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Debt Transparency and Data Quality in the Caribbean

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1. Introduction

What is debt transparency?

At its core, debt transparency is about providing information about government debt to the public. Of utmost importance, however, is the way it is provided. This effort must satisfy several criteria. Information on public debt must be clear, comprehensive, reliable, frequent and timely. Within this, it must cover not only the debt obligations of central government but also those of state and local governments, where applicable, as well as those of state-owned enterprises. Government's contingent liabilities, especially loan guarantees, must also be fully disclosed.

Why is debt transparency important?

Debt transparency is essential to ensuring sound borrowing decisions. Policy-makers require comprehensive data on public debt to ensure debt sustainability and macro-economic stability. Data are needed on the entire public sector, not just central government, on the size and composition of the debt, to make it possible to determine the structure of new borrowings to better manage portfolio risks and avoid incurring high borrowing costs. In the current global environment, defined by the Covid-19 pandemic, the need for debt transparency is even more critical. Governments need a

firm grasp of their level of debt, given the intensified pressures they face to increase budgetary spending financed by debt.

Debt transparency is also important in facilitating sound lending practices, to allow creditors, investors and credit ratings agencies to assess a country's creditworthiness, its ability to service its debt obligations and any risks that may undermine its capacity to do so. This contributes to ensuring the overall sustainability of government debt. For market investors, comprehensive information about public debt allows them to better price government securities and forgo the risk premia they may attach to these instruments to cushion any uncertainty. In the medium to long term, this has proved a factor in lowering borrowing costs.

Debt transparency is vital to the international financial community, especially to the international financial institutions, which are mandated to help avert or intervene in and resolve public debt crises. Comprehensive public debt data is integral to undertaking debt sustainability analysis and providing the technical and financial support necessary to maintain macro-economic stability.

Finally, debt transparency enables civil society to keep governments accountable (Andonova and Nicolov 2019). Informed civil society can subject the borrowing decisions of government and its strategies to manage the public debt to greater scrutiny. Moreover, debt transparency

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can act as a deterrent against corruption and fraud: the more comprehensive and detailed the information, the more likely that malfeasance can be detected.

Why has it become an issue?

Over the past three years, there have been increasing calls from the international community for greater debt transparency. In June 2018, for example, in a report presented to G20 member countries, the International Monetary Fund (IMF) and the World Bank raised an alarm about the lack of public debt transparency in many developing economies. These concerns had been triggered by a spate of episodes of hidden debt in countries, which exposed significantly higher debt levels than officially reported. In several cases, debt sustainability thresholds had been breached significantly.

The IMF/World Bank report raised several important issues. The first was the prevalence of weak standards in debt recording and debt reporting. The report highlighted that many developing countries still displayed significant gaps in debt recording, monitoring and reporting. Findings from a 2017 IMF/World Bank study had found that 46 per cent of low-income countries surveyed had weak capacity in this area. A more comprehensive study derived from World Bank Debt Management Performance Assessments (DeMPAs) had indicated that almost 60 per cent of countries sampled did not meet requirements in debt recording, while 65 per cent did not meet those for debt reporting and evaluation.

The second issue of concern involved cases of hidden debt, most notably in Sub-Saharan Africa (Mozambique and Togo) and in Latin America (Ecuador). The case of Mozambique has been well documented. In 2016, IMF staff discovered that borrowed funds had likely been misused and, subsequently, that the Mozambique government had failed to disclose two large loans amounting to US\$1.1 billion, or some 9 per cent of gross domestic product (GDP), at end-2015. Aid to the country was halted. Similarly, Togo failed to report pre-financed debt amounting to 7 per cent of

GDP in its official data while Ecuador, based on definitional interpretation, excluded debts amounting to 9 per cent of GDP from its official debt figures.

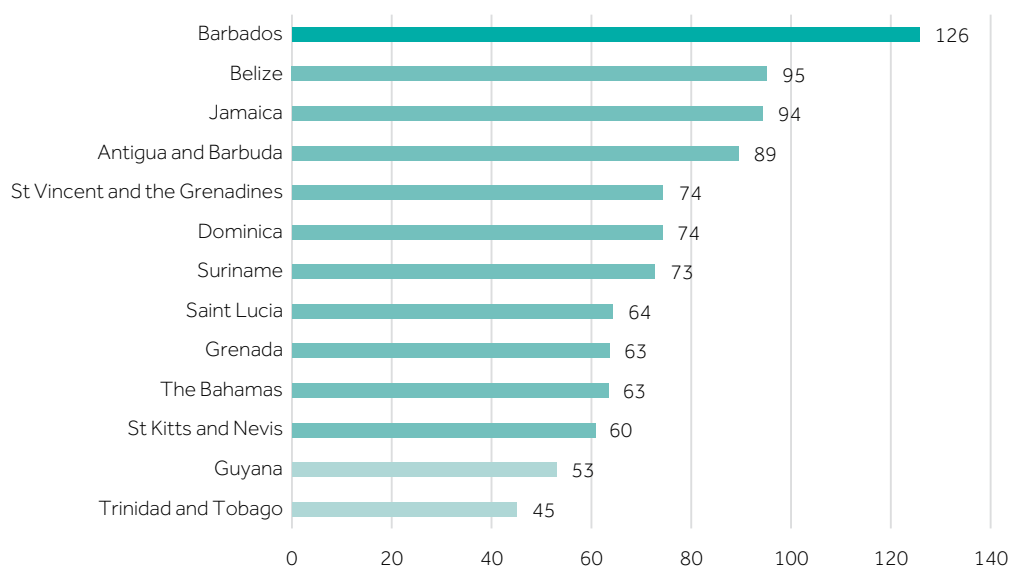
The particular concern of the international community is that these cases are not isolated. Lack of debt transparency is far more widespread than previously thought. No region appears immune. In 2016, Sri Lanka was unable to report how much it owed when a debt crisis emerged. In 2010, Greece was condemned for falsifying data on its public finances.

The third worrying area in the IMF/World Bank report concerned significant gaps in the quality of debt recording and monitoring in many low- and middle-income countries. Principal drivers underlying poor data quality included weak legal frameworks, poor data administration and internal controls, and low staff capacity. Also identified were weaknesses in IT infrastructure for debt recording, including out-dated software, exacerbated by weak incentives in many debt management offices to produce reliable data.

Who is responsible for debt transparency?

Governments bear the primary responsibility for ensuring debt transparency, in particular through reporting on their policies, strategies and actions in managing the public debt. Accordingly, governments need to have the resources in place to achieve this, including the requisite staff, systems and infrastructure to record comprehensive debt information as well as the internal controls and external audit assurances necessary to ensure the accuracy of the information compiled. Governments also require a sound governance structure, with legislation that mandates publishing information on public debt, including on government strategies and outcomes.

Even if all these requirements are met, they are not sufficient. A key condition for debt transparency is unwavering government commitment to it. Governments must be not only able but also willing to provide clear, comprehensive, accessible, timely and relevant information on the public debt to the legislature, the markets and citizens.

