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