

**9th Meeting of the Advisory Expert Group on National Accounts,
8-10 September 2014, Washington DC**

Agenda item: 10.1

Towards Enhancing International Comparability of General Government Debt Data

Introduction

Differences in instrument and institutional sector coverage can have a significant impact on public deficit and debt data. To enhance international comparability of general government data the IMF Statistics Department has developed a matrix with a cascading approach for instrument coverage (D1-D4) and levels of government (GL1-GL5). The IMF is adopting this approach in the recently revised questionnaire to collect data from member countries for publication in the Government Finance Statistics Yearbook, which will also allow countries or regions to disseminate data using their national definitions of debt. Further, the Task Force on Finance Statistics (TFFS), the relevant international body for debt statistics, has agreed to adopt 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.

Documentation provided

A note: Towards Enhancing International Comparability of General Government Debt Data

Main issues to be discussed

This item is for information.

Towards Enhancing International Comparability of General Government Debt Data

by the IMF Government Finance Division¹
Submitted by Claudia Dziobek and Florina Tanase

August 20, 2014

Executive Summary

International guidelines on the compilation of general government and public sector debt are well established and summarized in the [External Debt Statistics: Guide for Compilers and Users \(EDSG\), 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, limiting the comparability of data.

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.

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](#).

Background

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

¹ The paper benefited from inputs provided by Philip Stokoe and Sagé de Clerck (STA).

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, United Nations Conference on Trade and Development, and the World Bank.

2. International guidelines on the compilation of general government and public sector debt data are well established and summarized in the [External Debt Statistics: Guide for Compilers and Users \(EDSG\), 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 practice, the coverage of general government debt data remains highly variable across countries, limiting the comparability of data.

3. In addition, 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 budgetary central government sub-sector. In some cases countries report debt data for the public sector but some countries cover only general government and public nonfinancial corporations.

4. To enhance international comparability of general government data, STA has developed a matrix format with a cascading approach for disseminating/presenting instrument coverage and levels of government of debt data.

Cascading Approach to Presenting General Government Debt Data

5. 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 **gross** and **net** debt of the general government sector, two headline fiscal indicators. In addition guidance is provided on the sector classification of the general government and public sectors, and the accounting rules to be followed in the compilation of general government and public sector debt data.

6. **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.

7. Gross and net debt can be calculated for all levels of institutional coverage, but are typically reported for the budgetary central government, consolidated central government, general government, or the public sector.

8. Analyzing current compilation and reporting practices reveals that general government gross debt data, reported to the [World Bank/IMF/OECD Public Sector Debt Statistics database](#)

by countries, may be broadly grouped into three main classes according to the instrument coverage:

- Countries whose gross debt data cover only loans and debt security data—usually the developing countries;
- Countries that cover a broader range but not the full range of instruments set out in the *PSDSG*; and
- Countries that cover the full range of instruments set out in the *PSDSG*.

9. Several dimensions are essential for understanding the magnitude of government debt, but in particular the instrument and institutional coverage.³ The coverage of debt data, in terms of both instrument and institutional coverage, is highly variable across countries. To enhance the level of transparency and comparability of data, STA has developed a matrix format with a cascading approach for disseminating/presenting instrument coverage (categories D1 through D4) and levels of government (sub-sectors GL1 through GL3), as indicated in Figures 1 and 2 below.

Figure 1. Levels of Government⁴

Levels of Government	GL1	GL2	GL3
Budgetary central government			
Extra budgetary units			
Social security funds			
State government			
Local government			

³ What Lies Beneath: Statistical Definitions of Public Debt, IMF Staff Discussion Note, IMF Staff Discussion Note (SDN/12/09) highlights two additional key dimensions, valuation of debt instruments and consolidation of intra-government holdings.

⁴ The concept of different levels of government can be extended beyond the general government sector to include public corporations: GL4 includes general government + public nonfinancial corporations, and GL5 includes GL4 + public financial corporations.