Figure 1. Caribbean debt-to-GDP by country, end-2018 (%)

Source: IMF World Economic Outlook Database, October 2019.

While governments are responsible for reporting on their debt, creditors and international financial institutions also play an important role in ensuring debt transparency. The G20 member countries have endorsed a set of operational guidelines for sustainable financing that include "information sharing about official bilateral lending to lower-income countries" (Mustapha and Olivares-Caminal 2020). Private financial institutions have also acted by proposing a set of voluntary principles for debt transparency, aimed at making private market transactions to lower-income countries more transparent.

International financial institutions play a major role in debt transparency by publishing public debt data reported by member countries. IMF debt sustainability analyses alert both borrowers and lenders to countries' risk of debt distress and the mitigating actions required. However, if data is incomplete or inaccurate, this compromises the integrity of the results. Thus, to avoid the generation of advice based on flawed data, the onus again rests with governments to ensure the information they provide to the international community is timely, accurate and adequate.

Purpose of the paper

This paper is a response to the concerns raised in the 2018 IMF/World Bank report, as well as to a survey of the literature on debt transparency that indicates that, to date, there is very little detailed data available on the level of debt transparency in the Caribbean. An added factor is that, currently, the Caribbean is one of the most indebted regions of the world. As Figure 1 shows, at the end of 2018, two-thirds of all 12 English-speaking Caribbean countries had debt-to-GDP above the 60 per cent debt sustainability threshold. Moreover, several countries were at high risk of, or were already in, debt distress.

Debt transparency is an imperative in a region where there are strong perceptions of corruption in government. In its 2019 report, Transparency International indicated that, in Caribbean countries surveyed,¹ almost 50 per cent of citizens thought that corruption had increased in the previous 12 months, while more than 70 per cent thought that corruption was a big problem in their country. Government can

¹ Countries surveyed were The Bahamas, Barbados, Guyana, Jamaica and Trinidad and Tobago.

best alter this perception in relation to public finances and especially public debt by making comprehensive information widely accessible, relevant and understandable to the educated citizen.

Against this background, this paper aims primarily to contribute to the literature on debt transparency by providing the results of a comprehensive survey on debt transparency undertaken in the Caribbean in 2019. Based on the survey results, it seeks to determine whether Caribbean countries share similar gaps in debt transparency and data quality as identified across the cohort of countries in the IMF/World Bank report. It then seeks to explore the possible causes for a lack of transparency, examines the implications and makes recommendations to improve debt transparency, highlighting the potential benefits.

2. The Caribbean survey

Overview

In May 2019, a survey was conducted among 12 Caribbean debt managers representing the debt offices of all English-speaking member countries of the Caribbean Community (CARICOM). In the case of St Kitts and Nevis, where there is a debt management office on each island of the twin-state, the responses of both debt managers were recorded and treated separately.

A written questionnaire was provided to each debt manager, after which they were subsequently phone interviewed and asked to respond directly to each of the survey questions. The direct interaction with public debt managers provided the opportunity to obtain answers in instances where responses were unclear or unanswered. The results of this survey were first presented at a Commonwealth Debt Management Forum in June 2019.

The questions asked in the survey were derived from a set of international standards for debt transparency and accountability articulated in a set of guidelines ("the Guidelines") for sound debt management (IMF and World Bank, 2001, amended 2014). The Guidelines state that, among other things, the following should be publicly disclosed:

- The roles and responsibilities of the principal agencies responsible for public debt management, including the ministry of finance, central bank and, where applicable, any separate debt office responsible for debt management policy advice and operations;
- Well-specified debt management objectives of the government;
- Materially important aspects of debt management operations;
- Debt management policies as well as information on the stock and composition of the debt, including currency, maturity and interest rate structure.

The Guidelines also state that debt management activities should be audited annually by external auditors to provide assurances of the integrity of agencies responsible for debt management.

The survey questions were also based on indicators used by World Bank's DeMPA tool to assess debt management performance. These indicators specify the performance levels required to achieve sound debt management practice. The DeMPA details key indicators for debt recording, debt reporting (an annual report and debt statistical bulletin) and staff capacity (World Bank, 2015). The survey relied on these criteria to develop a set of questions around debt transparency as well as on data quality and staff capacity.

For analytical purposes, Caribbean countries were grouped into five analytical categories, to help determine the drivers, if any, behind debt transparency practices in the region:

- **Sub-region.** This classification distinguished between countries that were members of the Eastern Caribbean Currency Union (ECCU) and those that were non-ECCU countries. The intent was to assess whether the countries in this sub-regional grouping, which shares a common currency, a single central bank and an array of economic and financial linkages, were likely to be more transparent than their non-ECCU counterparts. Country classification by sub-region is shown in Table A2.
- **Level of income.** This analytical category used countries' income classification to determine

any correlation between income level and debt transparency. The issue was whether higher-income, and therefore better-resourced, countries were more likely to be transparent about their public debt. In effect, are deficiencies in debt transparency reflective of a resource constraint? Country classification by income level is shown in Table A3.

- **Level of indebtedness.** This analytical category was used to assess whether Caribbean countries that were highly indebted and therefore at high risk of debt distress were more likely to be transparent about their public debt operations. The issue was whether high and rising levels of debt could act as drivers for more public disclosure to dampen creditor fears of a debt default or crisis. Country classification by level of indebtedness is shown in Table A4.
- **Debt restructurings.** This analytical category classified countries based on whether they had had to undertake debt restructuring operations over the previous 20 years. This helped ascertain whether debt restructurings might have prompted a reform agenda that included greater dissemination of public debt information. Country classification by number of debt restructurings is shown in Table A5.
- **Market access.** An analytical distinction was made between those Caribbean countries that were internationally rated by credit ratings agencies and that had access to international capital markets – “market access countries” (MACs) – and those that relied primarily more heavily on official support from bilateral and multilateral donors. MACs are usually subject to greater market scrutiny from investors and credit ratings agencies, which require comprehensive debt information to make sound investment decisions. The question was whether such countries were likely to be more transparent in publishing information about their debt policies, strategies and operations than non-MACs. Country classification by market access is shown in Table A6.

This paper describes the outcome of this survey based on all 12 debt managers' responses. It does not report individual country responses.

However, country information from other sources that is already publicly available is relied on to help in evaluating and interpreting the results.

The survey was divided into two areas: the first asked questions related to debt transparency and the second asked questions on debt data quality and related issues of staff capacity.

3. Survey results: Debt transparency

Table 1 presents a summary of the questions and responses on debt transparency.

Debt legislation

Modern debt management legislation, embodied in a single, consolidated public debt management act, helps entrench debt transparency by mandating debt reporting. Typically embedded in the law is a requirement to publish a debt management strategy, report on debt management operations and publish comprehensive data on public debt, including contingent liabilities. Without these legal provisions, there is more scope for a government to conceal its true level of indebtedness, undermining the ability of lenders, investors and ratings agencies to accurately assess the country's creditworthiness and debt sustainability levels.

