Domestic Public Debt In Low Income Countries Ssrn

A Key Role in Financial Intermediation
Government Debt
A Fair Shot
The Role of Domestic Debt Markets in Economic Growth
Domestic and External Public Debt in Developing Countries
Government Spending Effects in Low-income Countries
Caribbean Small States - Challenges of High Debt and Low Growth
Revisiting the Stabilization Role of Public Banks: Public Debt Matters
Lessons Learned and Challenges Ahead
Strengthening Debt Management Practices - Lessons from Country Experiences and Issues Going Forward
Domestic Public Debt in Low-income Countries
How Africa's Debt Can Be a Benefit, Not a Burden
Debt in Low-income Countries
Public Debt Through the Ages
Global Waves of Debt
Public Investment, Growth, and Debt Sustainability
Debt in Low-Income Countries
Managing Public Debt-Formulating Strategies and Strengthening Institutional Capacity
Applying the Debt Sustainability Framework for Low-Income Countries Post Debt Relief
the growth in government domestic debt: changing burdens and risks
An Assessment of Recent Capacity Building -- Annexes
Debt Relief Initiatives
The Forgotten History of Domestic Debt
Putting together the Pieces
Public Debt Vulnerabilities in Low-Income Countries - The Evolving Landscape
Russia Rebounds
Evolution, Implications, and Remedies
Trends and Structure
From Diagnostics to Reform Implementation
Policy Design and Outcomes
Sound Practice in Government Debt Management
Changing Patterns in Low-Income Country Financing and Implications for Fund Policies on External Financing and Debt
Where Credit Is Due
Domestic Public Debt in Low-Income Countries
The Liquidation of Government Debt
Truths, Myths, and Lies about Public Debt
An Empirical Investigation for Low-Income Countries and Emerging Markets
Sovereign Debt Markets in Turbulent Times: Creditor Discrimination and Crowding-Out

HOOPER TREVON

A Key Role in Financial Intermediation International Monetary Fund
This paper presents background on Caribbean small states as context for the main paper, “Macroeconomic Issues in Small States and Implications for Fund Engagement.” It draws on recent analytical work presented at a conference for policy makers in September 2012, in Trinidad and Tobago. Caribbean small states, while sharing many features of other small states (size-related macroeconomic vulnerabilities, lack of economies of scale, and capacity constraints) have specific characteristics which merit attention
Government Debt American Univ in Cairo Press
Borrowing is a crucial source of financing for governments all over the world. If they get it wrong, then debt crises can bring progress to a halt. But if it's done right, investment happens and conditions improve. African countries are seeking calmer capital, to raise living standards and give their economies a competitive edge. The African debt landscape has changed radically in the first two decades of the twenty-first century. Since the clean slate of extensive debt relief, states have sought new borrowing opportunities from international capital markets and emerging global powers like China. The new debt composition has increased risk, exacerbated by the 2020 coronavirus pandemic: richer countries borrowed at rock-bottom interest rates, while Africa faced an expensive jump in indebtedness. The escalating debt burden has provoked calls by the G20 for suspension of debt payments. But Africa's debt today is highly complex, and owed to a wider range of lenders. A new approach is needed, and could turn crisis into opportunity. Urgent action by both lenders and borrowers can reduce risk, while carefully preserving market access; and smart deployment of private finance can provide the scale of investment needed to achieve development goals and tackle the climate emergency.
A Fair Shot World Bank Publications
Caribbean economies face high and rising debt-to-GDP ratios that jeopardize prospects for medium-term debt sustainability and growth. This book provides a comprehensive analysis of the challenges of fiscal consolidation and debt reduction in the Caribbean. It examines the problem of high debt in the region and discusses policy options for improving debt sustainability, including fiscal consolidation, robust growth, and structural reforms. The book also examines empirically the factors underlying global large debt reduction episodes to draw important policy lessons for the Caribbean. It also reviews the literature on successful fiscal consolidation experiences and provides an overview of past and current consolidation efforts in the Caribbean. The book concludes that the region needs a broad and sustained package of reforms to reduce debt ratios to more manageable levels and strengthen economic resilience.
The Role of Domestic Debt Markets in Economic Growth International Monetary Fund
The history of debt relief goes back several decades. It reveals that a country s accumulation of unsustainable debt stems from such factors as deficiencies in macroeconomic management, adverse terms-of-trade shocks, and poor governance. Debt-relief initiatives have provided debt-burdened countries with the opportunity for a fresh start, but whether the benefits of debt relief can be preserved depends on transformations in a country s policies and institutions. In 1996, the Heavily Indebted Poor Countries (HIPC) Initiative was launched as the first comprehensive, multilateral, debt-relief framework for low-income countries. In 2005, the Multilateral Debt Relief Initiative was established, which increased the level of debt relief provided to HIPCs. As of early 2009, assistance through these two initiatives had been committed to 35 countries and amounted to US$117 billion in nominal terms, or half of the 2007 GDP of these countries. 'Debt Relief and Beyond' assesses the implications of debt relief for low-income countries and how its benefits can be preserved and used to fight poverty. The chapter authors bring unique operational experience to their examination of debt relief, debt sustainability, and debt management. Several key questions are addressed, including, what consequences does debt relief have for poverty-reducing expenditures, growth, and access to finance? Can debt relief guarantee debt sustainability? How can debt management at all levels of government be improved? What lessons can be learned from countries that have experienced debt restructuring? Finally, this book provides sound empirical evidence using current econometric techniques.
Domestic and External Public Debt in Developing Countries International Monetary Fund
This paper reviews Bank-Fund staff experience with strengthening public debt management (PDM) frameworks and capacity in developing countries. In 2001, the IMF and the World Bank developed sound practice guidelines in this area, followed by a pilot program to assist 12 countries develop and implement reforms. In addition, an assessment of PDM has been incorporated into surveillance work, where relevant, and included in other Bank and Fund advisory and technical assistance work. Based on these, the paper draws key lessons, identifies the continuing challenges facing debt managers, and proposes further capacity building and advisory work in PDM. The 12 countries in the pilot program were Bulgaria, Colombia, Costa Rica, Croatia, Indonesia, Kenya, Lebanon, Nicaragua, Pakistan, Sri Lanka, Tunisia, and Zambia.
Government Spending Effects in Low-income Countries Routledge
International Debt Statistics (IDS), a long-standing annual publication of the World Bank, features external debt statistics and analysis for the 120 low- and middle-income countries that report to the World Bank Debtor Reporting System. IDS 2021 includes (1) an overview analyzing global trends in debt stocks of and debt flows to low- and middle-income countries within the framework of aggregate capital flows (debt and equity); (2) a feature story on the World Bank and International Monetary Fund Debt Service Suspension Initiative in response to the COVID-19 pandemic; (3) tables and charts detailing debtor and creditor composition of debt stock and flows, terms of new commitments, and maturity structure of future debt service payments and debt burdens, measured in relation to gross national income and export earnings for each country; (4) one-page summaries per country, plus global, regional, and income group aggregates showing debt stocks and flows, relevant debt indicators, and metadata for six years (2009 and 2015†“19); and (5) a user guide describing the tables and content, definitions and rationale for the country and income groupings

