

**EXECUTIVE
BOARD
MEETING**

SM/20/166
Correction 1

December 4, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Update on the Joint IMF-WB Multipronged Approach to Address Debt Vulnerabilities**

Board Action: The attached corrections to SM/20/166 (11/12/20) have been provided by the staff:

Factual Errors Not Affecting the Presentation of Staff's Analysis or Views

Pages 3, 13, 38

Questions: Ms. Hakura, SPR (ext. 36721)
Ms. Garcia Martinez, SPR (ext. 37265)

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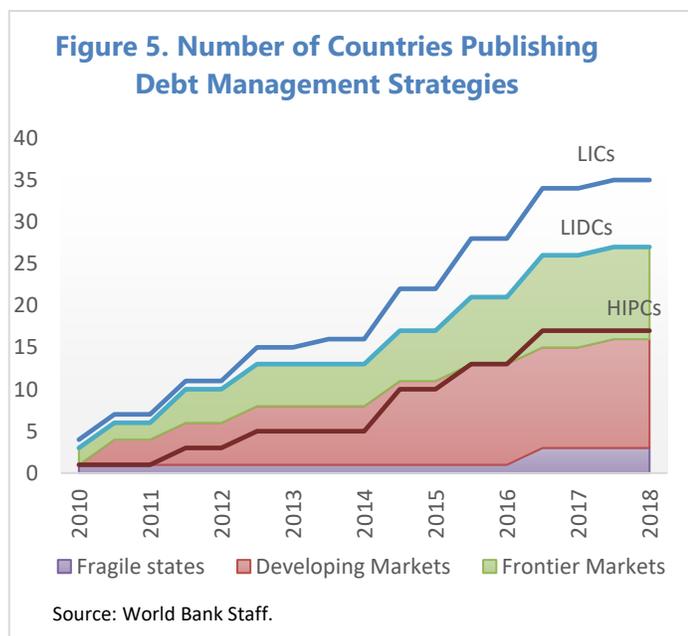
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investment projects that have a public sector accounting or financial reporting component, 27 of which are delivered through the World Bank.

17. Against this backdrop, the IMF and the WB have recently worked along several dimensions to support greater debt transparency:

Strengthening borrowers' debt reporting.

- The IMF and the WB have scaled up CD and operational engagements to enhance public debt reporting in borrowing countries. As a result of the increased focus the number of LIDCs with public debt reports peaked at 47 in June 2020; however, only 9 countries had full instrument and sectoral coverage.¹⁸ By end-2019, more than 35 countries (from under 30 in 2016) had published a Medium-Term Debt Management Strategy (MTDS) (Figure 5).¹⁹
- In early 2020, the IMF piloted a new training course on debt management, debt reporting and investor relations, which it plans to deliver at a range of training centers, and in due course develop as an online training course.²⁰ The World Bank piloted training on debt reporting and investor relations in 10 LIDCs and EMs and published a comprehensive debt transparency heatmap for all IDA Countries that allows to easily track progress with respect to debt reporting.²¹
- The revised LIC DSF has been successfully rolled out since mid-2018. The IMF and the WB conducted 122 DSAs. Under the framework for 60 70 countries of which 11 countries have broadened their debt coverage. DSAs for all countries have further analyzed risks stemming from contingent liabilities, better pinpointing their size and source (using the new tailored tool).



¹⁸Full debt coverage contains debt obligations of the entire public sector.

¹⁹The MTDS provides aggregate information on a country's central government debt level, as well as details on the cost and risk characteristics of the central government portfolio and future borrowing.

²⁰The IMF also has two forthcoming working papers focused on the topics of debt transparency and sovereign investor relations: Knight, J and B. Northfield, B. 2020; and Roy, A. 2020.

²¹<https://www.worldbank.org/en/topic/debt/brief/debt-transparency-report>.

Appendix I. Progress Overview for FY2020

Table AI.1. MPA Implementation Results in FY2020	
Work Plan	Results
Improve Debt Analysis/Early Warning	
Implement the revised LIC DSF.	Revised framework applied to more than 90 percent of LIC DSA countries.
Review the IMF MAC DSA.	In progress.
Develop/Implement new tools.	IMF DIG and DIGNAR. MFMOD integration with the LIC DSF in progress.
Update WB fiscal sustainability analysis.	Framework for guarantee assessment completed.
Enhance the WB early warning framework.	DVA piloted and implemented as of FY2021.
Expand IMF debt surveillance toolkit.	Fiscal space, Public sector balance sheet assessments.
Integrate debt more systematically in WB monitoring and operations.	Debt related prior actions and monitoring were enhanced.
Enhance Debt Transparency	
<i>Data dissemination and standards</i>	
Expand IMF data dissemination standards initiatives.	During FY20, 16 countries implemented the e-GDDS and one country subscribed to the SDDS. In addition, six countries advanced from SDDS to SDDS plus.
Expand IMF-STA TA to help.	During FY19-FY21, 28 CD missions were delivered, of which 20 were public sector debt statistics and 8 external debt statistics.
Expand WB Debtor Reporting System.	Domestic debt reporting survey launched. Pilot to start in November 2020.
<i>Strengthen access to debt data and tools</i>	
Enhance public information on LIC DSAs.	WB portal created.
Expand LIC DSA debt coverage.	Debt coverage enhanced in 40 <u>11</u> countries.
Facilitate access to MAC DSA information.	In progress.
Strengthen macro-fiscal dialogue with authorities	In progress.
Develop platform for voluntary sharing of LIC DSA templates.	In progress.
Encourage MTDS publication.	MTDS publication increased between end-2018 and August 2020.
Expand access to the WB fiscal risk toolkit.	Revised WB web portal created in FY2020.
Expand public sector balance sheet database.	In progress. Database launched. Data for existing countries are being revised and new country analysis are being added.
Prepare a joint IMF/WB note on debt definitions and reporting requirements.	Completed in FY2020.