

Meeting of the IMF Government Finance Statistics
Advisory Committee
Washington, D.C.

Progress with Globally Comparable Public Sector Debt Statistics¹

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DISCLAIMER: The views expressed herein are those of the author and should not be attributed to the IMF, its Executive Board, or its management.

¹ This paper is based on the paper *Towards Enhancing International Comparability of General Government Debt Data*, by Claudia Dziobek and Florina Tanase for the 9th Meeting of the Advisory Expert Group on National Accounts, September 8–10, 2014, in Washington D.C.

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I. EXECUTIVE SUMMARY

1. International guidelines on the compilation of general government and public sector debt are well established and summarized in the [2011 Public Sector Debt Statistics: Guide for Compilers and Users](#) and the [Government Finance Statistics Manual 2014](#). While the concepts are well defined, in practice, the coverage of debt data remains highly variable across countries, thereby limiting the comparability of data.
2. Differences in instrument and institutional sector coverage can have a significant impact on recorded debt data. To enhance international comparability of general government data, the IMF's Statistics Department (STA) has developed a matrix format with a cascading approach for instrument coverage and levels of government. The IMF is adopting this approach in the recently updated questionnaire to collect data from member countries for publication in the *Government Finance Statistics Yearbook (GFSY)*, which will also allow countries or regions to disseminate data using their national definitions of debt.
3. Further, the [Task Force on Finance Statistics \(TFFS\)](#),² the relevant international body for debt statistics, is adopting the same cascading approach for the presentation of government and public sector debt statistics in the publicly available [World Bank/IMF/OECD Public Sector Debt Statistics database](#).

² The TFFS is chaired by the IMF and includes representatives of: Bank for International Settlements, Commonwealth Secretariat, European Central Bank, Eurostat, IMF, Organisation for Economic Co-operation and Development, Paris Club, United Nations Conference on Trade and Development, and the World Bank.

II. BACKGROUND

4. While “government debt” as a percentage of GDP remains one of the most important fiscal indicators, consistent and cross-country comparable debt data remain work-in-progress. Data on government or public sector debt data are disseminated by countries themselves, as well as by international organizations such as Eurostat, the IMF, the Organisation for Economic Co-operation and Development, and the World Bank.

5. International guidelines on the compilation of general government and public sector debt data are well established and summarized in the [2011 Public Sector Debt Statistics: Guide for Compilers and Users \(PSDSG\)](#), and the [Government Finance Statistics Manual 2014 \(GFSM 2014\)](#). However, while the concepts are well defined in these manuals, in practice, the following dimensions contribute to highly variable debt statistics across countries, thereby limiting the comparability of data:

- What is debt? Which instruments are included in the definition of debt? In practice, definitions of debt may vary from countries with a narrow definition of debt (debt securities and loans) to others that include additional debt instruments to varying degrees. In all cases, however, the data are labeled as “debt”, usually without specifying what instruments are included.
- Whose debt is it? Which public sector entities’ debt is included in the debt statistics? Although most advanced economies report debt for the general government sector, data analysis reveals that many countries only report the debt of the central government or even just the budgetary central government subsector. In some cases, countries report debt data for the entire public sector and a few countries cover the nonfinancial public sector. In all cases, however, the data coverage is seldom precisely specified and countries usually use “government debt” or “public debt” to describe the coverage.
- How is the debt valued? Are the debt data valued at market, nominal, or face value? These three valuation methods may produce significantly different debt numbers for the same aggregates. Nonetheless, countries rarely specify the valuation methods used in the disseminated data.
- Were intra- and intersectoral positions eliminated (consolidated) in the debt statistics?

6. To enhance the level of transparency and international comparability of public sector debt statistics, the IMF’s Statistics Department (STA) has developed a matrix format with a cascading approach for disseminating/presenting public sector debt statistics by instrument and subsector/level of the public sector.³

³ The cascading approach does not address the valuation and consolidation dimensions. These additional dimensions are highlighted in [What Lies Beneath: Statistical Definitions of Public Debt, IMF Staff Discussion Note](#), IMF Staff Discussion Note (SDN/12/09).

III. A CASCADING APPROACH TO PRESENTING GENERAL GOVERNMENT AND PUBLIC SECTOR DEBT STATISTICS

7. As indicated above, internationally agreed guidelines on the concepts, definitions, and compilation practices for general government and public sector debt data are well established. These guidelines clearly define internationally agreed concepts and definitions for two headline fiscal indicators: **gross debt** and **net debt** of the general government and public sectors. In addition, guidance is provided on the classification public sector entities into the general government and public sectors, and the accounting rules to be followed in the compilation of general government and public sector debt data.

8. **Gross debt** consists of all liabilities that are debt instruments. **Net debt** is calculated as gross debt minus financial assets corresponding to debt instruments. A debt instrument is defined as a financial claim that requires payment(s) of interest and/or principal by the debtor to the creditor at a date, or dates, in the future. The following instruments are debt instruments:

- Special drawing rights (SDRs);
- Currency and deposits;
- Debt securities;
- Loans;
- Insurance, pension, and standardized guarantee schemes (IPSGS); and
- Other accounts payable.

