Preliminary Findings from the
G-7 and Paris Club Countries Debt Data Sharing Exercise

World Bank, April 2023

This report sets out the rationale and preliminary findings of the data sharing exercise between G-7 and the World Bank, which has been extended to all Paris Club creditors on a voluntary basis. The exercise was initiated by Japan as an important contribution to furthering the agenda for greater debt transparency particularly regarding the world’s poorest countries. The current exercise is the first step in the process of reconciling information reported by debtors to the World Bank Debtor Reporting System (DRS) with the comparable creditor data. As a second step, this exercise could be institutionalized and extended to other creditors (in particular G20 creditors) in order to improve data reporting in a permanent way.

I. The importance of better debt data transparency and the World Bank’s role

Comprehensive, accurate and transparent public debt data are fundamental to the management of public liabilities, and the foundation of informed and sustainable borrowing decisions. Knowing what is already owed is essential for policymakers to make informed borrowing choices, creditors to appropriately price for sovereign risk, and citizens to hold their governments accountable. Critically, the availability of high-quality data is a pre-requisite for the ability of national governments and the international community to make informed debt sustainability analyses, to minimize the risk of debt crisis, and to take timely remedial action when they occur.

The World Bank has long played a leading role in promoting and delivering on greater debt data transparency. It collects and compiles the single verifiable source of long-series, cross-country comparable data on the external debt of low- and middle-income countries through the World Bank Debtor Reporting System (DRS). The DRS requires regular (annual and quarterly) and detailed (loan-by-loan) information on external public and publicly external debt from all World Bank borrowers. The Bank regards the external debt data it collects through the DRS as a global public good and has disseminated comprehensive information, updated on an annual basis, since 1973.

The DRS helps ensure debt data conform to international definitions and standards. The reporting standards of the DRS accord with the methodology and definitions of other international systems to which it links, i.e., the IMF Balance of Payments (BOP) and International Investment Position (IIP), and the System of National Accounts (SNA). Thus, data drawn from the DRS are cross-country comparable and the DRS also provides the yardstick to measure borrowers’ adherence to, or deviations from international standards and definitions. This is key to ensuring that greater debt transparency brings more clarity and not confusion from a proliferation of data compiled in accordance with national standards that cannot be readily compared. Through
the process of managing the DRS and related public debt data collection systems, e.g., the Quarterly External Debt Data and Quarterly Public Sector Debt Data, the World Bank has established a close and continuous relationship with compilers in national debt offices, which serves as an enabler for significant ‘knowledge transfer’ on how to measure, monitor and compile public debt data. The World Bank also coordinates closely with other institutions that compile information on financial flows (the IMF, the OECD and BIS), and with the Commonwealth Secretariat (ComSec) and UNCTAD, the key providers of debt management software to low- and middle-income countries, as well as the Paris Club.

II. Operationalizing the G-20 Guidelines for Sustainable Financing

Creditors have the potential to be game changers in improving debt data quality and transparency. The primary responsibility for accurate, timely and transparent recording and reporting of public debt lies with borrowers, but creditors have a critical contribution to make in improving debt data quality and advancing the goal of greater debt transparency. **Comprehensive and systematic reconciliation of debtor and creditor records is an essential element of good debt management and the most effective and foolproof way of validating the accuracy of debt data, resolving discrepancies, and closing data gaps.** Regular data sharing and reconciliation is also key to ensuring debt sustainability analyses drive from a solid account of existing debt obligations, minimizing the risk of debt reaching unsustainable levels, and enabling debtors and creditors to quickly take appropriate remedial action when debt crises occur. However, the ability to conduct these all-important data reconciliation exercises is dependent on creditors timely transparent disclosure of detailed loan specific information on their lending activities.

The G-20 countries endorsed the principles of information sharing and transparency by creditors in their Operational Guidelines for Sustainable Financing¹ agreed in March 2017. In 2020 G-20 countries provided information to the World Bank on their bilateral claims to IDA-eligible countries to facilitate an exercise to reconcile their bilateral claims with the data reported to the DRS and ensure an accurate assessment of the impact of the debt deferral initiative. The outcome of this data sharing exercise was limited, primarily because of the low participation by creditors and the propensity by creditors that did share information to provide only aggregate data regarding the claims on debtor countries and the amount of debt service deferred. Subsequently, the G20 International Financial Architecture (IFA) Working Group launched a voluntary stocktaking exercise of debt data shared with International Financial Institutions (IIFs).