As at end-May 2019, of the 12 Caribbean countries surveyed, only two – Grenada and Jamaica – had a modernised consolidated public debt act. Two other Caribbean countries indicated that a consolidated public debt act was being drafted. However, neither country spoke of an explicit timetable for draft completion or could confirm whether there was a strong commitment by the government to having such legislation enacted.

'Of the 12 Caribbean countries surveyed, only two – Grenada and Jamaica – had a modernised consolidated public debt act.'

Table 1. Summary of survey questions and key results on debt transparency

Core area	Survey question	Survey results
Debt legislation	Does your government have a separate public debt act?	Only 2 of 12 countries have single, consolidated debt management legislation that mandates debt reporting.
Debt strategy	Does your government have a formal debt strategy? Is the debt management strategy approved by high-level authorities? Is it published? Is it adopted in primary legislation?	6 Caribbean countries prepare a formal debt strategy that is approved. Only 4 countries publish it. Only 2 countries have a legal mandate to publish a medium-term debt strategy.
Debt reports	Does your office prepare an annual debt report? Is it submitted to Parliament? Is it published? Does it contain an evaluation of compliance of activities with debt strategy? Does your office prepare a debt statistical bulletin? Is it published? Does your office prepare any other debt report? Is it published?	9 Caribbean countries prepare an annual report but only 7 submit this to Parliament and publish it. 4 countries evaluate debt performance against debt strategy. 5 Caribbean countries prepare a debt statistical bulletin but only 3 countries publish it. 10 countries prepare other debt reports but only 5 publish some select reports.
Dedicated website	Do you have a dedicated webpage or website for public debt management?	Only 3 Caribbean countries have a webpage or website dedicated to public debt management.
Investor relations programme	Do you have a formal IRP in your country?	Only 1 of 12 Caribbean countries has a formal IRP

Of the two countries (Grenada, Jamaica) that have adopted modern debt legislation, one is an ECCU member state and the other is not. This suggests that regional differences are not likely a determinant in the enacting of the public debt legislation. Similarly, the breakdown of the results by market access does not suggest that accessing the international capital market bears any weight on a country implementing debt legislation mandating transparency. Jamaica is an MAC while Grenada relies heavily on official donors.

In terms of level of indebtedness, it is noticeable that no less-indebted Caribbean country has enacted a public debt management law mandating debt reporting. Grenada and Jamaica are moderately/highly indebted countries. However, level of indebtedness by itself does not appear to be an important driver, as neither Barbados nor Belize, both

highly indebted countries, have the required legislation; similarly, of the six moderately indebted countries, only Grenada has enacted a new public debt management act that includes debt reporting provisions. This suggests that, while high debt levels may make it more likely for countries to have debt legislation that undergirds debt transparency, it is not a sufficient driver.

Jamaica enacted a single public debt management act in 2013, following on the heels of two comprehensive domestic debt exchanges. The legislation came amid sweeping economic reforms that sought to strengthen fiscal management, ensure sound public debt management and achieve a substantial reduction in public debt as a share of GDP. Similarly, in 2015, Grenada drafted and enacted public debt management legislation following a comprehensive restructuring of its public debt.

Table 2. Publication of medium-term debt management strategies in the Caribbean

Country	Frequency of publication	First year of publication	Comments
Jamaica	Annual	1998	Published every year since 1998
Grenada	Annual	2017	Published every year since 2017
St Vincent and the Grenadines	Annual	2015	Published in 2015, 2018, 2019
St Kitts and Nevis	Annual	2012	Published 2012 and 2014
Antigua and Barbuda	Annual	2016	Published once

Mirroring Jamaica, other significant economic and financial policy reforms followed, including the enactment of fiscal responsibility legislation.

In both countries, public debt legislation provides for debt transparency through the mandatory reporting to Parliament of a medium-term debt management strategy (MTDS) as well as an annual report that evaluates debt management performance against policy objectives and strategic targets. The Grenadian public debt act further stipulates that the government must prepare a quarterly debt statistical bulletin. However, there is no requirement in law to publish the statistical bulletin or to table it in Parliament.

Debt management strategy

Transparency in government debt management policy and operations requires publication of a government MTDS. Sound debt management practice requires that such a debt strategy rigorously quantify the costs and risks in the government's portfolio. The strategy should set out a clear roadmap of how the government wishes to shape its portfolio over time, based on its cost and risk preferences.

Financial market participants, including investors, donors, analysts and ratings agencies, require information about the government's debt strategy to understand the strategic actions the government will implement to achieve its desired portfolio composition. This enables the market to make informed lending decisions and assessments about the country's risk profile and creditworthiness. It also reduces uncertainty.

Of the 12 Caribbean countries surveyed, only five (42 per cent) have published an MTDS. An additional two countries have prepared a strategy but not published it. All seven countries indicated that they had prepared their MTDS using analytical tools such as the IMF MTDS toolkit to undertake their analysis.

Verification from other sources, mainly government websites, confirms that only Antigua and Barbuda, Grenada, Jamaica, St Kitts and Nevis and St. Vincent and the Grenadines have published an MTDS. Notably, of the five publishing countries, only three publish routinely.

In the case of St Kitts and Nevis, an MTDS was first published in 2012, immediately following a comprehensive debt restructuring exercise and a sweeping economic reform programme under the auspices of the IMF. This report has only been published once since. Antigua and Barbuda has published an MTDS only once, in 2016, with no published annual update. Table 2 provides a historical summary of debt strategy publications.

The survey results indicate that more than half of all Caribbean countries have not prepared or published a debt management strategy. In addition, except for Jamaica, all the countries that have published a debt management strategy are from the ECCU. While more than half of all ECCU countries have published a debt strategy only two of the six member countries have done so regularly.

One possible explanation for this significant difference between ECCU member countries is the role of the Eastern Caribbean Central Bank (ECCB). Through its collaboration with the

Canadian International Development Agency (CIDA), the ECCB embarked on a deliberate thrust to strengthen debt management practices among ECCU members. It established a specialised unit - Debt Management Advisory Services – to implement this. One facet of this programme was to have ECCU member countries prepare and publish an MTDS. The continued publication of the MTDS in some ECCU countries suggests that this effort did gain traction in many ECCU countries.

A breakdown by level of indebtedness indicates that no less indebted country has produced a debt management strategy. There appears to be little impetus for governments to develop a formal debt management strategy when debt levels are low. Notably, Jamaica is the only highly indebted country that has published a debt management strategy.

Except for Jamaica, no other MAC publishes a debt management strategy even if, as in the case of Belize, it is heavily indebted. Governments have not been prompted to produce a debt management strategy or to become more transparent despite the need for comprehensive information by market participants to inform their investment decisions.