used in the report, data notes, and information about additional resources and comprehensive data sets available to users online. Unique in its coverage of the important trends and issues fundamental to the financing of low- and middle-income countries, IDS 2021 is an indispensable resource for governments, economists, investors, financial consultants, academics, bankers, and the entire development community. For more information on IDS 2021 and related products, please visit the World Bank's Data Catalog at https://datacatalog.worldbank.org/dataset/international-debt-statistics.

Caribbean Small States - Challenges of High Debt and Low Growth International Monetary Fund

The literature on optimal fiscal policy finds that highly volatile real returns on government debt, for example through surprise inflation, have very low costs. However, policymakers are almost always very apprehensive of this option. The paper discusses evidence concerning features of developing country financial markets that are missing in existing models, and that may suggest why this policy is considered so costly in practice. Most importantly, domestic banks choose to be highly exposed to government debt because the alternative, private lending, is more risky under existing legal and institutional imperfections. This exposure makes banks and their borrowers vulnerable to the government's debt policy.

Revisiting the Stabilization Role of Public Banks: Public Debt Matters World Bank Publications

Despite the voluminous literature on fiscal policy, very few papers focus on low-income countries (LICs). This paper develops a new-Keynesian small open economy model to show, analytically and through simulations, that some of the prevalent features of LICs—different types of financing including aid, the marginal efficiency of public investment, and the degree of home bias—play a key role in determining the effects of fiscal policy and related multipliers in these countries. External financing like aid increases the resource envelope of the economy, mitigating the private sector crowding out effects of government spending and pushing up the output multiplier. The same external financing, however, tends to appreciate the real exchange rate and as a result, traded output can respond quite negatively, reducing the overall output multiplier. Although capital scarcity implies high returns to public capital in LICs, declines in public investment efficiency can substantially dampen the output multiplier. Since LICs often import substantial amounts of goods, public investment may not be as effective in stimulating domestic production in the short run.

Lessons Learned and Challenges Ahead International Monetary Fund

Low-income countries (LICs) face significant challenges in meeting their development objectives while maintaining a sustainable debt position. The international community's main answer to this dilemma has been to promote recourse to concessional external resources. The Fund's recommendations to LICs conform to this preference: the practice in Fund-supported programs in LICs has generally been to set zero limits on nonconcessional external borrowing while not restricting concessional financing, although flexibility has been applied on a case-by-case basis to allow some nonconcessional borrowing when warranted.

