt as compared to only 11 percent in low-income countries.

2. Legal and Statistical Framework for Domestic Debt

Question 1.1. Please specify the legal framework on which public sub-sectors are authorized to borrow domestic debt.
Question 2.8. Please indicate on which of the following frameworks your public sector domestic debt statistics are based (more than one option may be picked; IPSAS, GFS, PSD, SNA, National framework).
Question 4.1. Which valuation methods are used in compiling statistics for debt securities? (Principle (advanced) amount/Nominal Value/Face Value/Fair Value/Market Value/Other)
Question 4.2. Please specify if domestic debt statistics are compiled on (Cash/Accrual/Partially adapted accrual base for some instruments/sectors).

The majority of respondents have a clear legal framework for domestic debt. 66 countries indicated there is a legal framework that governs domestic borrowing by the public sector entities. The legal framework generally includes a main law such as a Public Debt Management, Public Financial Management or Organic Budget Law that defines the mandates for public sector entities to raise domestic financing.

In some countries, the legislation regulating domestic borrowing is fragmented. In some cases, domestic borrowing is mainly executed at the subnational level (the constituent entities) which have their own legislation within their own jurisdiction (the central government does not issue domestic debt). Also, public enterprises and local governments are authorized to borrow in accordance with the specific legislation established by the state in some other countries.

Countries primarily use their own national statistics frameworks to capture domestic debt data. The second most widely used framework is the Public Sector Debt Statistics (PSDS) Guide for Compilers and Users (IMF, 2011). Thirty countries stated that they use one framework for preparing debt statistics; 31 countries reported that they used more than one framework (typically 2-3) and 8 countries did not respond to the question.

There is no correlation between the use of international statistics frameworks and income levels. Half of the low-income country respondents indicated they used the PSDS Guide as the basis for the compilation of domestic debt statistics. The comparable figure for lower-middle and upper-middle-income countries was 40 percent and 32 percent, respectively.

Table 2: Statistical Frameworks Used for Compilation of Domestic Debt Statistics

	Number of Countries					
	IPSASs	GFSM (2001)	GFSM (2014)	PSDS Guide	SNA (2008)	National Framework
LIC	0	2	5	9	3	10
LMIC	1	7	3	8	0	10
UMIC	1	3	8	10	5	18
Total	**2**	**12**	**16**	**27**	**8**	**38**

Three-forths of the countries reported that they compiled domestic debt statistics on a cash basis. Seven countries answered that they applied more than one basis (cash, accrual, partially adapted accrual base for some instruments/sectors). However, answers to the question on the valuation method for debt securities show that more than 60 percent of countries use other valuation methods such as face, nominal or market rather than cash value (principle).

