

Guide to understanding and accessing debt information

Jubilee Debt Campaign

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1. Introduction

This guide aims to help civil society organisations, journalists and interested citizens find and understand information on government debt. Accessing information is vital to be able to hold governments and lenders to account on what loans are taken out, on what terms and how the money is used.

There is no one place that publishes all available information on government debt. One key source is borrowing governments themselves. Civil society organisations in individual countries will be best placed to know what information they can gather from their own governments.

Jubilee Debt Campaign also uses various other sources of information on government debt. This guide explains how to use those sources – such as the IMF and World Bank – to build up a picture of government debt. This should be combined with information published by individual governments.

The guide covers the following areas:

- Section 2 (pages 2–8) outlines key concepts which are useful for understanding debt information.
- Section 3 (pages 9–13) explains how to use the World Bank International Debt Statistics database.
- Section 4 (pages 14–22) explains how to use the IMF and World Bank Debt Sustainability Assessments.
- Section 5 (pages 23–27) covers the information available from publicly traded bonds, and bond prospectuses.
- Section 6 (page 28) covers information available from bilateral lenders.

This guide is based on a series of webinars conducted by Jubilee Debt Campaign in 2020. You can watch the webinars here: <https://jubileedebt.org.uk/understanding-debt-concepts-and-accessing-debt-information-2>

Jubilee Debt Campaign can be contacted on info@jubileedebt.org.uk

We hope you find the guide useful.



2. Key debt concepts

There are several important categories within debt data. Different people and organisations will be interested in different forms of debt, but it is important to understand these differences in order to understand the information available on debt from international sources. Below we outline some of the most useful debt concepts.

2.1 External and domestic debt

External debt is owed to someone (a person, company, institution or government) outside the country concerned.

Domestic debt is owed to someone within the country concerned.

For example, if the Zambian government owes money to a bank in Zambia, this is domestic debt. If it owes money to a British bank, this is external debt.

2.2 Foreign currency and local currency debt

Foreign currency debt is owed in a foreign currency, whereas local currency debt is denominated in the currency controlled by the borrowing government.

It is important to realise that external debt does not need to be in foreign currency, and domestic debt need not be in local currency. Debt denominated in the local currency, but owed to someone outside the country, is still external debt. For example, if the Zambian government owes money to Goldman Sachs in New York, in kwacha, this is an external debt even though it is in local currency.

Conversely, a debt owed in foreign currency to someone in the same country is still a domestic debt. A debt owed in dollars by the Zambian government to a Zambian bank is a domestic debt, even though it is in a foreign currency.

Table 1: External/domestic and foreign currency/local currency debt

	External	Domestic
Foreign currency	Eg debt owed to the World Bank, to China, or a bond owed to a European bank	Eg a bond owed to a Zambian bank
Local currency	Eg a local currency-denominated bond owed to a European bank	Eg a local currency-denominated bond owed to a domestic bank

Despite these distinctions, some governments and international institutions tend to assume that all foreign-currency debt is external, and that all local-currency debt is domestic. For example, until recently most IMF and World Bank Debt Sustainability Assessments assumed all foreign-currency debt was external, and all local-currency debt was domestic, though this is starting to change.

2.3 Balance of payments risk vs exchange rate risk

Given the above distinctions, there is a difference between a debt creating an exchange rate risk and a balance of payments risk.

Exchange rate risk is created when debt is owed in a foreign currency. This means that if the local currency devalues, the relative size of the debt increases rapidly. For example, between January 2015 and January 2016 the Ghanaian cedi fell by 20% in value against the dollar. This meant that in January 2015 a debt of \$1 billion was worth GHC3.2 billion, but a year later the same \$1 billion debt was worth GHC4 billion.

A **balance of payments risk** is where external debt leads to resources being taken out of the country and going elsewhere in the world. This happens whether or not it is owed in foreign currency.

Table 2: Exchange rate risk and balance of payments risk

	External	Domestic
Foreign currency	Balance of payments risk AND Exchange rate risk	Exchange rate risk
Local currency	Balance of payments risk	Neither (But other risks include interest transferring resources from poorer to richer people, and high inflation.)

2.4 Public and private debt

When looking at **who owes a debt**, public debt is either directly owed or guaranteed by a government body (whether central or local). (A guarantee is where the government says it will pay a debt if the borrower – often a state-owned company – cannot.)

Private debt is owed by a private company or other borrower which has not been guaranteed by the government.

However, public and private debt can also refer to **who the debt is owed to**. For example, a government can owe money to private companies, or to public entities such as other governments and multilateral institutions.

2.5 Types of creditors

Government debt is owed to three different groups of creditors. Below we explain these broad groupings.

Multilateral

Multilateral creditors are institutions owned by several or many governments. They include large financial institutions such as the International Monetary Fund and World Bank, regional development organisations such as the African Development Bank, and lenders established by particular groups of countries, such as the OPEC Fund for International Development.

Sometimes the word **plurilateral** is used for institutions which have only a few governments as members. These plurilateral lenders would usually still be classed as multilateral lenders as well.

By definition, any debt owed to a multilateral institution is external debt, as the lender is outside the country concerned.

Bilateral

Bilateral debt is owed to another government. Again, by definition this is external debt. Within bilateral debt, the **Paris Club** is a group of 22 mainly rich western governments who often negotiate with debtors collectively. **Non-Paris Club** therefore means other government lenders. Some of the largest of these are China, Saudi Arabia, the United Arab Emirates and India.

Private debt

As discussed above, debt owed to the private sector can be external or domestic. Some of the forms of private sector debt include:

Bonds – a ‘bond’ is a way for governments and companies to borrow. For example, a government might borrow money in return for issuing a contract saying it will repay the money in full (called the ‘principal’) in a certain number of years (eg 10 years – this is known as the bond’s ‘maturity’).

The government also commits to pay interest every year until then (eg 3%). This contract is known as a ‘bond’. The bond is then tradable. Whoever initially lent the money usually sells the bond on to someone else. Such bonds are bought and sold in their millions every day on financial markets. A bond’s current owner is called a ‘bondholder’.

Global South governments tend to issue bonds in both foreign and local currencies. Sometimes foreign currency bonds are given the confusing term **Eurobond** – this has nothing to do with the Euro currency; most Eurobonds are owed in dollars.

While foreign currency bonds are more likely to be bought by external creditors, and domestic currency by local creditors, they can be bought by anyone (unless a government has regulations on who can buy the debt).

Because bonds are traded in financial markets every day, their value changes. When a government is thought to be more likely to repay its debt in full, the value of its bonds increases, and when a government is seen as more likely to default or seek to restructure its debt, the value of the bonds falls. A bond’s changing value has no effect on what the government will pay when it reaches maturity – that is fixed when the bond is first issued.

This creates another figure called the **yield**. The yield measures how much interest a buyer of the bond will receive, taking into account the price they paid for it, assuming that the government makes all interest payments and then repays the principal in full and on time. For example, Kenya might borrow \$1 billion by selling bonds at 10% interest. However, fearing that Kenya might default on the debt, a buyer of \$1,000 of these bonds might later sell them for \$800. The interest Kenya pays on the bond is still \$100 a year (10% of \$1,000), but this is 12.5% of \$800 – so the yield for the second buyer of the debt is 12.5%.

Furthermore, if that buyer then holds the bond until it is repaid in full, they also make a further \$200 of profit (the difference between what they paid for the debt and its face value). Including this in the yield is known as the **yield to maturity**. It depends on how long it is until the debt is paid in full. In the example above, if the bond was bought for \$800 a year before it matures, then the yield to maturity is 37.5% (\$100 of interest plus \$200 difference between price paid and face value = \$300. $300 / 800$ (price paid) = 0.375, or 37.5%).

The change in the yield does not affect the debt payments a government makes on bonds it has already issued. But the yield is effectively an estimate of the interest rate it will have to pay to borrow new money through bonds.

If you know the price bonds are being sold at, and their interest rate and maturity date, you can calculate the yield and yield-to-maturity with this online calculator:

http://www.moneychimp.com/calculator/bond_yield_calculator.htm

Commercial bank loans

Bonds tend to be the most transparent debt owed to the private sector, but they are not the only kind of loan from private lenders. Banks often make loans directly. While these are not traded publicly on financial markets, the lending bank can still sell the debt to another speculator.

Syndicated loans

A syndicated loan is the same as a commercial bank loan – the difference is simply that more than one bank is involved in making the loan. It could be just two banks which each provide part of the money for the loan, or it could be several. Again, bits of these loans can then be sold off to other lenders and speculators.

2.6 Debt indicators

The most common figure used to assess the extent of a government's debt problem is its total debt as a proportion of GDP.¹ However, this is a very poor guide to government debt problems as it covers only the total debt outstanding and takes no account of:

- The interest payments on the debt
- When debt payments are due to be made
- How much tax revenue a government is collecting with which to pay the debt
- Who the debt is owed to – especially whether debt payments will leave the country concerned or stay within it
- The currency the debt is owed in
- The assets a government has, such as foreign currency reserves or profitable state-owned companies.

For example, as of 2019 Japan has a government debt of 238% of GDP – the highest in the world. Yet Japan can borrow at negative interest rates, much of its debt is owed to savers in Japan, and the cost of servicing the government's external debt is just 1.4% of its revenue – among the lowest in the world.

