Russia: searching for friendly-oriented countries

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Abstract. We are convinced that Russia is not alone in the world. Thus, the theme of our inquiry will be searching for friendly-oriented countries — economically and politically as well. In the first part of article, we present the main dates concerning level of external debts in low- and middle-income countries per capita. First, we describe the compilation of the major components of external debt included in the IDS tables and database and the relationship between them. Then, we focused on financial flows, trends in external debt, and other major financial indicators for low-, middle-, and high-income countries. Among those countries with the best indicators, we will be search economically sustainable and politically friendly-oriented countries, as potential partners for Russia.

Keywords: Russia, World Bank, Low — and Middle-Income Countries, external debt, debt reporting system (DRS), debt statistics.

Россия в поисках дружественно ориентированных стран

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Аннотация. Какие страны из числа лояльно относящихся к России сегодня можно рассматривать в качестве ее потенциальных партнеров? Какие критерии необходимы для этого выбора? Эти и другие вопросы — тема данной статьи. В ее первой части представлены основные данные по уровню внешней задолженности в странах с низким и средним показателем национального продукта на душу населения. Подробно рассмотрены состав основных компонентов внешней задолженности, включенных в таблицы и базы данных международной статистики задолженности (*IDS*), и соотношения между ними. В статье также анализируются ситуация, связанная с финансовыми потоками, трендами внешней задолженности, и другие финансовые показатели в странах с низким, средним и высоким уровнем дохода на душу населения. Из числа этих стран, показавших наилучшее показатели, выбраны экономически состоятельные и политически дружественные страны в качестве потенциальных партнеров России.

Ключевые слова: Россия, Всемирный банк, страны с низким и средним уровнем дохода, внешний долг, система отчетности по внешним долгам, статистика задолженности.

We are convinced that Russia is not alone in the world. Thus, the theme of our inquiry will be searching for friendly-oriented countries-economically and politically as well.

In January 2016, the World Bank has issued several papers, among others reports:

INTERNATIONAL DEBT STATISTICS 2016

COMMODITY MARKETS OUTLOOK JAN 2016 with Special Focus: *Weak growth in emerging market economies: What does it imply for commodity markets?*

DIGITAL DIVIDENDS. World development report 2016

GLOBAL ECONOMIC PROSPECTS. *Spillovers amid Weak Growth*. January 2016.

We will analyze some publications of International Monetary Fund (IMF), especially their "World Economic Outlook" (WEO) with the last update of the key WEO projections and "The Global Financial Stability Report", which provides an assessment of the global financial system and markets, and addresses emerging market financing in a global context. It focuses on current market conditions, highlighting systemic issues that could pose a risk to financial stability and sustained market access by emerging market borrowers. The Report draws out the financial ramifications of economic imbalances highlighted by the IMF's "World Economic Outlook". It contains, as special features, analytical chapters or essays on structural or systemic issues relevant to international financial stability.

We have also taken into account "Report of the Economic and Social Council for 2015". General Assembly Official Records. Seventieth Session. Supplement No. 3. United Nations. New York, 2015, and other publications of international and commercial organisations too. At its 1-st plenary meeting, on 21 July 2014, the Economic and Social Council decided to adopt the following themes for its 2015 and 2016 sessions:

(a) 2015 session (July 2014 to July 2015): "Managing the transition from the Millennium Development Goals to the sustainable development goals: what it will take";

(b) 2016 session (July 2015 to July 2016): "Implementing the post-2015 development agenda: moving from commitments to results".

First, we have prepared outlook of "INTERNATIONAL DEBT STATISTICS 2016" publication.

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INTRODUCTION

"International debt statistics 2016" is a product of the staff of The World Bank with external contributions. The findings, interpretations, and conclusions expressed in that work do not necessarily reflect the views of The World Bank, its Board of Executive Directors, or the governments they represent. The World Bank does not guarantee the accuracy of the data included in that work.

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International Debt Statistics 2016, successor to Global Development Finance and World Debt Tables, and the fourth in the series, is designed to respond to user demand for timely, comprehensive data on trends in external debt in low- and middle-income countries.

It also provides summary information on the external debt of high-income countries and public (domestic and external) debt for a select group of countries.

The World Bank's Debtor Reporting System (DRS), from which the aggregate and country tables presented in that report are drawn, was established in 1951. World Debt Tables, the first publication that included DRS external debt data, appeared in 1973 and gained increased attention during the debt crisis of the 1980s. Since then, the publication and data have undergone numerous revisions and iterations to address the challenges and demands posed by the global economic conditions.

Presentation and access to data have been refined to improve the user experience. The printed edition of International Debt Statistics 2016 now provides a summary overview and a select set of indicators, while an expanded dataset is available online (datatopics.worldbank.org/debt/ids).

By providing comprehensive and timely data that reflects the latest additions and revisions, and by expanding the scope of the data available online, that report aims to serve the needs of users and to reach a wider audience. Improvements in data dissemination are matched with ongoing efforts to improve the quality and timeliness of data collection. In partnership with the major providers of debt data management systems to low- and middle-income countries, the

Commonwealth Secretariat (COMSEC) and the United Nations Conference on Trade and Development (UNCTAD), the staff is working toward an established standard code and a set of system links that will enable countries to provide their DRS reports electronically in a seamless and automated data exchange process.

This International Debt Statistics 2016 volume was prepared by the Financial Data Team of the Development Data Group (DECDG), led by Evis Rucaj under the management of Neil Fantom, and comprising Parul Agarwal, Peter Bourke, Cynthia Nyanchama Nyakeri, Malvina Pollock, Rubena Sukaj, Sun Hwa Song, Rasiel Vellos, and Alagiriswamy Venkatesan, who worked closely with other teams in DECDG.

The team was assisted by Elysee Kiti. The overview of current developments was prepared by Malvina Pollock, Evis Rucaj, and Rasiel Vellos in consultation with the staff of DECDG; country economists reviewed the data tables. The work was carried out under the direction of Haishan Fu. Valuable advice was provided by the Operations and Strategy unit of the Vice Presidency.

The production of that volume was managed by Azita Amjadi. The online database was prepared by Shelley Fu and William Prince.

International Debt Statistics electronic products were prepared by a team led by Malarvizhi Veerappan under the supervision of Soong Sup Lee and comprising Prasanth Alluri, Rajesh Danda, Jean-Pierre Djomalieu, Ramgopal Erabelly, Shelley Fu, Ancy Kachappilly, Gytis Kanchas, Karthik Krishnamoorthy, Ugendran Machakkalai, Vilas Mandlekar, and Nacer Megherbi. The cover was designed by Jomo Tariku. Susan Graham, Jewel McFadden, and Nora Ridolfi from the Publishing and Knowledge Division of the World Bank coordinated the publication and dissemination of the book.

DATA SOURCES AND METHODOLOGY

Data Sources

Debtor Reporting System

The principal sources of information for the tables in International Debt Statistics 2016 are reports to the World Bank through the ***World Bank's Debtor Reporting System*** (DRS) from member countries that have received either International Bank for Reconstruction and Development (IBRD) loans or International Development Association (IDA) credits. The DRS has its origin in the World Bank's need to monitor and assess the *financial position* of its borrowers. Since 1951, borrowers have been required to provide statistics on their public external debt and private sector debt that benefit from a public guarantee. In its design, consistency, and continuity of coverage, the DRS is a unique resource. Reporting countries submit detailed reports on the annual status, transactions, and terms of the long-term external debt of public agencies and that of private ones guaranteed by a public agency in the debtor country. The DRS maintains these records on a loan-by-loan basis.

In 1973, coverage of the DRS was expanded to include private sector nonguaranteed borrowing, but for this category of debt, data are provided by borrowers in aggregate rather than loan-by-loan basis.

Data submitted to the DRS are processed in the World Bank External Debt (WBXD) system, along with additional information received from the files of the African Development Bank, the Asian Development Bank, the Inter-American Development Bank (IDB), the International Monetary Fund (IMF), institutions of the World Bank Group (IBRD and IDA), and the European Bank for Reconstruction and Development (EBRD). The WBXD is an internal system of the World Bank. Among its outputs is the International Debt Statistics (IDS) database, from which the tables in that publication and online database are produced.

Data on exports and imports (on a balance of payments basis), international reserves, current account balances, foreign direct investment (FDI) on equity, portfolio equity flows, and primary income of FDI are drawn mainly from the files of the IMF, supplemented by United Nations Conference on Trade and Development (UNCTAD) reports and country data. Balance of payments data are presented according to the sixth edition of the IMF's Balance of Payments Manual (BPM6, 2013). Official aid flows come from data collected and published by the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD). Short-term external debt data are as reported by debtor countries or are estimates based on the Bank for International Settlements (BIS) quarterly series of commercial banks' claims on low- and middle income countries.

For some countries, estimates were prepared by pooling creditor and debtor information. Data on the gross national income of most low- and middle-income countries are collected from national statistical organizations or central banks by visiting and resident World Bank missions.

Every effort has been made to ensure the accuracy and completeness of the external debt statistics.

Coverage has been improved through the efforts of the reporting agencies and close collaboration between the Bank and our partners, Commonwealth Secretariat (COMSEC) and UNCTAD, which provide debt recording and reporting systems across the globe, as well as through the work of the World Bank missions, which visit member countries to gather data and to provide technical assistance on debt issues.

Nevertheless, quality and coverage vary among debtors and may vary for the same debtor from year to year too. Data on long-term external debt reported by member countries are checked against, and supplemented by, data from several other sources. Among these sources are the statements and reports of several regional development banks, government lending agencies, and official government Web sites.

Quarterly External Debt Statistics

The ***Quarterly External Debt Statistics*** (QEDS) database, jointly developed by the World Bank and the IMF, brings together detailed external debt data of countries that subscribe to the IMF's ***Special Data Dissemination Standard*** (SDDS) and a selected number of countries that participate in the IMF's ***General Data Dissemination System*** (GDDS).

In October 2014, the World Bank, in collaboration with the IMF, launched the new QEDS database in line with the classifications and definitions of the *2013 External Debt Statistics: Guide for Compilers and Users* (2013 EDS Guide) and sixth edition of the *Balance of Payments and International Investment Position Manual* (BPM6, 2013).

The QEDS database reflects new concepts and definitions, classifications of external debt data, as well as expanded coverage that enhances the analytical use of the data. The database provides quarterly information on the stock of outstanding external debt, categorized by maturity as well as by borrowing entity and debt instrument. Reporting is voluntary but as of end 2014, 72 countries plus the Euro Area reported under the SDDS, and 47 countries reported under GDDS. The benefit of bringing together comparable external debt data is to facilitate **macroeconomic analysis and cross-country data comparison.**

The ***Quarterly External Debt Database***, which is maintained by the World Bank, can be accessed via the Bank's web site through the ***World Bank Open Data*** at www.databank.worldbank.org.

Quarterly Public Sector Debt

As part of the World Bank Open Data Initiative, in December 2010, the World Bank launched for the first time an online, quarterly, ***Public Sector Debt*** (**PSD**) database (www.worldbank.org/qpsd), developed in partnership with the IMF, which allows researchers and policy makers to explore questions about recent developments in public sector debt. The PSD database, with the endorsement of the Inter-Agency Task Force on Finance Statistics (TFFS), initially focused only on low- and middle-income, and emerging market countries; now in partnership with the OECD and Eurostat, the PSD database has been expanded to include the advanced economies. The launch of the database is one of the recommendations in the ***G-20 Data Gaps Initiative***[1].The PSD database facilitates timely dissemination in standard formats of external debt data. By bringing such data and metadata together in one central location, the database supports macroeconomic analysis and cross-country comparison.

The database is organized into five sets of tables on the following sectors: General government; o/w central government; o/w budgetary central government; nonfinancial public corporations; and financial public corporations. The database is structured by instruments, ma-

[1] Please see http://www.imf.org/external/np/g20/pdf/102909.pdf. The Public Sector Debt Database is recommendation number 18 in the Data Gaps Initiative Report.

turity, and by creditors as the presentation format articulated in the table 4.3 in the IMF ***Public Sector Debt Guide***. While central government is identified as having the most important key of macroeconomic analysis, the PSD database provides data on other levels of public sector, valuation methods, and debt instruments, and clearly defined tiers of debt where appropriate for central, state, and local governments, as well as extra-budgetary agencies and funds.

As of end 2014, 75 countries participated in the Quarterly Public Sector Debt Database, which is maintained by the World Bank; it can be accessed through the Bank's web site through the World Bank Open Data at www.databank.worldbank.org.

Methodology

Aggregations

Total debt stock and other aggregate measures are derived from the summation of loan-level data on stocks and flows after conversion to a common currency. Other tabulations are compiled using terms and conditions reported in the loan-level data, such as currency composition, cancellations, rescheduling of other liabilities into long-term public and publicly guaranteed external debt, and debt buybacks.

Aggregates for regional and income groups are based on the World Bank's operational classifications, which may differ from common geographic usage or income groups used by other organizations. Country classifications of DRS reporting countries in 2014 are shown in country groups in the back of the publication. The same classification is used for all historical data shown in International Debt Statistics and the online tables and online database.

Currency Conversion

Data on external obligations are normally reported to the World Bank in the currency of repayment and are converted into a common currency (U. S. dollars) using official exchange rates published by the IMF.

Commitments, disbursements, and debt service payments (flows) are converted to U. S. dollars at the annual average exchange rate for the year.

Debt outstanding (disbursed and undisbursed) at the end of a given year (stock) is converted at the exchange rate in effect at the end of the relevant year. Consequently, year-to-year changes in debt outstanding and disbursed may not be equal to net flows (disbursements less principal repayments); similarly, changes in debt outstanding (including undisbursed debt) may not equal commitments less repayments. Discrepancies will be particularly significant when exchange rates have moved sharply during the year. Projected debt service is converted to U. S. dollars at rates in effect at the end of December 2014.

Beginning with 1991, all ruble debt owed to the former Soviet Union has been converted at a rate of US$1 = 0.6 ruble, except in cases where a bilateral agreement specifying a different conversion rate is in place. Adoption of this methodology does not constitute an endorsement by the World Bank staff of the appropriateness or validity of the exchange rate used. That matter must be resolved bilaterally between the Russian Federation and its debtor countries.

Starting with the 1988–89 edition of World Debt Tables (a predecessor of IDS), all data pertaining to IBRD loans from 1985 onward are recorded at their current market value. Starting with the 1991–92 edition, all data pertaining to Asian Development Bank loans from 1989 onward are recorded at their current market value. Starting with the 1998 edition, all data pertaining to African Development Bank and African Development Fund loans from 1997 onward are recorded at their current market value.

Debt Stock and Flow Reconciliation

Because of currency conversions and the timing of transactions, there may be differences between the change in aggregate stocks from one period to the next and flows during the relevant period; changes in debt outstanding, including undisbursed amounts, will therefore differ from commitments less repayments.

Changes in the stock of debt from one period to the next can be attributed to five factors: the net flow of debt, the net change in interest arrears, the capitalization of interest, a reduction in debt resulting from debt forgiveness or other debt reduction mechanisms, and cross-currency valuation effects. Any residual difference in the change in stock not explained by one of those five factors may indicate inconsistencies in the reported data or specific phenomena prevailing in an individual country (for example, an incomplete historical series for all categories of debt). Starting in 1989, the IDS includes the debt stock reconciliation, but not all components are shown in the IDS print edition and online tables.

External Debt Restructuring

Starting in 1985, the WBXD includes information on the restructuring of debt by official creditors in the context of the Paris Club, restructuring by commercial creditors, debt swap operations, buybacks, and bond exchanges. It attempts to capture accurately the effect of debt restructuring on both external debt stocks and external debt flows, consistent with the terms on which the restructuring takes place. In the compilation and presentation of external debt data, a distinction is made between *cash flows* and *imputed flows*. According to this criterion, restructured service payments and the shift in liabilities from one financial instrument to another because of debt restructuring are considered to be imputed flows. Both cash flows and imputed flows are recorded separately in WBXD.

The imputed flows and stock changes associated with debt restructuring are included in the IDS tables and online database to complement the cash basis transactions recorded in the main body of the data. Such data encompass information on the debt stock and debt flows restructured each year, the amount of principal forgiven (interest forgiven is shown as a memorandum item), and the amount of external debt stock reduced either by forgiveness or by a debt buyback operation. Changes in creditors and debtors that result from debt restructuring are also reflected. For example, when insured commercial credits are rescheduled, the creditor classification shifts from private to official (bilateral), reflecting the assumption of the assets by the official credit insurance agencies in the creditor country. The IDS data will show a reduction in the external debt owed to the original private creditors equal or similar to the amount of debt restructured and a corresponding increase in the debt owed to the new official creditor. Similarly, on the debtor side, when a government accepts responsibility for the payment of restructured debt previously owed by a private enterprise, the relevant change in the debtor category will be reflected. Likewise, if short-term external debt is restructured into a long-term obligation, the stock of short-term external debt will decline and the stock of long-term external debt will rise by the amount of short-term debt restructured. In the event of a debt swap of long-term external debt (external debt to equity, external debt for nature, or external debt for development), the face value of the external debt swapped will be recorded as a decline in long-term external debt stock, but no flow transaction (principal repayment) will be recorded.

Projections of Future Disbursements and Debt Service Payments

The WBXD system projects future disbursements and future debt service payments on the assumption that every existing loan commitment will be fully used and repaid in full.

Future Disbursements

Disbursement projections are made using one of the following methods:

- Specific schedules. Debtor countries are requested to submit a schedule of future disbursements, if available, at the time each new loan is first reported.
- Standard schedules. In the absence of specific schedules, the WBXD system projects the future disbursement schedule according to the undisbursed balance of each loan at the end of the most recent reporting period.