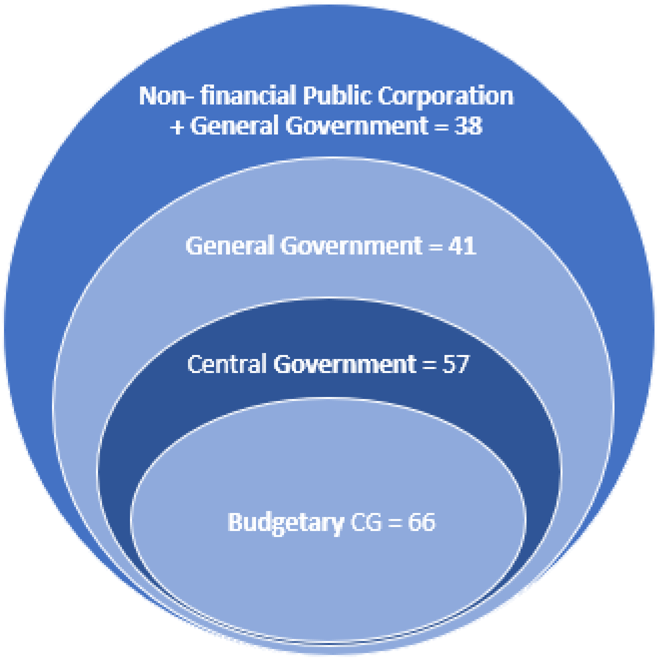
3. Sectoral Coverage

Question 1.2. Does the central government provide guarantees for domestic borrowing of the public sub-sectors?
Question 1.3. Does the central government on-lend external loans/bonds (contracted by itself) to other public sub-sectors?
Question 3.1. Please indicate below the status of the public sub-sectors (in terms of coverage) which are included in the compilation of domestic debt data.
Question 4.5. Consolidation of Data: Is consolidated public sector domestic debt data available?
Question 6.3.1. (Please answer if the central government on-lends external borrowing (contracted by itself) to other public subsectors) Is any contract with a repayment plan signed between the central government and public sub-sector?

Sectoral coverage of public sector domestic debt compiled varies widely among countries. Although all 66 countries[3] cover the BCG, the number of countries that cover a wider public sector decreases as sectoral coverage is expanded. If countries that do not cover the EBCG[4] are excluded from this group, the number of countries drops to 57.

[3] Excluding Bosnia and Herzegovina, where the central government does not issue domestic debt.
[4] Central government entities with individual budgets which are not fully covered by the central government budget.

Figure 2: Coverage of Sub-Sectors in Compiled Domestic Debt Data



For some countries, even though sub-sectors are reported as covered, there is no compiled data available for these sectors. For example, some countries reported coverage of sub-sectors other than the central government but also noted that the ministry of finance or the treasury compiled only the central government debt.

In some cases, the coverage of sub-sectors only extends to coverage of cross- holdings of assets and liabilities with the central government. For example, not the liabilities but holding of domestic debt securities of sub-sectors' was reported by some countries. This also demonstrates that these receivables from the central government need to be subtracted when sectoral coverage is expanded.

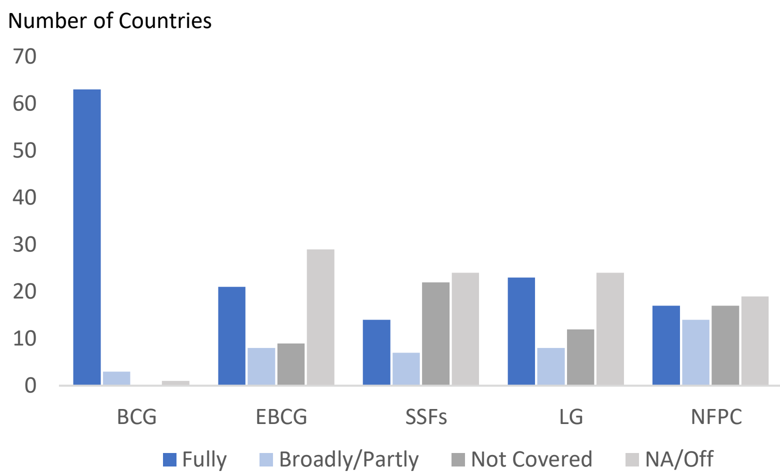
Domestic guarantees issued by the central government to the public sector is a common practice and underscores the need for domestic debt to cover sub-sectors. In 51 countries, the central government provides domestic guarantees to public sub-sectors; mostly to non-financial public corporations (38 countries) and to local governments (26 countries). The survey responses show that the provision of a domestic debt guarantee gradually declines as income level rises; 78 percent of low-income countries reported having a domestic debt guarantee scheme, this figure drops to 71 percent for upper-middle-income countries.

Another reason sub-sectors were reported as covered in the compilation of domestic debt data relates to on-lending of external loans from the central government to these sectors. On-lending of external debt may constitute inter-sectoral domestic debt. In a majority of countries, 53, public sub-sectors receive on-lent (external) credits from the central government. In 74 percent of these countries, non-financial public corporations were indicated as having on-lent credits, and in 43 percent of countries, local governments were recorded as having on-lent credits. As in the case for domestic debt guarantees, the number of countries reporting on-lending of external debt schemes drop as income levels rise.