No one figure gives a full picture of a government's debt situation. But some which provide a much better guide than debt-to-GDP are:

Government external debt service as a proportion of revenue

This measures all government debt payments (principal and interest) which leave the country, as a proportion of government revenue. While there are exceptions, external debt service higher than 15–20% of revenue tends to indicate a government has a debt problem which could lead to government spending cuts, the imposition of an IMF programme or a default on the debt.

One problem with this measure is that for it to be used in a proper analysis, debt service needs to be looked at both now and in the future. If only current debt service payments are looked at, this may hide much higher payments that have been committed to or are likely in the future. However, future debt service can only ever be an estimate, as it is influenced by factors including economic growth, tax collection rates, future borrowing and currency changes.

Another problem is that this metric includes principal payments, but sometimes these can be met by new borrowing – a process known as **refinancing**. IMF and World Bank standard practice is to include external debt principal payments in their debt risk assessments. This is because both external principal and interest payments on debt to the World Bank and bilateral lenders are a potential burden on government revenue. These lenders often make loans tied to specific projects, and these loans must be repaid rather than refinanced. And while in theory other lenders, such as those in the private sector, are able to refinance loans, there is a reasonable likelihood that they will suddenly become unwilling to do this, or will significantly increase the

¹ GDP is Gross Domestic Product – a measure of how much in monetary terms is produced in a country's economy every year.

interest rate they charge the government, especially if debt burdens are high, in which case principal payments have to come from government revenue.

In contrast, domestic debt service is a less widely-used indicator, because most of the time governments can refinance domestic debt.

Government interest payments as a proportion of revenue

However, it is very important to analyse interest payments on domestic debt, alongside those on external debt. A government's total interest payments as a proportion of its revenue is a good indicator of the interest payment burden it is under.

The interest rate a government can borrow at

Debt can be a useful tool to finance productive investment. However, this is more easily achieved when a government can borrow at a low interest rate, so knowing this rate is important. But even borrowing at low rates can prove expensive if the borrowing is wasted rather than being spent on useful investments.

Examples of different debt figures

Below we show comparisons for a few countries in 2019 to show how debt-to-GDP is a poor guide to a debt situation, and why other measures can be more enlightening. Of the five countries, Japan has by far the highest government debt as a percentage of GDP, and the UK has the third highest. Yet Pakistan, Ghana and Zambia all have lower government revenue as a percentage of GDP and pay much higher interest rates on their debt. Therefore, they spend far more of their revenue on interest payments than Japan and the UK.

Furthermore, most of Japan and the UK's debt is owed to people in their own countries, while significant amounts of Pakistan, Ghana and Zambia's government debt is owed externally. Therefore, those three have far higher external debt service as a percentage of revenue than Japan and the UK.

Table 3: Debt figures for five selected countries in 2019

COUNTRY	Total government debt as a percentage of GDP ²	Government revenue as a percentage of GDP ³	Government interest payments as a percentage of revenue ⁴	External government debt service as a percentage of revenue ⁵	Interest rate government can borrow at for 10 years on private financial markets ⁶
Japan	238%	34%	4%	1%	0%
UK	86%	37%	5%	3%	0.8%
Pakistan	77%	13%	55%	28%	6.7%
Ghana	64%	16%	36%	39%	8%
Zambia	92%	19%	26%	33%	15.6%

2 IMF. World Economic Outlook database. October 2019.

3 IMF. World Economic Outlook database. October 2019.

4 Calculated from most recent IMF Article IV consultation or programme document for the country.

5 Calculated by Jubilee Debt Campaign.

6 Figures are for borrowing in an internationally tradable currency – Yen and Sterling for Japan and the UK, dollars for Pakistan, Ghana and Zambia. Figures are from the prices bonds were being traded at in January 2020.

2.7 Interest rates and charges, amortization, concessional and non-concessional debt

Usually when money is borrowed, more must be paid back than was lent. Much of this extra payment is captured in the **interest rate**. Interest rates are usually expressed as a percentage of the total amount that has to be paid each year. For example, for a loan of \$100 million, with an interest rate of 5%, \$5 million in interest must be paid each year.

However, often the interest rate does not include all the extra costs of a loan. Sometimes there are additional **charges** to be paid. These can be a one-off cost for taking out the loan. If so, these are usually added to the total debt to be repaid. For instance, a \$100 million loan with a one-off contraction fee of 5% means the borrower has to pay \$5 million for the loan. This could be done by adding it to the loan, which means the total debt owed will actually be \$105 million, and interest will be paid on \$105 million rather than \$100 million.

In other cases, such charges are an annual rate, so they are effectively the same as paying interest. For instance, the World Bank's International Development Association (IDA – the part of the Bank which lends to low-income and some lower middle-income country governments) has a service charge as well as interest payments on its loans. The two must be added together to find out the true annual cost of a loan from the IDA.⁷

Amortization is the repayment of principal – ie the original amount borrowed. Government accounts often split debt payments into interest and amortization.

Loans can be amortized – repaid – in different ways. For instance, bonds tend to have ‘bullet’ payments. This means there are no principal repayments until the bond matures, at which point the principal is paid in full. Another form of amortization is equal principal repayments, where the same amount of principal is repaid every year. Alternatively, mortgage style amortization is where the same amount in total (covering both principal and interest) is paid each year, which means that less principal is paid towards the start and more towards the end.

Because repaying principal reduces the total interest payments, the type of amortization used for a loan affects how much is spent repaying it. Below we illustrate three different loan repayment schedules, all for a \$100 million loan at 10% interest rate which is repaid over 10 years.

Table 4: Comparing different loan repayment schedules

	Bullet payment, eg bond		Equal principal		Mortgage style	
	Principal	Interest	Principal	Interest	Principal	Interest
Year 1	\$0	\$10m	\$10m	\$10m	\$6.27m	\$10m
2	\$0	\$10m	\$10m	\$9m	\$6.90m	\$9.37m
3	\$0	\$10m	\$10m	\$8m	\$7.59m	\$8.68m
4	\$0	\$10m	\$10m	\$7m	\$8.35m	\$7.92m
5	\$0	\$10m	\$10m	\$6m	\$9.19m	\$7.09m
6	\$0	\$10m	\$10m	\$5m	\$10.11m	\$6.17m
7	\$0	\$10m	\$10m	\$4m	\$11.12m	\$5.16m
8	\$0	\$10m	\$10m	\$3m	\$12.23m	\$4.05m
9	\$0	\$10m	\$10m	\$2m	\$13.45m	\$2.82m
10	\$100m	\$10m	\$10m	\$1m	\$14.80m	\$1.48m
Total	\$100m	\$100m	\$100m	\$55m	\$100m	\$62.75m
Total payments	\$200m		\$155m		\$162.75m	

⁷ As of January 2020, if borrowing US\$ from IDA, and where the borrower is a full IDA country, the service charge is 1.4% and interest rate 0%. If the borrower is a ‘blend’ country – these are usually lower-middle income countries – the service charge is 1.4% and interest rate is 1.4%, so 2.8% in total. A further complication is that the service charge is paid on all loan commitments whether or not they have been disbursed, whereas the interest rate is only paid on loans that have been disbursed.

Concessional loan

A concessional loan means a loan at a lower interest rate, but the term is not clearly defined, and can be used quite loosely. For example, sometimes it means the loan is at a lower interest rate than that lender would normally lend at. At other times, it means a lower interest rate than the borrower can usually borrow at.

From the point of view of the lender, one way to calculate whether a loan is concessional is to compare it with the interest rate that the lender itself can borrow at. If the lender is making a loan at lower interest than it has to pay when borrowing, then it will be losing money, so the loan could be fairly described as concessional. However, if the lender is charging a higher interest rate that it borrows at, it will make money from the loan, and so a fair-minded person would not see this as ‘concessional’.

In reality most lenders that claim to make concessional loans (governments and multilateral institutions) do not use this method to decide whether a loan is concessional. Instead, they compare the interest rate they are lending at to an invented ‘discount rate’. For example, Western governments use a discount rate of 6%–9% to decide whether the loans they give can count as aid, when they can actually borrow themselves at rates of 0% to 2%. This means these governments can profit from ‘concessional’ or ‘aid’ loans.⁸

For borrowers, whether or not a loan is described as ‘concessional’ is not very relevant. The key thing is what the interest rate on a loan is and how it compares to other possible loans. The lower the interest on a loan, the cheaper and safer it is for a government. But there is no magic line where ‘concessional’ loans are safe and ‘non-concessional’ loans are not. Whether or not a loan is described as concessional does not tell you what its interest rate is.

2.8 Contingent and realised liabilities

A **contingent liability** is debt that a government might have to pay if certain events happen. For instance, if a government guarantees to pay the debts of a state-owned company, and that company then goes bankrupt, its debt will need to be paid by the government.

An explicit government guarantee of a debt is the simplest form of contingent liability, but it is not the only one. For instance, public-private partnership contracts often require a government to make up any revenue shortfall for the private company. For example, a private company might build a road as part of a public-private partnership, and charge tolls to users of the road. But they might also add a requirement to the contract that the government will pay them any difference between the revenue they generate from tolls and a set target amount.