These projected schedules are based on profiles derived from the disbursement pattern of comparable loans that fully disbursed. Thirty different profiles have been compiled corresponding to each category of creditor and, in the case of official creditors, for concessional and non-concessional loans. Each profile is derived by applying regression analysis techniques to a body of data on actual disbursements for each fully disbursed loan in the WBXD database. The profiles are periodically updated to take into account the evolving pattern of disbursements observed for fully disbursed loans.

Future principal payments are generated by the WBXD system according to the repayment terms of each loan. Principal repayments (amortization) are based on the amount of the loan commitment. If the amortization schedule follows a set pattern (for example, equal semiannual payments), the WBXD system calculates repayments automatically using the loan commitment amount, the first and final payment dates, and the frequency of the payments. If future payments are irregular, the WBXD system requires a schedule.

Future interest payments are generated by the WBXD system according to the disbursed and outstanding balance of the loan at the beginning of the period. Using the interest rate specified in the loan contract, the first and final interest payment dates, and the frequency of payments, the WBXD system calculates the stream of future interest payments due. If interest payments are irregular, the WBXD system requires a schedule.

Future debt service payments are the sum of future principal and interest payments due on existing commitments, including the undisbursed portion. They do not include debt service payments that may become due because of new loans contracted in subsequent years, nor do they take into account the effect of any change to future debt service obligations resulting from actions such as prepayment or rescheduling or from cancellations that occurred after the most recent year-end data reported to the DRS.

Both projected disbursements and future debt service payments are converted into U. S. dollars using end-December 2014 exchange rates. Likewise, future interest payments on loans with a variable interest rate (for example, loans from commercial banks tied to the ***London Interbank Offered Rate*** [LIBOR]) are based on the interest rate prevailing at end-December 2014.

Treatment of Arrears

The DRS collects information on arrears of both principal and interest. Principal in arrears is included in the amount of long-term external debt outstanding and is shown separately. Interest in arrears on long-term external debt

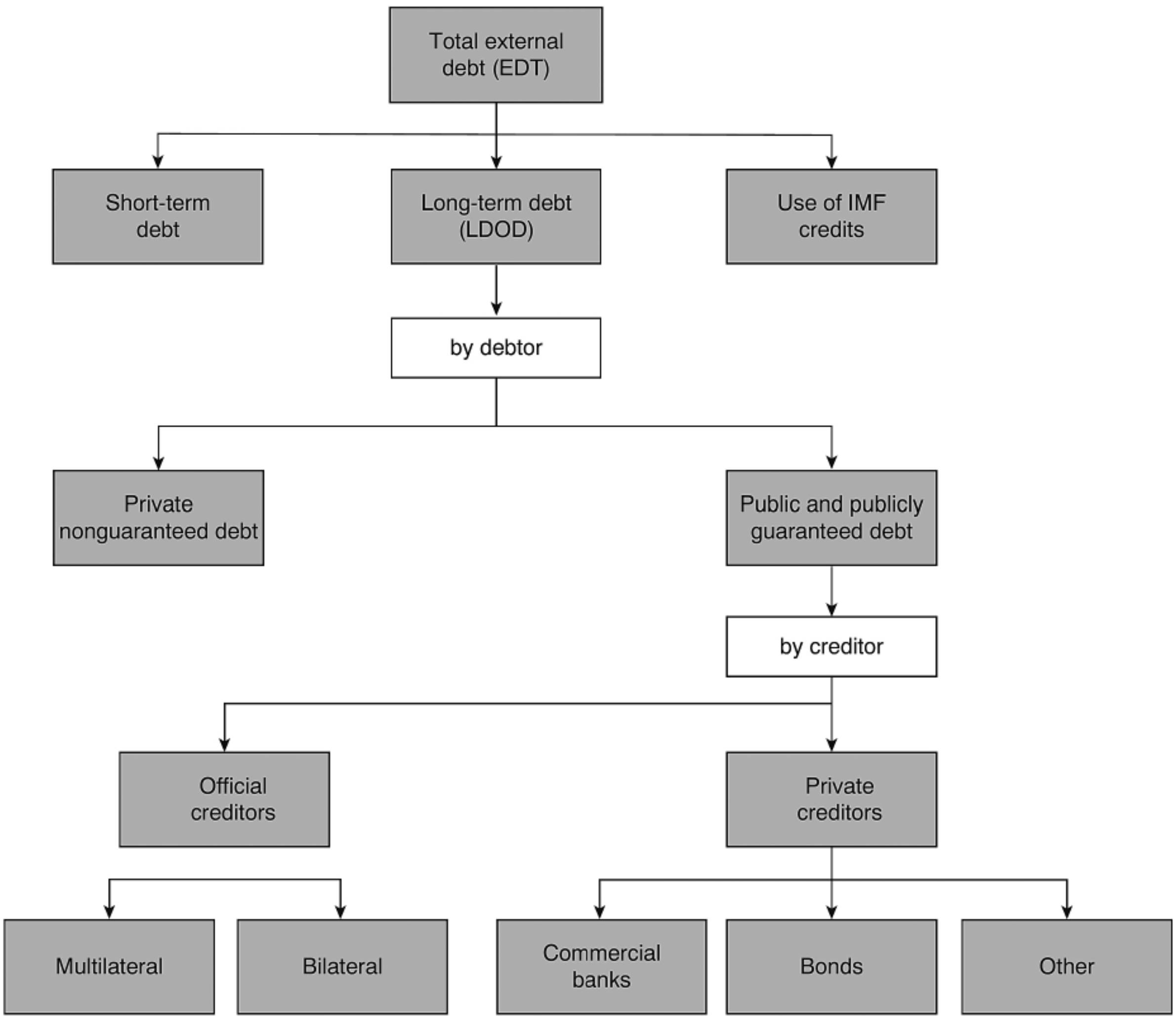

Figure 1. **External Debt and Its Components**

and interest in arrears on the use of IMF credit are included as part of short-term external debt outstanding and are shown separately. Clearance of interest in arrears by repayment will be recorded as an interest payment in the relevant creditor category of the loan (or loans) on which the arrears were incurred, as a corresponding reduction in the level of short-term debt outstanding, and as a net reduction in interest arrears. Clearance of interest arrears through debt restructuring or forgiveness will be recorded as a reduction in the level of short-term debt outstanding and a net reduction in interest arrears. When interests are rescheduled, they will be capitalized: This change will be recorded as an increase in long-term debt outstanding equal to the amount of interest capitalized and the reduction in short-term debt outstanding noted previously.

EXTERNAL DEBT AND ITS COMPONENTS

This section describes the compilation of the major components of external debt included in the IDS tables and database and the relationship between them, as shown in figure A. 1 on the next page. Information about general methods of compiling external debt data is discussed in the previous section titled "Methodology." For concise definitions, see the glossary.

Total External Debt

Total external debt shown in the IDS is the sum of long-term external debt, short-term debt, and IMF credit. It represents the total debt owed to nonresident creditors and is repayable in both foreign and domestic currency.

Short-Term Debt

Short-term debt is defined as external debt with an original maturity of one year or less. The DRS requires debtor countries to report only on their long-term external debt. However, to gain a comprehensive picture of total external obligations, the World Bank encourages debtor countries to provide voluntarily information on their short-term external obligations.

By its nature, short-term external debt is difficult to monitor: Loan-by-loan registration is normally impractical, and monitoring systems typically rely on information requested periodically by the central bank from the banking sector.

The World Bank regards the debtor country as the authoritative source of information on its short-term debt. Unless otherwise specified in the country tables, the data for short-term debt are derived from the data provided by the quarterly external debt statistics database (see QEDS). BIS data on international bank lending is the second source of the short-term debt. These data are reported on the basis of residual maturity, but an estimate of short-term external liabilities by original maturity can be derived by deducting from claims due in one year those that, 12 months earlier, had a maturity of between one and two years. However, not all commercial banks report to the BIS in a way that allows the full maturity distribution to be determined, and the BIS data include liabilities only to banks within the BIS reporting area.

Consequently, the results should be interpreted with caution.

The flow of short-term debt may be derived from the change in claims (stock) data in the BIS quarterly series over consecutive periods, but valuation adjustments resulting from exchange rate movements will affect the calculations, as will prepayment and refinancing of long-term maturities falling due. When short-term external debt has been rescheduled, lags in reporting and differences in the treatment of the rescheduled external debt by debtors and creditors may result in double counting.

Interest in arrears on long-term external debt and interest in arrears on the use of IMF credit are added to short-term debt and are separately identified.

Use of IMF Credit

Data related to the operations of the IMF are provided by the IMF Treasurer's Department. They are converted from special drawing rights (SDR) into dollars using end-of-period exchange rates for stocks and average-over-the-period exchange rates for flows. IMF trust fund operations under the Enhanced Structural Adjustment Facility, Extended Fund Facility, Poverty Reduction and Growth Facility, and Structural Adjustment Facility (Enhanced Structural Adjustment Facility in 1999) are presented together with all of the IMF's special facilities (buffer stock, supplemental reserve, compensatory and contingency facilities, oil facilities, and other facilities). SDR allocations are also included in this category. According to the BPM6, SDR allocations are recorded as the incurrence of a debt liability of the member receiving them (because of a requirement to repay the allocation in certain circumstances, and also because interest accrues).

This debt item was introduced for the first time in IDS 2013 with historical data starting in 1999.

Long-Term Debt

Long-term debt has an original maturity of more than one year. It comprises the obligations of both public and private debtors. Private nonguaranteed debt comprises the external obligations of private debtors that are not guaranteed for repayment by a public entity in the debtor country.

Public and publicly guaranteed debt comprises the external obligations of public debtors and has two components: (a) public debt, which is borrowing by the national government or agency, by a political subdivision or agency, or by autonomous public bodies, and (b) publicly guaranteed debt, which is borrowing by a private agency that is guaranteed for repayment by a public entity.

Private Nonguaranteed Debt

The DRS reporting requirements were expanded in 1973 to include long-term private nonguaranteed debt. Data are reported annually on an aggregate basis and include, for the reporting year, the total amount of disbursed and outstanding debt; the amount of disbursements, principal repayments, and interest payments; the principal and interest rescheduled; and the projected principal and interest payments for future years. The aggregate data are usually reported in U. S. dollars, and no information on the underlying currency composition is given.

DRS reporting countries recognize the importance of monitoring borrowing by their private sector, particularly when it constitutes a significant portion of total external debt, but many countries acknowledge the difficulty of this process. Detailed data are available only when countries have registration requirements for private nonguaranteed debt in place, most commonly in connection with exchange controls. When formal registration of private nonguaranteed debt is not mandatory, compilers must rely on balance of payments data and financial surveys.

The data on private nonguaranteed debt in this publication is as reported or as estimated for countries where this type of external debt is known to be significant. The estimation of private nonguaranteed debt is based on the national data on quarterly external debt statistics (QEDS) or IMF data. Flows are derived from the change in stock over consecutive periods and are adjusted for the effects of exchange rate movements (assuming the currency composition mirrors that of public and publicly guaranteed debt) and for any known debt restructuring. Principal repayments are estimated based on the average maturity observed for loans to private sector borrowers in countries reporting to the DRS and based on the stock of debt outstanding. Interest payments are estimated based on the stock of debt outstanding and interest rates prevailing in international capital markets.

Balance of payments data provide a useful guideline in the estimation process: private nonguaranteed external debt may be derived as a residual between net long-term external borrowing recorded in the balance of payments and net long-term public and publicly guaranteed external debt reported to the DRS.

Public and Publicly Guaranteed Debt

Data related to public and publicly guaranteed debt are reported to the DRS on a loan-by-loan basis. The data provide annual information on the disbursed and outstanding balance and the undisbursed balance of each loan, the cumulative disbursements, the principal and interest paid and principal and interest restructured in the reporting year, and the stock of any outstanding payment's arrears of principal and interest. Detailed information on the terms and conditions of each loan is reported too. Public debt and publicly guaranteed debt are shown as a single line in this publication and then further disaggregated by creditor type and, in the case of private creditors, by type of credit instrument.

Official Creditors

Official creditors include multilateral and bilateral lenders. In general, official creditors provide loans (and, in some cases, provide grants) to public bodies, although in some cases they may lend to other entities with a public guarantee.

Multilateral creditors are international financial institutions such as the World Bank, regional development banks, and other multilateral and intergovernmental agencies whose lending is administered on a multilateral basis. Funds administered by an international financial organization on behalf of a single donor government constitute bilateral loans (or grants). For lending by a number of multilateral creditors, the data presented in this publication are taken from the creditors' records. Such creditors include the African Development Bank, the Asian Development Bank, the IDB, IBRD, and IDA. (IBRD and IDA are institutions of the World Bank.)

Bilateral creditors are governments and their agencies, including central banks, aid agencies, official export credit agencies, and autonomous agencies such as the U.S. Department of Agriculture or the Federal Home Loan Bank.

Member countries of the OECD Development Assistance Committee (DAC) and some other countries also report information on loans extended bilaterally or officially guaranteed to the Creditor Reporting System of the OECD.

Private Creditors

Private creditors include commercial banks, bondholders, and other private creditors. This line includes only publicly guaranteed creditors. Nonguaranteed private creditors are shown separately. Bonds include publicly issued or privately placed bonds. Commercial bank loans are loans from private banks and other private financial institutions.

Credits of other private creditors include credits from manufacturers, exporters, and other suppliers of goods, plus bank credits covered by a guarantee of an export credit agency. This line is included in the online database but is not shown in the published tables. It can be obtained as the difference between (a) credits of total private creditors and (b) bonds and commercial bank loans.

USER GUIDE TO TABLES

International Debt Statistics 2016 focuses on financial flows, trends in external debt, and other major financial indicators for low-, middle-, and high-income countries. The report includes more than 200 time series indicators from 1970 to 2014 for most reporting countries. This edition of International Debt Statistics (IDS) has been reconfigured to offer a more condensed presentation of the principal indicators, along with additional tables showcasing Quarterly External Debt Statistics and Public Sector Debt.

Tables

Aggregate Tables

The aggregate tables are labeled by region name. Data are shown for all low- and middle-income countries and six regional groups (East Asia and Pacific, Europe and Central Asia, Latin America and the Caribbean, Middle East and North Africa, South Asia, and Sub-Saharan Africa).

Country Tables

Country tables are labeled by country name and ordered alphabetically. Data are shown for 120 low- and middle-income countries that report public and publicly guaranteed external debt to the World Bank's Debtor Reporting System (DRS). The tables also include key debt ratios and the composition of external debt stocks and flows for each country.

Each table shows a time series with the most recent six years, as well as 2000 and 2006 as companion years. Full time series data are available for all countries in the World Bank's Open Data website (http://data.worldbank.org/data-catalog/international-debt-statistics).

Statistics

The general cutoff date for countries to report data for this publication was end-September 2015. The economic aggregates presented in the tables are prepared for the convenience of users. Although debt ratios can give useful information about developments in a debt-servicing capacity, conclusions drawn from them will not be valid unless accompanied by careful economic evaluation.

The macroeconomic data provided are collected from national statistical organizations, which in some cases may be subject to a considerable margin of error. The usual care must be taken in interpreting the ratios, particularly for the most recent years, because figures may be preliminary and subject to revision.

Notes at the bottom of each country table summarize major events that have taken place in the country in recent years; describe the sources of information for short-term and private non-guaranteed external debt if the reports were not provided by the country; and highlight main issues in the data collection process. Unless otherwise specified, data on long-term public and publicly guaranteed external debt for 2014 are based on reports provided by the country.

Aggregate Measures for Income Groups and Regions

Aggregate measures for income groups and regions include the 120 low- and middle-income countries that report public and publicly guaranteed external debt to the World Bank's DRS, whenever data are available. The aggregate "All low- and middle-income countries" is the sum of data for 120 countries.

Classification of Countries

For operational and analytical purposes, the World Bank's main criterion for classifying countries is gross national income (GNI) per capita (calculated by the World Bank Atlas method).

Every country is classified as low-income, middle-income, or high-income. Low- and middle-income countries are sometimes referred to as developing countries. The term is used for convenience; it is not intended to imply that all countries in the group are experiencing similar development or that other countries have reached a preferred or final stage of development. Because GNI per capita changes over time, the country composition of income groups may change from one edition of International Debt Statistics to the next. Once the classification is fixed for an edition, based on GNI per capita in the most recent year for which data are available, all historical data presented are based on the same country grouping.

Symbols

0 or 0.0 means zero or small enough that the number would round to zero at the displayed number of decimal places.

.. means that data are not available or that aggregates cannot be calculated because of missing data in the years shown.

$ indicates current U. S. dollars unless otherwise specified.

User Guide to IDS Online Tables

The extended version of country tables that were previously available in the International Debt Statistics print edition is now available online. Using an automated query process, these reference tables will be updated based on the revisions to the International Debt Statistics database.

Users can access all the online tables, download the PDF version of the publication, view the report as an eBook on ISSUU, as well as access the database and download the archived editions of the publication by going to http://data.worldbank.org/products/ids.

How to Access IDS Online Country Tables

To access the IDS online tables, visit http://datatopics.worldbank.org/debt/ids and select from "Country," "Region," or "Topic" options.