Fifty countries answered that a contract with a repayment plan was signed between the central government and public sub-sector for these credits. On the other hand, sub-sectors that were given such credits and/or had a contract that was signed with them were not always included in the answers for sectoral coverage section. Some countries noted that these on-lent credits were kept tracked of but not recorded separately as domestic debt of sub-sectors. There are a few answers (3) where even though there was no on-lending of external debt, contracts were stated as signed.

Countries compile data at varying degrees of coverage within the sub-sectors, i.e. data might be covered with gaps or partially covered. Around 20 countries cover the extra budgetary central government *fully*, which corresponds to around 55 percent of countries that have the sector. This ratio drops to 53 percent for local governments and 35 percent for non-financial public corporations.

Figure 3: The Degree of Coverage within Sub-Sectors

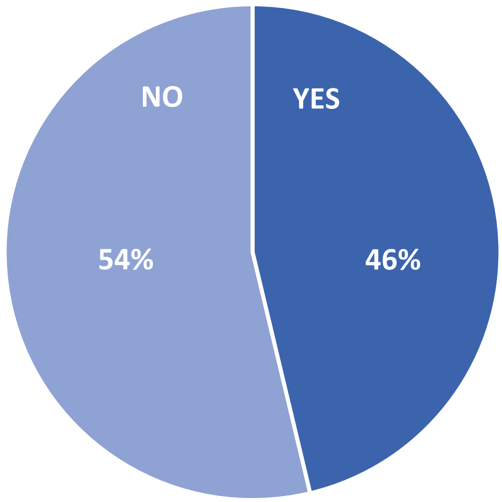


Responses show that the degree of coverage of a given sub-sector is higher for upper-middle income countries. However, as presented in Section 4 below, though a given sub- sector was picked as fully covered, typically not all applicable instruments were selected as covered fully for that sector.

Consolidation of indebtedness across and within sub-sectors is not common. However, consolidation of indebtedness is required to avoid double counting and less than half of the countries do so. Consolidation accounts for cross holdings of domestic instruments within the public sector, for example an SOE's holdings of government securities, require tedious data compilation and analysis. More than half of the total countries stated that consolidated public sector domestic debt data is not available.

Figure 4: Number of Countries Response to Whether Consolidated PSDD is Available

Percent Share



4. Instrument Coverage

Question 2.1. Does public sector domestic debt include only debt instruments which are contractual (debt securities and loans)?
Question 2.2. Does overdraft facility from the Central Bank constitute a way of financing the government budget deficit?
Question 2.3. Are budgetary arrears like unpaid bills to other sectors (as household and/or private sector) included in domestic debt?
Question 3.3-3.8 Please indicate type of instruments which are included in the compilation of domestic debt data. (Asked for each sub-sector.)
Question 4.3. Are arrears on debt securities/loans (including interest and penalties that accrues on arrears) recorded in the same debt instrument in domestic debt statistics?
Question 4.4. Are these arrears separately identified in a memorandum item?
Question 5.5. Please indicate which of the following instruments are included in your domestic debt portfolio (Bills, Fixed rate bonds, Floating rate bonds, Instruments denominated in/indexed to a foreign currency, SUKUK, On-lent debt, Asset-backed securities and Collateralized debt obligations).

"Total gross debt—often referred to as 'total debt' or 'total debt liabilities'—consists of all liabilities that are debt instruments" (IMF, 2011) and domestic debt instruments comprise of, currency and deposits; debt securities; loans; insurance, pension and standardized guarantee schemes; and other accounts payable[5]. Answers show that public sector domestic debt is compiled mainly for debt securities and loans: 70 percent of countries reported that they include only these contractual obligations in their domestic debt. Though answers on instrument coverage by sub-sectors show that almost half of the countries compile some of the other obligations in addition to securities and loans, there are some inconsistencies in these answers. For example, some countries reported other accounts payable as covered but noted that since

[5] For the definition of debt instruments, please look at the PSD manual (IMF, 2011), Chapter3.

accounting is on cash basis, payables are not included in domestic debt. Liabilities related to accounts payable and pensions are rarely captured in public debt statistics, even in the World's most advanced economies. In addition, even though 'currency and deposits' is commonly a central government debt instrument, some countries also chose this instrument for other sub-sectors.