Contingent liabilities can arise even when nothing is stated in a contract. This is most often seen in banking, where governments will take on the debt of banks rather than allow them to fail. This happens even where there is no legal requirement to bail out the bank, because governments worry about the consequences for the financial system and wider economy if banks go bust.

There are also **realised liabilities** which are not captured in official debt data, often associated with public-private partnerships. For instance, one form of public-private partnership involves a private company building public infrastructure (eg a hospital), with the government paying to use it for an extended period (eg 30 years), after which it will become owned by the government. These payments are effectively the same as debt payments, but are usually not included in a government’s accounts as debt. This means governments can use them to hide debt payments and the true cost of public-private partnerships.

⁸ <https://jubileedebt.org.uk/blog/aid-rules-tightened-still-allow-profit-made-loans>

3. Information in the World Bank International Debt Statistics database

The World Bank International Debt Statistics database provides information on external debt. To access it, go to: <https://databank.worldbank.org/source/international-debt-statistics>

This is a good starting point for accessing data on government external debt, including total debt owed, debt payments and breakdowns by different creditor groups. It also contains some information on debt payments in the future. There are three variables on the left-hand side to select data from:

3.1 Country or country group

You can select as many countries as you want information on. Alternatively, you can select a group of countries (eg low income countries).

For example, to get data on Zambia, scroll down and select it:

The screenshot shows the 'Country' selection interface. At the top, it indicates 'Available' (empty box) and 'Selected' (1). Below this, the 'Country' section shows 'Available' (135) and 'Selected' (1). There is a search bar with the text 'Enter Keywords for' and a search icon. Below the search bar is a navigation bar with letters A through Z. The list of countries is displayed in two columns. The countries listed are: Togo, Tunisia, Turkmenistan, Ukraine, Uzbekistan, Venezuela, RB, Yemen, Rep., Zimbabwe, Tonga, Turkey, Uganda, Upper middle income, Vanuatu, Vietnam, and Zambia. The 'Zambia' entry has a checked checkbox.

Country	Selected
Togo	<input type="checkbox"/>
Tonga	<input type="checkbox"/>
Tunisia	<input type="checkbox"/>
Turkey	<input type="checkbox"/>
Turkmenistan	<input type="checkbox"/>
Uganda	<input type="checkbox"/>
Ukraine	<input type="checkbox"/>
Upper middle income	<input type="checkbox"/>
Uzbekistan	<input type="checkbox"/>
Vanuatu	<input type="checkbox"/>
Venezuela, RB	<input type="checkbox"/>
Vietnam	<input type="checkbox"/>
Yemen, Rep.	<input type="checkbox"/>
Zambia	<input checked="" type="checkbox"/>
Zimbabwe	<input type="checkbox"/>

3.2 Series: Debt data

The series variable lets you select the debt data you want. To understand the information available, it is necessary to understand some acronyms:

PPG = Public and publicly guaranteed external debt. This is external debt owed by a government.

PNG = Private non-guaranteed. This is external debt owed solely by the private sector.

► **MAKE SURE YOU SELECT THE RIGHT ONE OF THESE. IF IT SAYS PPG, YOU WILL GET DATA ON EXTERNAL DEBT OWED BY THE GOVERNMENT. IF IT IS PNG, THE DATA WILL COVER EXTERNAL DEBT OWED BY THE PRIVATE SECTOR. IF IT SAYS NEITHER PPG NOR PNG, IT WILL INCLUDE BOTH. AVOID THE MISTAKE OF SELECTING DATA WHICH INCLUDES BOTH PUBLIC AND PRIVATE, BUT THINKING IT IS JUST GOVERNMENT DEBT.**

AMT = Amortization. This is repayments of debt principal, ie repayments of the original loan.

DIS = Disbursements. This is loans being paid out, based on when the loans are actually made rather than when contracts are signed.

DOD = Debt on Demand. This is the total amount of debt which is owed, not including interest.

INT = Interest. This is total interest payments.

NTR = Net Transfer of Resources. This is Disbursements – (Amortization + Interest), ie how much new money has been lent compared to how much has been repaid in principal and interest. A positive figure means more money has been lent than has been paid back; a negative figure means the opposite.

TDS = Total Debt Service. This is Amortization + Interest, ie the total amount of principal and interest payments made.

There are also three general categories of creditors, which include further subcategories:

Bilateral = debt to other governments

This has a subcategory of **Bilateral concessional** = lower interest loans from other governments

Multilateral = debt to multilateral institutions. This has subcategories of:

IBRD = debt to the World Bank's International Bank for Reconstruction and Development

IDA = debt to the World Bank's International Development Association

Multilateral concessional = lower interest loans from multilateral institutions

IMF = debt owed to the IMF.

► **CONFUSINGLY, THIS IS NOT INCLUDED IN THE DEBT TO MULTILATERAL INSTITUTIONS CATEGORY, OR IN ANY OF THE OTHER CATEGORIES. YOU NEED TO GET DATA ABOUT THE IMF SEPARATELY. IT IS ALL AVAILABLE IN THE INTERNATIONAL DEBT STATISTICS DATABASE (eg 'Use of IMF credit (DOD, current US\$)' is debt owed to the IMF).**

Private = debt to private companies. This has subcategories of:

Bonds = debt owed as publicly traded bonds

Commercial banks = debt owed directly to commercial banks

Other private creditors = debt to other private companies

You can combine the categories above to get the information you want. For example, if you want to know the total amount of loans to Zambia, and total debt payments by Zambia, you need to select:

- Disbursements on external debt, public and publicly guaranteed (PPG) (DIS, current US\$)
- Debt service on external debt, public and publicly guaranteed (PPG) (TDS, current US\$)

► **BUT IMF DATA IS NOT INCLUDED IN THESE, SO YOU ALSO NEED TO SELECT:**

- IMF purchases (DIS, current US\$)
- IMF repurchases and charges (TDS, current US\$)

The screenshot shows a data selection interface with the following components:

- Database:** Available 0 | Selected 1
- Country:** Available 135 | Selected 1
- Series:** Available 10 | Selected 11
- Search:** A search box containing 'IMF' with a magnifying glass icon and a dropdown arrow.
- Filters:** A list of series with checkboxes and information icons:
 - Disbursements on external debt, long-term + IMF (DIS, current US\$)
 - IMF charges (INT, current US\$)
 - IMF purchases (DIS, current US\$)
 - IMF repurchases (AMT, current US\$)
 - IMF repurchases and charges (TDS, current US\$)
 - Net financial flows, IMF concessional (NFL, current US\$)
 - Net financial flows, IMF nonconcessional (NFL, current US\$)

► **TOP TIP: USE THE SEARCH BOX TO NARROW DOWN THE VARIABLES TO MAKE IT EASIER TO FIND THE ONES YOU WANT. FOR EXAMPLE, ENTER 'DIS' IF YOU ARE INTERESTED IN INFORMATION ABOUT LOAN DISBURSEMENTS.**

3.3 Time period

The database contains data by country group between 1970 and six years into the future. Data is updated and added gradually. Normally data is complete up to the year before last. So for example, as I write this it is January 2020. Data is complete until 2018, but some data for 2019 is also available and will become complete later in 2020. You can select years individually, select the most recent 5, 10, 15, 20 etc years, or if you click on the tick box this will automatically select all the years.

In some categories there is also data available from the present until six years into the future. These are disbursements, interest and amortization which have already been contractually committed to. They do not include disbursements and debt payments on loans which have not yet been agreed. This data is therefore a guide to what is already committed, not a prediction, as more loans and payments will almost always be added, and so the data gets more inaccurate the further into the future it goes.

► **IF YOU WANT TO SEE DEBT PAYMENTS INTO THE FUTURE YOU NEED TO SELECT AMT (Amortization) AND INT (Interest). TDS (Total Debt Service) IS BLANK FOR FUTURE YEARS**

For example, if you want to see what the Zambian government is committed to paying for the next few years, divided between general groupings of creditors, select:

- PPG, bilateral (INT, current US\$)
- PPG, multilateral (INT, current US\$)
- PPG, private creditors (INT, current US\$)
- IMF charges (INT, current US\$)
- PPG, bilateral (AMT, current US\$)
- PPG, multilateral (AMT, current US\$)
- PPG, private creditors (AMT, current US\$)
- IMF repurchases (AMT, current US\$)

Then select the years you are interested in. This is what I get as of January 2020. (Note that what you see may be different because the data will be updated.)