Notably, almost all the countries, except for St Vincent and the Grenadines, have had to involuntarily restructure their debt. Debt restructuring exercises are frequently accompanied by economic reforms, including the strengthening of public debt management. Such reforms are often pre-conditions to economic support from the IMF, as in the case of Grenada, Jamaica and St Kitts and Nevis. This is a strong factor in explaining the publication of a debt management strategy in these countries.

Debt statistical bulletin

Transparency and accountability in public debt management require that governments make information on the stock and composition of their public debt publicly available. This includes portfolio information on the currency composition, maturity and interest rate structure. The IMF/World Guidelines also states that comprehensive information on

contingent liabilities should also be published. The internationally accepted vehicle for disseminating information and achieving a high level of transparency is a comprehensive quarterly or semi-annual debt statistical bulletin.

'Almost all the countries have had to involuntarily restructure their debt.'

Of the countries surveyed, five of 12 (17 per cent) Caribbean debt managers said that they prepared a bulletin but only two countries had published the report. A lack of follow-up or approval by higher authorities was overwhelming cited as the primary reason for the failure to publish prepared debt bulletins. In addition, reluctance to be challenged about the debt numbers by the legislature or by civil society groups was also flagged as a factor constraining publication.

An examination by analytical category indicates that half of all ECCU countries have prepared a bulletin whereas only one in six non-ECCU countries has done so. Based on public information, Grenada is the only ECCU country that regularly publishes a debt statistical bulletin. Under the provisions of Grenada's Public Debt Act 2016, the country's debt management unit is required to prepare and publish a debt statistical bulletin no later than one month after the end of the quarter. Grenada published its first quarterly debt statistical bulletin in 2016.

St Vincent and the Grenadines is not legally mandated to publish a debt statistical bulletin. However, a reform effort to strengthen public debt management has initiated the publishing of a debt statistical bulletin. Nevertheless, this is not published consistently. Similarly, publicly available information indicates that St Kitts and Nevis began publishing a quarterly statistical bulletin in 2016. One issue was published in 2016 – the December issue – and all four 2018 quarterly bulletins were published. Since 2018, no bulletins have been published. Guyana, a non-ECCU country,

published its first quarterly debt bulletin in 2018 and made it available on the finance ministry's website. As with its peers in the ECCU, no further bulletins have been posted on the website.

While most Caribbean countries do not prepare a stand-alone statistical bulletin, public debt information of varying detail is available in other publications, such as central bank statistical bulletins and ministry of finance annual reports. Nonetheless, the information provided is generally not comprehensive, and detailed information on portfolio characteristics, instrument types, currency composition, interest structure and maturity profile as well as cost and risk indicators is typically unavailable.

Annual report

High standards of debt transparency require governments to publish an annual debt report. The IMF/World Bank Guideline states, "the legislature and the public should be informed, through an annual report, of the context in which debt management operates and the outcomes of the debt management strategy."

In some jurisdictions, such as Jamaica, an annual report is prescribed by law. Jamaica's Public Debt Management Act provides that the debt management office must prepare an annual report that includes, among other things, information on debt management activities, the profile of the debt and compliance with the MTDS.

Nine of 12 Caribbean countries prepare information for an annual debt report and seven of these countries publish. Only two countries have published a stand-alone document. Most countries prepare summary debt information that is part of a wider ministry of finance or central bank annual report. The Bahamas, Barbados and Belize do not prepare an annual debt report.

Caribbean countries that publish stand-alone reports generally do not do so consistently. Jamaica published its first stand-alone annual report in 2016 but has not published since. Guyana similarly published its first annual debt report on its government website in 2016 and a second report in 2018 but no further annual reports through its website since then.

Annual public debt data is more consistently available in some Caribbean countries when ministries of finance or central banks publish it as part of a wider pool of economic data. For example, Trinidad and Tobago does not publish a stand-alone annual debt report. However, information on the public debt stock and its composition, public debt service, debt of state-owned enterprises, contingent liabilities and credit ratings is consistently available in an annual review of the economy by the finance ministry. Similarly, Jamaica does not publish an annual report but comprehensive information on public debt and debt management activities can be found in the publicly available and consistently published MTDS.

Investor relations programme

A well-implemented IRP can contribute significantly to debt transparency by satisfying the information needs of market participants, especially investors in international and domestic government securities.

A sovereign IRP aims at providing investors, creditors, analysts and ratings agencies with comprehensive information on economic and financial policies, strategies and performance. IRPs distinguish themselves from other information channels by fostering two-way communication between government authorities and investors. Not only can investors raise concerns, clarify policies, better price securities and make more informed lending decisions but also governments can better understand their investors and gauge market sentiment and thus make better borrowing decisions.

The survey reveals that only one country – Jamaica - a severely indebted MAC – has an official IRP. While several other Caribbean countries issue securities regionally and internationally - some with higher international credit ratings - none has instituted an official IRP. One Caribbean country indicated its intention to establish an IRP in the near future.

Jamaica's IRP was established in 2015 and is managed by the debt office – the Debt Management Branch – in the Ministry of Finance. Establishing the IRP was among a package

Table 3. Primary websites for debt management information in the Caribbean

Country	Website	Location in website	Debt content			
			Debt bulletin	Debt strategy	Annual report	Other reports
Grenada	Ministry of Finance	Home > Divisions > Debt Management	✓	✓		✓
Jamaica	Ministry of Finance	Home > Documents > Documents and Publications > Document Centre > Budgets	✓	✓	✓	✓
St Kitts and Nevis	Ministry of Finance	Home > Publications > Debt Management	✓	✓		

of reforms to the debt management office intended to strengthen debt management operations, become more market-friendly and provide government with a wider pool of investors from which to obtain cost-effective funding. The strong commitment to establish an IRP was driven primarily by Jamaica's significant reliance on market funding in the domestic and international capital markets. A well-established IRP has provided greater opportunities to expand and diversify the investor base thereby widening the scope for increased funding. Jamaica has largely satisfied the industry standard International Institute of Finance reporting checklist required for IRPs (Annex 2). It attributes its lower yields, widening investor base and success in sovereign issuance to its active IRP.

Dedicated webpage

Public disclosure through publishing debt information on a dedicated website is an effective means of achieving debt transparency. To satisfy transparency requirements, such information must be not only accurate, comprehensive, internationally comparable and timely but also readily accessible.

Only three countries, or 25 per cent of Caribbean countries surveyed, indicated that they had a webpage dedicated to public debt management (see Table 3). Two of the three are ECCU member countries. In all cases, debt information is hosted on the respective ministry of finance website.

Examination of the three ministry of finance websites revealed varying degrees of information and accessibility. Grenada has the most easily accessible information, with key documents, such as the debt statistical bulletin and MTDS, readily available. Although Jamaica provides some additional information pertaining to market offerings, including circulars and news on credit ratings, reports are very difficult to locate. Previous access to a dedicated webpage is no longer available and debt information is scattered among other ministry publications. Indications are that a new webpage is to be finalised and launched in 2021.

