

Table 1. Selected Macroeconomic and Financial Indicators for Case Study Countries in 2001

	Nominal GDP per Capita (U.S. dollars)	General Government Net Debt	Broad Money (M2)	Stock Market Capitalization (1999 data)	Standard and Poor's Long-term Debt Ratings		Moody's Long-term Debt Ratings
		(In Percent of GDP)			Foreign Currency	Local Currency	
Brazil	2,986	56	25	30	BB-	BB+	B1
Colombia	2,021	47 1/	31	13	BB	BBB	Ba2
Denmark	30,160	39	39	60	AAA	AAA	Aaa
India	466	90	65	41	BB	BBB-	Ba2
Ireland	26,596	25	n.a. 2/	45	AAA	AAA	Aaa
Italy	18,904	104	n.a. 2/	62	AA	AA	Aaa
Jamaica	3,758	130 3/	44	38	B+	BB-	Ba3
Japan	32,637	66	131	105	AA	AA	Aa1
Mexico	6,031	42	29	32	BBB-	A-	Baa2
Morocco	1,147	76	75	39	BB	BBB	Ba1
New Zealand	12,687	18	89	52	AA+	AAA	Aa2
Poland	4,562	36	46	19	BBB+	A+	Baa1
Portugal	10,587	59 1/	n.a. 2/	58	AA	AA	Aa2
Slovenia	10,605	1	52	11	A	AA	A2
South Africa	2,490	43 1/	60	200	BBB-	A-	Baa2
Sweden	23,547	-3	46	156	AA+	AAA	Aa1
United Kingdom	23,765	31	95	203	AAA	AAA	Aaa
United States	36,716	42	53	182	AAA	AAA	Aaa

Source: IMF World Economic Outlook, Bankscope databases, and IMF staff estimates.

1/ Gross debt as a percent of GDP.

2/ M2 data are not available at the national level for members of the European Monetary Union.

3/ End of fiscal year 2001/2002.

18. In a broader macroeconomic context for public policy, governments should seek to ensure that both the level and rate of growth in their public debt is fundamentally sustainable over time, and can be serviced under a wide range of circumstances while meeting cost and risk objectives. Government debt managers share fiscal and monetary policy advisors' concerns that public sector indebtedness remains on a sustainable path and that a credible strategy is in place to reduce excessive levels of debt. Debt managers should ensure that the fiscal authorities are aware of the impact of government financing requirements and debt levels on borrowing costs.⁵ Examples of indicators that address the issue of debt

⁵ Excessive levels of debt that result in higher interest rates can have adverse effects on real output. See for example: A. Alesina, M. de Broeck, A. Prati, and G. Tabellini, "Default Risk (continued...)"

Table 2. Survey of Debt Management Practices

		Yes	No	
<i>Institutional Framework</i>				
Annual borrowing authority	14	78%	4	22%
Debt ceiling limit	10	56%	8	44%
Domestic and foreign currency debt programs managed together	13	76%	4	24%
Separate debt agency	4	22%	14	78%
Separate front and back offices	15	83%	3	17%
Separate Risk Management Unit (middle office)	12	67%	6	33%
Formal guidelines for managing market and credit risk	10	56%	8	44%
Annual debt management reports	15	83%	3	17%
Regular external peer reviews of debt management activities	10	63%	6	38%
Annual audits of debt management transactions	16	89%	2	11%
Code-of-Conduct and conflict of interest guidelines for debt management staff	12	67%	6	33%
Business recovery procedures in place	11	69%	4	25%
<i>Portfolio Management</i>				
Stress test of market risk exposures	10	59%	7	41%
Trading conducted to profit from expected movements in interest or exchange rates	5	29%	12	71%
Government cash balances managed separately from debt	11	65%	6	35%
Foreign currency borrowing integrated with foreign exchange reserves management	5	31%	11	69%
Specialized management information technology in place for risk management	9	56%	7	44%

Table 2. Survey of Debt Management Practices (Continued)

Primary Market Structure for Government Debt

Auctions used to issue domestic debt	18	100%	0	0%
UP = Uniform price	10	56%	8	44%
MP = Multiple price	15	83%	3	17%
Fixed-price syndicates used to issue domestic debt	5	28%	13	72%
Benchmark issues for domestic market	16	89%	2	11%
Pre-announced auction schedule	17	94%	1	6%
Central bank participates in the primary market	6	33%	12	67%
- only on a non-competitive basis	6	43%	8	57%
Primary dealer system	13	72%	5	28%
Universal access to auctions	10	56%	8	44%
Limits on foreign participation	1	6%	17	94%
Collective Action Clause, domestic issues	0	0%	18	100%
Collective Action Clause, external issues	6	33%	12	67%

Secondary Market for Government Debt

Over-the-counter (OTC) market	15	88%	2	12%
Exchange-traded market mechanism	14	82%	3	18%
Clearing and settlement systems reflect sound practices	17	94%	1	6%
Limits on foreign participation	1	6%	17	94%

Portfolio Management Statistics: Strategic Benchmarks

Duration	11	65%	6	35%
Term-to-Maturity	12	71%	5	29%
Fixed-Floating Ratio	12	71%	5	29%
Currency Composition	14	88%	2	13%
Are benchmarks publicly disclosed?	8	50%	8	50%
Use of Derivatives	9	56%	7	44%

Note: Percentages are computed on the basis of the number of responses to each question, since some countries did not answer all of the questions.