To access a specific country table directly without going through the above landing page,

Table 1. **All low — and middle-income countries (US$ billion, unless otherwise indicated)**

	2000	2005	2009	2010	2011	2012	2013	2014
Summary external debt data								
External debt stocks	**1,743.3**	**2,090.8**	**3,174.9**	**3,630.8**	**4,078.6**	**4,564.2**	**5,056.1**	**5,391.5**
Long-term external debt	1,461.3	1,623.0	2,346.7	2,538.1	2,814.4	3,169.9	3,493.1	3,770.6
Public and publicly guaranteed	1,053.4	1,115.6	1,268.1	1,359.4	1,428.1	1,644.3	1,788.7	1,942.9
Official creditors	648.4	651.5	736.7	790.6	823.7	844.6	869.8	869.2
Use of IMF credit	53.4	50.9	128.9	138.7	138.7	130.4	112.6	97.0
Private creditors	405.0	464.0	531.4	568.8	604.5	799.7	918.8	1,073.7

Table 1 continued

	2000	2005	2009	2010	2011	2012	2013	2014
of which: Bonds	224.2	312.3	386.6	418.6	461.6	627.6	701.3	807.4
Private nonguaranteed	407.9	507.5	1,078.6	1,178.8	1,386.3	1,525.6	1,704.4	1,827.7
of which: Bonds	81.0	115.1	187.6	231.1	255.7	287.8	352.6	395.1
Short-term external debt	228.6	416.8	699.2	954.0	1,125.5	1,264.0	1,450.4	1,523.8
interest arrears on long-term	27.2	17.7	15.3	16.0	12.4	14.5	13.2	14.9
Long-term external debt								
Disbursements	**199.2**	**304.5**	**433.1**	**565.4**	**621.2**	**674.8**	**805.0**	**846.5**
Public and publicly guaranteed	117.7	125.4	179.5	235.7	191.6	256.2	291.4	326.4
Official creditors	48.2	43.9	95.7	107.0	87.3	86.1	103.6	101.2
Private creditors	69.5	81.5	83.8	128.7	104.3	170.0	187.8	225.2
of which: Bonds	42.0	56.8	60.7	90.1	76.7	128.6	109.7	145.7
Private nonguaranteed	81.5	179.1	253.6	329.7	429.5	418.6	513.6	520.1
of which: Bonds	10.7	33.6	35.6	68.0	86.7	92.8	128.4	96.2
Principal repayments	**178.8**	**236.9**	**303.3**	**324.1**	**349.3**	**354.9**	**411.6**	**452.9**
Public and publicly guaranteed	92.1	116.3	96.6	96.1	110.0	93.8	112.3	113.9
Official creditors	43.1	48.2	42.8	44.0	55.2	50.0	58.2	56.1
Private creditors	49.0	68.2	53.9	52.2	54.8	43.9	54.1	57.8
of which: Bonds	16.5	39.4	25.5	26.5	24.8	17.4	23.3	29.6
Private nonguaranteed	86.8	120.6	206.7	227.9	239.3	261.0	299.2	339.0
of which: Bonds	13.2	15.6	14.4	15.3	19.1	24.6	32.4	36.5
Interest payments	**75.1**	**69.3**	**85.9**	**84.4**	**103.1**	**118.9**	**112.6**	**122.2**
Public and publicly guaranteed	50.0	51.2	44.3	43.4	47.5	72.0	55.8	58.5
Official creditors	22.4	20.3	15.7	14.6	15.4	17.1	16.2	15.9
Private creditors	27.6	30.9	28.6	28.8	32.1	54.9	39.6	42.6
of which: Bonds	16.0	25.1	23.4	24.6	27.8	50.2	34.5	36.6
Private nonguaranteed	25.1	18.0	41.6	41.0	55.5	46.9	56.8	63.8
of which: Bonds	6.4	6.3	10.2	11.5	16.8	12.4	18.1	23.3
Net financial flows								
Net inflows	**144.8**	**400.7**	**674.6**	**1,105.2**	**1,020.6**	**1,054.8**	**1,190.4**	**1,132.3**
Net debt inflows	2.2	97.7	213.9	508.7	447.5	447.9	563.5	463.9
Official creditors	−2.7	−37.3	79.4	76.4	32.6	27.7	27.6	43.8
of which: World Bank	7.4	4.1	18.1	22.9	6.8	12.5	14.0	17.3
of which: IMF	−7.9	−33.0	26.4	13.4	0.5	−8.4	−17.7	−1.3
Private creditors	4.9	135.0	134.5	432.3	414.9	420.1	535.8	420.1
Long-term	15.2	71.9	76.8	178.3	239.8	283.7	348.0	348.5

Table 1 continued

	2000	2005	2009	2010	2011	2012	2013	2014
Bonds	23.0	35.3	56.4	116.4	119.5	179.4	182.4	175.8
Banks and other private	−7.8	36.5	20.4	61.9	120.2	104.3	165.6	172.7
Short-term	−10.3	63.1	57.8	254.0	175.1	136.4	187.8	71.6
Net equity inflows	142.6	303.0	460.7	596.4	573.1	607.0	626.9	668.4
Foreign direct investment	124.7	237.9	348.6	472.5	569.4	514.5	554.6	575.7
Portfolio equity	17.9	65.1	112.0	124.0	3.7	92.5	72.3	92.7
Major economic aggregates								
Gross national income (GNI)	5,033.0	8,266.7	14,376.7	17,607.7	20,612.5	21,799.7	23,169.9	24,271.5
Exports of goods, services & prim. Income	1,423.4	2,720.3	4,009.9	5,033.2	6,083.5	6,430.2	6,642.2	6,813.5
Imports of goods, services & prim. Income	1,517.6	2,789.0	4,122.6	5,271.3	6,485.6	6,810.3	7,140.4	7,278.2
Primary income on FDI	59.7	162.0	287.7	401.6	483.7	454.0	486.6	190.4
Personal transfers & comp. of employees	76.2	176.3	280.5	312.5	348.5	372.1	383.4	421.8
International reserves	529.8	1,667.7	4,165.5	4,843.3	5,325.1	5,586.6	6,109.9	6,120.1
Ratios								
External debt stocks to exports (%)	122.5	76.9	79.2	72.1	67.0	71.0	76.1	79.1
External debt stocks to GNI (%)	34.6	25.3	22.1	20.6	19.8	20.9	21.8	22.2
Debt service to exports (%)	20.0	13.3	10.1	9.0	8.2	8.3	8.5	8.9
Short-term to external debt stocks (%)	13.1	19.9	22.0	26.3	27.6	27.7	28.7	28.3
Multilateral to external debt stocks (%)	17.0	16.5	13.1	12.7	11.8	11.0	10.5	9.9
Reserves to external debt stocks (%)	30.4	79.8	131.2	133.4	130.6	122.4	120.8	113.5

use the URL http://datatopics.worldbank.org/debt/ids/ and thecountry.code(for example, http://datatopics.worldbank.org/debt/ids/country/DZA to view the table for Algeria). Similarly, to view the regional table, click on the "Region" tab and select one of the listed regions (for example http://datatopics. worldbank.org/debt/ids/region/SAS to view the table for South Asia).

How to Use the DataBank

DataBank (http://databank.worldbank.org) is an online web resource that provides simple and quick access to collections of time series data. It has advanced functions for selecting and displaying data, performing customized queries, downloading data, and creating charts and maps. Users can create dynamic, custom reports based on their selection of countries, indicators, and years. All these reports can be easily edited, shared, and embedded as widgets on websites or blogs. For more information, see: http://databank.worldbank.org/help.

OVERVIEW OF INTERNATIONAL DEBT STATISTICS 2016

International Debt Statistics 2016 presents data and analysis on the external debt of low-

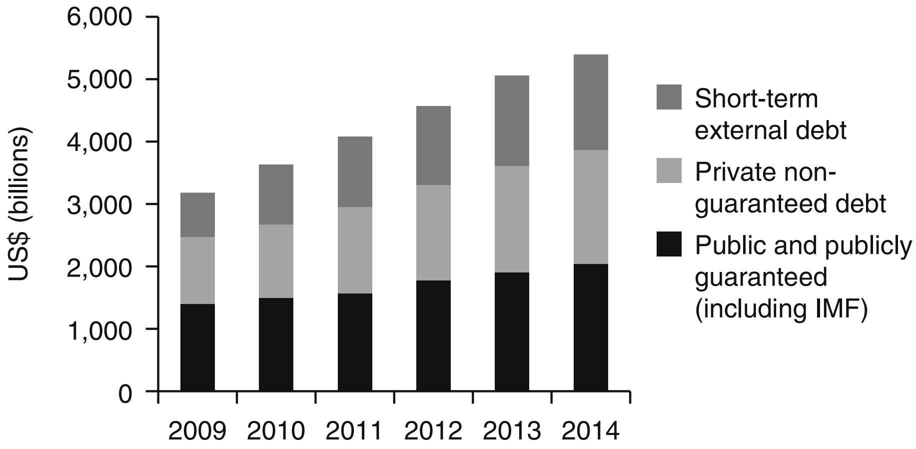

Figure 2. **External Debt Stock of Low- and Middle-Income Countries, 2009–14**

Source: World Bank Debtor Reporting System.

and middle-income countries for 2014, based on actual flows and debt-related transactions reported to the World Bank Debtor Reporting System (DRS) by 120 low- and middle-income countries. The International Debt Statistics 2016 provides users with comprehensive stock and flow data on the external debt of individual low- and middle-income countries and for regional and analytical groupings and data on aggregate net capital flows (debt and equity) in 2014. In addition, International Debt Statistics (IDS) showcases other debt data collected and compiled by the World Bank. These include the high-frequency, quarterly data for high-income and low- and middle-income countries reported to the joint World Bank — International Monetary Fund (IMF) Quarterly External Debt Statistics (QEDS) and to the Public Sector Debt (PSD).

The main messages from the 2014 data are:

(a) Net debt flows to low- and middle-income countries were $464 billion in 2014, a decrease of 18 percent from the comparable figure for 2013. The decline was driven down by a precipitous fall in net short-term debt flows that fell 60 percent to $72 billion ($188 billion in 2013).

(b) Net equity inflows, $668 billion, were 7 percent higher than the 2013 level propelled by a 4 percent increase in net foreign direct investment and robust portfolio equity flows, which were up 29 percent.

Aggregate net financial flows totaled $1,132 billion, 5 percent lower than 2013, but stable

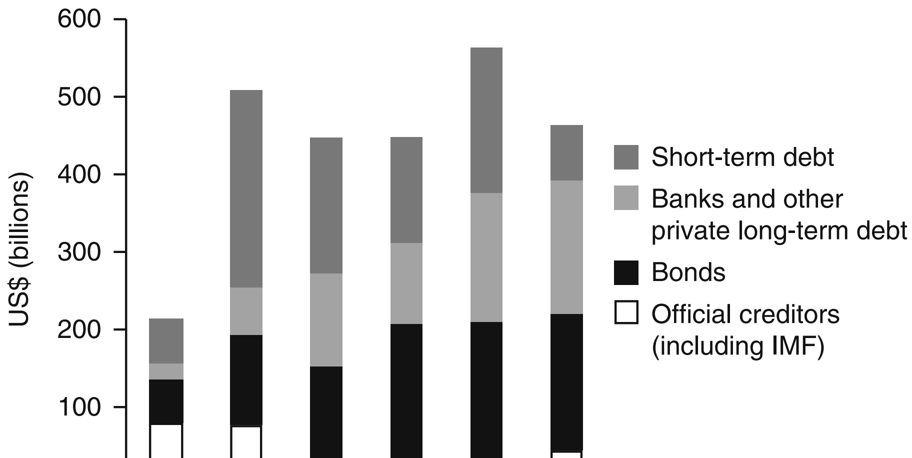

Figure 3. **Net Debt Flows to Low — and Middle-Income Countries, 2009–14**

Source: World Bank Debtor Reporting System.

when measured relative to low- and middle-income countries' gross national income (GNI) at 5 percent.

(c) External debt burdens in low- and middle-income countries remained moderate. The ratio of external debt to GNI averaged 22 percent in 2014, and the ratio of external debt to exports averaged 79 percent. International reserves stood at 114 percent of external debt stocks.

(d) Countries reporting to the QEDS and PSD confirm that external debt levels in high-income countries are, on average, much higher than those of low- and middle-income countries, but that government debt-to-GDP ratios moderated in 2014.

DEBTOR REPORTING SYSTEM

Trends in Debt Stocks and Flows, 2014

The total debt outstanding to low- and middle-income countries rose 7 percent in 2014, compared with an 11 percent increase recorded in 2013, and driven largely by the much slower rate of accumulation of short-term debt stocks. They rose only 5 percent compared with 15 percent in 2013. Public and publicly guaranteed debt and private non-guaranteed debt stocks increased at much the same pace, 9 percent and 7 percent, respectively. The combined stock of external debt of low- and middle-income countries rose from $5.1 trillion in 2013 to $5.4 trillion at the end of 2014. This reflects net debt inflows of $464 billion, debt forgiveness, and the effect of year-on-year exchange-rate adjustments between local currencies and the U. S. dollar (approximately one-third of the debt of low- and middle-income countries is denominated in U. S. dollars). The stock of long-term debt at end 2014 was divided somewhat evenly between public and publicly guaranteed and private non-guaranteed debt. Short-term debt, as a share of total debt outstanding was 28 percent, unchanged from 2013.

Net debt flows fall 18 percent as short-term debt inflows contract sharply

Net debt flows totaled $464 billion in 2014, 18 percent lower than the comparable figure for 2013, driven almost entirely by a 62 percent drop in net short-term debt flows, which fell to $72 billion ($188 billion in 2013). Net debt inflows from official creditors (including the IMF) were $44 billion, up over 50 percent from their 2013 level; but as a share of total net debt inflows, it remained small. Private creditors accounted for 91 percent of net debt inflows in 2014. Long-term debt inflows from private creditors held steady at $349 billion, thanks to another record year for bond issuance and resilient commercial bank flows. Viewed from the borrower perspective, there was a noticeable

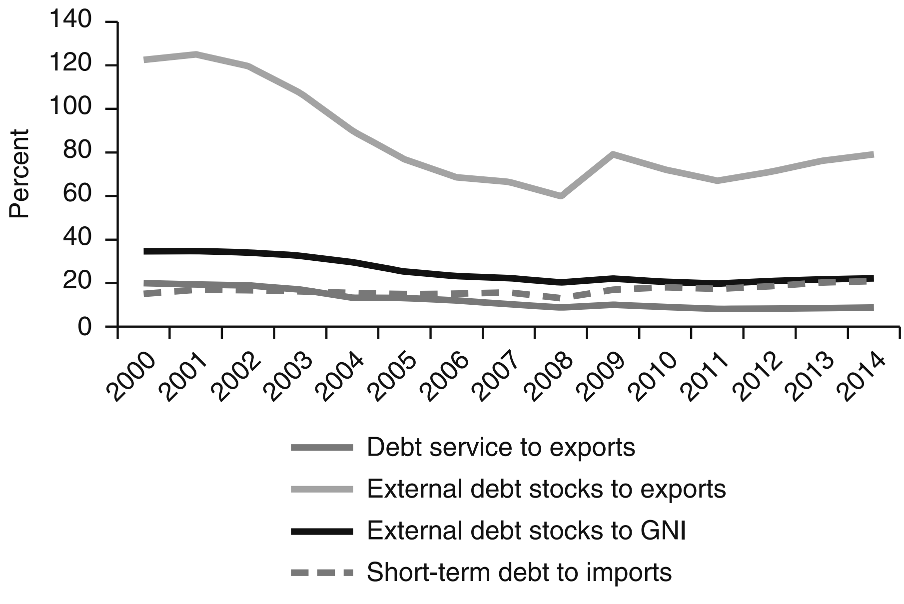

Figure 4. **Key Debt Indicator Trends in Low — and Middle-Income Countries, 2000–14**

Sources: World Bank Debtor Reporting System and International Monetary Fund.

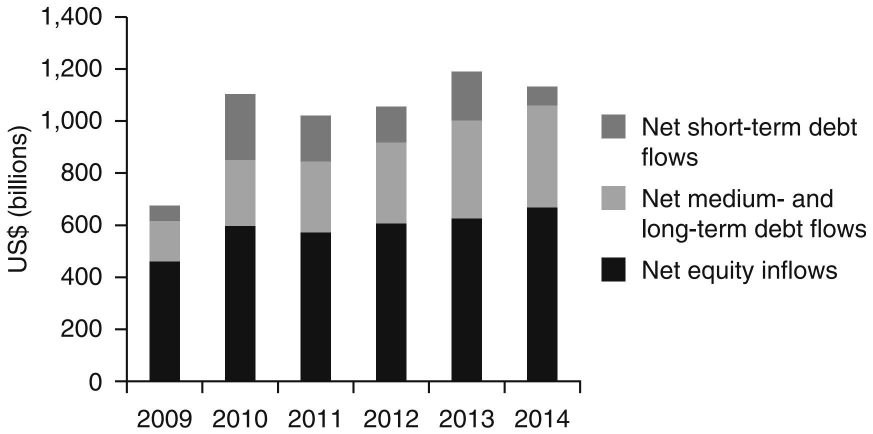

Figure 5. **Net Financial Flows, Debt and Equity, 2009–14**

Sources: World Bank Debtor Reporting System, International Monetary Fund, and Bank for International Settlements.

change in the composition of debt inflows from private creditors in 2014. The sharp contraction in short-term inflows reduced their share of debt flows to 17 percent in 2014, from approximately 35 percent in 2013. With regard to long-term debt inflows, just over 50 percent went to non-guaranteed private sector borrowers in 2014 as compared with 62 percent in 2013.

External debt burdens remain moderate

The majority of low- and middle-income countries have seen the ratio of outstanding external debt to GNI and to export earnings stay relatively steady: an average of 22 percent of GNI and 79 percent of export earnings at end 2014, broadly in line with 2013 and sharply below the comparable ratios for 2000 (35 percent and 123 percent, respectively). Risks associated with short-term debt (28 percent of external debt stocks) were mitigated by international reserves in excess of total external debt stocks, 114 percent at end 2014. There has been a significant improvement in external debt servicing capacity over the past decade as a consequence of increased export earnings, debt restructuring, and outright debt relief from official and private creditors, primarily in the context of the Heavily Indebted Poor Countries (HIPC) Initiative and the Multilateral Development Relief Initiative (MDRI). Additionally, an increasing number has been able to access international capital markets and secure attractive borrowing terms. The debt service-to-export ratio averaged 9 percent in 2014, a marginal increase over its 2013 level but less than half the 20 percent recorded in 2000.