In July 2019, two months after the survey was conducted, the ECCB launched the Eastern Caribbean Currency Union (ECCU) Public Debt and Market Information portal, hosted on its website.² The creation of the debt portal was a collaborative effort between the ECCB, its eight member countries and the IMF.

The primary aim of the ECCB debt portal is to provide market participants with timely, accurate and comprehensive debt information from its member countries. Information includes public debt management legislation, MTDSs, annual debt portfolio reviews, statistical bulletins and credit ratings reports. The portal also contains primary market information including memoranda, auction calendars and auction results. Debt management-related news is also published on the website.

² <https://www.eccb-centralbank.org/debt>

Providing a “one-stop” website location for debt information for all ECCU member countries marks a significant milestone in the effort towards achieving debt transparency in eastern Caribbean states. Market participants now have a single source of information on ECCU debt. However, progress towards improving transparency has been slow. The information provided by ECCU countries remains limited and, in many instances, out of date. In some cases, the most current publications are more than three years old.³ Some countries, such as Dominica, have no policy or strategy documents, or statistical bulletins.

The three countries with active debt management webpages share a single common denominator. They all have implemented comprehensive debt management reforms precipitated by a major debt restructuring exercise. Countries such as Antigua and Barbuda, Barbados, Belize, Dominica, and Guyana that have not accompanied debt restructurings with major debt management reforms do not have dedicated webpages. Income level, regional location, or levels of indebtedness appear to have little bearing on Caribbean countries making debt information available on a dedicated webpage.

Overall transparency

Debt managers were asked to rate the level of debt transparency in their country based on the information made publicly available. The survey results show that only one-third of Caribbean debt managers rated debt transparency as good in their country. Almost 50 per cent of all debt managers rated it as poor. Two countries received a fair rating while one country did not provide a rating.

Among ECCU countries, only two of six were rated as having good transparency. A similar number of non-ECCU countries described debt transparency as good. However, two-thirds of non-ECCU countries rated debt transparency levels as poor or just passable.

It was presumed prior to the survey that countries with access to international capital

markets would more transparent than non-MACs. It was thought that the demand for information by investors and credit ratings agencies would galvanise MACs to be more transparent. However, analysis of Caribbean countries by market access shows that MACs are generally less transparent than countries without access to international capital markets. Only two of the five MACs were rated as having high levels of debt transparency. Of these two, only one country has a formal IRP with frequent contact with market participants as well as a published MTDS, annual borrowing plan and annual debt report.

‘In the absence of external pressure, there was no strong government commitment to improve debt reporting.’

Debt managers cited as the main reason for their rating lack of published information, particularly MTDSs, annual debt reports and quarterly statistical bulletins. Another significant factor cited was an on-going lack of support for publishing debt information by the authorities at both executive and political level.

Some 40 per cent of debt managers believed that the decision to publish information was an outcome primarily of external pressure by donors or international financial institutions rather than coming from the government authorities. In the absence of external pressure, there was no strong government commitment to improve debt reporting.

Some debt managers saw their efforts as wasted, since prepared debt reports had limited internal circulation and were not published. They attributed the lack of transparency to a lack of demand for data by senior management. In addition, a desire by governments to avoid scrutiny of the public debt or being challenged

³ This is the case for Antigua and Barbuda, St Kitts and Nevis and Saint Lucia.

Table 4. Summary of survey questions and key results on data quality

Core area	Survey question	Survey results
Data coverage	Does the debt office record all categories of debt?	8 of 12 countries record all categories of debt (public sector and guarantees).
Internal controls	Does the debt office reconcile loan data with creditor statements?	Almost all countries (11) reconcile data with creditor advices.
	Does the debt office undertake an annual reconciliation?	10 of 12 countries undertake and annual reconciliation.
	Are data entry sheets checked for correctness before entries are made into CS-DRMS?	10 of 12 countries check data entry sheets for correctness.
	Are data entries checked for correctness after entries are made into CS-DRMS?	7 of 12 countries check data entry sheets for correctness after input into system.
Timeliness of data	Do you use a two-person verification for input and authorization of data inputs?	Almost all countries (11) rely on a two-person verification system.
	What is the time lag from input of data to when reports can be reliably used?	1 month
	What is the time lag from reporting period to when reports can be reliably used?	1 month

about their borrowing record in Parliament or by external agencies was also seen as explaining the lack of debt transparency.

4. Survey results: Debt data quality

Table 4 presents a summary of the responses in relation to data quality.

Data coverage

Caribbean debt managers were surveyed on the comprehensiveness, reliability and timeliness of their debt data to assess debt data quality. Two-thirds of Caribbean countries indicated that debt data coverage extended beyond central government debt to include the debt of public entities. Most countries record and report on government loan guarantees.

A disaggregation of the survey results shows that comprehensive debt data coverage is more prevalent among MACs. All MACs record central government and public sector debt while less than half (43 per cent) of non-MACs have broad coverage. ECCU countries are less likely to record and report comprehensively (50 per cent) than their non-ECCU counterparts. Notably, only 25 per cent of moderately indebted countries record

comprehensive debt data compared with 100 per cent of highly indebted countries and 75 per cent of severely indebted countries.

Internal controls

Often, data quality is impaired because there are insufficient internal controls and inadequate data validation in the recording process. Of the 12 Caribbean countries surveyed, all countries, except one (an ECCU country), indicated that the debt office reconciled loan data with creditor advices to help ensure data accuracy. In addition, 10 of 12 undertake a full reconciliation of loan balances and flows with their external creditors annually.

Responses about the presence of other internal data controls were mixed. Almost all Caribbean countries surveyed (10 of 12) indicated that they used data verification (data entry) sheets to first record data loan details and terms prior to inputting into their official debt management system. Data verification sheets provide a useful control mechanism to ensure the details and terms in loan agreements are correctly interpreted and accurately recorded

in a country's public debt database. However, only seven countries check to ensure the accuracy of inputs after entering them in the debt management software. Frequently, this oversight has led to errors in the database – many of them simply incorrect transcription.

All but one country (an ECCU member) confirmed that they used two-person verification as a first layer of control for validating data and authorizing inputs in the database.

Overall, internal controls are most likely to be adopted by MACs or by non-ECCU countries.

Timelines

Debt transparency not only depends on the comprehensiveness and accuracy of public debt data but also on its frequency and timeliness. Annual reports should be prepared regularly and with a lag of no more than a quarter. Other publications, such as statistical bulletins, should be prepared quarterly and ideally published within two months.

With only one exception, survey respondents indicated that debt reports were generally generated with no more than a one-month lag. Only one ECCU member state indicated a publishing lag of up to three months. There was no indication that factors such as income status or levels of indebtedness played a factor in the timing of publications.

Despite these responses, a review of government websites indicates that debt publications are posted with significantly longer lags. An examination of countries that publish debt reports on their websites shows lags of more than six months past the reporting period. This suggests that, while reports may be internally generated, there is still a significant lag before information becomes publicly available. This severely undermines the value of the information for policy and strategic decision-making.

