



**MINUTE**  
**VIDEOCONFERENCE OF 13 JULY 2006**  
**LAC DEBT GROUP**  
**TEMPLATES FOR PUBLIC DEBT DATA**

**Enrique COSIO-PASCAL**  
**Senior Consultant on Public Debt**  
**And Public Finances**

**August 16, 2006**

## Table of Contents

Summary .....	2
1. Objective of the Videoconference .....	3
2. National Administrative and Responsibility Aspects .....	3
3. Technical Comments .....	4
3.1. Stock of Debt and Exchange Rate Variation .....	4
3.2. Central Bank's Debt .....	4
3.3. Consistency Problems Between Accounting and Statistical Reports .....	4
3.4. Concepts on the HIPCs' Net Flow Definition .....	4
3.5. Short-Term Debt .....	5
3.6. Interest, Fees and Commissions.....	5
3.7. Templates and Instructions Interpretation Problems .....	5
3.8. Periodicity and Horizon for Projections .....	5
4. Creation of the LAC DEBT GROUP's Statistical Officers .....	5
Annex 1: Videoconference Participants.....	7

## Summary

### **OBJETIVE**

The objective of the videoconference was to obtain a feedback for the continuation of the work to build up a database on public debt of the LAC Debt Group member countries. In view of standardising the countries' data it was submitted to consideration of the member countries a set of templates with their corresponding instructions for evaluation and comments. Aiming, though, to obtain the maximum feedback with answers and suggestions from the member countries on the said templates.

### **PARTICIPATION**

Eleven countries participated to the videoconference, the participants of each country varying between one and nine officers. The participation averaged 3.2 officers per country. A total of 35 officers participated to the videoconference. Annex 1 provides details of the participants.

### **RESPONSIBILITIES AND COORDINATION**

Two countries pointed out that even if the Ministry of Finance, in these countries, administrated the data on public debt the responsibility of publishing statistics were with the Central Bank. In consequence, it was necessary to request to this institution to provide the templates for the LAC Debt Group. In some cases, domestic debt is responsibility of the Ministry of Finance and external debt of the Central Bank, this would imply a clear coordination between these two institutions at the information providing level that has to be taken into account for the communication between the IADB officers and the country officers.

### **TECHNICAL ASPECTS ON THE DATA TEMPLATES**

The videoconference was of high utility, because it allowed different suggestions in order to improve the presentation and the coverage of the proposed templates. The comments and suggestions put forward imply modifications to the templates as well as to their corresponding instructions. The modifications on the templates and the corresponding instructions should be available the latest for mid-September. It was also requested that the templates and their corresponding instructions should be made available in Spanish and English, not only in the later.

### **GROUP OF OFFICERS PROVIDING STATISTICS**

The most important consensual resolution that came out of the videoconference was the proposal to form a group and a network for information and communication among the different key officers producing and managing debt statistics of the LAC Debt Group countries. This decision is of paramount importance because the fluency of communication among the member countries can hugely facilitate to homogenise information on public debt in the region.

## **1. Objective of the Videoconference**

The objective of the videoconference was to obtain a feedback for the continuation of the work to build up a database on public debt of the LAC Debt Group member countries. In view of standardising the countries' data it was submitted to consideration of the member countries a set of templates with their corresponding instructions for evaluation and comments. Aiming, though, to obtain the maximum feedback with answers and suggestions from the member countries on the said templates.

The main objectives for the templates that are to be implemented on quantitative information on public debt are as follows:

1. To have a source of information on public debt that includes external as well as domestic debt in order to be able to have an idea of the global public indebtedness at medium- and long-term, classified by original maturity.
2. To have homogeneous parameters on the public debt information, for means of compatibility of the data among the member countries in order to be able to undertake comparisons and aggregations directly on the data.
3. To have the information actualised on regular basis and that the templates become a regular public debt report of the LAC Debt Group countries' Web Sites, or to be sent to the LAC Debt Group's.
4. Simplicity of data production, limiting to two templates, one on the variation of stock and one on debt service projections for determined periods: quarterly, semi-annually or annually. Each country is free to chose the periodicity for actualisation of the templates, as long as the consistency between the periodicity for stock variation and the periodicity for debt service projections.
5. The template on stock variation aims to capture effects on the stock re-evaluation that are due neither to disbursements nor to repayments of principal. This is for cases where the stock is re-evaluated due to indexation to an economic variable or to accrued interest and not paid. It is also aimed to work with the concept of gross debt, in order to avoid specific definitions on net debt that each country handles individually.

The videoconference aimed to gather the countries' feedback on the above points.

## **2. National Administrative and Responsibility Aspects**

Two countries pointed out that even if the Ministry of Finance, in these countries, administrated the data on public debt the responsibility of publishing statistics were with the Central Bank. In consequence, it was necessary to request to this institution to provide the templates for the LAC Debt Group. In some cases, domestic debt is responsibility of

the Ministry of Finance and external debt of the Central Bank, this would imply a clear coordination between these two institutions at the information providing level that has to be taken into account for the communication between the IADB officers and the country officers.

One of the countries, after the videoconference, communicated through e-mail the names of the officers to be contacted at the Central Bank of Honduras for this goal. The other country has not communicated any names as yet.

### **3. Technical Comments**

#### **3.1. Stock of Debt and Exchange Rate Variation**

A consensus appeared among the participant countries in adding a column for indicating the global effect of the exchange rate variation on the stock of debt, due to exchange rate variations of the reporting currency, in this case the USD. In consequence, it is needed not only to add a column to the template, but it is also necessary to add a cell for the exchange rate beginning of period and end of period for the exchange rate of the USD against the currency of the instruments that are reported.