Figure 2: Aggregations of Debt Instruments

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

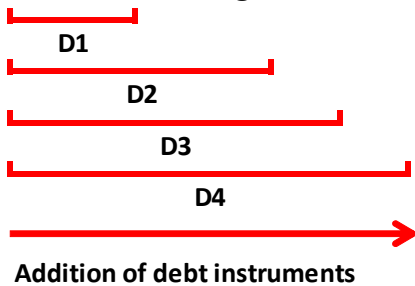
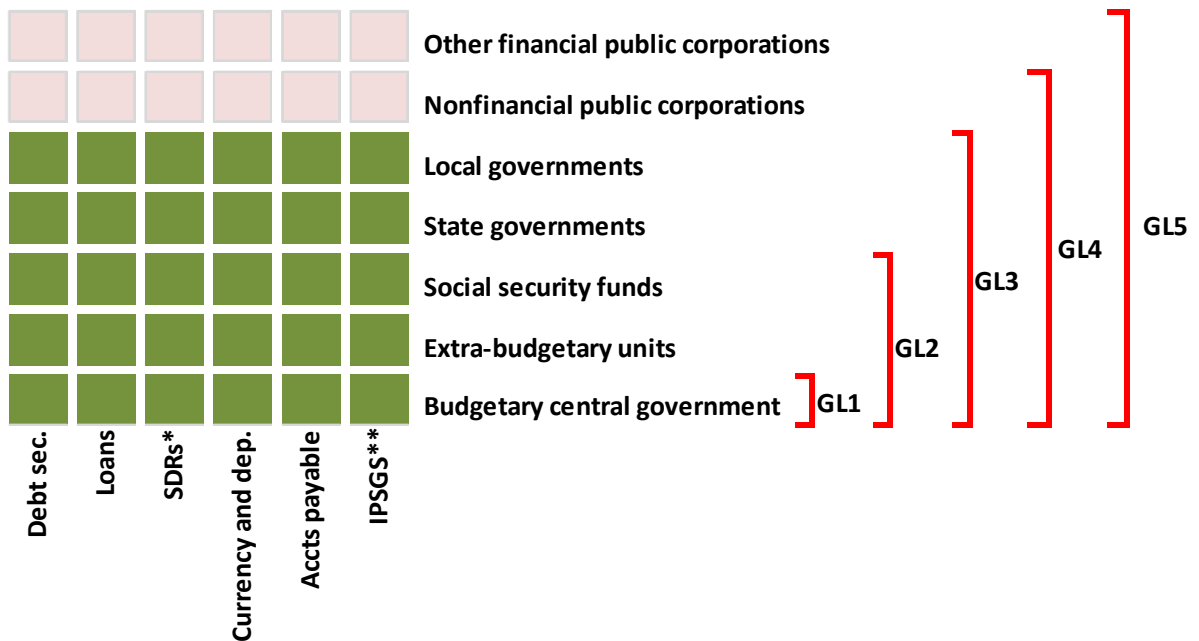
Note: SDRs = Special Drawing Rights
IPSGS=Insurance, pensions, and standardized guarantee schemes.

10. The IMF is adopting this approach in the recently updated questionnaire to collect data from member countries for publication in the *GFSY*, 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. This aggregate will facilitate comparisons with the internationally agreed debt data, and be indicative of the departure in national definitions from internationally agreed definitions.

11. 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](#).


12. 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 Australia, China P.R., Hong Kong, Iceland, Sweden, and the United States, and shows the significant impact that the different levels of coverage can have on debt data.


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





* Special Drawing Rights


** Insurance, pensions and standardised guarantee schemes

 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

 China PR - HK 2012	GL2 - Consolidated Central Government	GL3 - Consolidated General Government
D1	4.0	4.0
D2	4.0	4.0
D3	6.7	6.7
D4	41.4	41.4

 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

 Australia 2012	GL2 - Consolidated Central Government	GL3 - Consolidated General Government
D1	18.9	26.0
D2	19.4	26.9
D3	24.2	36.1
D4	40.6	62.6