5. Survey results: Staff capacity

Table 5 presents the survey questions and results regarding staff capacity.

Specialised skills are required to effectively record and report on public debt. Debt management staff must have the statistical and accounting skills and the financial knowledge necessary to expertly record and report on public debt. They must be aware of the operational risks arising from debt recording and reporting and have the managerial know-how to implement the internal controls to mitigate them.

Without such staff capacity, compiling high-quality data and reporting on public debt data may be difficult. Constrained by unreliable or inaccurate data, staff may hesitate to supply high-level officials and policy-makers with

Table 5. Summary of survey questions and key results on data quality

Core area	Survey question	Survey results
Staff capacity	Is your staff knowledgeable about debt statistics and data compilation?	8 Caribbean countries stated that their staff were knowledgeable about debt statistics and data compilation.
	Have they read the External Debt Statistics Guide?	Staff in 6 of 12 countries had read the External Debt Statistics Guide.
	Have they read the Public Debt Statistics Guide?	Staff in 4 of 12 countries had read the Public Debt Statistics Guide.
	Does your back office have sound knowledge of financial markets?	4 of 12 countries said staff had sound knowledge of financial markets.
	Does your back office have sound knowledge of financial calculations?	5 of 12 countries said staff had sound knowledge of financial calculations.
	Does your back office have sound knowledge of legal agreements and their provisions?	4 of 12 countries said staff had sound knowledge of legal agreements and their provisions.

the array of debt reports needed to achieve high levels of debt transparency. Conversely, executives may be unwilling to accept data from debt offices if the competence of staff and the quality of data are uncertain.

Two-thirds of Caribbean debt managers considered their staff knowledgeable about public debt statistics and data compilation. Yet only half of all countries had back office staff who had read the External Debt Statistics Guide and even fewer had read the IMF/World Bank Public Sector Debt Statistics Guide – both authoritative publications and industry standards for compiling public debt statistics.

Most country managers indicated that very few debt officers – in some cases none – had received formal training on compiling public debt statistics. The seemingly divergent statements concerning staff knowledge, formalised training and knowledge of industry standards was further interrogated. Survey respondents elaborated by indicating that, while many staff had neither read the literature nor received formal training in debt statistics, they had sufficient knowledge from practical experience to accurately record loan details and terms from standard loan contracts.

Of the 12 countries surveyed, only four respondents answered affirmatively when asked whether back office staff had sound knowledge of financial markets and legal agreements and their provisions. Among ECCU countries, less than one-third have debt office staff who are knowledgeable about financial markets. Only one-third have staff with a sound understanding of the provisions in loan contracts or a mastery of basic financial market calculations. Among non-ECCU countries, this share rises to just 50 per cent except in the case of legal provisions, where a similar share of countries (33 per cent) indicated a lack of knowledge of the standard loan clauses.

The survey results align with observations in other emerging market and developing economies of low staff capacity in public debt management, especially for the back office (Commonwealth Secretariat and UNCTAD 2019). While back office staff in Caribbean

debt offices may perform basic debt recording functions, they remain constrained in producing consistently high-quality debt data and reports. Classification mistakes, misinterpretation of loan characteristics, misunderstandings of financial calculations and inconsistent treatment of data by different staff are among some of the current deficiencies in debt data quality that still pervade several Caribbean debt offices.

6. Main findings

Several significant findings emerge from the 2019 survey of debt managers.

1. **The main finding of the survey is that most Caribbean countries lack transparency in their public debt management operations.** Less than half the countries surveyed publish key debt policy, strategy or operational reports, such as a debt management strategy or a debt statistical bulletin. Just seven of 12 countries (58 per cent) publish an annual report. The other debt reports published are mainly information prospectuses for debt securities, which contain limited information about the public debt and its composition.
2. **A weak governance framework, especially absence of debt management legislation, appears to largely explain the lack of debt transparency in the Caribbean.** Debt legislation is the most powerful vehicle to achieve debt transparency because it stipulates what governments must report and subjects them to legal enforcement. Legislation is essential especially in the absence of strong internal pressure from the legislature and civil society or external pressure from donors, market investors or the international financial community. Only those Caribbean countries with enacted public debt management law report comprehensively and consistently.
3. **The absence of public debt legislation also constrains the ability of Caribbean debt management offices to monitor all public debt and to be fully transparent.** This especially applies to securing debt

information from state-owned enterprises even when some entities have debt obligations guaranteed by government. Without a legal mandate, debt offices are frequently hampered in compiling data on loan guarantees and other contingent liabilities. The inability to obtain regular, comprehensive information from state-owned enterprises and public-private partnerships can significantly impede efforts at debt transparency.

4. A breakdown by region shows that ECCU countries outperform their non-ECCU countries in debt transparency.

Less than 20 per cent of non-ECCU countries publish debt information compared with one-third (33 per cent) of ECCU countries. Nonetheless, overall transparency for both groups is low. The survey also revealed that more ECCU countries (33 per cent) than non-ECCU countries (17 per cent) had a webpage. However, information is frequently outdated and published irregularly. In addition, website content varies significantly among countries. Some countries only have organisational information about the debt office whereas others post comprehensive public debt information.

5. The ECCB's active role in providing debt management support to member countries seems to largely explain their better debt transparency performance compared with in non-ECCU states.

The ECCB, with support from international development agencies, has been at the forefront of efforts to increase debt transparency in the eastern Caribbean. ECCU member countries have responded by beginning to prepare and publish debt strategy reports and debt statistical bulletins. The launching of the ECCB debt portal has been a further milestone in this effort. More work will need to be done to improve the content posted on this website, though.

6. The survey indicates that lower-middle-income countries are the least transparent of Caribbean countries.

Belize and Guyana are the least transparent of all countries. Neither has public debt legislation, nor do they produce an MTDS. At the time of writing, Guyana has begun publishing a quarterly debt statistical bulletin and has produced one annual debt report.

7. A surprising survey finding is that MACs appear to be less transparent than non-MACs.

One possible reason for this is that MACs may vary the amount of information provided across different segments of the market. Information to the public may be more limited than that provided to market investors. If there are no perceived adverse market consequences for lacking in transparency, governments may feel inclined to perpetuate an environment of limited public disclosure.

8. There seems to be a positive correlation between debt transparency and those countries that have had multiple debt restructurings and subsequently embarked on debt management reforms.

Invariably, these countries have implemented IMF-funded economic programmes that require actions such as enacting modern public debt legislation that mandates comprehensive debt reporting. Greater transparency has been fostered since governments have been subject to legally enforceable requirements to provide comprehensive information on public debt, including annual debt reports, MTDSs and debt statistical bulletins.

9. A high share of Caribbean debt officers appear to have inadequate knowledge of debt statistics, financial markets, financial calculations and loan contracts to ensure the consistent production of high-quality data.

