

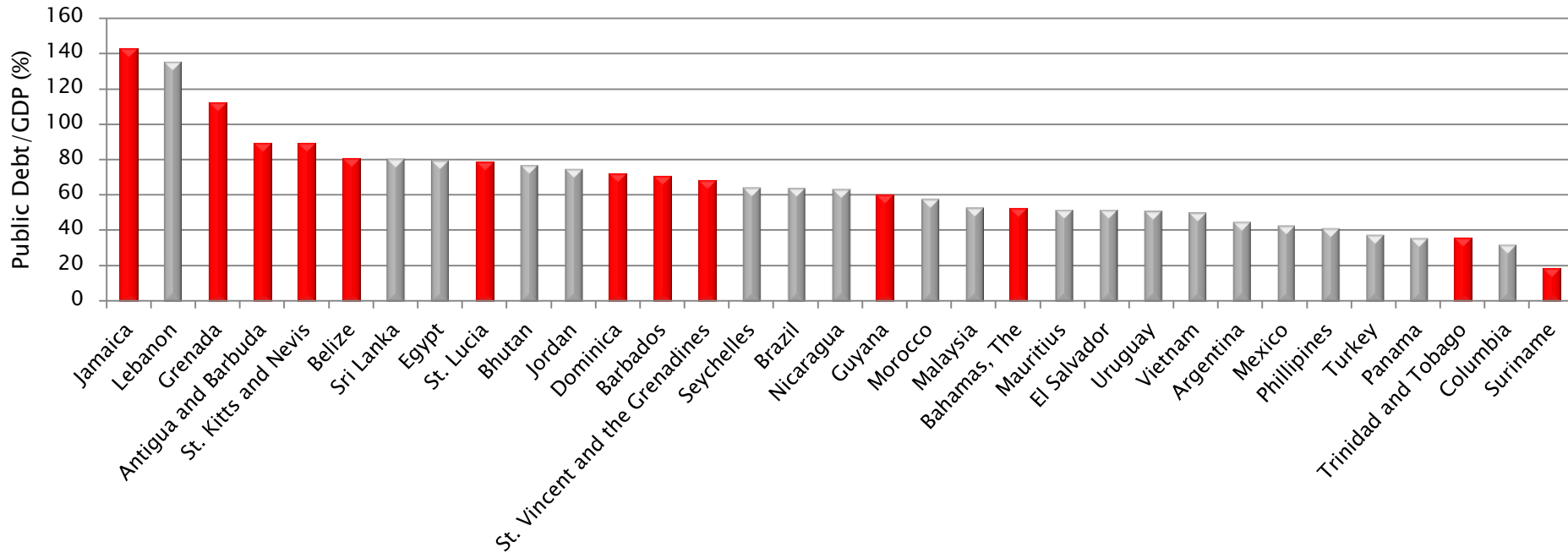
Debt Management as a Safeguard for Debt Sustainability in the Caribbean

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Panel Discussion on Public Debt in the Caribbean – An Agenda for Debt Reduction and Sustainability

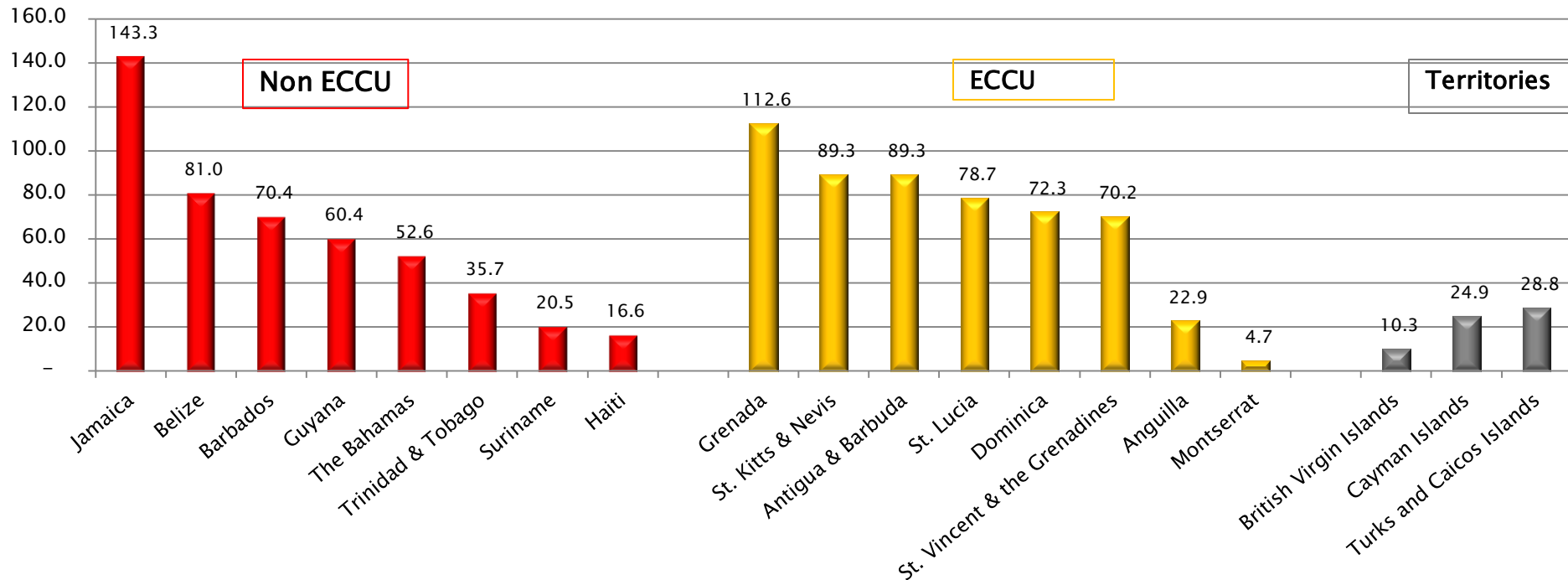
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Caribbean Debt to GDP 2012