Aggregate Financial Flows to Low- and Middle-Income Countries, 2014

Net financial flows fall 5 percent in 2014 and net short-term debt inflows plunge

Net financial flows, debt and equity combined, totaled $1,132 billion in 2014, 5 percent lower than 2013. The decline was driven by a precipitous fall in net short-term debt flows, which fell by over 60 percent in 2014 to $72 billion ($188 billion in 2013). Net equity flows rose to $668 billion, 7 percent higher than their 2013 level, propelled by a 4 percent increase in net foreign direct investment and robust portfolio equity inflows, up 29 percent above their 2013 level, to $93 billion. China was dominant, accounting for 51 percent of net equity flows to low- and middle-income countries in 2014 and for 42 percent of the contraction in net short-term debt inflows. Low- and middle-income countries, other than China, saw a slightly higher (6 percent) decline in net financial flows in 2014 to $706 billion, with net equity flows rising only 2 percent and net debt inflows down by 12 percent to $379 billion.

Foreign direct investment was half of net financial flows but the recipient country picture is mixed

Foreign direct investment proved resilient, accounting for slightly over half of net financial inflows in 2014. This is consistent with UNCTAD's World Investment Report 2015[2], which finds that low- and middle-income coun-

[2] UNCTAD (United Nations Conference on Trade and Development). 2015. World Investment Report 2015: Reforming International Investment Governance. New York and Geneva: UNCTAD.

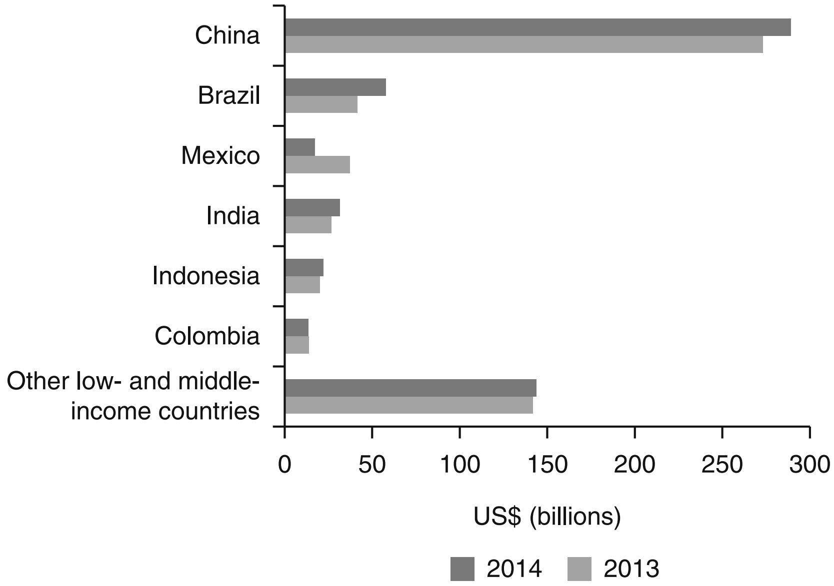

Figure 6. **Net Foreign Direct Investment Inflows to Major Recipients, 2013 and 2014**

Source: International Monetary Fund.

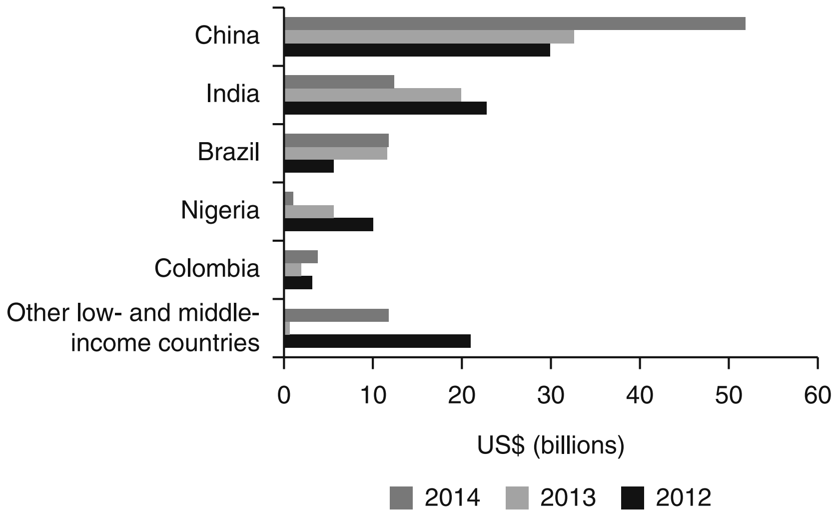

Figure 7. **Net Inflow of Portfolio Equity to Major Recipients, 2012–14**

Source: International Monetary Fund.

tries were the destination for more than half of global foreign direct investment in 2014. Investors continue to be attracted by improved business and regulatory environments, growth prospects, and buoyant and expanding domestic markets. The net inflow of foreign direct investment was $576 billion in 2014, 4 percent higher than the 2013 level ($555 billion) with half of these inflows directed at China. Elsewhere the picture was mixed. In Brazil, the second largest recipient of foreign direct investment after China, net inflows were up 38 percent in 2014. In contrast, in Mexico they fell back to their 2012 level, reflecting the one-off nature of the record $20 billion 2013 purchase of Grupo Modelo by AM-Bev Belgium. Countries in Sub-Saharan Africa recorded the sharpest contraction in net foreign direct investment inflows in 2014 (18 percent), while those in South Asia enjoyed the most rapid (17 percent) increase.

Portfolio equity flows remain strong but highly concentrated in a small number of countries

Portfolio equity flows rebounded in 2014 to $93 billion, on a par with the 2012 level and up 29 percent over the comparable figure for 2013

($72 billion). Investors sought emerging markets perceived as offering high returns, leading to some diversification in the destination of portfolio equity flows but, in general, they remained highly concentrated in only a handful of low- and middle-income countries. China was the destination of choice and absorbed 56 percent of portfolio equity flows in 2014, with Brazil and India each accounting for an additional 12 percent. Trends were diverse with China recording a 58 percent rise in net portfolio equity flows in 2014 to $52 billion; India a 40 percent ($12 billion) decline; and Brazil net inflows of $12 billion, unchanged from 2013. Portfolio equity flows were susceptible to political turmoil, as exemplified by strong outflows from Thailand and Ukraine. Concerns over economic prospects also led to a downturn in oil-exporting countries like Nigeria.

HIGHLIGHTS

All Low- and Middle-Income Countries

Brazil and China command a major share of net debt inflows in 2014

Forty percent of the combined net debt inflows to low- and middle-income countries in 2014 went to just two countries, Brazil and China. Together they received $183 billion but there was a sharp difference in the evolving trend. Net debt flows to China registered a 37 percent decline, whereas in Brazil the comparable flows soared to $98 billion, 120 percent higher than the 2013 level. For the top ten borrowers, measured on the basis of end 2014 external debt stocks, combined net debt inflows dropped 27 percent, although collectively the top ten commanded 74 percent of net debt flows to low- and middle-income countries in 2014. When Brazil and China are excluded, the decline in net debt flows to the remaining eight countries in the group in 2014 was an even steeper 37 percent, largely because of the precipitous fall in net debt flows to Malaysia and Thailand. Low — and middle-income countries, excluding the top ten borrowers, saw net debt flows dropped by only 5 percent in 2014. This was in large part attributable to a much lower level of volatility in short-term debt flows.

Across regions the composition of net debt inflows varies considerably

Debt flows to low- and middle-income countries comprise long-term flows from official creditors and long- and short-term flows from private creditors. In 2014 the composition of net debt flows was: official creditors 9 percent, private creditors (long-term) 75 percent, and (short- term) 15 percent. At the regional level, the composition varied considerably. Net inflows from official creditors constituted 36 percent of net debt inflows to Sub-Saharan Africa and 30 percent to coun-

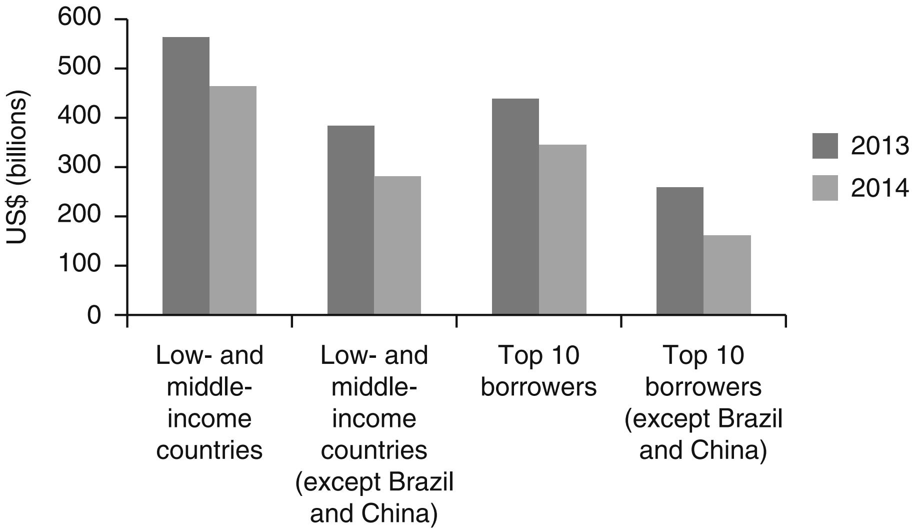

Figure 8. **Net Debt Flows for Select Country Groups, 2013 and 2014**

Source: World Bank Debtor Reporting System.

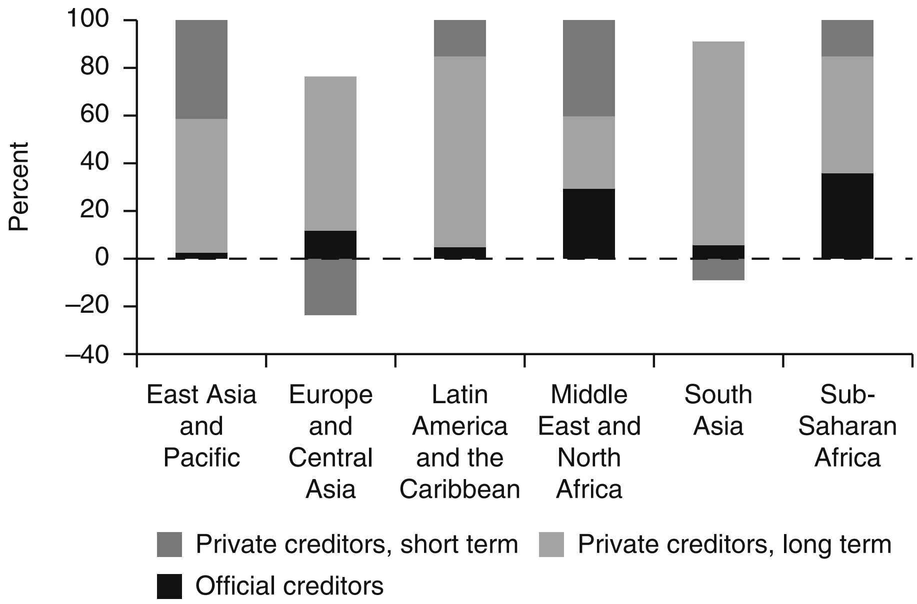

Figure 9. **Regional Composition of Net Debt Flows 2014**

Source: World Bank Debtor Reporting System.

tries in the Middle East and North Africa; in other regions, the share was negligible. Private creditors accounted for 97 percent of net debt inflows to East Asia and Pacific, and 95 percent to Latin America and the Caribbean. Short-term inflows accounted for over 40 percent of net debt inflows in East Asia and Pacific and the Middle East and North Africa regions, but only 15 percent in Latin America and the Caribbean. In contrast, the Europe and Central Asia and South Asia regions recorded an outflow of short-term debt in 2014.

Private sector external borrowing accounts for the greatest share of net debt flows

In recent years, the external debt of low- and middle-income countries has become increasingly characterized by an important shift from public and publicly guaranteed debt to non-guaranteed debt of the private sector. Since 2009, over 50

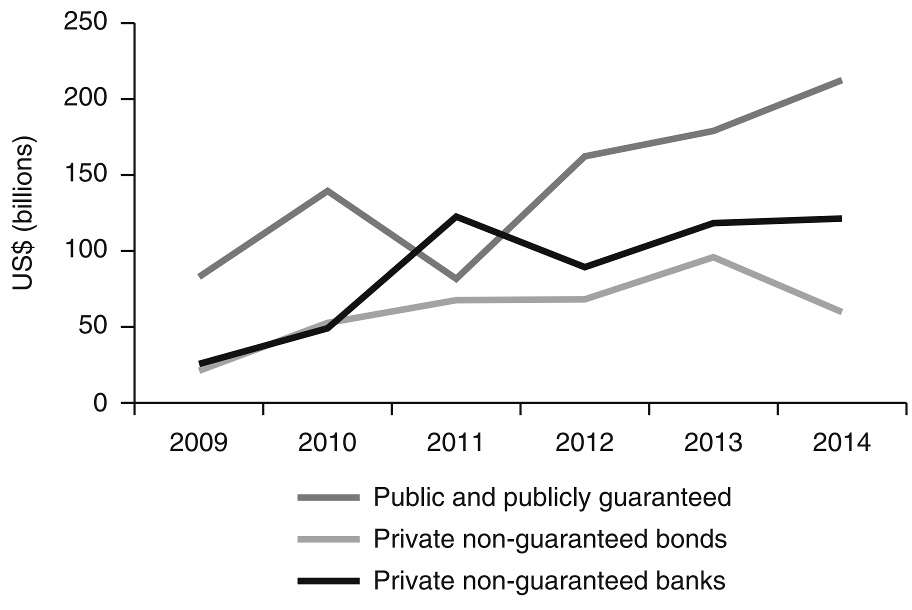

Figure 10. **Composition of Net External Debt Flows by Type of Borrower, 2009–14**

Source: World Bank Debtor Reporting System.

percent of net long-term debt flows have gone to private sector borrowers not benefiting from any public guarantee, and as a result, at end 2014 they accounted for close to 50 percent of all outstanding long-term external debt of low- and middle-income countries. Paralleling this rise has been an evolution in the composition of these flows, with bond issuance by private sector entities constituting an increasingly important component: it averaged 44 percent of net long-term debt inflows to private sector entities in 2013–14 as compared to 35 percent in 2012. Net debt flows to private sector borrowers are heavily concentrated in countries in the East Asia and Pacific, and Latin America and Caribbean regions, which accounted for 67 percent of these flows in 2014.

Bond issuance continues apace

Bond issuance remained an important source of external financing for many low- and middle-income countries, totaling $242 billion in 2014, up marginally from 2013. There was an important shift in borrower composition and in the regional distribution. Bond issuance by public sector borrowers rose 32 percent to $146 billion, equivalent to 60 percent of total bond issuance in 2014 (46 percent in 2013). A principal driver was the purchase of domestically issued bonds by non-residents, in particular in India, a 25 percent increase in issuance by borrowers in Latin America and the Caribbean, and a 29 percent rise in sovereign bonds in Sub-Saharan Africa, including debut sovereign issues by Ethiopia and Kenya. Bond issuance by corporate borrowers fell

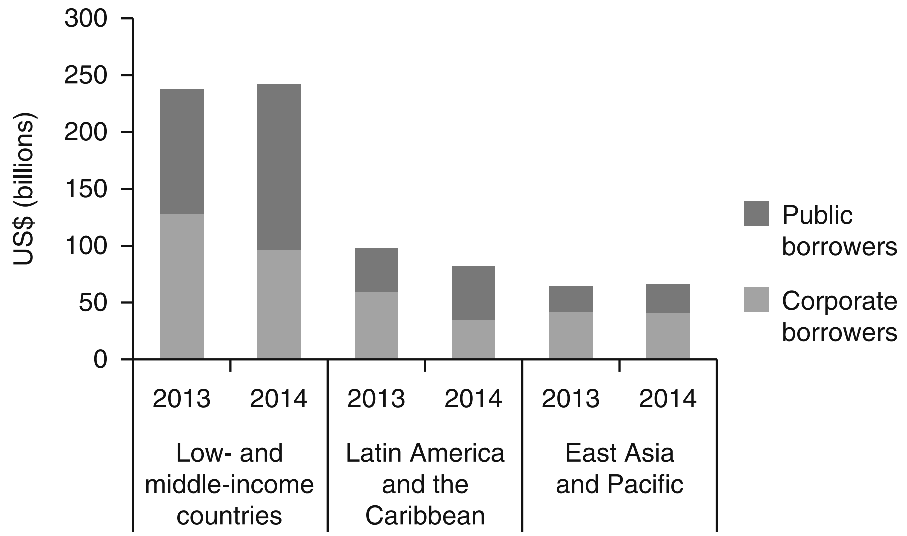

Figure 11. **Bond Issuance by Public and Private Sector Borrowers, 2013 and 2014**

Source: World Bank Debtor Reporting System.

Figure 12. **Bilateral and Multilateral Net Debt Flows, 2007–14**

Source: World Bank Debtor Reporting System.

25 percent, reflecting a sharp slowdown in issuance by corporations in Latin America and the Caribbean and Europe and Central Asia.