Within debt securities, treasury bills and fixed rate bonds are the most common types included across all income groups of countries. Responses show that as income level rises, countries diversify their debt securities and issue instruments other than bills and fixed rate bonds. For example, upper-middle-income countries include floating rate bonds indexed to inflation/local interest rates and instruments denominated in foreign currency in their portfolio more than low- and lower-middle-income countries do.

Table 3: Debt Securities Included in Countries' Debt Portfolio

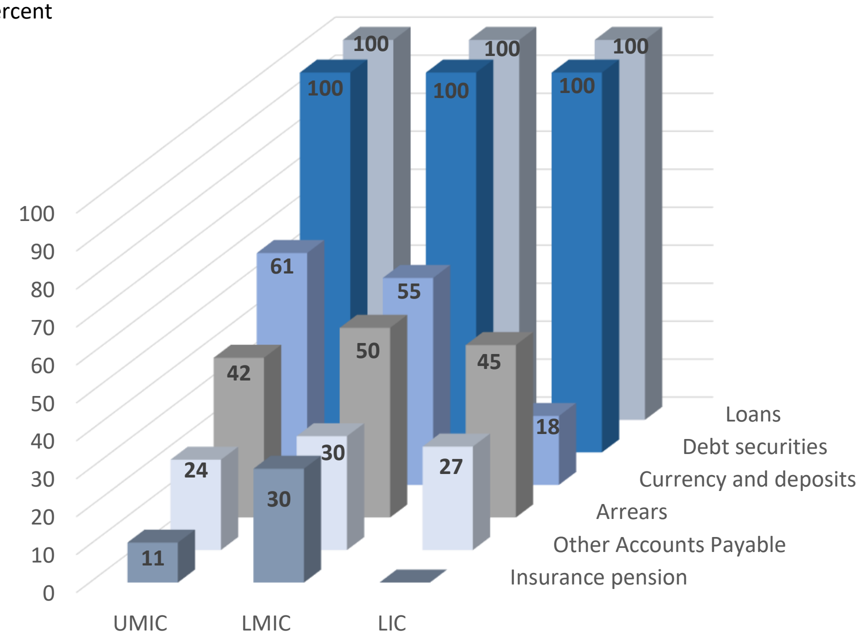
	Number of Countries								
	a	b	c	d	e	f	g	h	i
LIC	15	17	1	2	1	0	4	4	0
LMIC	14	18	1	2	6	4	2	7	2
UMIC	26	30	11	7	15	6	2	11	0
Total	55	65	13	11	22	10	8	22	2

Notes: a. Bills sold at a discount, b. Fixed rate bonds, c. Floating rate bonds indexed to inflation, d. Floating rate bonds indexed to a local interest rate, e. Instruments denominated in foreign currency, f. Instruments indexed to foreign currency, g. SUKUK, h. On-lent debt, i. Asset-backed securities and collateralized debt obligations

Coverage of instruments varies widely even for the budgetary central government for which data is mostly available. While debt securities and loans are covered in all countries, currency and deposits are only covered by 48 percent, other accounts payable by 26 percent and arrears by 45 percent of the countries. Coverage of these other debt instruments does not correlate with the income level of countries. Share of countries that fully cover arrears and other accounts payable is higher in the lower-middle-income group compared to the low-income group but is lower in the upper-middle-income group compared to the low-income and lower-middle-income group.

Figure 5: Fully Covered Instruments within the Budgetary Central Government

Percent



Arrears are common, but they are not always included in domestic debt. There were 3 different questions about arrears in the questionnaire: A general question on whether budgetary arrears are included in domestic debt; a question on coverage of arrears by sub-sectors; and a specific question on coverage of arrears on debt service. 23 countries (around one-third) reported that budgetary arrears, such as unpaid bills to other sectors (as household and/or private sector) are included in domestic debt. A majority of countries that do not include arrears in domestic debt, reported them in the budget, financial statements and/or paid under budget.