« ⚙

Preview

Clear Selection
|
Add Country (1)
Add Series (8)
Add Time (3)

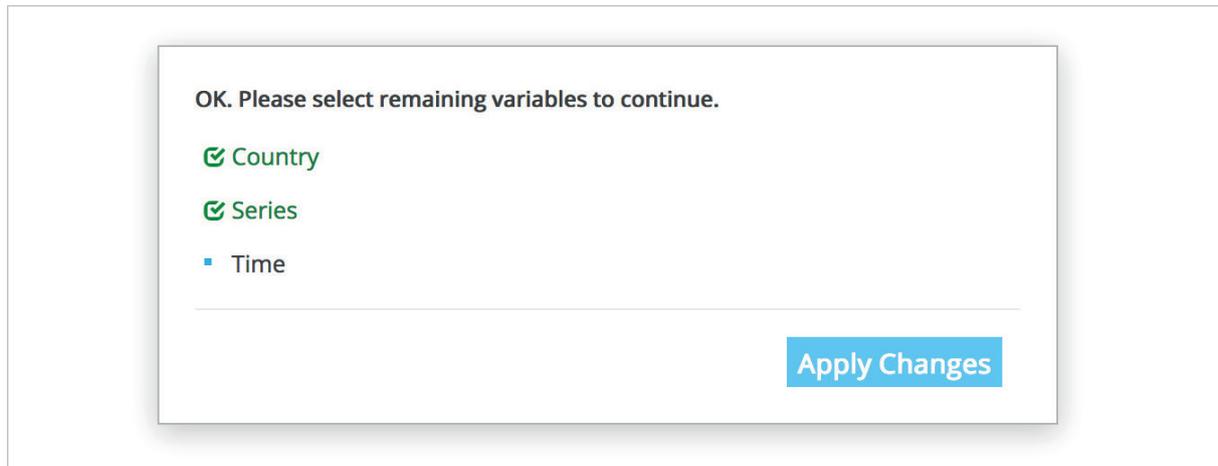
Zambia
ⓘ

	2019	2020	2021
PPG, bilateral (INT, current US\$)	155,308,659.3	222,831,220.2	256,631,519.3
PPG, multilateral (INT, current US\$)	21,516,165.4	25,841,573.8	29,596,425.0
PPG, private creditors (INT, current US\$)	405,055,799.1	384,556,099.7	354,463,651.0
IMF charges (INT, current US\$)	..	..	..
PPG, bilateral (AMT, current US\$)	219,370,806.2	302,173,490.9	466,969,258.1
PPG, multilateral (AMT, current US\$)	52,020,501.0	64,545,163.8	100,900,661.3
PPG, private creditors (AMT, current US\$)	480,744,213.1	593,982,261.0	518,368,837.2
IMF repurchases (AMT, current US\$)	..	..	..

Note that data for the IMF is missing. However, data on future payments to the IMF is available on the IMF website at <https://www.imf.org/external/np/fin/tad/exfin1.aspx>

3.4 Getting the data

Once you have made all these selections, click on 'Apply Changes' in the box in the centre of the screen.



When you do this, all the data appears on the page. If you want to select more than one country or country grouping, you can do this by clicking on the drop down arrow next to the country name.

The easiest way to see the data – and then to do things with it (like add numbers together or make graphs) is to export it to Excel or another spreadsheet programme. To do this, click 'Download options' in the top right corner, then select the format you can use (usually Excel or CSV).

BOX 1: ****BREAKING NEWS****

World Bank Debt Service Suspension Initiative (DSSI) database

In June 2020 the World Bank launched a new database for 68 of the countries eligible for the G20's Debt Service Suspension Initiative. The database shows annual data for debt owed from 2014 to 2018, and for debt payments due from 2019 to 2024. The database also shows debt payments by month for 2019 to 2021. As with the International Debt Statistics database, the data is based on loans contracted before end-2018, so payments on recent loans are likely to be missed, the figures are not an exact prediction and get more inaccurate the further into the future they go.

The big improvement on the International Debt Statistics database is that information is disclosed by particular creditor. Most multilateral and bilateral creditors are named specifically in the database, so exact amounts can be found for debt owed to, and when debt payments will be made to, for example the African Development Bank, France or China.

The database breaks private creditors up into two categories 'Bondholders' and 'Non-official'. Non-official is further broken down by country of residence of the creditor. Non-official: UK means the debt is owed to private lenders which are resident in the UK, not the UK government.

The database only became available as this guide was being prepared, so may change. We will be pushing for the World Bank to make this level of detail on lenders and debt payments available for all countries and years through the International Debt Statistics database.

At the time of writing the database was available here: <https://datatopics.worldbank.org/debt/ids/>
Click on a country to get data for that country, and select 'Monthly' or 'Annual' to switch between the data being available by month or year.

If this link no longer works when you are reading this, try googling 'World Bank DSSI database'.

4. IMF and World Bank Debt Sustainability Analyses

The IMF and World Bank produce two kinds of Debt Sustainability Analysis. For 69 countries that are eligible to receive loans from the IMF's Poverty Reduction and Growth Trust (PRGT)⁹ they conduct regular Debt Sustainability Analyses which rate governments as being at low, moderate or high risk of debt distress, or as already being in debt distress. Debt distress broadly means in default on some external debt. These Debt Sustainability Analyses can be a useful source of information on countries' debt.

For all other countries the IMF does conduct Debt Sustainability Analyses for what it terms 'Market Access Countries'. However, these often do not contain much useful information. They are being reviewed in 2020, so they might become more useful in the future, but any analysis we include of them in this guide will soon be outdated. Therefore, below we stick to the information which can be gained from the analyses for PRGT countries.

4.1 Debt Sustainability Analyses for PRGT countries

These analyses are meant to be completed every time a country has an Article IV consultation with the IMF. These consultations are meant to happen once a year, but sometimes are more spread out, and sometimes a national government can refuse to hold them at all. Occasionally a government blocks the publication of the Article IV consultation and so of the Debt Sustainability Analysis.

In addition, any PRGT country borrowing money from the IMF is meant to have a Debt Sustainability Analysis at the start of the loan programme, and regularly throughout the duration of the loan. So countries borrowing from the IMF tend to have Debt Sustainability Analyses completed more often than once a year.

4.2 Finding a Debt Sustainability Analysis

To find the most up-to-date Debt Sustainability Analysis¹⁰, go to the country section of the IMF website (<https://www.imf.org/en/countries>) and choose the country you are interested in.

Once you have selected the country, scroll down to the 'See All Documents' section. This could include numerous documents, depending on the country. Debt Sustainability Analyses are in 'Publications' that are either 'Article IV Consultations' or the in documents at the start of an IMF lending programme, or a review of an IMF lending programme. See below an example for Liberia.

Once you have opened the IMF publication, the Debt Sustainability Analysis is usually in the second half of the document.

⁹ All low-income countries, many lower-middle income countries, and some upper-middle income countries which are vulnerable small states.

¹⁰ The IMF does have a page which links to the Debt Sustainability Analysis for each country. However, it takes it several months to update this after an Analysis has been published, so it is better to go to the individual country page to make sure you find the most up-to-date document.

See All Documents

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Liberia : Request for a Four-Year Arrangement Under the Extended Credit Facility-Press Release; Staff Report; Staff Statement; and Statement by the Executive Director for Liberia

December 20, 2019 [PUBLICATIONS](#)

IMF Executive Board Approves US\$213.6 Million ECF Arrangement for Liberia

December 11, 2019 [PRESS RELEASES](#)

IMF Reaches Staff-Level Agreement with Liberia on an Economic and Financial Program that Could be Supported Under the Extended Credit Facility

October 29, 2019 [PRESS RELEASES](#)

IMF Staff Concludes Visit to Liberia

June 26, 2019 [PRESS RELEASES](#)

Liberia : 2019 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Liberia

June 19, 2019 [ARTICLE IV STAFF REPORTS](#) [PUBLICATIONS](#)

Above is the IMF page for Liberia in February 2020. The two documents highlighted are likely to contain Debt Sustainability Analyses.

4.2 What a Debt Sustainability Analysis contains

If you are interested in the debt situation of a particular country, it is worth reading the whole Debt Sustainability Analysis in detail. However, it is beyond the scope of this guide to explain everything these contain. Instead, we focus on a few key sections:

4.2.1 Introductory page and risk rating

The first page of the analysis has a narrative summary of the IMF and World Bank's assessment of the debt situation, and the risk rating they have given.

Risk of external debt distress: This is the main assessment given by the IMF and World Bank. It is based on external public debt rather than domestic debt, and assesses countries as being at low, moderate or high risk, or as being in debt distress. 'In debt distress' broadly means in default on some external debt. The risk rating is meant to guide the lending of various external bodies, including multilateral development banks and governments (see Box 2 on page 22 for more detail).

Overall risk of debt distress: This second assessment takes into account domestic public debt. Again, it ranks countries as at low, moderate or high risk, or as in debt distress. It can produce a worse risk rating than the assessment of external debt distress risk.

Application of judgment: This states whether the assessment is in line with what the data indicates the risk rating should be, or whether the IMF and World Bank have made changes in their assessment for reasons outside the debt data.

4.2.2 Public debt coverage

This section indicates which parts of the public sector are included in the assessment's debt figures. There are various entities which can owe debt that the central government might ultimately have to repay, including local governments, state-owned enterprises and the central bank. This section gives information on which have been included in the assessment – this usually depends on whether the government concerned has provided the information to the IMF and World Bank.

4.2.3 Who debt is owed to

Sometimes the Debt Sustainability Analysis provides detailed information on who government debt and guaranteed debt is owed to. However, this is not reported in a standard way so it varies country-by-country. For example, the table below comes from Zambia's August 2019 Debt Sustainability Analysis. It has some useful detail on different creditors that both external and domestic debt is owed to; on guaranteed debt and state-owned enterprise non-guaranteed debt; and on debt owed in the local currency, kwacha, to external creditors.