Inflows from multilateral creditors are more than double those of bilateral creditors in 2014

Net debt inflows from official creditors, excluding the IMF, fell by 4 percent in 2014 to $43 billion. This moderate decline masked a divergent trajectory in 2014 relative to 2013 for multilateral and bilateral inflows. The former rose by 29 percent in 2014 to $31 billion, while the latter fell by one-third, to $14 billion. The rebound in net inflows from multilateral creditors was driven by a 24 percent rise in those from the World Bank (IBRD and IDA). Net inflows from other multilateral institutions increased at a much slower pace, 5 percent in 2014. The principal beneficiaries of inflows from multilateral creditors were countries in Sub-Saharan Africa and South Asia: together they accounted for close to two-thirds of such flows in 2014. The sharp reversal of the upward trajectory in net inflows from bilateral creditors of recent years was in large part attributable to the sharp fall in those to the Arab Republic of Egypt. This decline reflects the exceptionally high level of the bilateral support the country received in 2013.

The World Bank dominates inflows from multilateral creditors

Gross disbursements by the World Bank (IBRD and IDA) rose to $29 billion, an increase of 13 percent over the comparable figure for 2013, and equivalent to 47 percent of gross disbursements from all multilateral institutions, excluding the IMF. Gross disbursements from other multilateral institutions dipped 2 percent in 2014. IBRD disbursements were concentrated in creditworthy countries in Latin America and the Caribbean, East Asia and Pacific, and Europe and Central Asia. Those disbursements from IDA, reserved for the world's poorest countries, were directed primarily at Sub-Saharan Africa and South Asia. These regions received 46 percent and 36 percent, respectively, of IDA disbursements (excluding IDA grants) in 2014. The World Bank, the most important source of multilateral financing, accounted for 63 percent of multilateral disbursements to Sub-Saharan Africa in 2014. The Inter-American Bank accounted for 40 percent of disbursements from multilateral creditors to countries in Latin America and the Caribbean in 2014, and the Asian Development Bank for 45 percent to East Asia and Pacific.

East Asia and Pacific

China drives the trend in net financial flows in the region

Net financial flows to the region fell moderately, 3 percent, in 2014 to $545 billion, and remained broadly unchanged relative to the region's gross national income (GNI) at 4 percent. But there was a marked shift in composition with net debt flows falling 31 percent from the 2013 level, to $145 billion — equivalent to

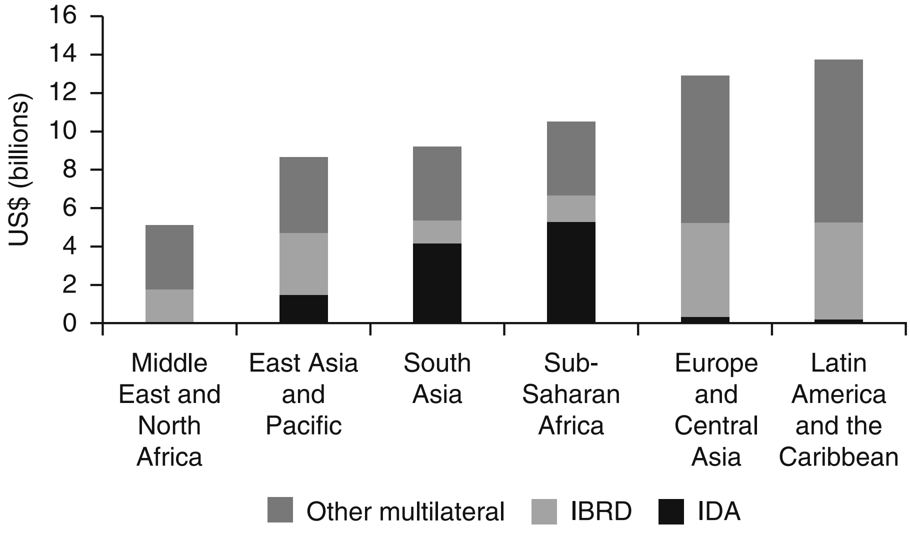

Figure 13. **Disbursements from IBRD and IDA, Regional Distribution, 2014**

Source: World Bank Debtor Reporting System.

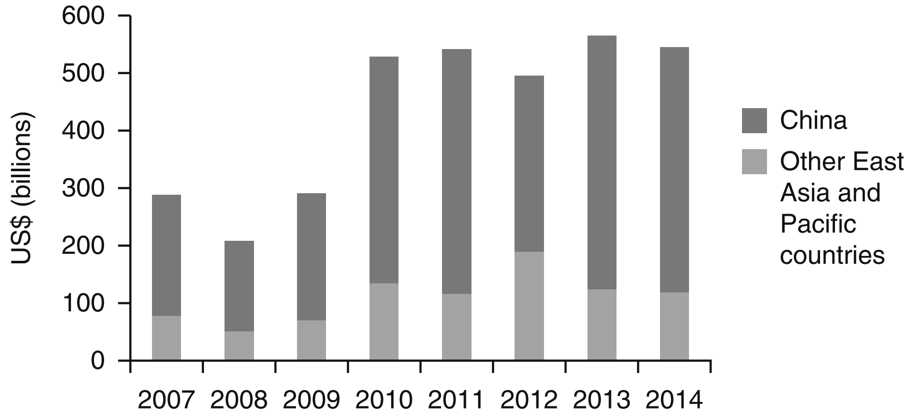

Figure 14. **Net Financial Flows, 2007–14**

Source: World Bank Debtor Reporting System.

a little over a quarter of net financial flows in 2014, down from close to 40 percent in 2013. In contrast, net equity flows rose 13 percent to $349 billion on the back of resilient net foreign direct investment and strong portfolio equity inflows; the latter jumped 76 percent in 2014 to $51 billion ($29 billion in 2013). China remained dominant, accounting for 76 percent of net financial inflows to the region in 2014, and driving the downturn in net debt flows; these plummeted to $85 billion, 37 percent below their 2013 level ($135 billion). Countries in the East Asia and Pacific region, excluding China, also saw only a moderate, 4 percent decline in net financial flows in 2014.

Net debt inflows to the region present a mixed picture in 2014

The downturn in net debt flows was driven by China, which accounted for 59 percent of net debt flows to the region in 2014 (64 percent in 2013) and where net debt inflows fell 36 percent in 2014 to $85 billion ($135 billion in 2013). In Malaysia and Thailand, net debt inflows plummeted to around 10 percent of their 2013 level on account of a sharp contraction in short-term debt flows. Other major borrowers, notably Indonesia and the Philippines, recorded increased net debt inflows in 2014. In Indonesia they rose 45 percent due to the combined effect of increased bond issuance by public sector borrowers and a 70 percent jump in long-term net inflows from commercial banks to private non-guaranteed borrowers. In the Philippines the driving force was a rapid surge in net long-term commercial bank flows to private sector borrowers. The same was true for Vietnam, which recorded a 10 percent increase in net debt inflows in 2013, and again in 2014, underpinned by a surge in net debt inflows to the private sector.

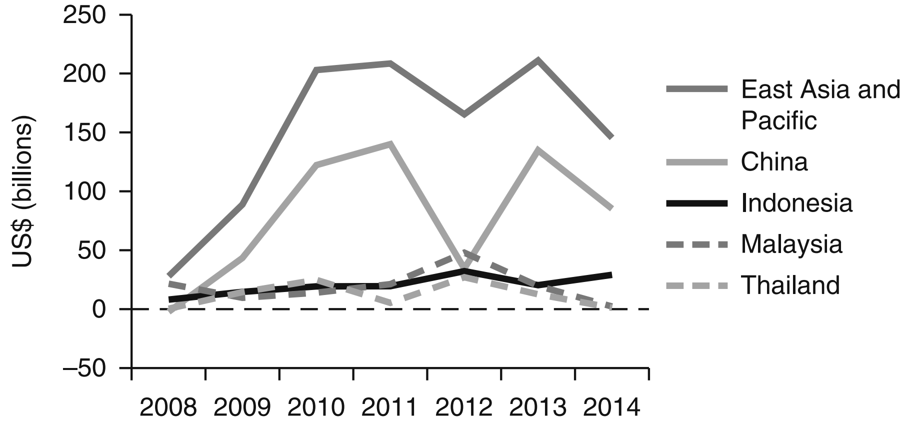

Figure 15. **Net Debt Flows, 2008–14**

Source: World Bank Debtor Reporting System.

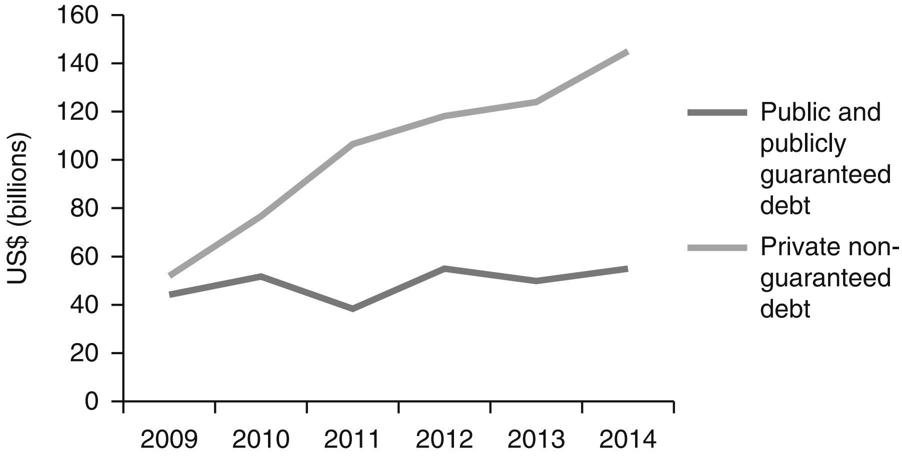

Figure 16. **Gross Disbursements by Type of Borrower, 2009–14**

Source: World Bank Debtor Reporting System.

Private sector borrowers account for the largest share of external borrowing

In 2009, disbursements of long-term debt to countries in East Asia and Pacific, excluding China, were almost equally divided between public and publicly guaranteed (51 percent) and private non-guaranteed (49 percent) borrowers. Since then, long-term debt inflows to private sectors across the region have been on a sharp upward trajectory and by 2014 accounted for almost 73 percent of disbursements of long-term debt. They were, however, highly concentrated in three countries, Indonesia, the Philippines, and Thailand, which together absorb around 80 percent of these inflows. Commercial bank and intra-company lending associated with foreign direct investment was an important catalyst of these increased flows, but access to international capital markets has also been an important factor. Bonds issued by corporations in the region was $46 billion in 2014, close to 35 percent of total long-term disbursements of private non-guaranteed debt.

Europe and Central Asia

Net debt flows drop sharply in 2014 but equity flows remain stable

Net financial flows to the region fell 38 percent in 2014, to $84 billion ($135 billion in 2013). Debt flows were volatile, down 56 percent in 2014 to $41 billion — a marked turnaround from 2013 when comparable flows surged 80 percent, to $93 billion. In stark contrast, equity flows remained stable at $41 billion. Driving the downward trajectory for debt flows was the sharp contraction in short-term debt inflows to an outflow of $18 billion in 2014, a pronounced reversal from net inflows of $35 billion in 2013. Much of this shift was attributable to Turkey, where net short-debt flows plunged to $2 billion ($30 billion in 2013). There was a significant fall in overall net debt flows in 2014 to Kazakhstan, down $6 billion and, not surprisingly, Ukraine with an outflow of $11 billion, against an inflow of $7 billion in 2013. Inflows from official creditors to the region accounted for 22 percent of net debt inflows in 2014. They rose to $9 billion (an outflow of $9 billion in 2013), reflecting multilateral and bilateral support for Ukraine and much lower outflows to the IMF.

Private sector borrowing has accelerated sharply over the past three years

After being hard hit by the global economic crisis of 2008, private sectors across the region recovered strongly. In 2013 net long-term inflows to private entities, without public sector guarantee, climbed to $44 billion, surpassing comparable flows to public and publicly guaranteed borrowers ($31 billion) and accounting for 60 percent of net long-term debt flows to the region. The momentum slowed in 2014 when net long-term inflows to the private sector declined by 27 percent, compared with a 6 percent drop in those to public and publicly guaranteed borrowers, driven by a sharp contraction in flows to Ukraine, which turned negative, and a marked decline in those to Kazakhstan. In the past five years, Kazakhstan and Turkey commanded around 80 percent of inflows to private sector entities in the region, but most European and Central Asia countries have

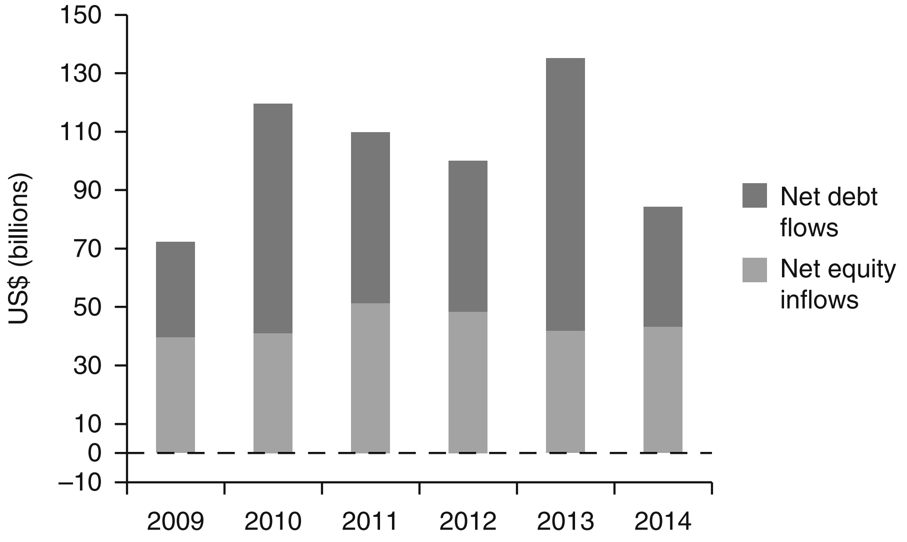

Figure 17. **Net Capital Flows, 2009–14**

Source: World Bank Debtor Reporting System.

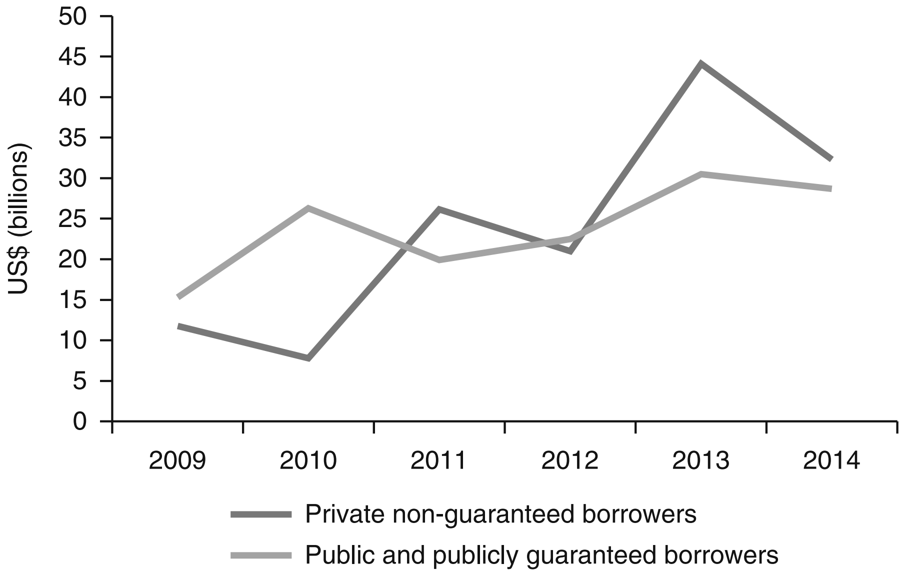

Figure 18. **Net Long-Term Debt Inflows by Type of Borrower, 2009–14**

Source: World Bank Debtor Reporting System.

recorded an increase in private non-guaranteed debt. The composition of net long-term debt inflows to private sector borrowers has evolved with bond issuance averaging one-third of these flows in 2013–14.

Equity inflows remain strong for the majority of countries in the region

Equity, as a share of net financial flows, rose significantly in 2014, and accounted for half of such flows, compared with a little over 30 percent in 2013. With the exception of Ukraine, where equity flows fell precipitously, most countries across the region attracted a rising volume of equity flows. The region as a whole, excluding Ukraine, was up 16 percent from the 2013 level to $43 billion, with Azerbaijan, Kazakhstan, Turkey, and Turkmenistan together accounting for 68 percent of foreign direct investment flows and 91 percent of portfolio equity flows in 2014. Net inflows of foreign direct investment to other countries in the region, excluding Ukraine, rose by a more moderate 3 percent. There was significant growth in some of the smaller countries in the region, notably Albania and Georgia, where foreign direct

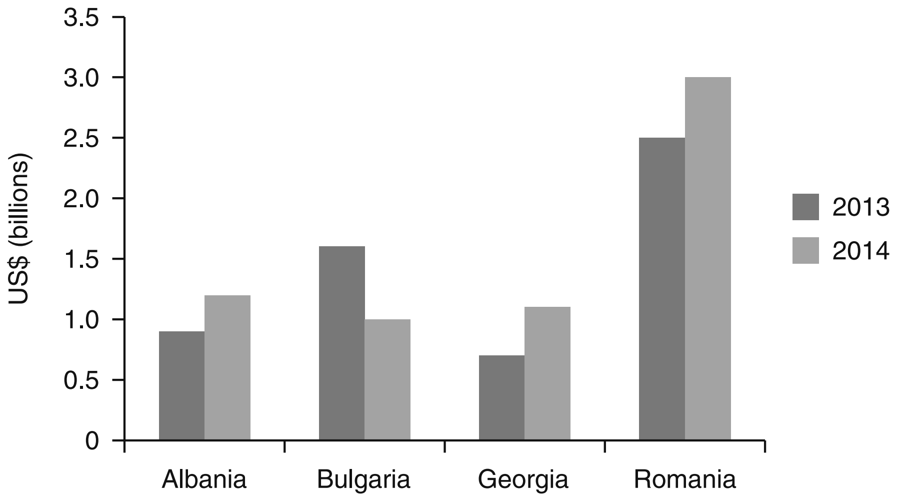

Figure 19. **Foreign Direct Investment Inflows, 2012–14**

Source: World Bank Debtor Reporting System.

