

Capacity Development in Public Sector Debt Statistics

*Achievements and Challenges from
a Practitioner's Perspective*



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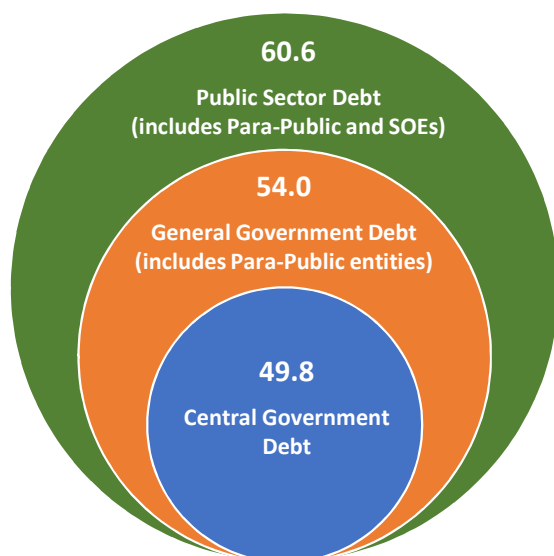


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Tangible Progress of Past CD: The Example of Senegal

Senegal—Total Public Sector Debt (% of GDP, 2017)



Source: IMF Staff Report on the Seventh Review Under the Policy Support Instrument and 2018 Article IV Consultation.

- Expanding PSDS coverage in Senegal to the public sector for the first time has helped to paint a more complete picture of the public debt burden and related fiscal risks.
- This successful outcome reflects:
 - **Strong ownership:** The authorities' drive to subscribe to the SDDS, implement regional fiscal and debt directives, and modernize the country's infrastructure, with associated borrowing needs, have driven reforms;
 - **Cross-agency cooperation:** Various agencies involved in PSDS strengthened their cooperation;
 - **Well-focused CD:** Complementarity of CD from IMF's Statistics and Fiscal Affairs Departments helped achieve results;
 - **Leveraging IMF country teams:** CD was linked to IMF surveillance and lending operations.



Challenges for PSDS Capacity Development in LLMICs

Data availability and quality issues can be daunting in many cases.

Source data

Availability:

- Data for sub-sectors of government often not available
- Agency fragmentation on PSDS compilation and reporting

Format:

- Some data only available in hard copies

Frequency:

- Low frequency (annual at best) with substantial delays

Compilation methods

- Not always aligned to international guidelines

Data coverage

Institutional coverage

- Often limited to the budgetary central government, thus not fully capturing fiscal risks and vulnerabilities

Instrument coverage

- Usually limited to debt securities and loans
- Little or no data on other accounts payable (arrears)

Data dissemination

Insufficient data dissemination:

- Lack of understanding and political will on the merits of data dissemination
- Only 27 LLMICs reported to the WB/IMF QPSDS database in 2018
- Only 13 LLMICS reported liabilities stock position to the IMF's 2017 GFSY
- Data sharing with IMF country teams limited and irregular
- Country-internal data dissemination infrequent, limited in coverage, and not always in line with international guidelines



Tackling the Challenges to PSDS CD under the D4D Fund – Planning Stage



Challenges

Assessing the key deficiencies in a country's PSDS:

- Are there **source data** issues, including in terms of availability, frequency, and compilation methodology?
- Where are deficiencies in **coverage**? Is it more institutional and/or instrument coverage?
- What are obstacles to PSDS **dissemination**, especially also in terms of reform ownership and political will?

Systematic diagnostics and building ownership

The D4D Fund Approach

D4D Fund PSDS CD is based on a thorough diagnostic:

- Demand-driven CD starts with the authorities and the IMF country team as a key data user to independently identify policy-relevant data gaps.

Getting the authorities involved early on helps build reform ownership:

- Regional workshops with peers raise awareness of the merits of improved reporting and how other countries have tackled reform steps.
- The diagnostics form the basis for developing country-tailored work plans. TA hinges on senior policy-makers endorsing the work plan.