#### **3.2 Central Bank's Debt**

In the first version of the templates, it was suggested that the Central Bank's debt would be omitted in the report. However, several countries asked for including it because the following reasons: in some cases, the Central Bank issues debt for monetary policy, which should be accounted as gross public debt (that is the concept handled in the LAC DEBT GROUP templates), and because in many cases, the Central Bank's debt has its roots in quasi-fiscal reasons, and consequently should be reported.

There is also the case in which the Central Government's debt (or the Treasury's) is owed by the Central Bank for monetary policy reasons. This debt should be accounted in the gross debt figure, thus to be included in the templates. The Central Bank's debt shall be thus included in the templates.

#### **3.3 Consistency Problems Between Accounting and Statistical Reports**

It was pointed out that there is an inconsistency between the statistical reports and the accounting methods. When a payment is made near to the accounting closing date, it is possible that the payment is reported to the accountant after the closing date. The debt manager will register the payment in the period that it was effectively made, whereas the accountant will register the payment at the reporting date. The consensus seems to indicate that the reporting through the templates should follow the debt manager procedures, i.e., registering in the period in which the payment was made, and not as the accountant would register it.

#### **3.4 Concepts on the HIPC's Net Flow Definition**

Among the LAC Debt Group there are four HIPC's (Highly Indebted Poor Countries) that are: Bolivia, Guyana, Honduras and Nicaragua. These countries, through the HIPC Initiative, have benefited from debt reduction on their external debt, on stocks as well as on flows. In consequence, the Net Flow calculations for these countries should take into

account all these particularities. This makes that the templates on stock variation is less simple than for the other countries. This problem will be addressed later.

### **3.5 Short-Term Debt**

It seems that there is also a consensus in order to include in the templates the short-term debt, i.e. with an original maturity of less than one year, in addition to the medium- and long-term debt. In order to include this type of debt in the templates, additional rows have to be added.

### **3.6 Interest, Fees and Commissions**

In the first version of the template, it was suggested to aggregate fees and commissions to interest payments. Also here, a consensus seems to be reached in separating the concept of interest from the other type of expenses, and in consequence there should be added a column for fees and commissions. This column should be added in the stock of debt as well as in the debt projections template.

### **3.7 Templates and Instructions Interpretation Problems**

It has been collected information on the difficulties for the interpretation of instructions for filling up the templates. This led to the consensus that the templates as well as the instructions should be available in English and Spanish. This conclusion was clear, because many of the questions put forward by the countries indicated that either the instructions had not been read or that the instructions were misunderstood. In consequence, the instructions should be more in detail, more didactic, on one hand, and on the other hand, make them available in Spanish and English.

### **3.8 Periodicity and Horizon for Projections**

As it was pointed out in Section 1, paragraph 4, the templates require that the projections should be presented with quarterly, semi-annually or annually periodicity, depending upon the countries' availability of data. It was suggested, that if the projection is presented, for instance, for 10 years, the principal amortisation might not be fully repaid at the end of the projection period, and it is desirable to add a column at the end of the projection horizon with the total residual payments remaining to fully repay the outstanding. This leads us to add a column to the projections template.

## **4. Creation of the LAC DEBT GROUP's Statistical Officers**

Given the specificity of the issues and of the comments that were made, the idea came up of creating a net information network among the responsible officers of public debt statistics or public debt database administrators in a permanent and structured manner.

This would imply the creation of a specialists' sub-group on public debt statistics at the regional level, initiative that is extremely important from different points of view. First, for creating a communication link among the region's officers that are dealing with this subject, that will make more fluently the consultations among the debt statisticians of the LAC Debt Group. Second, for enabling establishing a training and actualisation programme for the officers working on the subject, which also will be reflected on the

adoption of compatible methodologies for publication of public debt statistics, also consistent.

The first activity for this sub-group would be a workshop on debt risk indicators to be applied and published by the LAC Debt Group countries. The workshop would take place in the fall of 2006.

## Annex 1: Videoconference Participants

Participants to the Videoconference of 13 July 2006		
1	Argentina	1 Laura Cuccaro
		2 Norberto Lopez Isnardi
2	Brazil	1 Rodrigo Silveira Veiga Cabral
		2 Jeferson Luis Bittencourt
		3 Karla de Lima Rocha
		4 José Inácio Ferreira Trindade
		5 Bruno Nunes Sad
		6 Priscila de Souza Cavalcante
3	Colombia	1 William Ortiz
4	Costa Rica	1 Juan Carlos Pacheco
		2 Bernardo Francisco González
5	Chile	1 Patricio Sepúlveda
		2 Marcela Ruiz-Tagle
6	Honduras	1 Yaninn Martínez
		2 Olger Torres
		3 Jheisy Torres
		4 Gladis Díaz
		5 Emelda Mencía
		6 Alejandro Diaz
		7 Oscar Quiroz
		8 Héctor Alvarenga
		9 Ricardo Martínez
7	Mexico	1 Rafael Díaz
8	Panama	1 Beatriz Soto
		2 Yasbeck Ramos
9	Paraguay	1 Juan Angel Álvarez
		2 Francisco Ogura
		3 Modesto Fariña
10	Dominican Republic	1 Karla Lopez
		2 Alfonso Rodríguez
11	Venezuela	1 Zuleima Carrillo, Jefe de Deuda Externa
		2 Ema Guillén, Jefe de Deuda Interna
		3 Reinaldo Sulbarán, Jefe de Presupuesto y Pagos
		4 Neilla Mujica, Jefe del departamento de Contabilidad
		5 Kenny Caldera, Analista de Estadística
		6 Rafael Mirabal, Analista de Estadística
Total		35