Performing back office functions, including debt recording, monitoring and reporting, requires specialised skills. Debt management staff must read and interpret complex loan contracts, understand financial markets and creditor practices, and be highly knowledgeable about new financial products and increasingly sophisticated

financial instruments. However, these skill requirements are often poorly understood in ministries of finance and treasuries. Too often, debt recording is considered a clerical function centred primarily around basic data entry.

10. In many Caribbean debt offices, back office staff are recruited at lower grade levels and frequently paid less than staff in the middle office.

This is true in the Jamaica debt office, where back office staff positions are ranked at lower grade levels than similar positions in other sections. Back offices in the Caribbean are more likely to be staffed by clerical or administrative staff with academic and professional backgrounds that do not equip them with the financial, accounting or statistical skills to record and report on debt data with the technical rigour it requires.

11. The lack of capacity in both recording and reporting on data leads to poor data quality.

Validation exercises conducted by technical teams from regional or international bodies such as the ECCB and the Commonwealth Secretariat reveal frequent human errors in inputs into debt recording systems and a weak understanding of debt compilation and accounting rules. Yet debt management staff across Caribbean countries do have access to training, especially in debt recording and reporting. The Commonwealth Secretariat and ECCB provide frequent training on the use of their debt management system, the Commonwealth Secretariat Debt Management and Recording System (CS-DRMS). This has been supplemented by numerous workshops by other training providers. However, the Caribbean faces a dual challenge. First, there is relatively high turnover of back office staff, especially since salaries are relatively low. Second, Caribbean debt management offices often fail to ensure that trained staff apply the new skills they have acquired and integrate them into day-to-day operations. This failure was identified and highlighted as pervasive

by the World Bank in its 2013 study on debt management performance in small states (Prasad et al. 2013). As confidence in data integrity erodes, the government's desire to be transparent erodes with it.

'Caribbean countries may be subject to relatively higher borrowing costs as a result of a lack of debt transparency.'

7. Implications

Caribbean countries face significant consequences from a lack of debt transparency. Some of these have the potential to undermine macro-economic stability and the long-term sustainability of the public debt. Others can lead to costly penalties and severely tarnish a government's reputation. Six main take-aways from the results of the debt transparency survey are identified below.

1. Caribbean countries may be subject to relatively higher borrowing costs as a result of a lack of debt transparency.

Evidence suggests that limited debt transparency leads to markets adding a credit risk premium to financing that is extended to sovereign borrowers. In the absence of comprehensive, accurate and timely information, there is greater uncertainty about the true level of debt and the debt servicing burden. Lenders respond by opting to mark up interest rates, which leads to more costly debt. A recent IMF study found a positive correlation between greater transparency and borrowing costs. The underlying notion is that higher levels of transparency provide investors with more tools to assess potential risks before making

their investment decisions (Kemoe and Zhan 2018). The premium attached to uncertainty diminishes as transparency increases.

- 2. Caribbean access to market funding may be constrained because of limited debt transparency.** Financial markets, including investors, analysts and ratings agencies need public debt data to inform their lending decisions, assess creditworthiness and price instruments. Where debt data is not readily available, timely or comprehensive, investors and other lenders may opt out of providing funding. A 2018 IMF (Kemoe & Zhan, 2018) study on the effects of debt transparency found that high levels of fiscal (and debt) transparency increased foreign investors' demand for sovereign debt. Another study (Arbatli & Escolano, 2012) found that fiscal transparency had a "positive and significant effect" on countries' credit ratings. This is noteworthy since, in the Caribbean, MACs are found to be relatively less transparent than their non-MAC counterparts. This suggests that, with greater transparency, Caribbean MACs could have increased access to a wider pool of resources at a lower risk premium.
- 3. Caribbean economies may be at greater risk of debt distress because of a lack of debt transparency.** Recent cases of "hidden debts" in Mozambique and Zambia highlight the consequences of unreported debt. Donor funding halted in Mozambique and the country subsequently defaulted on its debt. In the case of Zambia, uncertainty about debt numbers led to a spike in sovereign yields as investors re-priced credit risk (IMF and World Bank, 2018). In the Caribbean, rapid accumulation of debt and cases of debt distress have largely been attributed to contingent liabilities, including loan guarantees, the debt obligations of state-owned enterprises, public-private partnerships and other off-budget items. The Caribbean Development Bank, in its 2013 study (Caribbean Development Bank, 2013), reported that contingent liabilities were "the primary driver of debt growth in the Caribbean." A more recent study on

Caribbean small states by King and Tennant (2014) supports this conclusion. However, reporting on state-owned enterprise debt and public-private partnerships has been inadequate in many Caribbean countries. Nonetheless, the accumulation of these debts has been identified as a significant contributor to episodes of debt distress in Antigua and Barbuda, Grenada, Jamaica and St Kitts and Nevis (King 2014).

- 4. Caribbean countries may be constrained in the early detection of emerging debt problems owing to inadequate data coverage and reporting lags.** Debt sustainability analyses assess a country's capacity to repay debt and help identify any emerging issues and the risk of debt distress. The accuracy and usefulness of such analyses rely on governments providing comprehensive, timely, detailed and accurate information on the level and composition of debt, including the currency composition and the interest and maturity structure of the debt. Limiting debt transparency removes the ability to detect these early warning signals.
- 5. Caribbean governments do not wish to strengthen accountability.** Limited transparency reduces accountability. Without extensive debt information, parliaments, markets and civilians are unable to hold governments to account for their borrowing decisions and the use of funds. Cases of unreported debt are frequent across countries, including in the Caribbean. There are documented cases of public officials being unwilling or refusing to provide debt data or bypassing regulatory channels for approving and reporting on debt. The case of Jamaica is illustrative. In 2005, an investigation into off-budget financing found that the government had J\$19 billion in unapproved loan guarantees. When questioned by the Parliamentary Public Accounts Committee, a Ministry of Finance official admitted that they had pursued the financing even though they recognised that they had breached the law (Robinson 2014). That Caribbean governments may actively seek to avoid

accountability is not improbable. Studies show that Caribbean politics is often adversarial, with the winner “taking all” (Brown 2009). Governments avoid scrutiny and challenges on their borrowing decisions, which often leads to imprudent and costly borrowing. Moreover, limited scrutiny provides an enabling environment for corruption.

6. Unless staff capacity in debt management offices is bolstered significantly, debt transparency across Caribbean countries may continue to be weak.

Several debt management offices in the Caribbean suffer from weak capacity in public debt management, although there are notable exceptions. Staff responsible for recording, monitoring and reporting debt (back office staff) often lack the technical capability to produce comprehensive, accurate and timely debt numbers. One reason cited repeatedly was the difficulty the public service has regionally in attracting and retaining skilled debt management staff. Low civil service salaries are a major cause. However, the absence of targeted training, career development paths and succession planning also contribute. A second reason is that the small size of most Caribbean debt management offices makes it risky to recruit or develop debt specialists. Specialists create key-person risk – that is, the risk associated with having only one or two staff with a particular skill and the severe disruptions to debt operations should they become temporarily or permanently absent. However, if staff with the required expertise are not recruited and groomed, difficulties will persist in improving the accuracy and reliability of data, and this will impede efforts to increase transparency.