Closely involving IMF country teams, other IFIs, and donors can further leverage reform momentum by:

- Embedding addressing critical data gaps in policy dialogue with IMF country team.
- Selecting qualified workshop participants and most relevant counterparts.
- Ensuring CD coordination.



Tackling the Challenges to PSDS CD under the D4D Fund – Delivery Stage



Challenges

Selecting and addressing top priority data gaps in sequence among a country's many PSDS deficiencies:

- What improvements in **source data** and **data coverage** can best fill the most critical information gaps towards a more complete picture of fiscal risks?
- What progress can realistically be achieved in the **short, medium, and longer term**?
- How to ensure continuous **engagement with policy-makers** and data users in filling source data and coverage gaps and **improving dissemination**?

Sharpened focus and better access to policy-makers

The D4D Fund Approach

D4D Fund PSDS CD is delivered based on a country-tailored and risk-based approach:

- Focusing on specific issues on data quality and coverage with substantial bearing on macroeconomic management.
- Starting with low-hanging fruits to quickly generate positive outcomes.
- Tracking progress in IMF's RBM framework and adjusting approach as needed.

Levering IMF country teams' access to better engaging senior policy-makers:

- Partially overlapping CD with IMF country team missions to improve access to policy-makers and strengthen the data for the DSA.
- Appealing directly to senior authorities in endorsing reforms and addressing critical data impediments for sound policy-making.
- Stressing direct dissemination channels to get data to IMF country teams as key data users so as to directly support surveillance.



Tackling the Challenges to PSDS CD under the D4D Fund – Follow-up Stage



Challenges

Achieving tangible and sustainable improvements through implementation of TA recommendations:

- How to generate **“buy-in” and commitments** to follow through the recommendations in strengthening **source data**, broadening **coverage**, and improving **dissemination**?
- How to maintain the **incentives and momentum** after required reforms start?
- How to better **create synergies** among IMF departments, other IFIs, and donors to support countries on a continuous basis?

Coordinated and continuous follow-up

The D4D Fund Approach

D4D Fund PSDS CD is followed by a holistic approach aimed at sustainability, impact, and effectiveness:

Closely involving country authorities, IMF country teams, other IFIs, and donors to preserve country ownership and provide continuous support for implementation, as needed:

- Including reform milestones in IMF policy advice and lending programs to countries.
- Further improving CD and surveillance coordination within the IMF on a continuous basis.
- Collaborating with other IFIs and donors to ensure continued support, as needed, to tackle any remaining needs for PSDS improvements and ensure sustainability.

Leveraging other CD vehicles, including through continuous methodology advice and improved compilation and dissemination processes; this may also involve CD missions funded by RCDCs and other resources.



The Mauritius PSDS workshop – Implementing the D4D Fund Approach

The Mauritius workshop served as a successful prototype with lessons to emulate in subsequent CD work under the D4D Fund



Planning

- Collaboration with the authorities and IMF country teams as key data users to identify policy-relevant data gaps as well as qualified workshop participants and most relevant counterparts
- Preparation of a template for workshop participants to review the current status of PSDS and critical data gaps for countries' policy making, so as to build ownership right from the beginning

Workshop

- Identification of data gaps by workshop participants that are most policy-relevant, as well as of low-hanging fruits for quick results
- Formulation of country-tailored and risk-based draft workplans
- Peer learning with focus on the merits of improved reporting and dissemination and how other countries have tackled reform steps

Work plans

- Endorsement of work plans by countries' senior policy-makers
- Anchoring the work plan implementation in the IMF's RBM framework. TA milestones to focus on improved compilation and dissemination processes, which should ultimately get better data to policy-makers and IMF country teams