- ▶ Caribbean countries among the most highly indebted in the world
- ▶ Six Caribbean countries among the ten most indebted middle income countries
- ▶ Two Caribbean countries have debt-to GDP above 100 %

Caribbean Debt to regional groupings - end 2012



- ▶ ECCU countries more burdened than non-ECCU countries
- ▶ Tourism dependent Caribbean countries have higher public debt-to-GDP than commodity exporting countries
- ▶ Countries with fiscal rules and benchmarks have lower debt levels
- ▶ Few ECCU countries near 60% debt to GDP fiscal benchmark for 2020

Findings among selected Caribbean countries

Factor	General Findings	Progress indicators
Institutional Framework	<ul style="list-style-type: none"> ▪ Narrow legal framework - debt management objectives, reporting requirements not specified ▪ Very fragmented organisational framework ▪ Debt management operations heavily weighted to back office functions ▪ Little middle office/front office capacity 	<ul style="list-style-type: none"> • Modernised debt legislation with single integrated debt management act (Jamaica, Suriname) • Modern debt office (Jamaica, Suriname)
Coordination	<p>Limited coordination with monetary and fiscal policies</p> <ul style="list-style-type: none"> • Irregular information exchange among principal agents 	<p>High level public debt management committees (Barbados, Grenada, Jamaica, Suriname)</p>
Debt Management Strategy	<ul style="list-style-type: none"> • No explicit or comprehensive debt management strategy based on quantitative cost/risk analysis • No formal risk management strategy/benchmarks • Limited monitoring of performance against strategic benchmark 	<p>Published medium-term debt strategy based on cost/risk analysis (Jamaica, St. Lucia)</p>

Findings among selected Caribbean countries

Factor	General Findings	Progress indicators
Borrowing Activities	<ul style="list-style-type: none"> • Government securities market inefficient • Few documented loan evaluations • No annual borrowing plan based on debt strategy • Limited involvement of government legal advisors 	<ul style="list-style-type: none"> • Growing use of RGSM in ECCU • Dematerialisation (Barbados, Jamaica) • Competitive price auctions (Jamaica, Trinidad and Tobago) • Primary dealers (Jamaica, Trinidad and Tobago)
Operational Risk Management	<ul style="list-style-type: none"> • Few documented procedures on debt operations • Little compliance monitoring of existing policies and procedures • Limited auditing of debt operations 	<ul style="list-style-type: none"> • Clearly articulated or documented job descriptions for debt management (Antigua and Barbuda, Jamaica, Guyana, Suriname) • Procedures Manual for debt management (Guyana, Jamaica)
Debt Recording , Compilation and Dissemination	<ul style="list-style-type: none"> • Few countries have consolidated debt database, validation irregular • Few countries disseminate comprehensive debt statistics • Compilation not consistent with international reporting standards 	<ul style="list-style-type: none"> • Debt Statistics Bulletin – (ECCB – discontinued) • Dedicated webpage/website on debt management (Jamaica, Suriname)

Main Recommendations

- ▶▶ Develop and implement a comprehensive debt management strategy
- ▶▶ Establish a sound legislative and institutional framework for public debt management
- ▶▶ Improve quality, consistency, comprehensiveness and availability of public debt statistics across the Caribbean
- ▶▶ Develop domestic and regional government securities markets
- ▶▶ Strengthen public debt management capacity

Thank you