9. Gross debt and net debt can be compiled for any grouping of public sector units, but are typically compiled for the budgetary central government, the consolidated central government, consolidated general government, the nonfinancial public sector, and/or the total public sector.

10. An analysis of the debt instrument coverage of current compilation and reporting practices reveals that gross public sector debt data may be broadly grouped into three main categories:

- Gross debt data covering only debt securities and loans (typically developing countries);
- Gross debt data covering a broader range but not the full range of instruments defined in the *PSDSG*; and
- Gross debt data covering all debt instruments defined in the *PSDSG*.

11. Based on this, a cascading approach has been developed for disseminating/presenting the debt instrument coverage and institutional coverage (i.e., the subsectors or “levels” of the public sector). Debt instruments may be presented in four groupings or aggregations (categories D1

through D4) as shown in Figure 1 below. Public sector units are typically grouped in subsectors (subsector GL1 through GL5), as indicated in Figure 2 below.

Figure 1. Groupings/Aggregations of Debt Instruments

Debt Instrument	GFS code				
		D1	D2	D3	D4
Debt Securities	6303	■	■	■	■
Loans	6304	■	■	■	■
SDRs	6301		■	■	■
Currency and Deposits	6302		■	■	■
Other Accounts Payable	6308			■	■
IPSGS	6306				■

Note: SDRs = Special Drawing Rights

IPSGS=Insurance, pensions, and standardized guarantee schemes.

Figure 2. Subsectors (Levels) of the Public Sector

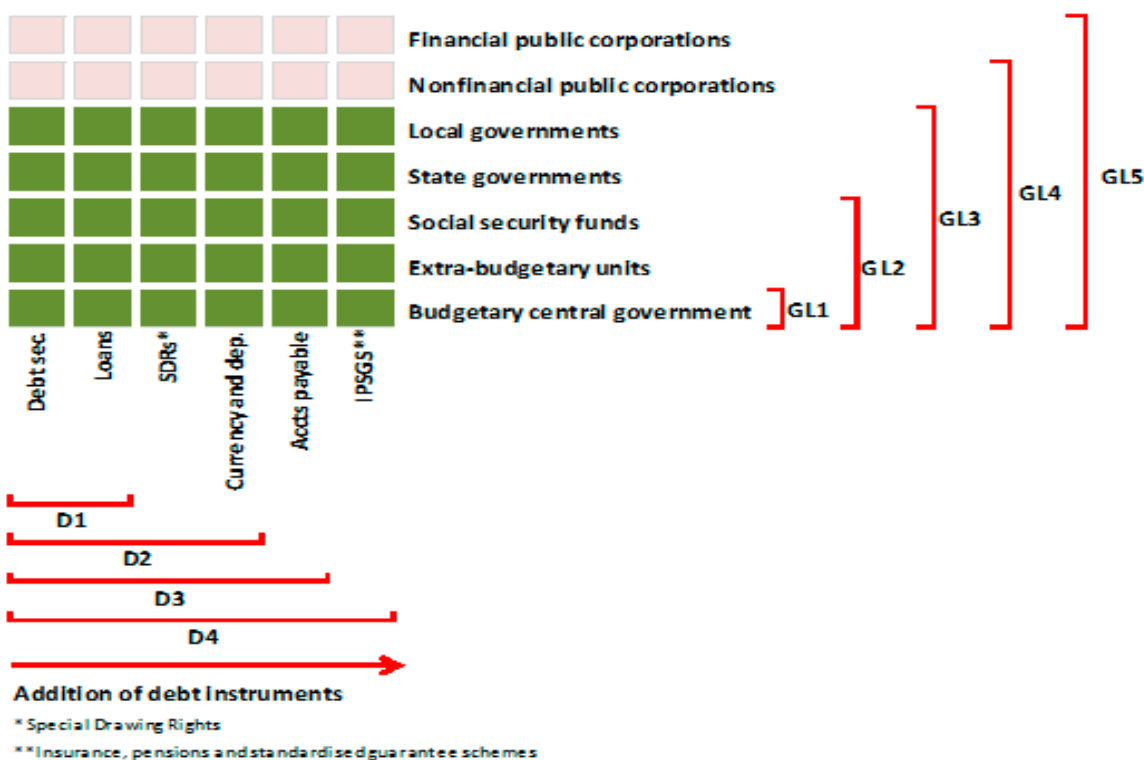
Levels of Government	Budgetary central government GL1	Central government GL2	General government GL3	Non-financial public sector GL4	Total public sector GL5
Budgetary central government	■	■	■	■	■
Extrabudgetary units		■	■	■	■
Social security funds		■	■	■	■
State government		■	■	■	■
Local government			■	■	■
Public nonfinancial corporations			■	■	■
Public financial corporations				■	■

12. The IMF is adopting this cascading approach in the recently updated questionnaire to collect data from member countries for publication in the *GFS Yearbook*, starting with its 2014 edition. In addition, the updated questionnaire also allows countries or regions to disseminate a debt aggregate using their national definitions of debt. These aggregates will facilitate comparisons with the internationally agreed debt data, and be indicative of the departure in national definitions from internationally agreed definitions.

