EXTERNAL DEBT STATISTICS

The World Bank's Debt Statistics System

Report Proposed by the World Bank

Sources

1. The World Bank's interest in debt statistics is both analytical and operational. At the analytical level, debt is clearly of major concern to the Bank in its capacity as a leading international source of information and analysis on the economic and debt situation of developing countries. The World Bank is uniquely placed to receive primary information on the long-term external debt of developing countries in the form of loan-by-loan data, and analyze such data.

2. The Bank's principal means for monitoring long-term debt is the Debtor Reporting System (DRS), set up in 1951. It is based on the reports of long-term external indebtedness from 111 countries that borrow from the World Bank. At the country level, in most countries Central Banks and/or Ministries of Finance have established debt management systems. It is these agencies that report their data to the Bank. The DRS has evolved considerably over time, expanding the range of information collected and the number of countries covered. Through the DRS the Bank obtains two principal reports from borrowing countries. These are are:

   a) loan-by-loan data on long-term debt of the public sector and debts guaranteed by the public sector; and;

   b) summary reports on the long-term debt of the private sector that is not publicly guaranteed.

3. Under the Bank's procedures, these reports if not received within three months of their respective due dates, the debtor country is considered not current for reporting purposes. This may affect its eligibility for further borrowing from the Bank. There is thus some leverage whereby reporting is fairly current. The data are reviewed carefully for consistency and for completeness.

4. The loan-by-loan character of public and publicly-guaranteed debt reporting, and the long period over which such reporting has been established, mean that the reliability of the Bank's data is, in general, high for the countries covered by the DRS. Nevertheless, variations in quality exist in
the data for different countries, owing to the difficulties some of them experience in compiling accurate, complete and timely data. In some cases quality may vary between different categories of debt reported by a country.

**Methods**

5. The Bank has three main methods of improving the quality of reported data, often used in combination. First, there are the cross-checks deliberately built into the DRS itself, especially between the quarterly reports and the annual summaries, and between the reports for successive periods.

6. Secondly, the reported data are supplemented by internal action. One important aspect of this is the use of the Bank's own accounting records to capture information on loans made by the Bank. As a consequence, countries covered by the DRS do not file reports on loans received from the IBRD or IDA. Additionally, missions mounted by the Bank's Debt and International Finance Division to countries, whose reporting is deemed below adequate standards, enables the Bank to improve data coverage. The Division also provides technical assistance to countries to improve their debt management systems in order to raise reporting standards in the longer run.

7. Thirdly the Bank draws on, and cross-checks with, the data collected by other organizations. In a few instances this means direct incorporation of such data into the DRS: the loan records of the Inter-American Development Bank and of the Asian Development Bank are drawn on in exactly the same way as those of the IBRD and IDA. The Bank also uses International Monetary Fund data to compile statistics on the use of IMF Credits. In other cases the transfer of data is indirect. A major example is the use made by the Bank of the OECD/DAC Creditor Reporting System (CRS), jointly sponsored by the World Bank. The CRS provides loan-by-loan reports on official lending by all major lenders that are the mirror image of the DRS system. Occasionally, when debtor country information is not available, CRS data are inserted directly into the DRS data files. Other sources used in the cross-checking process include information from the US Eximbank and Agency for International Development (USAID).

8. When reporting under the DRS leaves gaps in the coverage of a country's external debt position, estimation techniques are used by the staff of the Debt and International Finance Division to fill those gaps. Estimates of short-term debt (debt with an original maturity of 1 year or less), are prepared by staff to supplement the country reported information on long-term debt.

9. Staff estimates of short-term debt are largely based on debtor country information collected by World Bank and IMF economic missions to member countries. When direct debtor country information is not available creditor-source data are assembled that give order-of-magnitude indications of the level of short-term debt outstanding. The most important source is the Bank of International Settlements semi-annual series showing the maturity distribution of commercial bank claims on developing countries.
10. In the case of private non-guaranteed debt that is not reported, the standard estimation approach starts from a calculation of the stock of debt outstanding, using available creditor source data. Figures on guaranteed export credits, obtained from the CRS, are supplemented by loan-by-loan information on official lending to private borrowers and by information on non-insured commercial bank lending to the private sector.

Uses of Data

11. Within the Bank the data are primarily used to analyze the debt-servicing capacity of member countries in relation to the Bank's own lending activities. Debt statistics are also used very extensively in analyzing the economic prospects, including external financing constraints, of the country being studied. In this context, the Bank's country economists prepare balance-of-payment projections under alternative assumptions about country performance, world economic prospects, financial market conditions and prospective terms of new borrowing.

12. Initially, the external debt data compiled by the Bank were used for internal purposes only and not published. Since 1966, however, the Bank has published, with strict regard for confidentiality, an annual statistical compendium, providing key debt indicators for individual countries. The World Debt Tables, as this compendium is now called, has expanded steadily over the years in detail, scope and coverage. The World Debt Tables are now regularly prefaced by a survey article interpreting international lending developments of the past year and calling attention to major policy issues in external debt management. In addition, dissemination of the debt data compiled by the Bank is undertaken through the sale and distribution of magnetic tapes.

Coordination with Other Agencies

13. Four organizations are involved in the collection of debt statistics: they are the Bank, IMF, BIS and OECD. These organizations are differently constituted and have different mandates. Each institution has a somewhat different focus. For some the focus is on creditor countries, for others on both debtors and creditors. Some collect data from the creditor side, the others mainly from debtors. These differences have implications for timeliness and coverage. They may also result in data that are not easily reconcilable. None of the four organizations is authorized to publish the extremely detailed loan by loan information. It is only after various aggregation processes have been carried out that the results can be made available by the collecting agencies to the public and to each other.

14. An International Working Group on External Debt Statistics was constituted several years ago to promote convergence of debt recording practices between these four international organizations. The first meeting of the Group was held in March 1984. The Group's efforts resulted in the production of a manual on External Debt, Definition, Statistical Coverage and Methodology in 1988. The Group continues to meet twice a year to discuss the
various issues relating to debt statistics and acts as the main inter-agency coordinating forum. In addition, Bank staff remain in constant touch with their counterparts in the IMF, BIS and OECD on a bilateral basis.

Technical Cooperation and Training

15. The Bank's International Finance Division mounts approximately 30 missions a year to member countries. These missions have a dual role, to collect data and at the same time provide technical advice to national officials. In addition, the Bank has funded a small number of long-term consultants in several member countries in support of developing debt recording systems. Training seminars and workshops are organized periodically for the benefit of nationals engaged in the compilation of debt statistics. Although the Bank has not developed software packages for the use of member countries, Bank staff assist national governments to acquire software systems from both commercial vendors and from other agencies including UNCTAD and the Commonwealth Secretariat.