**Japan proved an important exception and demonstrated the vital role creditors must play to meet the goal of greater debt transparency.** The Japanese authorities provided loan-by-loan data for all bilateral claims with comprehensive information on loan terms and transactions. Equally importantly, they engaged in an open and ongoing dialogue with the World Bank on all the

---

discrepancies and anomalies identified between its records and the comparable data individual borrowers reported to the DRS. This enabled staff who manage the DRS to follow-up with national compilers in a coherent and meaningful way to identify the reason for data discrepancies and the measures required to resolve them. **As a result, the DRS data for all IDA-eligible debtor countries were fully reconciled and aligned with those of Japan and some important gaps were filled.** The reconciliation exercise enabled a gap of $1.1 billion for Sudan and $226 million for Zimbabwe to be closed.

Building on this successful outcome, Japan proposed G-7 countries and Paris Club creditors launch a new series of data sharing exercises aimed at reconciling data on bilateral loans reported to the DRS by DSSI-eligible countries with the comparable records of all G-7 and Paris Club creditors, beginning with end-2021 data. They also encouraged other bilateral creditors to participate and share data on their bilateral lending to DSSI-eligible countries.

**III. Objective and Key Findings from the G7 and Paris Club Data Sharing Exercise**

The core objective of the exercise is to validate the coverage and accuracy of the external debt data reported to the DRS and thereby enhance debt transparency and strengthen medium-term debt strategies and debt sustainability analyses. The data sharing exercise between G-7 and Paris Club bilateral creditors with the World Bank aimed at reconciling the debt data reported to the World Bank DRS by IDA-eligible countries with the comparable information in the records of the participating creditors. This data comparison and reconciliation is of particular significance in the case of these countries. Despite concerted efforts over the past decade to strengthen debt management capacity by national authorities, with support from their international partners, for many of them, the capacity to comprehensively monitor and report on public debt remains weak.

**Eighteen creditor countries participated in the data sharing exercise,** the G-7 countries (Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States of America) and 11 of the other 15 permanent Paris Club member countries (Australia, Brazil, Denmark, Finland, Israel, Korea, the Netherlands, Norway, Spain, Switzerland, and Sweden), among which one member country provided a link to an online database, but the information was partial and pertained only to loan agreements concluded in 2022.

The focus of the data comparison exercise was on **public sector debt owed to official bilateral creditors, defined in accordance with international standards and definitions.** These include the sector classification of borrower and creditor to which all DRS reporting countries adhere. The DRS definition of external public debt encompasses external borrowing by all levels of government and government agencies, including the central bank, state owned enterprises, development banks and other public entities, with or without a guarantee from the sovereign government. Official bilateral creditors constitute sovereign governments and all public institutions in which the government share is 50 percent or more and including, as defined by the
SNA, general government, central government, state and local government, central bank, and public enterprise.

The data sharing exercise was based on a reporting template formulated by the World Bank in consultation with creditors. The template asked for detailed loan-by-loan information on the basic loan information and terms, including date of the loan agreement, the borrower and creditor entity as recorded in the loan contract, the name of the contract and currency in which financing is extended and/or repaid, and the loan repayment terms including the interest rate. It also asked creditors to provide loan-by-loan information on end-2021 debt stocks and related 2021 transactions that include interest paid, principal and interest arrears, as well as late interest payments. Participating creditors shared detailed information on each bilateral loan extended to IDA-eligible countries in the format requested.

The comparison of DRS data with the information reported by creditors was a two-fold exercise that looked at both basic loan information and the end-2021 transactions. The broad parameters of the comparison and the key findings are set out below.

➢ Comparison of basic loan information reported by creditors with the DRS database. The primary identifier of a loan in the DRS and creditor records is the loan number. However, the loan number used by borrowers when reporting a loan to the DRS is different from the loan number used by creditors in their own records. Therefore, each loan had to be “matched” using the basic loan information (date of commitment, currency, loan terms, debt stock at end-2021, etc.) for each loan in the DRS debtor data set with the comparable loan information provided by the creditor. Creditors reported a total of 3,655 individual loans of which 3,358 were loans from G7 countries and 297 loans from other Paris Club countries. Thus far, 80 percent of the loans from G-7 countries and 78 percent of those from other participating Paris Club creditors have been reconciled with their counterpart in the DRS database. A major challenge of the reconciliation exercise derives from the practice of some creditors to account for and report each loan tranche (disbursement) as a separate loan whereas debtors typically report one consolidated loan to the DRS. Identifying the appropriate linkages is both challenging and time-consuming and the difference in reporting norms by debtors and creditors is also the primary reason for why the total number of loans, 2,228 recorded in the DRS, is much lower.