Analysis on sub-sector responses reveal more information on arrears. Coverage ratio of arrears is lowest for local governments, 35 percent, and increases up to 47 percent for non-financial public corporations. This higher coverage ratio by sub-sectors compared to the answers to the Question 2.3 can be explained by large numbers of blank answers on sub-sector responses, which were reported as 'not applicable' and excluded from the coverage ratios. If these blank answers are accepted as 'not covered', coverage ratio drops to 25 for local governments and to 38 for non- financial public corporations.

Though countries have similar cases for arrears, they answered the question on it differently. For example, some countries reported that they do not cover arrears for the budgetary central government, however they did note that only arrears on debt securities and loans are covered. That means arrears are covered on a limited basis (arrears on securities and loans) only. Whereas, some other countries answered that arrears are fully covered though noted that they only include arrears accrued for loans and debt securities.

Arrears on debt service are treated differently across the countries. Around 60 percent of countries reported that arrears on debt securities/loans (including interest and penalties that accrues on arrears) are recorded in the same debt instrument in domestic debt statistics.

Remaining countries have either have no debt service arrears or do not cover debt service arrears under debt securities but report them in a memorandum item or in their financial reports.

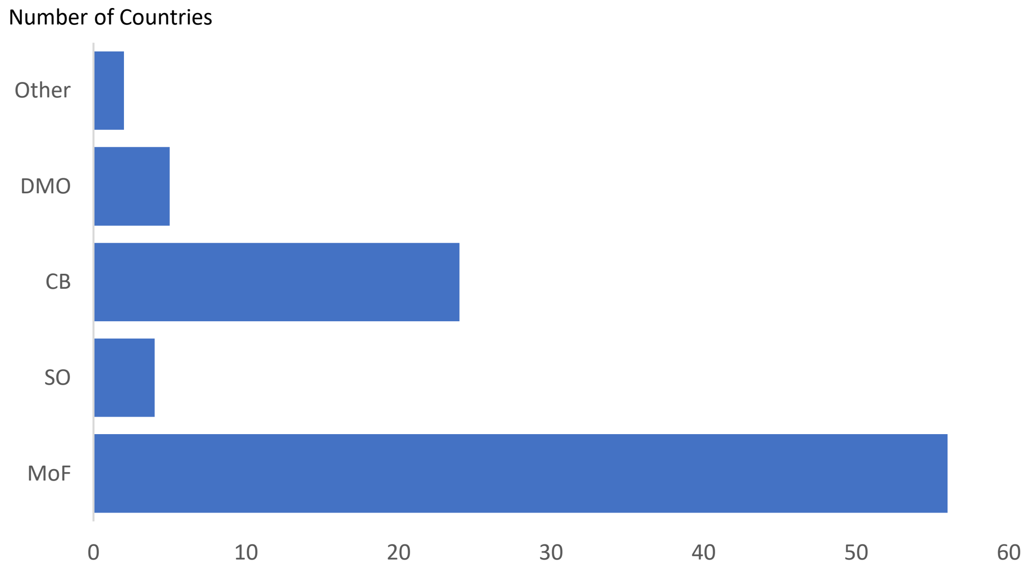
Overdraft facility from the central bank constitutes another borrowing instrument in around one-third of the countries. However, this is not consistently reflected in domestic debt. While 24 countries use overdraft for financing, only 16 of them include these advances in their domestic debt. Use of central bank advances and its inclusion in domestic debt is inversely related with the income level, as expected.

