



Sovereign Debt Conference: A Guide for Economists and Practitioners

Chapter 2: The Current Landscape

13 & 14 September 2018





Issues for Discussion

1. Understanding What Composes Public Sector Debt
2. Implications for the Evolving Role of a Public Debt Manager
3. Implications for Assessing Sovereign Debt Sustainability
4. Implications for Investors and other Market Participants



Components of Public Sector Debt

- Evolving Definition of Public Sector Debt
- Importance of setting standards
- Fostering transparency
- Applications and Impact on Market Participants

Evolving Role of a Public Debt Manager



- Public sector debt management has changed dramatically over the past 20 years
 - Transformed by events, technological advances, financial engineering and development of new analytical tools
 - It is now a key component of the macro-economic framework
- At the core, debt managers can only do their job if they **understand what they need to measure, manage and report**
 - Basic requirement for effectively optimizing public sector borrowing needs, proactively managing debt portfolios, mitigating risks and assessing public sector debt sustainability

Assessing Sovereign Debt Sustainability



- How has assessing public debt sustainability evolved
 - What needs to be included to provide an accurate assessment of public sector debt sustainability
 - Contingent liabilities
 - Off balance sheet transactions
- Promoting effective coordination with fiscal and Monetary policies
 - Providing adequate and timely data
- **Planning for the future**
 - Development of MTDS plans



Investors and Other Market Participants

- Standards are important
 - Foster understanding, facilitate analysis and promote transparency
- Adequate and timely dissemination of data engenders confidence
- Good Understanding is required to promote the development of capital markets
 - Pricing risk
 - Evaluating investments
 - Assessing credit capacity