Technical assistance

- Focusing on most macro-critical data gaps
- Levering IMF country teams' access to engage senior policy-makers directly in implementing TA advice and preserving reform ownership
- A joint effort with IMF country teams and other IFIs/donors to provide continuous post-mission support for implementation.
- TA needs not fully met under D4D Fund to be taken up by RDCs and other CD vehicles



The Mauritius PSDS workshop – Implementing the D4D Fund Approach

Top priorities– from country compilers and IMF country teams

PSDS data gaps to fill

Respondents	Sector Coverage					Instrument Coverage				Other Gaps
	Budgetary Central Government	Extrabudgetary Unit	Local Government	Social Security Funds	Nonfinancial Public Corporations	Currency and Deposits	Loans	Insurance, Pension and Standardized Guarantee Scheme	Arrears	Contingent Liabilities
Workshop Attendees	Light Green	Light Green	Green	Light Green	Dark Green	Light Green	Light Green	Light Green	Light Green	Dark Green
Area Departments	Light Green	Light Green	Green	Light Green	Dark Green	Light Green	Light Green	Light Green	Light Green	Dark Green

Light Green- Low Priority
 Green- Medium Priority
 Dark Green- High Priority

Some countries to receive first follow-up TA missions

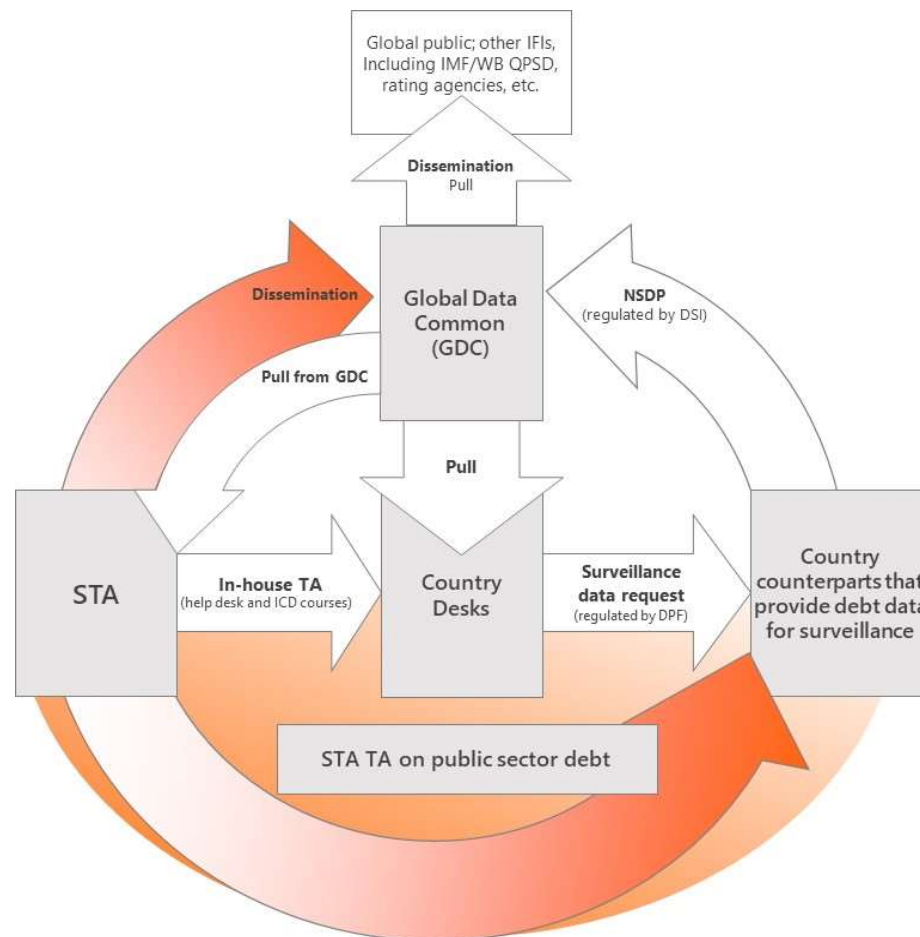
- Buy-in from authorities – Liberia TA on PSDS after two-year hiatus.
- Interest from IMF country team prompted quick follow-up TA to Zambia.