13. Further, the TFFS is adopting the same cascading approach for the presentation of government and public sector debt data in the publicly available [World Bank/IMF/OECD Public Sector Debt Statistics database](#).

14. The cascading approach will help users to better understand the debt data and be aware of the extent to which differences in concepts and methods matter. As illustrated in Figure 3, differences in instrument and institutional sector coverage can have a significant impact on reported debt data. Figure 3 illustrates five country examples for Iceland, Sweden, and the United States, and shows the significant impact that the different levels of coverage can have on debt data.

Figure 3. Public Sector Debt: The Relevance of Institutional and Instrument Coverage



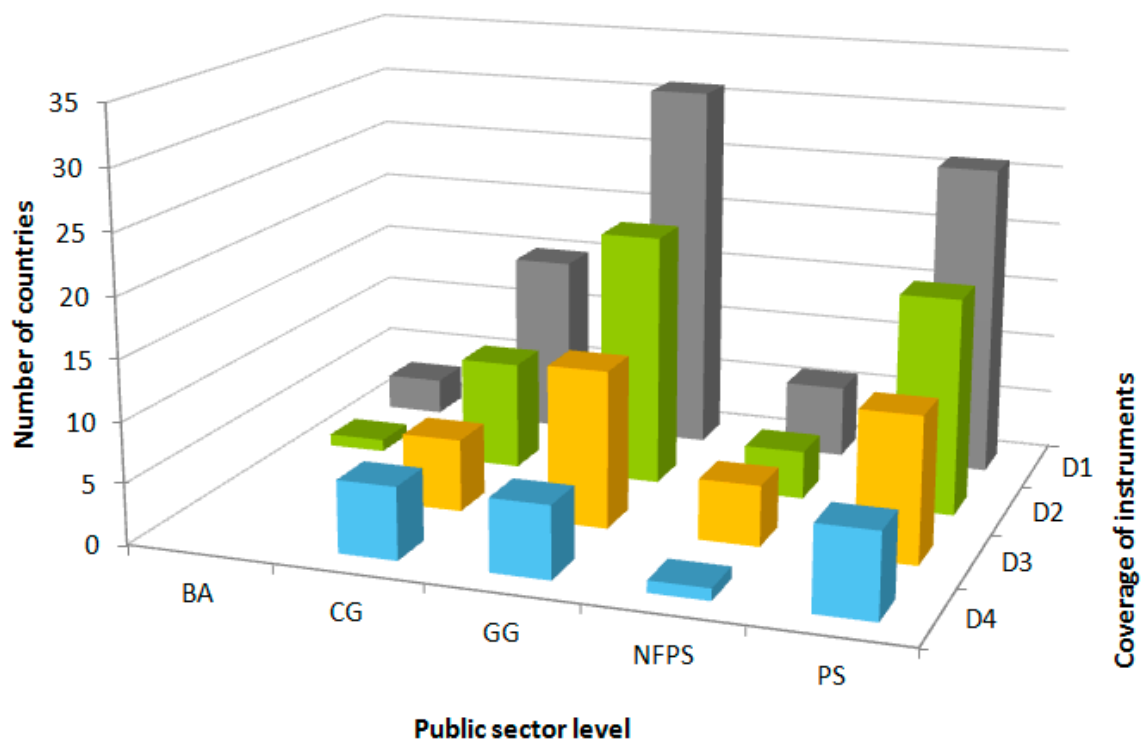
USA 2012		GL2 - Consolidated Central Government	GL3 - Consolidated General Government
D1		79.1	94.2
D2		79.6	94.7
D3		81.0	100.7
D4		93.8	122.5

Sweden 2012		GL1 - Budgetary Central Government	GL2 - Consolidated Central Government	GL3 - Consolidated General Government
D1		32.6	31.7	39.0
D2		34.5	33.7	41.0
D3		37.5	36.4	46.3
D4		37.5	36.4	48.7

Iceland 2012		GL1 - Budgetary Central Government	GL2 - Consolidated Central Government	GL3 - Consolidated General Government
D1		88.7	88.7	97.0
D2		88.7	88.7	97.0
D3		93.8	93.8	105.2
D4		117.5	117.5	131.9

15. Using the cascading approach, Figure 4 shows the number of countries for which data are currently available for instrument coverage and institutional coverage. As expected, most countries have data coverage for “D1” (debt securities and loans) covering the general government sector.

Figure 4. Coverage of public sector gross debt data and coverage of instruments, at the highest available public sector level, 2010–14



Source: World Bank/IMF Public Sector Debt Database.

IV. FOR DISCUSSION

- Do GFSAC members agree with the proposed cascading approach to present public sector debt statistics in a more internationally comparable manner?
- What could be done to promote this approach in countries?