Text Table 1. Zambia: Stock of Public and Publicly Guaranteed (PPG) Debt

(End-2018, billions of U.S. dollars)

	Official debt coverage	DSA debt coverage
Total PPG debt	18.3	18.9
External PPG debt	11.3	12.6
1. Central government <u>direct</u> external debt	10.0	10.0
Multi/pluri-laterals	1.9	1.9
o.w. IMF	0.1	0.1
o.w. WB/AfDB	1.6	1.6
Bilaterals	3.0	3.0
Paris Club	0.1	0.1
Non-Paris Club	2.9	2.9
Commercial	5.1	5.1
o.w. Eurobonds	3.0	3.0
2. Central government <u>guaranteed</u> external debt	1.2	1.2
3. SOE external debt (nonguaranteed)	<i>Not included</i>	0.6
4. Nonresident holdings of local currency debt	<i>Treated as domestic</i>	0.7
Domestic PPG debt	7.0	6.3
1. Central government <u>direct</u> domestic debt	7.0	6.3
Treasury bills	1.548	1.544
Treasury bonds	3.3	2.7
Others	2.1	2.1
o.w. budget expenditure arrears	1.6	1.6
Memo: nonresident holdings of treasury bills	0.004	0.004
Memo: nonresident holdings of treasury bonds	0.7	0.7
Memo: total PPG debt to GDP (%)	78.1	80.8

Note: the main differences between the official and DSA debt coverages can be attributed to the treatment of nonresident holdings of local currency government debt and nonguaranteed SOE external debt. These items are highlighted in the table.

Sources: Zambian authorities and IMF staff estimates.

More detail in some categories would be helpful. For example, it does not say which governments the \$2.9 billion of debt to non-Paris Club creditors is owed to. From news stories elsewhere it is known that a significant amount of this is owed to China. Further research might help identify how much. However, this table says that the most debt owed to China at end-2018 was \$2.9 billion – 15% of public debt and 23% of public external debt.

4.2.4 Baseline tables

There are two tables in a Debt Sustainability Analysis with detailed data on the debt situation:

- External Debt Sustainability Framework, Baseline Scenario
- Public Debt Sustainability Framework, Baseline Scenario

These are useful sources of information on overall debt level and debt payments, both now and projected into the future. They are less useful for historic data (the World Bank International Debt Statistics database is better for this). The projections are based on IMF assumptions about things such as future borrowing levels, economic growth, government revenue collection, interest rates and exchange rates. These assumptions might be wrong, so it is important to understand them in order to analyse what the IMF is saying. The projections do take account of new borrowing, and as the name ‘Baseline Scenario’ suggests, this is the scenario the IMF thinks is most likely to happen.

Below we look at the tables for the Ethiopia January 2020 Debt Sustainability Analysis and note some of the key parts of the table.

Ethiopia: External Debt Sustainability Framework, 2017–39 (in percent of GDP, unless otherwise indicated)

	Actual			Projections							
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030	2039
1 External debt (nominal) 1/ of which: public and publicly guaranteed (PPG)	30.6	33.1	31.1	30.8	33.2	36.0	33.8	30.7	27.2	16.7	10.7
	28.2	30.4	28.2	28.0	30.1	32.8	30.9	27.9	24.4	15.0	9.8
Change in external debt	-0.8	2.4	-2.0	-0.2	2.4	2.8	-2.2	-3.1	-3.5	-1.6	-0.3
Identified net debt-creating flows	-0.5	0.9	-2.7	-0.5	-1.7	-1.8	-2.6	-3.3	-2.8	-1.4	-1.3
Non-interest current account deficit	7.3	5.6	3.8	4.9	4.3	4.4	3.8	2.9	3.2	3.5	3.5
Deficit in balance of goods and services	-31.1	-31.2	-28.7	-28.3	-32.5	-36.6	-35.7	-34.1	-34.8	-32.9	-32.0
Exports	7.6	8.4	7.9	7.9	9.2	10.8	10.9	10.7	11.2	11.3	12.4
Imports	-23.5	-22.8	-20.8	-20.5	-23.3	-25.8	-24.8	-23.4	-23.6	-21.6	-19.6
Net current transfers (negative = inflow)	-8.5	-8.7	-8.9	-7.7	-10.1	-11.1	-10.5	-9.7	-9.3	-6.4	-3.5
of which: official	-1.7	-1.5	-2.2	-1.3	-1.2	-1.1	-1.2	-1.2	-1.0	-0.8	-0.6
Other current account flows (negative = net inflow)	46.9	45.5	41.4	40.9	46.9	52.0	50.0	46.8	47.3	42.8	39.0
Net FDI (negative = inflow)	-5.1	-4.4	-3.1	-4.3	-4.3	-4.0	-4.1	-4.3	-4.4	-4.5	-4.5
Endogenous debt dynamics 2/	-2.7	-0.4	-3.4	-1.1	-1.6	-2.1	-2.3	-1.9	-1.6	-0.5	-0.4
Contribution from nominal interest rate	0.7	0.6	0.7	0.6	0.3	0.3	0.2	0.5	0.4	0.6	0.1
Contribution from real GDP growth	-2.9	-2.3	-2.6	-1.7	-2.0	-2.4	-2.4	-2.4	-2.0	-1.0	-0.5
Contribution from price and exchange rate changes	-0.5	1.4	-1.5	...	...	...	...	...	...	...	...
Residual 3/	-0.3	1.6	0.7	0.3	4.0	4.5	0.4	0.1	-0.7	-0.1	1.0
of which: exceptional financing	-0.1	-0.1	-0.1	0.9	1.4	2.2	1.6	0.1	-0.1	-0.3	0.0
2 Sustainability indicators											
PV of PPG external debt-to-GDP ratio	...	...	19.6	18.1	19.9	21.8	20.7	18.6	16.8	9.2	5.8
PV of PPG external debt-to-exports ratio	...	...	247.6	230.1	215.6	202.7	189.3	173.1	150.3	81.2	46.8
4 PPG debt service-to-exports ratio	20.3	18.5	24.6	19.7	17.5	14.6	13.0	13.5	20.7	11.7	3.0
5 PPG debt service-to-revenue ratio	11.0	12.6	16.8	13.3	12.4	11.0	9.8	9.9	15.7	9.1	2.6
Gross external financing need (Million of U.S. dollars)	3366.7	2638.9	2811.9	2690.4	2048.4	2325.3	1705.6	632.7	2009.2	1266.2	-1848.1
6 Key macroeconomic assumptions											
Real GDP growth (in percent)	10.2	7.7	9.0	6.2	6.1	7.0	7.5	8.0	7.0	6.2	4.6
GDP deflator in US dollar terms (change in percent)	1.7	-4.3	4.7	6.7	-9.5	-8.5	3.2	3.2	-2.0	2.9	3.1
Effective interest rate (percent) 4/	2.4	1.9	2.4	2.2	1.0	0.8	0.5	1.6	1.4	3.4	1.0
Growth of exports of G&S (US dollar terms, in percent)	2.9	13.1	7.9	12.8	12.7	14.0	12.4	9.7	9.2	9.6	10.5
Growth of imports of G&S (US dollar terms, in percent)	-4.8	0.2	4.1	11.3	9.4	8.5	6.6	5.1	5.9	8.3	7.1
Grant element of new public sector borrowing (in percent)	...	...	...	35.6	36.8	40.2	44.6	49.6	53.1	52.2	50.9
Government revenues (excluding grants, in percent of GDP)	14.1	12.3	11.5	11.7	13.0	14.2	14.5	14.7	14.8	14.5	14.6
Aid flows (in Million of US dollars) 5/	556.8	686.4	1198.8	2250.8	2284.5	2661.9	2822.3	2109.7	2242.4	2381.7	4064.1
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	1.7	1.8	2.0	1.8	1.3	1.2	0.8	0.6
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	53.2	51.6	49.8	56.2	68.2	70.8	70.2	62.9
Nominal GDP (Million of US dollars)	81,788	84,298	96,140	108,934	104,577	102,353	113,579	126,571	132,658	207,406	437,264
Nominal dollar GDP growth	12.1	3.1	14.0	13.3	-4.0	-2.1	11.0	11.4	4.8	9.3	7.9
Memorandum items:											
PV of external debt 7/	...	...	22.4	21.0	23.1	25.0	23.6	21.4	19.6	11.0	6.7
In percent of exports	...	...	283.1	266.1	249.3	231.8	215.8	199.0	175.4	97.0	53.7
Total external debt service-to-exports ratio	24.9	22.7	28.7	23.9	21.3	17.9	16.6	17.1	24.1	13.8	4.1
PV of PPG external debt (in Million of US dollars)	...	...	18837.9	19753.4	20851.4	22356.6	23469.0	23548.1	22322.7	19044.5	25444.6
(PVt-PVt-1)/GDPT-1 (in percent)	...	...	...	1.0	1.0	1.4	1.1	0.1	-1.0	-0.5	0.3
Non-interest current account deficit that stabilizes debt ratio	8.1	3.2	5.8	5.1	1.9	1.6	6.0	6.1	6.7	5.1	3.8

- 1 External debt (nominal):** This is total external debt (for both public and private sectors) as a percentage of GDP. However, in many countries there is little analysis of external debt owed by the private sector, so this figure is usually an underestimate.
Of which public and publicly guaranteed: This is external debt which is owed by the public sector or has been guaranteed by the government, as a percentage of GDP.
- 2 PV of PPG external debt-to-GDP ratio:** 'PV' means Present Value. This is a calculation of the total debt owed, which takes into account interest rates on the debt. It effectively represents how much money would need to be set aside now to meet all debt interest and principal payments as they come due, assuming the money set aside would earn 5% interest.¹¹ The amount is expressed in the table as a percentage of GDP.
- 3 PV of PPG external debt-to-exports ratio:** This is the same present value of the debt as above, but this time expressed as a percentage of exports of goods and services.
- 4 PPG debt service-to-exports ratio:** This is total external debt payments (principal and interest) as a percentage of exports of goods and services.
- 5 PPG debt service-to-revenue ratio:** This is total external debt payments (principal and interest) as a percentage of government revenue.
- 6 Gross external financing need (millions of US dollars):** This is the total amount that the Ethiopian government needs to borrow each year to be able to pay for any government deficit and make debt payments coming due.