PSDS Data Collection and Dissemination – Building on a New Vision

What is new?

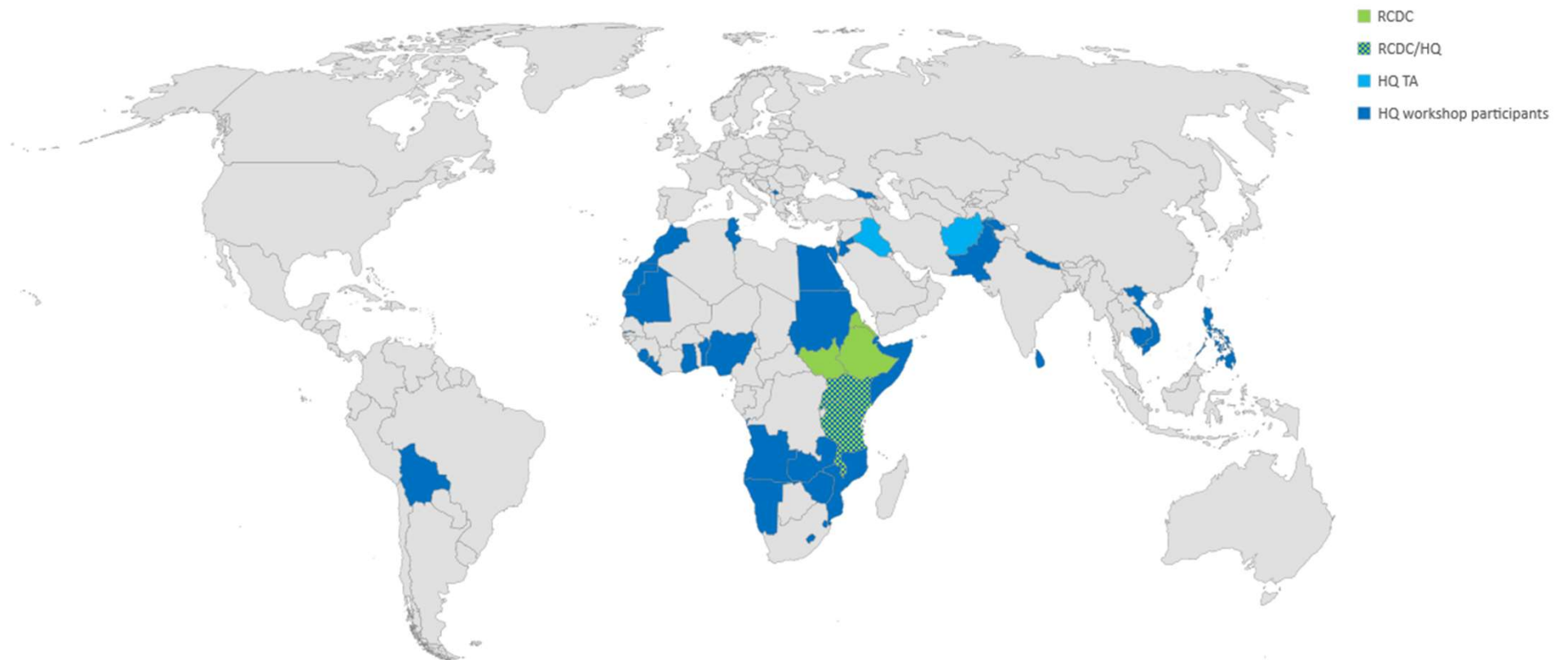
- Focus more on getting better PSDS data to country policy-makers, IMF country teams, and other users (e.g, investors, rating agencies, parliamentarians, media).
- Reduce reporting burden by leveraging countries' National Statistics Data Page (NSDPs) established under the IMF Data Standards Initiatives.
- Shift gradually to machine-to-machine data transmission via the planned Global Data Common, as envisaged under the IMF's [*Overarching Strategy for Data and Statistics at the Fund in the Digital Age*](#).