Strengthening Debt Management Practices - Lessons from Country Experiences and Issues Going Forward International Monetary Fund

In May 2007, the IMF and World Bank Boards discussed the paper "Strengthening Debt Management Practices: Lessons from Country Experiences and Issues Going Forward". In those discussions, the Boards of both institutions endorsed a public debt management (PDM) work program that was particularly focused on strengthening frameworks and capacity in low-income countries (LICs). This comprised three main elements: (i) develop a toolkit to help LICs formulate an effective Medium-Term Debt Management Strategy (MTDS) and apply it in 4–6 countries a year; (ii) undertake debt management performance assessments; and (iii) continue the provision of debt management and domestic market development technical assistance (TA) and advisory services to middle-income countries (MICs). This paper is a response to the Boards' request for an update on the development and implementation of that work program. Developing a Medium-Term Debt Management Strategy (MTDS)— Guidance Note for Country Authorities Debt Management Performance Assessment Tool (DEMPA) Developing a Medium Term Debt Management Strategy: User Guide and Analytical Tool — In March 2009, the Executive Boards of the World Bank and the IMF endorsed the Medium Term Debt Management Strategy (MTDS) Framework developed by IMF and World Bank staff to help countries elaborate effective debt management strategies. The MTDS framework and toolkit comprises two elements: An operational guidance note (GN) and a spreadsheet-based analytical tool (AT). The GN provides practical guidance on the process of developing an effective MTDS, describing each step involved, while the AT provides quantitative analysis to guide the MTDS decision-making process.

Domestic Public Debt in Low-income Countries Oxford University Press, USA

This paper investigates the impact of low or high inflation on the public debt-to-GDP ratio in the G-7 countries. Our simulations suggest that if inflation were to fall to zero for five years, the average net debt-to-GDP ratio would increase by about 5 percentage points over the next five years. In contrast, raising inflation to 6 percent for the next five years would reduce the average net debt-to-GDP ratio by about 11 percentage points under the full Fisher effect and about 14 percentage points under the partial Fisher effect. Thus higher inflation could help reduce the public debt-to-GDP ratio somewhat in advanced economies. However, it could hardly solve the debt problem on its own and would raise significant challenges and risks. First of all, it may be difficult to create higher inflation, as evidenced by Japan's experience in the last few decades. In addition, un-anchoring of inflation expectations could increase long-term real interest rates, distort resource allocation, reduce economic growth, and hurt the lower–income households.

How Africa's Debt Can Be a Benefit, Not a Burden International Monetary Fund

This paper explores the relationship between the level and management of public debt and financial stability, and explains the channels through which the two are interlinked. It suggests that the broader implications of a debt management strategy and its implementation should be carefully analyzed by debt managers and policy makers in terms of their impact on the government's balance sheet, macroeconomic developments, and the financial system.

Debt in Low-income Countries International Monetary Fund

In April 2006, the Executive Boards of the Bank and the Fund reviewed the debt sustainability framework (DSF) for low-income countries and the implications of the multilateral debt relief initiative. Directors thought that the DSF was broadly appropriate and that no major changes were warranted, but saw scope for additional guidance on the application of the framework in a context where the apparent borrowing space created by debt relief raises new challenges in terms of policy advice. Most Directors supported a case-by-case approach for assessing the appropriate pace of debt accumulation in countries with debt below the DSF thresholds, but requested the development of specific recommendations on the implementation of such a case-by-case approach.

Public Debt Through the Ages World Bank Publications

This book deals with the recent debt crises in developing countries and analyzes the design and implementation of the Heavily Indebted Poor Countries (HIPC) Initiative, by providing background concepts, pointing out the main drawbacks and suggesting a different approach to debt sustainability and debt relief programs. The authors merge academic, operational and institutional expertise, in order to provide an evaluation as complete and balanced as possible on the much-debated effectiveness of debt relief in fostering economic growth, reducing poverty and reaching debt sustainability. Marco Arnone and Andrea F. Presbitero assess the joint evolution of external and domestic public debt and produce original empirical evidence on the potential effects of public debt on investment, economic growth and institution-building in low- and middle-income countries. The book also explores relevant and up-to-date policy issues, such as the loans-grants mix and the development of responsible lending strategies in foreign assistance, the surge of non-concessional and domestic borrowing by low-income countries, and the impact of the 2008-2009 global financial crisis on debt sustainability.