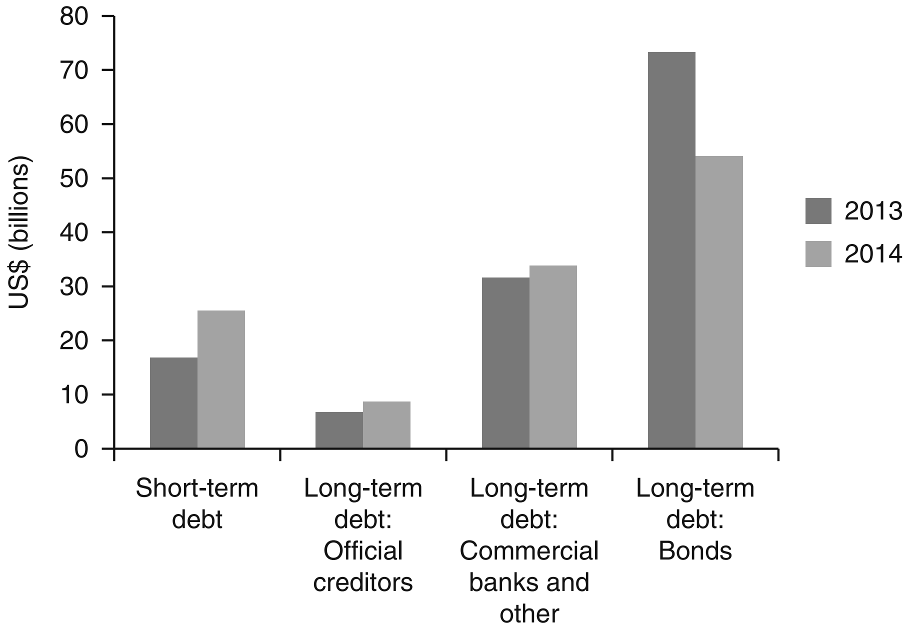

Figure 20. **Composition of Net Debt Inflows, 2013 and 2014**

Source: World Bank Debtor Reporting System.

investment inflows were up 37 percent and 49 percent, respectively, in 2014, while those to the Former Yugoslavic Republic of Macedonia soared 94 percent, albeit from a relatively low base.

Latin America and the Caribbean

Long-term debt inflows from private creditors remain stable in 2014 but their composition shifts

Net debt inflows rose moderately in 2014 to $168 billion ($161 billion in 2013) but were characterized by a marked change in composition. Short-term inflows rose 51 percent to $26 billion and accounted for 15 percent of net debt inflows to the region (10 percent in 2013). In aggregate the change in the level of long-term debt inflows from private creditors in 2014 was moderate, $168 billion compared with $161 billion in 2013, but shifts within this category of debt flows were more pronounced. Long-term net inflows from commercial banks rose 18 percent over their 2013 level, to $75 billion, while net inflows from bond issuance fell 26 percent in the same period, to $54 billion. A fall in bond issuance by private corporations was the main reason for the sharp, 66 percent drop in net inflows from bonds in 2014. New issues by these borrowers were down to around half those of the previous year. Official creditors accounted for only a modest, 5 percent share of net debt flows, although they rose 28 percent in 2014, to $8.7 billion.

Net financial inflows to Mexico and Brazil display a very divergent trend in 2014

Net financial flows to Brazil and Mexico combined totaled $217 billion in 2014, equivalent to 73 percent of those to the region as a whole. However, there was wide disparity in trend and composition. Net financial flows to Brazil, $167 billion in 2014, were 71 percent higher than the 2013 level and more than triple the comparable 2014 flows to Mexico. This increase was the result of a significant rise in net debt inflows to both public and publicly guaranteed and nonguaranteed private sector borrowers, which rose by 63 percent and 73 percent, respectively, in 2014. In parallel, net foreign direct investment jumped 39 percent to $58 billion, making Brazil the second most important destination, after China, for foreign direct investment in low- and middle-income countries. In stark contrast, net financial flows to Mexico dropped by 41 percent in 2014, to $50 billion, due to an 87 percent fall in net debt flows to private sector borrowers and a 53 percent downturn in foreign direct investment.

Net debt inflows accelerate in other countries in Latin American and the Caribbean

Since 2009, external debt stocks of countries in Latin America and the Caribbean, excluding Brazil and Mexico, have grown on average by 12 percent annually. At end 2014, their combined external debt outstanding totaled $357 billion, equivalent to 27 percent of the region as a whole ($1,347 billion). Net financial flows to this group (excluding Brazil and Mexico) rose 18 percent in 2014, with net debt inflows increasing by 32 percent, to $42 billion, and net equity inflows posting a more moderate 5 percent increase to $39 billion. The growing dominance of debt flows was attributable to several factors. Notably a 20 percent rise in bond issuance by public sector borrowers (mainly in Colombia, Ecuador, and Panama) in 2014 and an 18 percent increase in external borrowing by private sector entities. After peaking in 2012, the net inflow of foreign direct investment leveled off to $35 billion in 2014, with the Dominican Republic, Honduras, and Peru as the principal recipients.

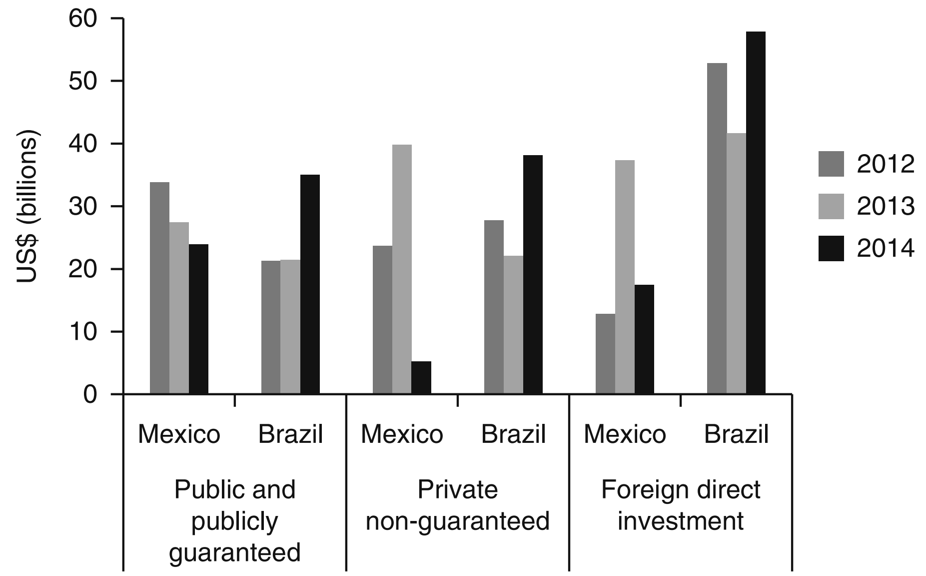

Figure 21. **Net Financial Flows to Brazil and Mexico by Type, 2012–14**

Source: World Bank Debtor Reporting System.

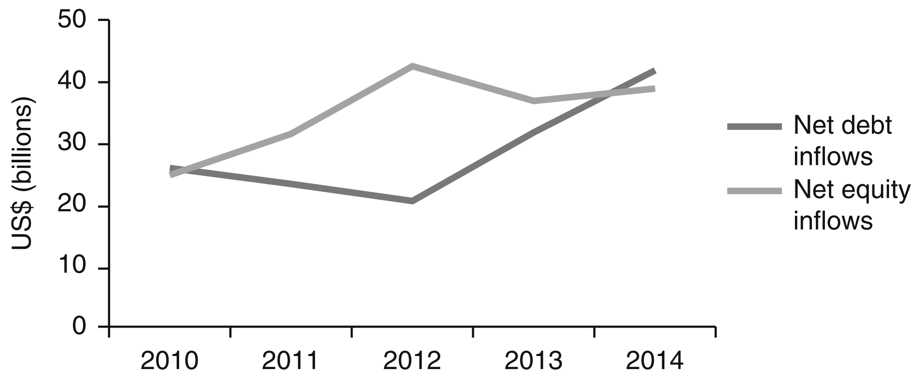

Figure 22. **Net Financial Flows, Excluding Brazil and Mexico, 2010–14**

Source: World Bank Debtor Reporting System.

Middle East and North Africa

Net financial flows fall due to a marked reduction in net long-term debt flows

Net financial flows to the region fell 28 percent in 2014, to $21.5 billion, primarily because of the sharp drop in net debt flows to $8 billion, half the 2013 level. Net equity inflows continued on a downward trajectory, falling by a further 5 percent in 2014 to $13.3 billion, with foreign direct investment flows down by 10 percent, while portfolio equity inflows turned positive for the first time since 2010. They rose to $0.6 billion, a marked turnaround from the net outflow of $0.3 billion recorded in 2013, largely accounted for by a re-emergence of net portfolio equity flows into Egypt. There was a moderate increase in foreign direct investment flows to Jordan, Lebanon, and Morocco in 2014; together they accounted for two-thirds of those to the region as a whole, but inflows to the Islamic Republic of Iran fell 30 percent, to $2.1 billion ($3 billion in 2013). The fall in net debt flows reflects the retrenchment by official, notably bilateral, creditors from an unusually high level in 2013, and a slowdown in bond issuance by sovereigns and other public sector borrowers.

Net debt inflows to the region rise sharply but are heavily concentrated

Net debt flows declined in 2014 and there was a marked change in composition and destination. Net short-term debt inflows rose to $3.3 billion, a reversal of the net outflow of $0.6 billion in 2013, which served in part to offset the 70 percent fall in net long-term debt flows. These flows were heavily concentrated in Morocco, $2.3 billion, and Egypt, $0.5 billion. It was a similar story for long-term debt flows: net outflows of

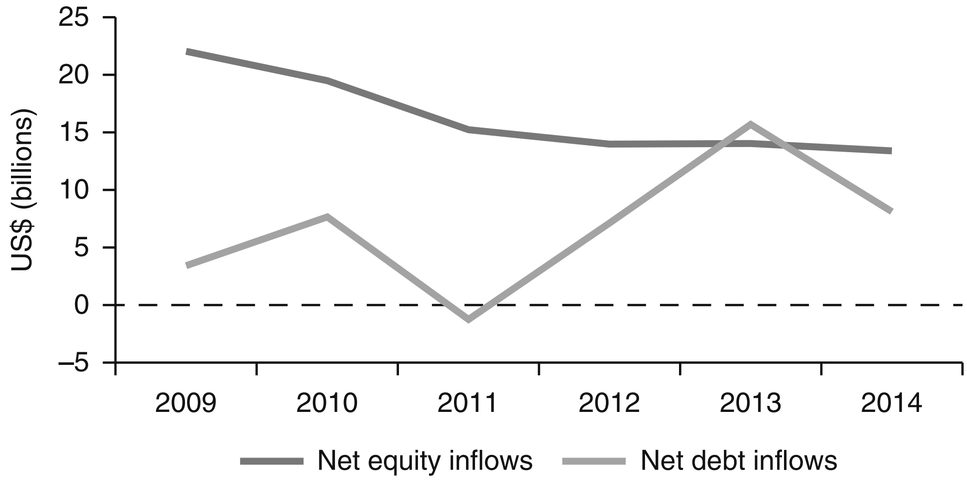

Figure 23. **Net Financial Flows, 2009–14**

Source: World Bank Debtor Reporting System.

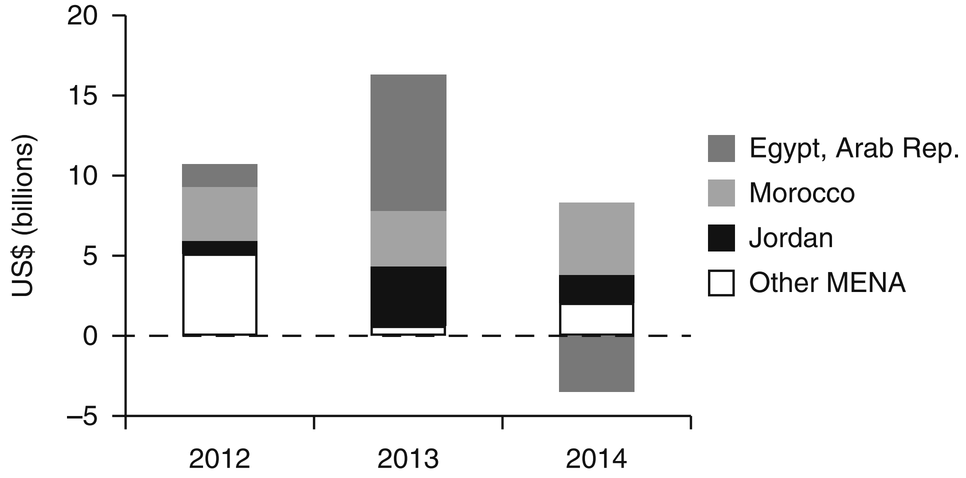

Figure 24. **Net Debt Inflows by Country, 2012–14**

Source: World Bank Debtor Reporting System.

$3.5 billion from Egypt (as compared with inflows of $8.4 billion in 2013) dominated the regional trend. This reversal resulted from a sharp fall in net debt inflows from bilateral creditors, which fell back to their historic level following the large-scale budgetary support from bilateral lenders in the Gulf in 2013. Added to this was a $2.5 billion bullet payment on a short duration bond issued in 2013. Net long-term debt inflows to Jordan also fell in 2014 to $1.3 billion, less than half the 2013 level. In marked contrast, those to Morocco rose 30 percent to $4.5 billion.

Debt-to-export ratios remain much lower than in other low- and middle-income countries

The ratio of external debt to exports and to GNI for the region averaged 55 percent and 15 percent, respectively, in 2014, broadly unchanged from 2013 and well below those for low- and middle-income countries: 79 percent of exports and 22 percent of GNI at end 2014. The debt service-to-exports ratio jumped to 5.5 percent in 2014 (4.9 percent in 2013) reflecting the 12 percent increase in debt service payments, mainly for Egypt. Nevertheless, it remained well below the average of 8.9 percent for low- and middle-income countries. The region's favorable debt indicators result from the high share of equity in net financial flows in prior years and robust export earnings over the past decade, although these fell back markedly in 2013–14. International reserves were equivalent to 146 percent of external debt stock at the end of 2014, but the regional aggregate was heavily

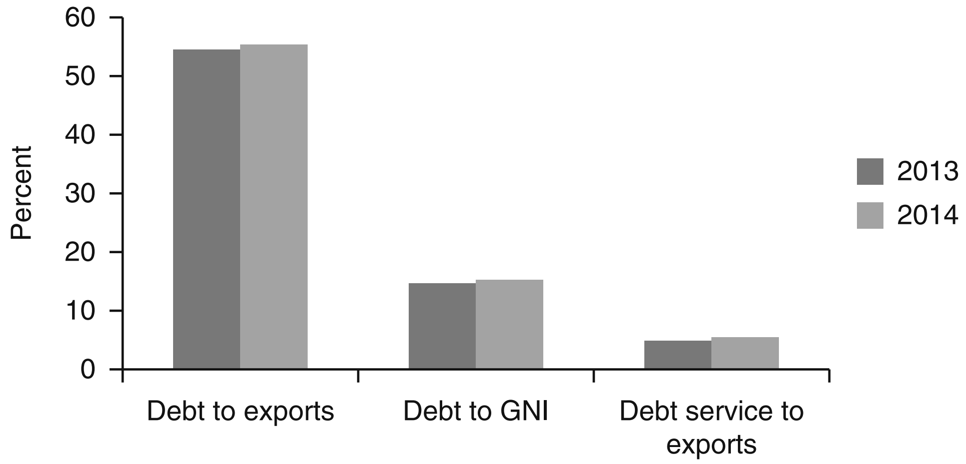

Figure 25. **Debt Ratios, 2013–14**

Source: World Bank Debtor Reporting System.

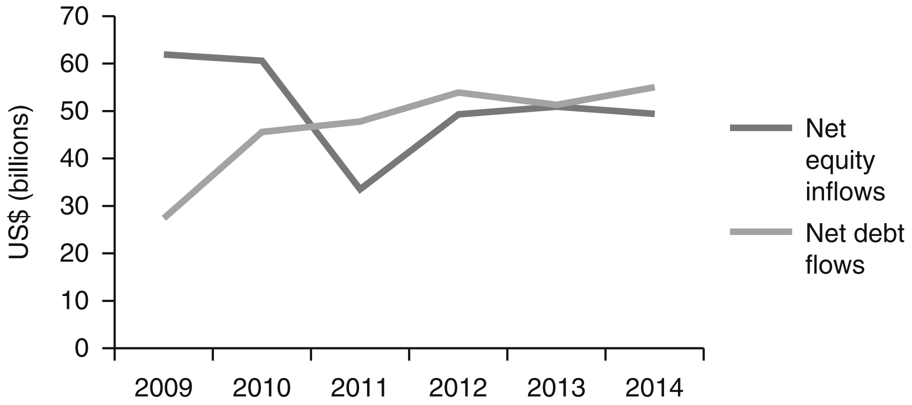

Figure 26. **Net Financial Flows by Type, 2009–14**

Source: World Bank Debtor Reporting System.

influenced by Algeria, where international reserves, $179 billion, are high, and external debt stock is low, $5.5 billion, equivalent to only 8 percent of exports.