PSDS CD in LLMICs - Past, Present, and Future

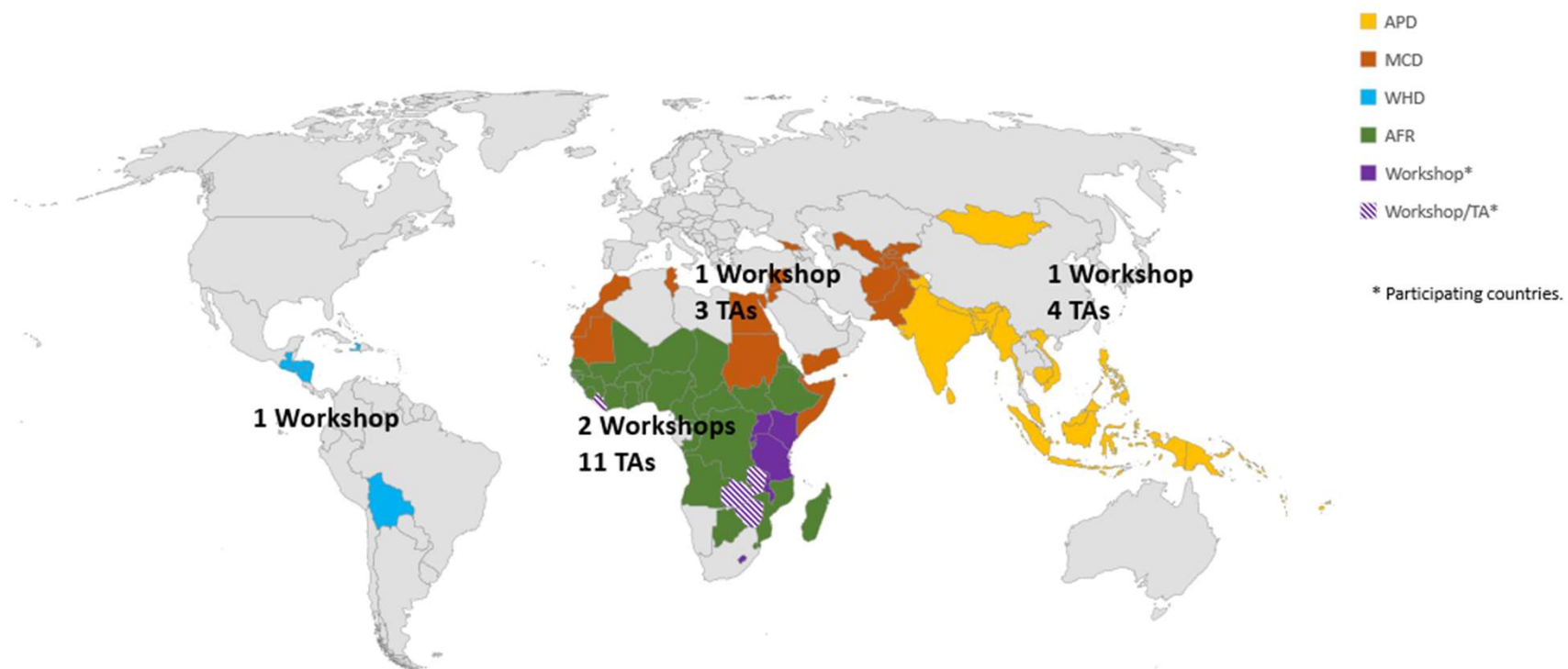
2016-2018 STA CD Delivery on PSDS in LLMICs





PSDS CD in LLMICs - Past, Present, and Future

STA CD Delivery on PSDS in LLMICs: HQ D4D
(From Inception Through July 2020)



Questions and comments?