Global Waves of Debt International Monetary Fund

We develop a model to study the macroeconomic effects of public investment surges in low-income countries, making explicit: (i) the investment-growth linkages; (ii) public external and domestic debt accumulation; (iii) the fiscal policy reactions necessary to ensure debt-sustainability; and (iv) the macroeconomic adjustment required to ensure internal and external balance. Well-executed high-yielding public investment programs can substantially raise output and consumption and be self-financing in the long run. However, even if the long run looks good, transition problems can be formidable when concessional financing does not cover the full cost of the investment program. Covering the resulting gap with tax increases or spending cuts requires sharp macroeconomic adjustments, crowding out private investment and consumption and delaying the growth benefits of public investment. Covering the gap with domestic borrowing market is not helpful either: higher domestic rates increase the financing challenge and private investment and consumption are still crowded out. Supplementing with external commercial borrowing, on the other hand, can smooth these difficult adjustments, reconciling the scaling up with feasibility constraints on increases in tax rates. But the strategy may be also risky. With poor execution, sluggish fiscal policy reactions, or persistent negative exogenous shocks, this strategy can easily lead to unsustainable public debt dynamics. Front-loaded investment programs and weak structural conditions (such as low returns to public capital and poor execution of investments) make the fiscal adjustment more challenging and the risks greater.

Public Investment, Growth, and Debt Sustainability International Monetary Fund

Low-income countries (LICs) face significant challenges in meeting their development objectives while at the same time ensuring that their external debt remains sustainable. In April 2005, the Executive Boards of the International Monetary Fund (IMF) and the International Development Association (IDA) endorsed the Debt Sustainability Framework (DSF), a tool developed jointly by IMF and World Bank staff to conduct public and external debt sustainability analysis in low-income countries. The DSF aims to help guide the borrowing decisions of LICs, provide guidance for creditors' lending and grant allocation decisions, and improve World Bank and IMF assessments and policy advice.

Debt in Low-Income Countries International Monetary Fund

We develop a new public domestic debt (DD) database covering 93 low-income countries and emerging markets over the 1975-2004 period to estimate the growth impact of DD. Moderate levels of non-inflationary DD, as a share of GDP and bank deposits, are found to exert a positive overall impact on economic growth. Granger-causality regressions suggest support for a variety of channels: improved monetary policy; broader financial market development; strengthened domestic institutions/accountability; and enhanced private savings and financial intermediation. There is some evidence that, above a ratio of 35% percent of bank deposits, DD begins to undermine growth, lending credence to traditional crowding out and bank efficiency concerns. Importantly, the growth contribution of DD is higher if it is marketable, bears positive real interest rates and is held outside the banking system. Working Papers describe research in progress by the author(s) and are published to elicit comments and to further debate.

Managing Public Debt-Formulating Strategies and Strengthening Institutional Capacity International Monetary Fund

This medium-term debt management strategy paper discusses the assessment of recent capacity building. The effective debt management and hence the design and implementation of a debt management strategy depend on the macroeconomic and institutional context, but the connection is two-way: sound debt management is critical to macro and financial stability, and financial and overall development. Within the constraints of the macroeconomic framework, the debt manager has the delicate task of balancing domestic and external sources of financing of various tenors to meet the government funding needs at low over-all cost and contained risk. Sound debt management contributes to reduced macro-financial risks, complementing prudent fiscal management and monetary policy implementation. Debt management contributes to market and institutional development. The debt manager's ability to cover external public financing requirements through external debt issuance and avoid undue bunching of debt service obligations helps reduce crowding out, exchange rate pressures, or large swings in international reserves.

Applying the Debt Sustainability Framework for Low-Income Countries Post Debt Relief International Monetary Fund

We consider public debt from a long-term historical perspective, showing how the purposes for which governments borrow have evolved over time. Periods when debt-to-GDP ratios rose explosively as a result of wars, depressions and financial crises also have a long history. Many of these episodes resulted in debt-management problems resolved through debasements and restructurings. Less widely appreciated are successful debt consolidation episodes, instances in which governments inheriting heavy debts ran primary surpluses for long periods in order to reduce those burdens to sustainable levels. We analyze the economic and political circumstances that made these successful debt consolidation episodes possible.

the growth in government domestic debt: changing burdens and risks International Monetary Fund

This paper revisits the stabilization role of public banks and analyzes whether weak public finances may hinder this role. During the global financial crisis (GFC), public banks were widely used to counter the private credit crunch and prop up the economy. Using cross-country bank-level data for 125 advanced and developing economies for 1999–2018, the paper finds public bank lending to be less procyclical than private bank lending on average, particularly during busts. A key result, however, is that in developing economies with high public debt levels, public bank lending has been more procyclical, particularly outside of the GFC period. This finding suggests high public debt can limit the stabilization role of public banks during domestic busts, likely reflecting higher financing costs public banks face and lower subsidies they receive in economies with tighter budget constraints.