5. Institutional Responsibilities and Data Sources

Question 1.4. Is there an entity/organization that centrally compiles (unifies) public sector domestic debt data?
Question 1.5. Please indicate institution(s) responsible for the compilation of domestic debt.
Question 1.6. Which agency has the primary responsibility for disseminating domestic debt statistics?
Question 5.1. Please specify what system is used for recording/reporting of debt management operations.
Question 5.2. Does the system meet your internal reporting need for debt statistics?
Question 5.3. Does the system meet your need for international reporting templates like Public Sector Debt?
Question 5.4. Please specify the sub-sectors whose debt data are covered in the system.
Question 6.1. Please specify the information on (a) to (n) as: 'A', if it can be reported automatically from your debt recording/reporting system; 'C', if it is calculated using a software like Excel; 'NA', if it is not available.
Question 6.2.1. If The central government, as a guarantor, makes a payment on an existing guaranteed external debt on behalf of a beneficiary, is there any recovery mechanism?
If Q-6.2.1. answered as "Yes"- Question 6.2.2. Is the amount owed by the beneficiary public sector to the central government treated as domestic debt of that institution?
If Q-6.2.2. answered as "Yes"- Question 6.2.3. Is there a contract/agreement (with a repayment/recovery plan) signed between the central government and public sub-sector?
If Q-6.2.3. answered as "Yes"- Question 6.2.4. If Yes, is this domestic debt of public sub-sector recorded in debt recording/reporting system?
Question 6.3.1. Please answer if the central government on-lends external borrowing (contracted by itself) to other public subsectors: Is any contract with a repayment plan signed between the central government and public sub-sector?
If Q-6.3.1. answered as "Yes"- Question 6.3.2. Is this domestic debt of public sub-sector recorded in debt recording/reporting system?

A majority of countries (62) have institutions fully or partially responsible for centrally compiling public sector domestic debt data. In 37 countries one institution has this responsibility while 25 indicated it was the responsibility of more than one institution. 7 countries replied that there is no institution that centrally compiles public sector domestic debt data. Most often, the responsibility for the compilation of domestic debt rests with the ministry of finance, but the central bank has or shares the responsibility in about one-third of the countries. In terms of dissemination, the majority of countries (61) reported that the ministry of finance had the primary responsibility for disseminating domestic debt statistics.

Figure 6: Institution(s) Responsible for Compiling PSDD Data



Data beyond the central government is often not captured in debt recording systems. Responses show that almost all countries capture the central government's debt in their debt reporting/recording systems. However, for other sub-sectors, the coverage of debt recording systems is limited. For example, of countries that claim to compile non-financial public corporation's data, only 42 percent keep this sector's debt (including guaranteed) data in their systems. Sectoral coverage in the debt recording/reporting system increases with the income level of countries.

Table 4: Coverage of Sub-Sectors' Data in Debt Systems

	Number of Countries		
	Social Security Funds	Local Government	Non- financial public corporations
Countries that cover sub-sector (I)	21	31	31
Countries that cover all debt data (including guaranteed) for sub-sector in a system (II)	11	18	13
II / I	52%	58%	42%

Inter-sectoral debt arising from on-lending of external loans and crystallization of guaranteed external debt of sub-sectors are recorded in debt systems in more than half of the countries where these practices are in place. Forty-four countries answered that there was a recovery mechanism in place when the central government, as a guarantor, was called on to make a payment on an existing guaranteed external debt of a beneficiary public institution. Twenty-seven of these countries reported that these payments made by the central government were accepted as a domestic debt obligation of that institution and 14 countries recorded these debts in a debt recording/reporting system. In the case of on-lent credits, 53 countries[6] responded that a contract with a repayment plan was signed between the central government and the beneficiary institution and in 34 countries this debt was recorded as domestic debt of the beneficiary in the debt system. The remaining 19 countries do not explicitly capture amounts owed by beneficiaries as their domestic debt, although amounts may be recorded and reported separately, in some cases in excel files.

Respondent countries typically use software provided by internal organizations, i.e. CS-DRMS or DMFAS for recording/reporting of debt management operations. Answers by income groups show that while low-income countries use other softwares (i.e. Microsoft excel) more often compared to middle-income countries; upper middle-income countries use in-house system more compared to other two income group countries.