South Asia

India dominates the trend in net financial flows

Net financial flows to the region rose marginally, 2 percent, in 2014 with the rise in net debt flows and foreign direct investment, 7 percent and 17 percent, respectively, largely offsetting the 33 percent fall in portfolio equity flows. The dominant factor was India, by far the largest South Asian economy, which accounted for over 82 percent of net financial flows in the region in 2014. Private creditors accounted for the majority of debt flows, 93 percent in 2014, and again directed primarily at India. The 33 percent rise in long-term net debt from private creditors in 2014 to $57 billion was accompanied by an important change in composition. Whereas in 2013 the bulk of these inflows came from commercial banks, in 2014 they were mainly in the form of bonds. This was a consequence in part of the return to international bond markets by Pakistan and Sri Lanka in 2014 but, overwhelmingly, reflected the surge in the purchase of bonds issued in the Indian domestic market by non-residents.

Debt indicators vary widely across the region

The ratio of external debt stock to GNI for the region, 24 percent in 2014, and the ratio of external debt stock to exports, 104 percent, were broadly in line with those of 2013. Additionally, and not surprisingly, these averages were determined by, and closely correlated with, India's debt ratios (23 percent to GNI and 93 percent to exports), given the weight of the Indian econo-

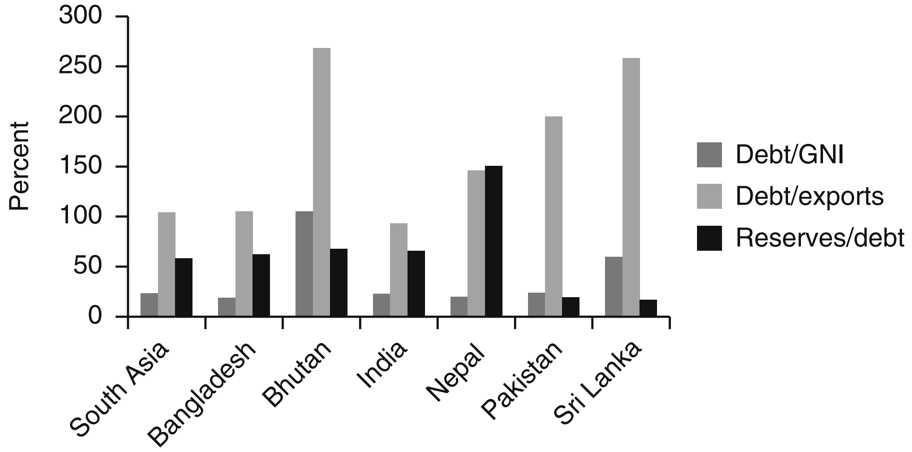

Figure 27. **Debt Indicators for Selected Countries, 2014**

Source: World Bank Debtor Reporting System.

my compared with that of its neighbors. Across the region, however, there was a wide disparity in ratios. The debt-to-export ratio ranged from a high of 268 percent and 258 percent for Bhutan and Sri Lanka, respectively, to a low of 105 percent for Bangladesh. Bhutan had the highest ratio of external debt to GNI, 105 percent, which contrasts with Bangladesh and Nepal, around 20 percent in both countries. Predictably, the ratio of international reserves to debt for the region, 59 percent, also mirrors that of India, 66 percent, given its regional dominance, but it masks a wide range from 150 percent for Nepal to 17 percent for Sri Lanka.

Net financial flows increase 24 percent, excluding India

Net financial flows to South Asian countries, excluding India, rose 24 percent in 2014 to $18.5 billion, because of a 23 percent increase in net debt flows and a 25 percent jump in net equity inflows, principally from portfolio equity that more than doubled. Net debt flows accounted for 71 percent of net financial flows to the group in 2014, similar to the share in 2013. Net debt flows to Pakistan jumped to $5.2 billion, from an outflow of $0.07 billion in 2013 (a consequence of the $3.6 billion repayment to the IMF). Contrasting this, Bangladesh saw net debt inflows drop to $2.6 billion, around half the 2013 level, due to a 33 percent fall in inflows from official creditors and a collapse in inflows to private sector borrowers. In Sri Lanka, net debt inflows fell 15 percent because of lower inflows to, and higher principal payments by, non-guaranteed private sector borrowers. The rise in net equity inflows was more broadly based but particularly strong in Pakistan, where they rose to $2.6 billion in 2014 ($1.6 billion in 2013), reflecting rising Chinese investment in large-scale infrastructure projects.

Sub-Saharan Africa

Net debt inflows offset the decline in net equity flows

Net financial flows to Sub-Saharan Africa rose 10 percent in 2014, to $78 billion, with a 20 percent drop in net equity flows, more than offset by a 48 percent rise in net debt flows. The decline in net equity flows was driven in large measure by the $3.9 billion outflow of foreign direct investment from Angola and much lower net inflows of portfolio equity to Nigeria. Net debt inflows rose to $47 billion ($31 billion in 2013) of which 64 percent were accounted for by private creditors. Around 26 percent of net debt flows to the region went to South Africa: its share of comparable debt flows in 2013 was 11 percent. Net financial inflows to the region, excluding South Africa, fell 3 percent in 2014 with a 23 percent rise in net debt inflows, to $34 billion ($28 billion in 2013), not enough to offset the 23 percent drop in net equity flows.

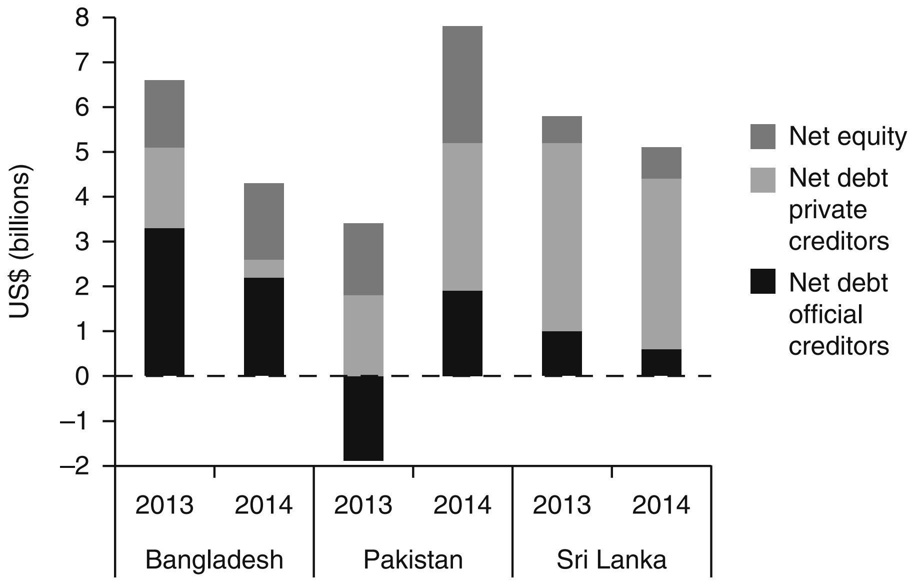

Figure 28. **Net Financial Flows to Select Countries, 2013 and 2014**

Source: World Bank Debtor Reporting System.

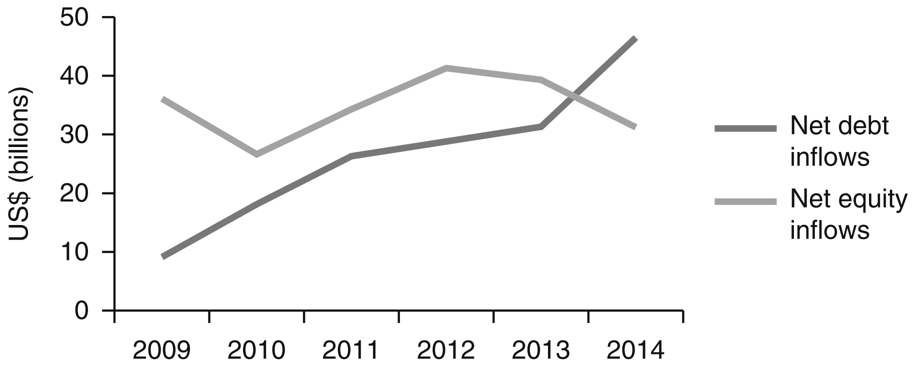

Figure 29. **Net Financial Flows, 2009–14**

Source: World Bank Debtor Reporting System.

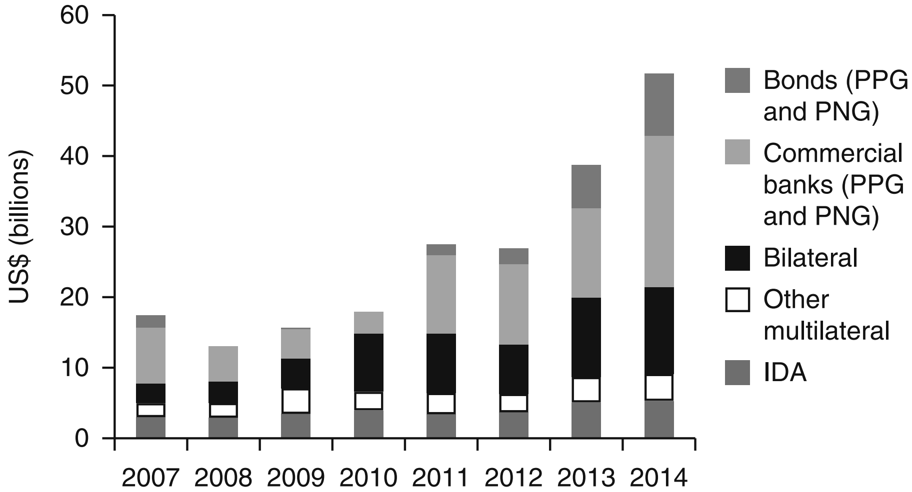

Figure 30. **Disbursements to the Region, Excluding South Africa, 2007–14**

Source: World Bank Debtor Reporting System.

Long-term debt inflows rise 34 percent with private creditors dominant

Notes: PNG = private non-guaranteed; PPG = public and publicly guaranteed.

External borrowing by countries in the region, excluding South Africa, has risen rapidly and been marked by a distinct change in borrowing patterns and creditor composition. Disbursements of long-term debt increased 34 percent in 2014 (to $54 billion), triple the comparable figures for other low- and middle-income countries, with private creditors accounting for 60 percent (50 percent in 2013). Disbursements from private creditors have also become more diversified. In 2010, all long-term private debt was attributable to banks and other private creditors, whereas in 2014, 27 percent was accounted for by bond issuance. Borrowing patterns have also changed with disbursements from private creditors now going primarily to nonguaranteed private-sector borrowers. Disbursements from official creditors (excluding the IMF) rose 30 percent between 2010 and 2013. The momentum continued in 2014 when they rose a further 8 percent to $21.5 billion. This increase was largely attributable to a 14 percent rise in disbursements by multilateral creditors, notably those from the World Bank. Disbursements from IDA, $5 billion in 2014, were unchanged from their 2013 level, but IDA remained by far the single largest multilateral creditor. China was again the continent's most important bilateral creditor.

Bond issuance booms

Historically, bond issuance in Sub-Saharan Africa was confined to South Africa, but fol-

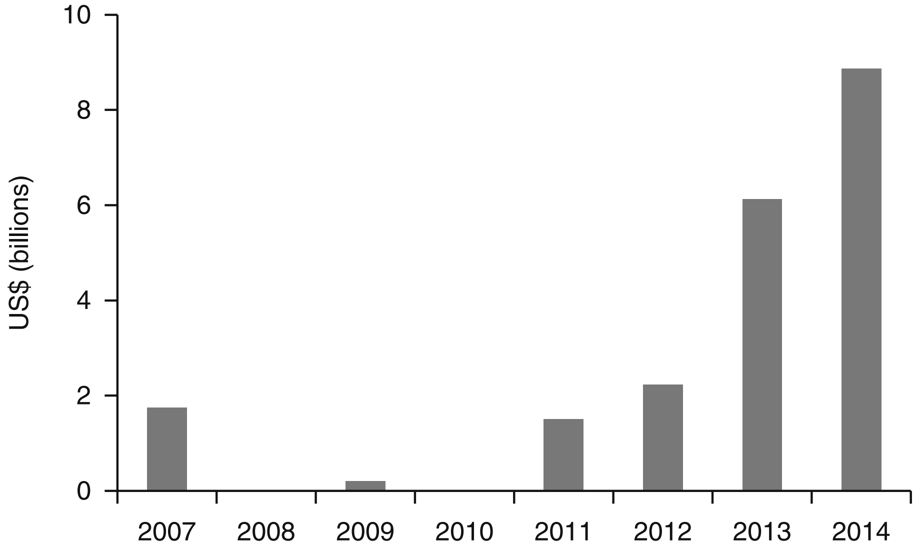

Figure 31. **Bond Issuance in the Region, Excluding South Africa, 2007–14**

Source: World Bank Debtor Reporting System.

lowing Ghana's debut issue in 2007, sovereign bond issuance by countries in the region, including those that benefited from HIPC and MDRI debt relief, has been a rapidly rising phenomenon. Benign global market conditions and the investor desire for higher returns have facilitated access to international capital markets. Sovereign borrowers, excluding South Africa, issued $6 billion in 2014, equivalent to 29 percent of disbursements from official creditors and 25 percent of foreign direct investment inflows. The debut sovereign bonds issued by Ethiopia ($1 billion) and Kenya ($2 billion) were massively over-subscribed, and the same applied for countries returning to the market, such as Ghana and Zambia. Proceeds of sovereign bonds are used to benchmark for future government and corporate bond markets issues, to manage the public debt portfolio, and for infrastructure financing. In Ethiopia, the 10-year, 6.625 percent Eurobond issued in December, 2014, is earmarked for development of sugarcane plantations, a hydropower dam, and amelioration and extension of the railway network.

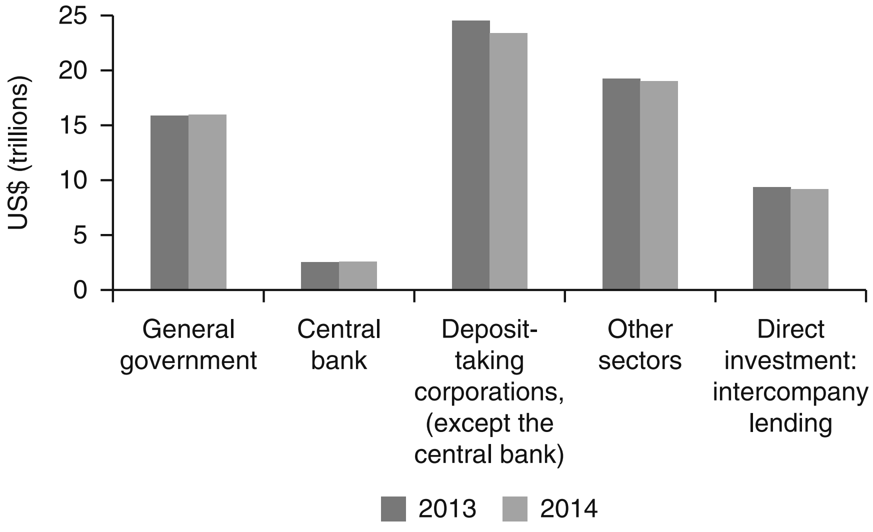

Figure 32. **High-Income Countries, External Debt Stock by sector, 2013 and 2014**

Source: World Bank Quarterly External Debt Statistics.

Quarterly External Debt

External debt stocks in high-income countries fell slightly in 2014

After five consecutive years of growth, the external debt stock of high-income countries reporting to the QEDS saw a marginal, 2 percent, decline in 2014 to $70.0 trillion at year-end. This was largely the result of a contraction in the external debt of the private sector, specifically a $1.1 trillion (5 percent) reduction in the external debt liabilities of commercial banks. The combined external debt stock of general governments, $15.9 trillion at end 2014, was largely unchanged from its year-end 2013 level, while obligations in respect of debt securities rose slightly, to $30.1 trillion. Although some countries, notably Australia, Belgium, Italy, Spain, and the United States, saw external obligations of the general government, measured in U. S. dollars, rise in 2014, this increase was offset by a reduction in comparable external debt stock in most European countries.

G-7 countries record divergent external debt trends in 2014

The combined external debt stock of the Group of Seven (G7) countries stood at $44.2 trillion at end 2014, virtually unchanged from 2013, and equivalent to 63 percent of the external debt stock of all high-income countries reporting to QEDS. The aggregate masks disparate trends at the individual country level. Both Canada and the United States recorded an increase in external debt stock in 2014, 7 percent and 5 percent, respectively. In contrast, the other five countries in the group all saw external debt stock decline over the same period, with the most pronounced reduction recorded by Germany and Italy: both saw outstanding external debt fall 7 percent in 2014. In high-income countries, other than those in the G7, external debt stocks fell 5 percent in 2014, in U. S. dollar terms. Here again trends were divergent, but the key countries to reduce external debt in 2014 were Ireland, Luxembourg, Netherlands, the Russian Federation, and Spain. Taken together, they

Table 2. **High-Income Countries, External Debt Stock, 2010–14**
US$ trillions

	2010	2011	2012	2013	2014
Gross External Debt	64.045	66.985	69.657	71.437	69.987
of which, G7 countries	*40.455*	*42.612*	*43.941*	*44.280*	*44.247*
Other high-income countries	*23.590*	*24.373*	*25.716*	*27.157*	*25.740*

Source: World Bank Debtor Reporting System.