➢ Comparison of end-2021 debt stocks and 2021 transactions. A second loan-by-loan exercise compared the debt stock position at end-2021 reported by debtors to the DRS with the creditor records. Creditors reported a total debt stock of $62.9 billion at end-2021, 10 percent higher than the comparable end-2021 debt stock of $56.4 billion recorded in the DRS. The G-7 countries reported a combined end-2021 debt stock of $55.1 billion, 10 percent higher than the comparable $50 billion recorded in the DRS. The other participating Paris Club creditors reported a combined end-2021 debt stock of $7.8 billion, 22 percent higher than the $6.4 billion reported to the DRS.
IV. Understanding the Data Discrepancies between DRS Debtor data and Creditor records

The impetus for the data reconciliation exercise discussed in this report was concerns, widely expressed by the international community, about the ability of the world’s poorer countries to manage their public debt and questions as to whether the account of their external liabilities was accurate and comprehensive. The preliminary findings of the ongoing exercise and gap between the debtor and creditor figures may suggest these concerns are well-founded. However, weak debt management is only one of the reasons for the discrepancy between the data reported by debtors to the DRS and the comparable information provided by creditors. The challenges of aligning the datasets due to the loan/tranche format of reporting are discussed above, methodological inconsistencies and some potential double-counting due to reporting of contingent liabilities are other key factors. Some of the principal issues regarding the debtor reports to the DRS and the creditor records are set out below.

Debtor-related data issues

➢ Some DRS data is estimated not reported by the borrower. DSSI-eligible countries often strive to overcome debt management challenges that translate into limitations on the capacity to report viable, timely and comprehensive reports to the DRS. System failures, fragility, natural disasters, conflicts and crisis situations and exogenous factors beyond their control exacerbate these challenges. In 2021, 5 of these 77 IDA-eligible countries required to report to the DRS were unable to meet the reporting requirement and countries such as Syria and Yemen have not reported for the past 5 years. In cases of non-reporting, the World Bank debt team estimates the DRS data using other available sources of information.

➢ The debtor may define external public debt more narrowly than the DRS reporting mandate. This is typically a definition that includes only borrowing by the central government and public entities that benefits from an explicit sovereign guarantee, and not the broader international definition of external public debt used by the DRS and elaborated in Section III. As such, some of State-Owned Enterprises (SOEs) external debt liabilities are not reported to the DRS.

➢ Time lags in recording new commitments and loan disbursements by national debt offices are common. These are reflective of weak monitoring procedures at the national level and attributable to poor communication, inadequate human resources, delays in entering data into the debt recording system and other institutional factors. These delays have a knock-on effect on DRS reporting which may record loan commitments and disbursements a year later than the creditor record.

➢ Late interest and penalty interest are rarely reported to the DRS. Part of the reason for this lies in lack of understanding of how late and penalty interest is calculated, which is often complex and differs significantly amongst creditors. Limitations in debt management software which does not always provide for the calculation and recording of interest penalties also impede reporting.
Creditor-related data issues

➢ *Absence of a standardized methodology.* Creditors that participate in the data sharing exercise all provided information in accordance with the agreed reporting template. However, the data themselves are compiled in accordance with the national legislative and accounting norms. These vary from one creditor to the other and often do not accord to the international standards and definitions that underpin the DRS, thereby compromising both intra-creditor and debtor-creditor comparisons.

➢ *Potential double-counting due to the inclusion of contingent liabilities.* Some creditors included not only direct bilateral loans in their reports but also contingent liabilities. These include contingent liabilities associated with export credit guarantees and financing of common funds administered by multilateral institutions for example the EEC-IDA Special Account. A guaranteed export credit is captured in the DRS, but as a direct obligation to the private entity that provided the loan. Similarly, the EEC-IDA Special Account is included in the DRS but as part of the debtor’s obligations to IDA. There also appears to be some overstatement of bilateral debt stocks in cases where a loan is undisbursed or only partially disbursed but the entire loan amount is recorded as outstanding.

V. Next Steps

The preliminary findings of the report indicate that much more needs to be done to complete the reconciliation of the end-2021 data recorded in the DRS with the creditor records. They also confirm, however, that for this work to advance in a meaningful and productive way, it will require a much closer interaction with creditors to overcome methodological issues and understand precisely how each creditor accounts for their bilateral lending and related debt restructuring and debt service deferrals so data can be aligned with DRS standards and definitions for purposes of comparison.

As next steps, the World Bank will reach out to each of the participating creditors with the aim of engaging them in an open and ongoing dialogue. In doing so, it will draw on the model of working relations established with Japan in 2019 which enabled debtor and creditor data to be aligned and gaps in the DRS records filled. The World Bank will also reach out to debtor countries with major data discrepancies to ensure that they will reflect reconciled data in their databases and debt statistics as needed.

The World Bank, together with the participating G-7 and Paris Club creditors, will continue to advocate the importance of data sharing and to promote the exercise in various fora to the creditors that have not yet shared data. The World Bank aims to continue data sharing and reconciliation work with support from a wider group of creditors, including those in the G20, with a view to making regular data sharing and reconciliation an established practice.