¹¹ This is a very dubious assumption. There are no safe assets governments can buy in foreign currency which would guarantee a 5% annual return. The IMF and World Bank set this interest rate many years ago, and have not changed it to reflect lower global interest rates.

The key macroeconomic assumptions are important to understand the basis of the IMF's projections. For example, in this Ethiopia table the IMF assumes economic growth will be between 6.1% and 8% a year from 2020 to 2025. It also assumes government revenue as a percentage of GDP will increase from 11.5% in 2019 and 11.7% in 2020 to 13% in 2021 and 14.8% by 2025.

The assumptions can also help work out other figures from the table. For example, if we want to know how much in dollars the Ethiopian government is projected to spend on external debt service in 2020, we can calculate this as follows:

- Government revenue is 11.7% of GDP, and GDP is \$108,934 million, so $0.117 \times 108,934 =$ government revenue is \$12,745 million.
- External government debt service in 2020 is projected to be 13.3% of government revenue. $0.133 \times 12,745 =$ \$1,695 million. Ethiopia's projected government external debt service in 2020 is \$1,695 million.

There is also a table on public-sector debt. This is all debt owed by the Ethiopian public sector, whether externally or domestically.

Ethiopia: Public Sector Debt Sustainability Framework, 2017–39 (in percent of GDP, unless otherwise indicated)

	Actual			Projections							
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030	2039
1 Public sector debt 1/ of which: external debt	56.5	59.5	56.8	53.4	52.7	52.0	47.5	43.3	39.5	27.1	12.1
	28.2	30.4	28.2	28.0	30.1	32.8	30.9	27.9	24.4	15.0	9.8
Change in public sector debt	2.1	3.1	-2.7	-3.4	-0.7	-0.7	-4.4	-4.2	-3.8	-1.7	-1.5
Identified debt-creating flows	-1.5	0.2	-4.3	-6.6	-4.6	-3.4	-3.9	-3.4	-3.0	-1.0	-1.2
Primary deficit	4.5	4.0	3.3	2.6	1.6	0.4	0.0	-0.2	-0.7	-0.3	-0.8
Revenue and grants	14.7	13.1	12.8	12.5	13.8	14.9	15.2	15.4	15.4	15.0	14.8
of which: grants	0.7	0.8	1.2	0.9	0.8	0.6	0.7	0.7	0.7	0.5	0.3
Primary (noninterest) expenditure	19.2	17.0	16.1	15.1	15.4	15.3	15.2	15.2	14.7	14.7	14.0
Automatic debt dynamics	-5.4	-3.4	-7.7	-8.7	-5.7	-3.4	-3.9	-3.3	-2.4	-0.8	-0.4
Contribution from interest rate/growth differential	-16.9	-11.0	4.3	-8.7	-5.7	-3.4	-3.9	-3.3	-2.4	-0.8	-0.4
of which: contribution from average real interest rate	-11.9	-6.9	9.2	-5.4	-2.6	0.1	-0.3	0.3	0.5	0.9	0.2
of which: contribution from real GDP growth	-5.0	-4.0	-4.9	-3.3	-3.1	-3.4	-3.6	-3.5	-2.8	-1.7	-0.6
Contribution from real exchange rate depreciation	11.5	7.6	-12.0	...	...	...	...	...	...	...	...
Other identified debt-creating flows	-0.6	-0.4	0.0	-0.5	-0.5	-0.4	0.0	0.0	0.0	0.0	0.0
Privatization receipts (negative)	-0.6	-0.4	0.0	-0.5	-0.5	-0.4	0.0	0.0	0.0	0.0	0.0
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt relief (HIPC and other)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt creating or reducing flow (liquid financial asset)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2 Residual	3.7	2.9	1.6	3.2	3.9	2.7	-0.5	-0.7	-0.8	-0.6	-0.3
Sustainability indicators											
3 PV of public debt-to-GDP ratio 2/ PV of public debt-to-revenue and grants ratio	...	...	48.8	45.3	44.1	42.7	38.9	35.5	32.4	21.5	8.2
	...	...	381.5	361.2	319.0	286.6	255.9	230.2	210.1	143.7	55.3
4 Debt service-to-revenue and grants ratio 3/ Gross financing need 4/	78.0	93.8	102.1	29.5	29.4	26.0	36.3	33.4	43.0	55.4	22.8
	15.4	15.8	16.4	5.8	5.1	3.9	5.5	5.0	5.9	8.0	2.6
Key macroeconomic and fiscal assumptions											
Real GDP growth (in percent)	10.2	7.7	9.0	6.2	6.1	7.0	7.5	8.0	7.0	6.2	4.6
Average nominal interest rate on external debt (in percent)	2.5	1.8	2.3	2.2	0.8	0.6	0.3	1.6	1.3	3.5	0.8
Average real interest rate on domestic debt (in percent)	-2.4	-5.2	-6.7	-11.4	-7.2	-3.6	-1.8	-0.1	0.8	3.1	3.1
Real exchange rate depreciation (in percent, + indicates depreciation)	78.7	36.9	-30.8	...	...	...	...	...	...	...	...
Inflation rate (GDP deflator, in percent)	7.9	11.5	12.5	18.4	13.8	10.2	8.5	8.4	8.3	8.2	8.4
Growth of real primary spending (deflated by GDP deflator, in percent)	9.8	-4.6	3.1	-0.1	8.0	6.3	6.7	8.3	3.4	6.0	4.6
Primary deficit that stabilizes the debt-to-GDP ratio 5/	2.3	0.9	6.0	6.1	2.3	1.2	4.5	4.0	3.2	1.4	0.7
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

- 1 Public-sector debt:** This is total public-sector debt as a percentage of GDP.
- 2 PV of public debt-to-GDP ratio:** Like the similar ratio for external public debt, this is the amount of money that would need to be set aside now to cover all debt and interest payments as they come due, assuming that the set-aside money itself earns interest of 5% a year.
- 3 PV of public debt-to-revenue and grants ratio:** The same as above, but as a percentage of government revenue and grants from donors.
- 4 Debt service-to-revenue and grants ratio:** This is total government principal and interest payments on all debt, external and domestic, as a percentage of revenue. As explained in section 2.6, be wary of this indicator as it can be very high if a government has a lot of short-term domestic debt which is paid each year by borrowing the same amount again, and so repaying the principal is not a burden on the government’s budget, although the interest payments on the principal are.

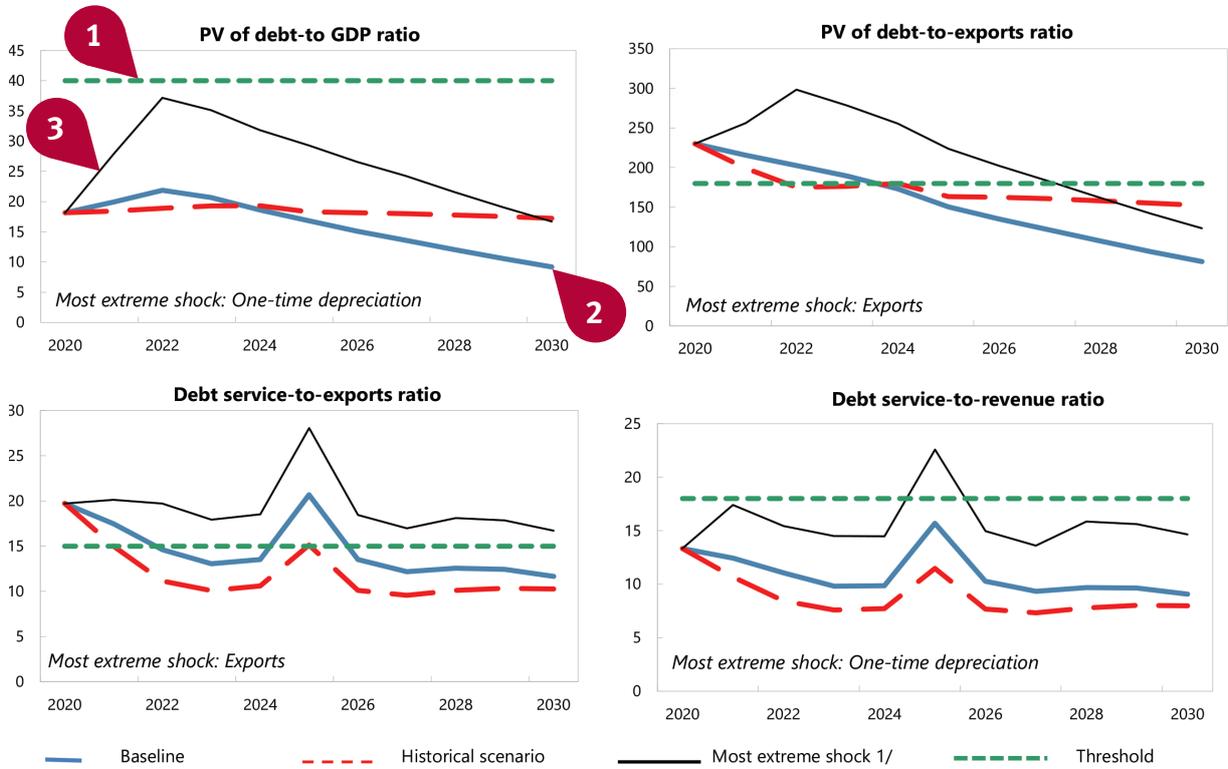
There are also some useful figures in the assumptions.