Table 5: Debt Recording/Reporting Systems Used by The Countries

	Number of Countries				
	Commercial system	CS-DRMS /DMFAS	In-house system	Other software	Total
LIC	0	8	2	8	18
LMIC	1	12	2	3	18
UMIC	1	14	8	8	31
Total	2	34	12	19	67

Fifty-six out of 67 countries answered that the system they used for debt recording/reporting meet their internal reporting needs. The number of countries decreases when the question is asked if the system meets their international reporting needs, like QPSD. While DMFAS does not automatically fill out the QPSD template reported by the countries, CS-DRMS does.

The capability to produce debt statistics directly from the debt recording system varies by type of indicator. Around two-thirds of countries can produce basic statistics, including outstanding debt, payment schedule by instrument, original maturity structure, currency, interest and instrument type breakdown, from their debt recording systems. This ratio drops to 50 percent with regards to more sophisticated indicators such as remaining maturity structure, residency and type of creditors, etc. The capability to produce risk indicators, including the average interest rate, average time to re-fixing of interest rate, average time to maturity and portion of debt maturing in one year, etc. is much lower since these require methodologies to be defined in the relevant debt management software systems. In some countries, Microsoft excel, or similar

[6] Twenty two of the 53 countries responded that their domestic debt statistics were based on the PSDS framework (Question 2.8), according to which, debt liability of the beneficiary public institution to the central government increases as a result of the on-lending of the borrowed funds.

software is used. Around 8 percent of countries responded that some of these statistics/indicators are not available. Middle-income economies rely more on their debt recording systems to produce more sophisticated statistics as compared to low-income economies.

6. Dissemination and Revision Policy

Question 7.1. With which periodicity is your public sector domestic debt statistics compiled?
Question 7.2. With which periodicity is your public sector domestic debt statistics disseminated?
Question 7.6. Do you report public sector domestic debt to any international organization?

The majority of countries, 65, answered that public sector domestic debt statistics were compiled and disseminated on a periodicity basis. Four countries noted that data is available for the central government only. In fact, of these 65 countries, 33 report to the QPSDS database and only 9 of them send data for the total public sector. Answers to this question also contradicts some of those given for the sectoral coverage section of the questionnaire (Figure 2).

Though the vast majority of countries, 50, responded that they report public sector domestic debt to international organizations, some noted that these data relate only to the central government. Almost all countries indicated that they send these data to the IMF and/or the World Bank. Some also send data to other international and/or regional institutions like OECD, BIS, West African Monetary Institute, Inter-American Development Bank and some credit rating agencies. Thirty-seven countries reported that the data they send to these international organizations were based on their own national statistics framework. These responses are very similar to the ones given for Question 2.8 about statistical frameworks on which public sector domestic debt statistics are based (Table 2). Among those that use international frameworks, the majority used the PSDS Guide for Compilers and Users (IMF, 2011). Less than half of the countries, 32, have a revision policy for their data and not all of these have a regular revision schedule.

Table 6: Statistical Framework Used for Data Sent to International Organizations

	IPSAS	GFSM (2014)	GFSM (2001)	PSDS Guide	SNA (2008)	National framework
Number of countries	2	15	8	25	7	37

CONCLUSION

The survey results reveal that there are discrepancies in the definition and coverage of domestic debt across countries. Countries rely mainly on their national statistics frameworks in compiling and producing debt statistics; and they define domestic debt based on currency of denomination, residency of holders, and market of issuance of debt. While domestic debt securities issued by the central government are the most typical debt instrument, and all countries have complete data on these, other instruments captured as domestic debt vary widely. Not all countries capture, for example, budgetary arrears and other accounts payable as domestic debt. There are also different interpretations of these debt instruments.

Data availability beyond the central government is limited in the majority of countries. While more than half of the countries report coverage of general government and non-financial public corporations, actual data is only partially covered and in some cases limited to holdings of government securities by other sectors. Although the finance ministries and/or central banks play a key role in the compilation of domestic debt data, the portion of data captured in debt recording systems does not often go beyond the central government. Consolidation of inter-agency indebtedness is far from common practice.