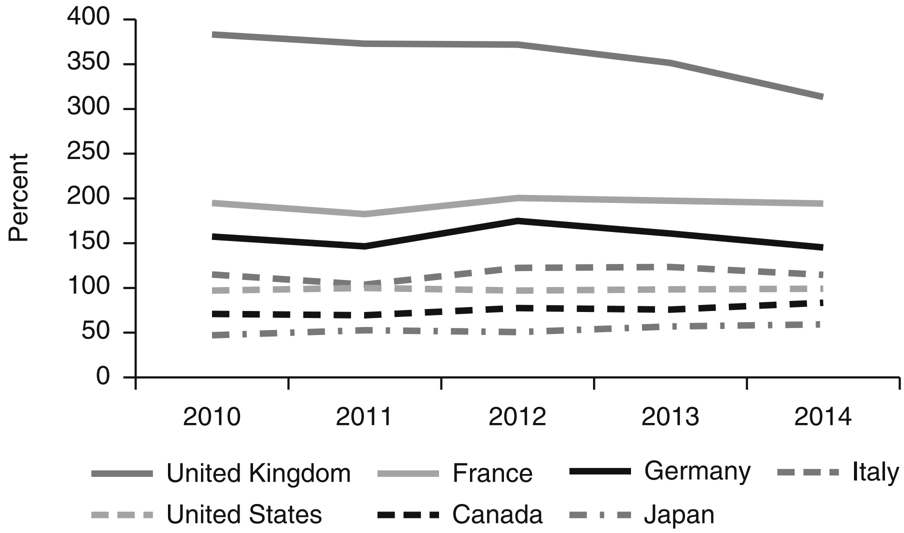

Figure 33. **G7 Countries, External Debt to GDP Ratio, 2010–14**

Source: World Bank Quarterly External Debt Statistics.

accounted for about 70 percent of the decline in external debt in non-G7 countries.

External debt-to-GDP ratios post a moderate improvement in 2014

High-income countries reported a slight improvement in the external debt-to-GDP ratio in 2014, to 140 percent, from 145 percent in 2013. This resulted from the combined effect of growth in output and a reduction in external debt stock in many high-income countries. Among G-7 countries, Canada recorded the largest increase in the external debt-to-GDP ratio: it deteriorated from 76 percent in 2013 to 83 percent in 2014, while in Japan and in the United States, the ratio was broadly unchanged, 59 percent and 99 percent, respectively. The other countries in the group all saw the ratio improving in 2014. The reduction was most pronounced in Germany, where GDP growth and prudent fiscal policies served to bring the debt-to-GDP ratio down to 145 percent, from 161 percent at end 2013. The United Kingdom has by far the highest external debt-to-GDP ratio among G-7 countries, but there too the debt-to-GDP ratio stayed on its downward trajectory to 313 percent at end 2014.

Public Sector Debt

Government debt-to-GDP ratios in EU-15 countries continued to rise in 2014

Government debt levels in the EU-15 countries, measured in U. S. dollars, fell by an average of 7 percent in 2014, to $12.8 trillion ($13.6 trillion in 2013), but this decline was in part attributable to Euro — U. S. dollar exchange rate movements. While many countries in this group have reduced government debt in relation to GDP, for others it continued to rise. For EU-15 countries as a whole, the government debt-to-GDP ratio averaged 84.4 percent in 2014, as compared to 83.2 percent in 2013. Greece remains the most indebted country in the group. Despite concerted efforts by the authorities to tighten fiscal policies and implement structural economic reforms in 2014, the government debt-to-GDP ratio increased by a further 3 percentage points, to 181.4 percent, its highest level to date. Portugal and Italy had the second and third highest debt-to-GDP ratios among the EU-15 countries; 138 percent and 127 percent, respectively, at end 2014. In Ireland, the debt-to-GDP ratio fell by 10 percentage points in 2014 to 114 percent.

Japan has by far the highest government debt-to-GDP ratio of OECD countries

Since the 2008 global financial crisis, government debt levels in many OECD countries have remained on a rising trajectory, despite concerted efforts at fiscal consolidation. However, government debt burdens vary significantly as evidenced by the debt-to-GDP ratio that ranged, in 2014, from as low as 7 percent for Estonia to as high as 206 percent for Japan, which relies primarily on the domestic bond market to raise the funds needed to finance the continuously rising costs

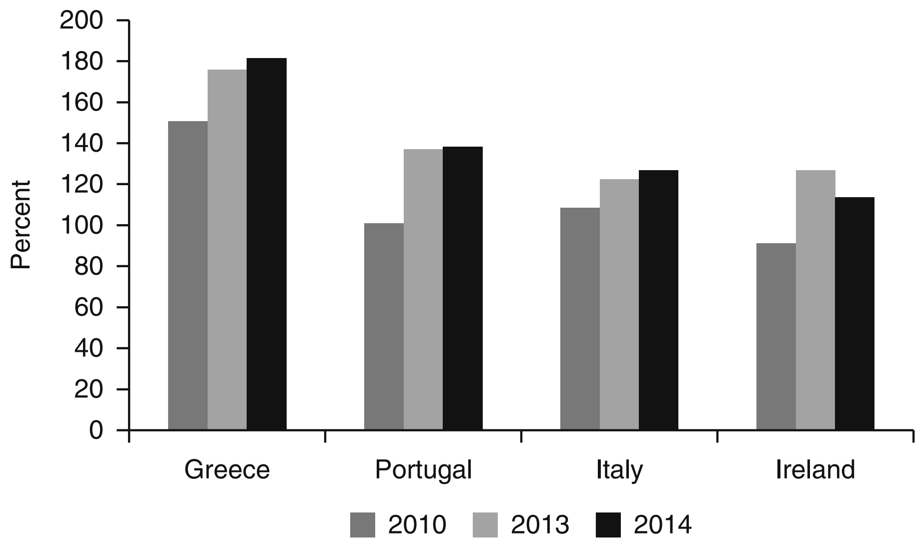

Figure 34. **Select EU-15 countries: Government Debt-to-GDP Ratio, 2010 and 2013–14**

Source: World Bank Public Sector Debt Database.

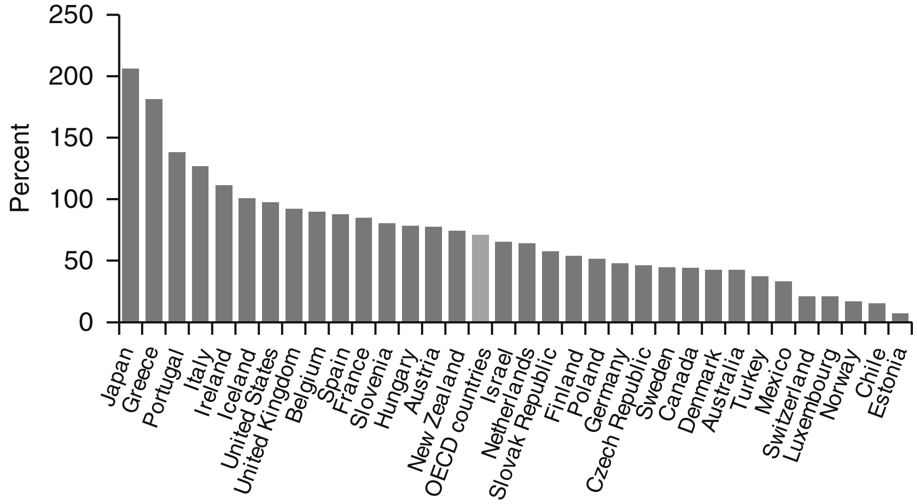

Figure 35. **OECD Countries: Government Debt-to-GDP Ratio, 2014**

Source: World Bank Public Sector Debt Database.

of supporting its aging population. OECD countries outside the Euro Zone, with the second and third highest debt-to-GDP ratio, were the United States and the United Kingdom, 97 percent and 94 percent, respectively, at the end of 2014. Although ratios for the United Kingdom and the United States are similar, their debt profiles differ. Virtually, all government debt of the United Kingdom is financed by the domestic creditors, whereas over one-third of government debt in the United States is owed to external creditors.

Emerging market countries government debt levels and composition vary widely

In the aftermath of the 2008 global economic crisis, government debt, in relation to GDP, has been on a rising trend in some emerging market countries. In Brazil and Mexico, government debt-to-GDP ratios increased from 47.8 percent and 27.1 percent, respectively, in 2009 to 54.4 percent and 33.2 percent, respectively, in 2014. However, the composition of government debt in these countries is dissimilar. In Brazil, domestic debt constitutes around 97 percent of total government debt, and virtually all government bond issuance is in the domestic market. For Mexico, two-thirds of the government debt, is owed to external creditors with around 88 percent financed by government bonds. In contrast, China and India have seen the central government debt-to-GDP ratio improve in response to fiscal consolidation policies. At the end of 2014,

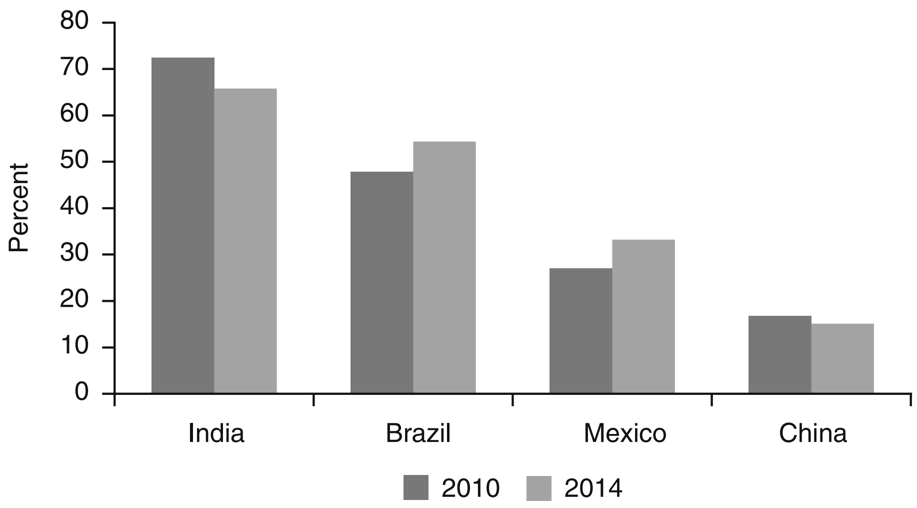

Figure 36. **Government Debt-to-GDP Ratio for Select Emerging Markets, 2010 and 2014**

Source: World Bank Public Sector Debt Database.

it stood at 15.1 percent in China and 65.8 percent in India, as compared to 16.8 percent and 72.5 percent, respectively, in 2010.

SOURCES OF THE MACROECONOMIC INDICATORS

The macroeconomic data are prepared by The World Bank from a variety of sources.

Data on Personal Transfers and Compensation of Employees are prepared by World Bank staff based on IMF balance of payments statistics.

Data on foreign direct investments are prepared by World Bank staff based on IMF balance of payments statistics and UNCTAD publication.

Other macroeconomic data are from IMF balance of payments statistics.

Data on exports of goods, services, and primary income are gap-filled with countries' balance of payments statistics for the following countries: Algeria (2014) Ghana (2014) Morocco (2014) Angola (2014) Grenada (2014) Nigeria (from 2013) Benin (2013) Guinea-Bissau (2013) Peru (2014) Burkina Faso (from 2011) Indonesia (2013) Samoa (2014) Cambodia (2014) Iran (2011–14) São Tomé and Príncipe (2013) China (2014) Jordan (2014) Senegal (2013) Comoros (from 2005) Kazakhstan (2014) Serbia (2014) Côte d'Ivoire (2014) Lebanon (2014) Solomon Islands (2014) Djibouti (2014) Malawi (from 2013) Togo (2013) Dominica (2014) Mauritania (from 2006–11) Uganda (2014) Ecuador (2014) Mongolia (2014).

Data on imports of goods, services, and primary income are gap-filled with countries' balance of payments statistics for the following countries: Algeria (2014) Ghana (2014) Morocco (2014) Angola (2014) Grenada (2014) Nigeria (from 2013) Benin (2013) Guinea-Bissau (2013) Peru (2014) Burkina Faso (from 2011) Indonesia (2013) Samoa (2014) Cambodia (2014) Iran (2011–14) São Tomé and Príncipe (2013) China (2014) Jordan (2014) Senegal (2013) Comoros (from 2005) Kazakhstan (2014) Serbia (2014) Côte d'Ivoire (2014) Lebanon (2014) Solomon Islands (2014) Djibouti (2014) Malawi (from 2013) Tanzania (2013) Dominica (2014) Mauritania (2006–2011) Togo (2013) Ecuador (2014) Mongolia (2014) Uganda (2014).

Data on current account balance are based on countries' balance of payments statistics for the following countries: Algeria (2014) Gabon (from 2006) Papua New Guinea (from 2013) Benin (from 2013) Ghana (2014) Peru (2014) Burkina Faso (from 2011) Guinea-Bissau (from 2013) Samoa (2014) Cambodia (2014) Indonesia (2014) Senegal (from 2012) Central African Republic (from 2005) Jordan (2014) Kazakhstan (2014) Serbia (2014) Solomon Islands (2014) Chad (from 2005) Malawi (from 2013) St. Lucia (2014) China (2014) Malaysia (2014) St. Vincent (2014) Comoros (from 2005) Mali (2014) Tanzania (2014) Congo, Rep. (from 2010) Mauritania (2007–2011) Togo (from 2012) Côte d'Ivoire (2014) Mongolia (2014) Uganda (2014) Ecuador (2014) Niger (2014) Vietnam (2014) Fiji (2014) Nigeria (from 2013) Zimbabwe (from 2005).

Data on personal transfers and compensation of employees are based on countries' balance of payments statistics for the following countries: Honduras (2014); Mongolia (2014); Nigeria (from 2013); Solomon Islands (2014).

Data on portfolio equity are based on countries' balance of payments statistics for the following countries: Burkina Faso (from 2011); China (2014); Ecuador (2014); Malawi (from 2013); Mongolia (2014); Nigeria (from 2013); Uganda (2014).

Data on foreign direct investment are based on countries' balance of payments statistics for the following countries: China (2014); Dominica (2014); Kazakhstan (2014); Malaysia (from 2010); Mongolia (2014); Samoa (2014); Solomon Islands (2014); Tanzania (2014); Uganda (2014); Vietnam (2014).

COUNTRY GROUPS

Regional Groups

East Asia and Pacific	***Europe and Central Asia***	***Latin America and the Caribbean***	***Middle East and North Africa***	***South Asia***	***Sub-Saharan Africa***
Cambodia (A)	Albania (A)	Belize (A)	Algeria (A)	Afghanistan (A)	Angola (A)
China (P)	Armenia (A)	Bolivia (A)	Djibouti (A)	Bangladesh (P)	Benin (A)
Fiji (A)	Azerbaijan (A)	Brazil (A)	Egypt, Arab Rep. (A)	Bhutan (A)	Botswana (E)
Indonesia (A)	Belarus (A)	Colombia (A)	Iran, Islamic Rep. (A)	India (A)	Burkina Faso (A)
Lao PDR (A)	Bosnia and Herzegovina[a] (A)	Costa Rica (A)	Jordan (A)	Maldives (A)	Burundi (A)
Malaysia (E)	Bulgaria (A)	Dominica (A)	Lebanon (A)	Nepal (A)	Cabo Verde (A)
Mongolia (A)	Georgia (A)	Dominican Republic (A)	Morocco (A)	Pakistan (A)	Cameroon (A)
Myanmar (E)	Kazakhstan (A)	Ecuador (A)	Syrian Arab Republic (E)	Sri Lanka (A)	Central African Republic (A)
Papua New Guinea (A)	Kosovo (A)	El Salvador (A)	Tunisia (A)		Chad (E)
Philippines (A)	Kyrgyz Republic (A)	Grenada (A)	Yemen, Rep. (E)		Comoros (A)
Samoa (A)	Macedonia, FYR (A)	Guatemala (A)			Congo, Dem. Rep. (P)
Solomon Islands (E)	Moldova (A)	Guyana (A)			Congo, Rep. (A)
Thailand (A)	Montenegro (A)	Haiti (A)			Côte d'Ivoire (A)
Tonga (A)	Romania (A)	Honduras (A)			Eritrea (E)
Vanuatu (E)	Serbia[a, b] (A)	Jamaica (A)			Ethiopia (A)
Vietnam (A)	Tajikistan (A)	Mexico (A)			Gabon (E)
	Turkey (A)	Nicaragua (A)			Gambia, The (A)
	Turkmenistan (E)	Panama (A)			Ghana (A)
	Ukraine (A)	Paraguay (A)			Guinea (A)
	Uzbekistan (A)	Peru (A)			Guinea-Bissau (E)
		St. Lucia (A)			Kenya (A)
		St. Vincent and the Grenadines (A)			Lesotho (A)
					Liberia (A)
					Madagascar (A)
					Malawi (A)
					Mali (A)
					Mauritania (A)
					Mauritius (A)
					Mozambique (A)
					Niger (A)
					Nigeria (A)
					Rwanda (A)
					São Tomé and Príncipe (A)
					Senegal (A)
					Sierra Leone (A)
					Somalia (E)
					South Africa (P)
					Sudan[c] (P)
					Swaziland (A)
					Tanzania (A)
					Togo (A)
					Uganda (A)
					Zambia (A)
					Zimbabwe (A)

Note: Letters in parenthesis indicate DRS reporters' status: (A) as reported, (P) preliminary, and (E) estimated. The status "as reported" indicates that the country was fully current in its reporting under the DRS and that World Bank staff are satisfied that the reported data give an adequate and fair representation of the country's total public debt. "Preliminary" data are based on reported or collected information, but because of incompleteness or other reasons, an element of staff estimation is included. "Estimated" data indicate that countries are not current in their reporting and that a significant element of staff estimation has been necessary in producing the data tables.

a. For Bosnia and Herzegovina, total debt before 1999, excluding IBRD and IMF obligations and short-term debt, is included under Serbia.

b. Data prior to 2006 include Montenegro.

c. Data include South Sudan.