- 5 Average nominal interest rate on external debt:** This is a useful guide to how much is being spent on external interest payments. It is an average across all external public debt, so is not a guide to the interest rate the government could borrow at from particular lenders. For example, the interest rate Ethiopia pays on debt owed to multilateral institutions like the World Bank is lower than 2.2%, and on private debt it is much higher.
- 6 Average real interest rate on domestic debt:** This is a measure of the interest the government is paying on domestic debt. “Real interest rate” is the rate of interest after inflation. If inflation is 5% a year, and the average real interest rate is 5%, then the actual interest rate being paid is 10%. The real interest rate is relevant for debt owed in local currency,¹² because inflation reduces the relative size of debt. In the Ethiopia example, the country’s real interest rates on domestic debt are negative. In 2020, the average real interest rate on domestic debt is -11.4%, and inflation 18.4%, which means the actual interest rate is 7%.

12 Though this may be different from domestic debt, see Section 2.

The DSA should also contain various graphs. We cannot go through them all here, but this is an example of the graphs on the four public external debt indicators used for the assessment.

Ethiopia: Indicators of Public and Publicly Guaranteed External Debt, 2020–30



- 1 The green dotted line shows the IMF threshold for that figure (see Box 2 on IMF thresholds below).
- 2 The blue line is the baseline scenario, which is the same as the figures in the external debt table.
- 3 The black line shows the worst-case one economic shock scenario. This is what the IMF predicts would happen to the debt, and to payments on it, if a single economic shock took place now (in this Ethiopia example, in 2020). The IMF models what would happen if various kinds of economic shock took place, and the black line represents the shock with the worst outcome. The shocks considered include GDP growth being lower than predicted in the baseline, a fall in export earnings, depreciation of the currency, or a combination of several of these things at the same time.

BOX 2:
How the IMF assesses debt risk

In its debt sustainability analyses for low- and lower-income countries, the IMF uses four thresholds to assess debt risk. These are set at different levels depending on whether the IMF and World Bank think a country has weak, moderate or strong capacity for managing debt.

The thresholds are:

Debt management capacity	Present value of external government debt as a percentage of		External government debt service as a percentage of	
	GDP	Exports	Exports	Government revenue
Weak	30%	140%	10%	14%
Medium	40%	180%	15%	18%
Strong	50%	240%	21%	23%

A country is assessed as at:

- **Low risk of debt distress** if all the indicators are below the thresholds under both the baseline and one economic shock scenarios.
- **Moderate risk** if the indicators are below the thresholds under the baseline scenario but exceed them under the one economic shock scenario.
- **High risk** if one or more indicators are above the threshold in the baseline scenario.
- **In debt distress** if a government is already in default or struggling to pay any external debt.

5. Bonds and bond prospectuses

As explained in Section 2.5, bonds are publicly traded forms of debt. This makes them useful sources of information in two ways.

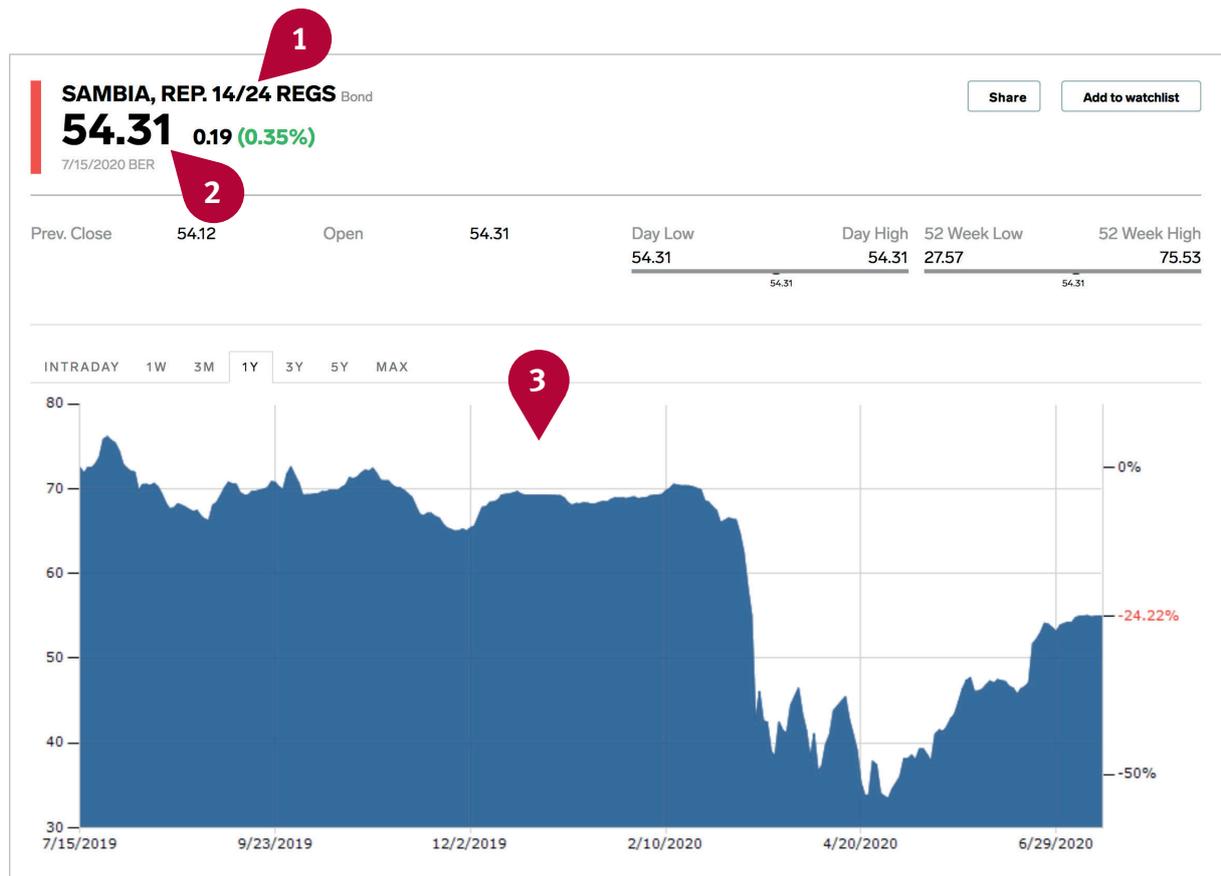
5.1 Data on prices bonds are being bought and sold at

In theory bonds are traded publicly so key information on them can be found on various websites. In reality, the comprehensive trading platforms such as Bloomberg are very expensive and so inaccessible to most people.

There are however free websites which have up-to-date information on bonds such as Business Insider, Bond Supermart and stock exchange websites such as Börse Berlin. If you want to find information on a government's bonds, one of the best places to start is a simple Google search. When you find information on a bond, it is worth noting down:

- The ISIN code – this usually starts with XS or US, followed by a long line of numbers. This is a code unique to that bond issuance, so helps you identify the same bond on different websites, and distinguish it from other bonds issued by that country.
- The title of the bond – usually the name of the country followed by the year the bond was issued and the year it is due to be repaid. Eg Benin 19/26 means a bond issued by the government of Benin in 2019, to be repaid by 2026.
- The coupon: the interest rate on the debt.
- The price: what the bond is being bought and sold for now.
- The yield: the annual return a buyer of the bond at the current price will make, assuming the bond and interest payments are made in full and on time.

Business Insider is a public website which lists a large number of bonds. Below we explain the information on a Zambia government bond listed there to show what is available. <https://markets.businessinsider.com/>



- 1 14/24 = the bond was issued in 2014 and is due to be repaid in 2024.
- 2 54.31 = the price. This means a bond with a face value of \$100 is currently being sold for \$54.31. A price this far below the face value means that traders think there is a high likelihood Zambia will default or the bond will be restructured (As of June 2020 Zambia is now trying to restructure its bonds).
- 3 The graph = this is the price the bond has traded at over the last year. Shorter and longer timescales can be selected in the tab above the graph.

Key Data	
Coupon in %	8.5000% Yield in % 28.90%
Duration	- Modified Duration -
Accrued Interest	- Currency USD

- 1 Coupon = the interest rate the Zambian government is paying.
- 2 Yield in % = the return buyers at the current price will make if the bond and interest are paid in full. The yield is also effectively a guide to the interest rate lenders would charge Zambia if it borrowed more money.
- 3 Currency = USD means the bond is denominated in US dollars. Other likely currencies are Euros (EUR) or Japanese Yen (YEN).

Bond Data	
ISIN	XS1056386714 1
Name	SAMBIA, REP. 14/24 REGS
Country	Zambia
ISSUEANCE	
Issuer	Sambia, Republik
Issue Volume	1,000,000,000 2
Currency	USD
Issue Price	99.17 3
Issue Date	4/14/2014 4
COUPON	
Coupon	8.500%
Denomination	1000
Quotation Type	
Payment Type	regular interest
Special Coupon Type	
Maturity Date	4/14/2024 5
Coupon Payment Date	10/14/2020 6
Payment Frequency	
No. of Payments per Year	2.0 7
Coupon Start Date	10/14/2014
Final Coupon Date	4/13/2024

- 1** **ISIN** = the bond's unique code. This is particularly useful as it allows you to find other references to the bond on the internet.
- 2** **Issuer Volume** = the amount of debt issued by this bond.
- 3** **Issue price** = the price the bond was first issued at. If this is less than 100 it means less was actually borrowed than suggested by the issue volume. In this case, the price of 99.17 means \$991,700,000 was borrowed. This in turn means the actual interest rate Zambia is paying is slightly higher; 8.57% rather than 8.5%. Conversely, if the issue price is more than 100, more than the issue volume will have been borrowed, and the effective interest rate will be lower than stated.
- 4** **Issue date** = the exact date the bond was issued and money borrowed.
- 5** **Maturity date** = when the bond is due to be repaid. This is usually one date – ie all the principal is paid at once. But sometimes it can mature over several years, eg one third is repaid each year for three years.
- 6** **Coupon payment date** = the date on which interest payments are made.
- 7** **No. of payments per year** = how many interest payments are made each year. Here this is 2, meaning that there are probably two coupon payment dates. The first is 14 April, the anniversary of the bond issuance. The second is probably six months later – 14 October.

5.2 Information in bond prospectuses

When governments issue bonds they usually market them to financial speculators in advance. This usually means sending out a prospectus for the bond. These are very long documents running into hundreds of pages. However, they can contain useful information on a government's debt, including who it is owed to.

The easiest way to find the prospectus for a bond is to enter the ISIN code and "prospectus" into Google. While there is no one place prospectuses are listed, a google search will usually find one somewhere for any bond of interest.

For instance, Benin issued a €500 million bond in 2019 with an ISIN code of XS1963478018. If "XS1963478018 prospectus" is put into Google, the second search result is the prospectus on the Irish Stock Exchange's website.¹³

In a bond prospectus a government declares lots of information on its finances and the country's economic situation. We cannot go through everything in a prospectus here. But for example, Benin's 2019 prospectus includes a list of creditors:

	2013	2014	2015	2016	2017	2018 (Est.)
	<i>(CFAF billions, excluding percentages)</i>					
External Debt						
Multilateral Creditors	565.84	699.1	821.4	910.7	958.5	1,021.0
IDA (World Bank)	264.4	335.5	409.3	473.9	500.3	541.2
AfDB.....	129.4	173.1	199.0	216.4	237.2	244.4
IDB.....	61.5	61.9	66.5	68.7	65.1	72.7
IFAD.....	37.0	39.5	42.5	41.0	37.9	35.7
Others (primarily BADEA and BIDC).....	73.5	89.1	104.2	110.8	118.0	127.0
Bilateral Creditors	91.1	161.1	222.1	228.9	208.0	241.7
People's Republic of China.....	66.4	101.9	147.4	150.6	136.6	166.9
Kuwait Fund for Arab Economic Development.....	0.0	24.4	29.7	32.8	28.7	26.8
AFD.....	3.9	3.2	2.4	1.6	6.3	9.6
Others*.....	20.8	31.6	42.7	44.0	36.5	38.4
Commercial Debt	-	-	-	-	18.1	269.4
RABOBANK.....	-	-	-	-	18.1	46.3
Re-profiling Programme	-	-	-	-	-	170.6
Asphaltage Project	-	-	-	-	-	52.5
Total External Debt	677.0	860.3	1,043.6	1,139.6	1,184.6	1,532.1
% Nominal GDP	15.0%	17.9%	21.3%	22.4%	22.1%	26.5%
Domestic Debt						
Statutory Overdraft.....	0	0	0	0	0	0
Banking Debt (including BOAD and BCEAO).....	131.6	150.1	222.2	362.1	450.4	321.3
Treasury Bills.....	219.1	312.7	231.7	161.5	159.4	160.1
Treasury Bonds.....	116.3	138.8	583.1	849.8	1,133.1	1,267.0
Total Domestic Debt	467.0	601.5	1,036.9	1,373.4	1,742.8	1,748.5
% Nominal GDP	10.3%	12.5%	21.1%	27.0%	32.5%	30.2%

Source: CAA

(*). Includes the debt to India's EXIMBANK (CFAF 15.2 billion), the Abu Dhabi Development Fund (CFAF 2.3 billion) and the Saudi Fund for Development (CFAF 20.9 billion).

NB: The debt to the IMF is managed by the BCEAO and the debt service is carried out by the debit mechanism of the Public Treasury's account opened in the books of the BCEAO. See "Relation with Creditors — Multilateral Debt — International Monetary Fund" below.

13 https://www.ise.ie/debt_documents/Prospectus%20-%20Standalone_b52e2a2b-f5bf-45be-a1c5-90e4da934183.PDF

There is also information on when debt payments are due to be made:

The table below sets forth debt repayment profiles over the next ten years (IMF debt excluded), based on outstanding amounts at 31 December 2018. These profiles do not take into account cash flows relating to future domestic and external financing.

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
	<i>(CFAF billions)</i>										
External											
Principal	34.0	53.9	70.2	75.7	78.6	80.6	81.8	81.9	82.2	81.3	74.2
Interest	23.2	22.7	21.5	19.9	18.2	16.6	14.8	13.1	11.4	9.8	8.2
Total	57.2	76.6	91.8	95.6	96.8	97.2	96.6	95.0	93.7	91.1	82.4
Domestic											
Principal	386.2	328.7	408.3	248.4	142.2	67.1	44.6	34.2	36.1	7.2	5.2
Interest	96.6	82.5	62.0	36.8	21.2	12.3	8.1	5.4	3.3	1.2	1
Total	482.8	411.2	470.4	285.2	163.4	79.4	52.7	39.6	39.4	8.4	6.2
Total	540.0	487.8	562.2	380.8	260.2	176.6	149.3	134.6	133.1	99.5	88.6

Source: CAA

6. Information on bilateral lenders

6.1 Loans from China

Given its increased lending, there is great interest in the loans China is making and how much debt is owed to the country. IMF Debt Sustainability Analyses (Section 4) and bond prospectuses (Section 5.2) are two possible sources of information on this, as are documents released by national governments. The new World Bank DSSI database is also a valuable source of information on debt to China for many countries (see page 13).

The China Africa Research Initiative (CARI) at Johns Hopkins University has tracked loans agreed between China and African governments between 2000 and 2017. Their database is available here:

<http://www.sais-cari.org/data> It provides useful information on loans broken down by borrower, sector and which part of the Chinese government is doing the lending.

However, the data is based on loan agreements. It therefore overstates the amount of lending, as the fact that an agreement has been put in place does not mean the loan has been disbursed. Also, the database takes no account of debt repayments, so cannot be used as an indication of debt outstanding.

Jubilee Debt Campaign conducted research in 2018 using the CARI database, World Bank International Debt Statistics database and IMF Debt Sustainability Analyses. It found that of African governments' external debt, at most 20% was owed to China. For countries with the worst debt problems, the average was lower.

You can read the research at:

<https://jubileedebt.org.uk/report/africas-growing-debt-crisis-who-is-the-debt-owed-to>

This is a potentially useful methodology to follow when trying to work out how much a government might owe to China.

6.2 Paris Club

The Paris Club is a group of 22 mainly Western government creditors.¹⁴ The Paris Club publishes a limited amount of debt information on its website. The data section of the site¹⁵ shows how much is owed by each debtor government. However, this is not broken down by Paris Club creditor.

For example, as of end-2018 Bangladesh is said to owe the Paris Club \$7.462 billion. However, it does not say how much of this is owed to each Paris Club member.

While this is very limited information, it does provide a starting point for understanding who bilateral debt is owed to. For instance, the World Bank International Debt Statistics database (see Section 3) says Bangladesh owed \$11.667 billion to other governments at the end of 2018. \$11.667 minus \$7.462 billion owed to the Paris Club leaves \$4.205 billion owed to non-Paris Club governments such as China, India and Saudi Arabia.

¹⁴ The Paris Club's permanent members are Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Ireland, Israel, Italy, Japan, South Korea, Netherlands, Norway, Russia, Spain, Sweden, UK, USA.

¹⁵ <http://www.clubdeparis.org/en/communications/page/paris-club-claims>

www.jubileedebt.org.uk info@jubileedebt.org.uk
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Registered charity number: 1055675
Company limited by guarantee number: 3201959



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