8. Recommendations

There is considerable scope for increasing debt transparency and improving debt data quality in the Caribbean. The outcome of the survey and the resulting implications suggest that, if implemented, the following recommendations could significantly improve the Caribbean’s performance.

1. Adopt public debt management legislation.

Caribbean governments should seek to enact public debt management legislation that specifies mandatory reporting and provides for performance and compliance audits in addition to financial audits. Mandatory reporting should include the tabling in Parliament of a debt management strategy that sets out how government intends to achieve its high-level debt management objective. It should also mandate the preparation and submission of an annual report and statistical bulletin to Parliament. An important provision would require state-owned enterprises and statutory bodies to report regularly and in detail about their debt obligations. Enacting legislation and ensuring enforcement would legally compel governments to be more transparent. Where appropriate, Caribbean governments should be given incentives, such as funding and technical assistance, to implement public debt management legislation.

2. Enlist international development organisations to assist in drafting debt management legislation.

Caribbean countries should continue to seek the technical assistance of international development agencies such as the World Bank and the Commonwealth Secretariat in drafting a public debt management act. Support has already been extended to several Caribbean countries and this support should be continued as a matter of priority.

3. Equip supreme audit institutions to audit debt management offices.

Auditor General Offices (supreme audit institutions) should be better equipped to audit debt management offices. Few Caribbean Auditor General Offices have the expertise to undertake compliance and performance audits of debt management offices. In addition, many are understaffed and do not have the resources to devote to the deeper scrutiny of debt office. However, these external auditors play a key role in “identifying gaps in the quality and reliability of government accounts and financial information produced by

governments" (IMF 2012). The International Organization of Supreme Audit Institutions (INTOSAI), through a development initiative and a working group on public debt, has initiated the training of its members. The Caribbean regional office has been delegated responsibility to train Caribbean audit offices. A concerted effort should be made to strengthen their capability to scrutinise the conduct of debt management operations on behalf of civil society.

4. Establish an international mechanism to monitor debt transparency. International organisations such as the IMF or the World Bank should establish a mechanism to monitor debt transparency for all developing and emerging market economies. The World Bank has already begun this process by developing a heat map that reports on the level of debt transparency among International Development Association-eligible countries. The Bank has established nine criteria by means of which to assess debt transparency. This debt transparency map should be extended to include all World Bank borrowing member countries. This may act as a significant incentive to countries to improve transparency.

5. Encourage debt offices to develop an IRP. Caribbean MACs should seek to establish an official IRP. Providing regular and comprehensive information to the financial market would benefit them by helping increase debt transparency, broaden the investor base and provide increased opportunities for funding. IRPs impose a rigorous reporting discipline on debt management offices. A pre-condition to establishing an effective IRP is to ensure that debt offices are equipped with the resources and systems to satisfy substantial information requirements.

6. Strengthen debt management offices and staff capacity. Caribbean governments should make a concerted effort to strengthen their debt management offices and build debt management expertise among staff. Special attention should be given to back office staff, who are critical to debt transparency. Given public service constraints to providing

increased salaries, creative ways need to be found to recruit, train and retain debt management staff. Opportunities for training, a well-developed and progressive career path and exposure to high-level discussions are possible ways to encourage staff retention.

7. Develop better tools to improve data quality. Many Caribbean debt managers do not have the tools to objectively assess debt quality. Technical assistance providers such as the Commonwealth Secretariat and the United Nations Conference on Trade and Development (UNCTAD) – the main providers of debt management systems – can play a pivotal role in assessing debt data quality. Considerable assistance has already been provided to countries in validating databases, strengthening internal controls by preparing procedures manuals and providing training on debt recording and debt reporting. In-built validation tools within their respective debt management systems also provide an avenue for quality assurance. Recently, the Commonwealth Secretariat and UNCTAD have collaborated to develop the Debt Data Quality Assessment (Debt-DQA) tool, which is designed to assess the quality of recorded debt data. This is an automated tool integrated within the debt management software. This tool has just recently been launched in the Commonwealth Secretariat's new Meridian software. The rollout of this software and its use by Caribbean debt management offices is integral to improved data quality. Hopefully, greater levels of assurance on data quality should elicit greater confidence by governments in disclosing public debt data.

8. Establish and improve the quality of debt management websites. Caribbean governments should pro-actively seek to establish debt management offices that provide easily accessible, comprehensive, accurate, timely and internationally comparable information on public debt. Where debt management websites or webpages already exist, further efforts should be made to improve information accessibility and user-friendliness. Technical

assistance providers should consider prioritising assistance to Caribbean countries in developing and improving their websites, as this would contribute significantly to increasing debt transparency.

9. A further issue

An issue that is gaining increased prominence is the impact on debt transparency of loans contracted by non-traditional lenders such as China. The penetration of China as a major source of financing in the Caribbean has been significant over the past two decades. It is estimated that, over the period, China has loaned more than US\$9 billion to the Caribbean (Murg and Griffiths 2020). The Caribbean's appetite for Chinese loans is unsurprising given the need to fund infrastructure projects and the paucity of funding from alternative sources. However, a common feature of many of these loans is the requirement for non-disclosure of the financing terms. This stipulation flies in the face of recent initiatives by G20 countries to increase transparency about their lending, especially to lower-income countries.

The G20 operational guidelines for sustainable financing include an agreement that creditors share information on existing and new lending, including the loan amount, interest rate, maturity and grace period (Mustapha and Olivares-Caminal 2020). However, China has not been amenable to this level of disclosure about its loans. For the Caribbean, this translates into less rather than more transparency as the share of Chinese loans in government debt portfolios grows.

'Debt transparency is critical to ensuring governments' accountability for their record in public debt management.'

The international community and sovereign borrowers themselves should jointly urge China to endorse the principles of transparency adopted by its Western counterparts. If not, efforts to increase disclosure about public debt and to understand the costs and risks associated with lending will be undermined substantially.

10. Conclusion

Debt transparency is critical to ensuring governments' accountability for their record in public debt management. It helps ensure sound borrowing and lending practices, contributing to optimal portfolio management and overall debt sustainability. The survey examined here has shown that, similar to the performance of many developing countries, in the Caribbean debt transparency is limited and there is considerable scope for improvement. The survey has also highlighted some weaknesses in data quality and the need to strengthen debt capacity.

The Caribbean has many opportunities to increase debt transparency, strengthen capacity and improve data quality. However, Caribbean governments need to commit to becoming more transparent and accountable. If they do, they stand to benefit substantially in terms of lower borrowing costs, more diversified sources of funding and a greater ability to detect and resolve emerging debt difficulties.

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Annex 1. Data tables

Table A1. List of countries surveyed

Antigua and Barbuda
The Bahamas
Barbados
Belize
Dominica
Grenada
Guyana
Jamaica
St Kitts and Nevis
Saint Lucia
St Vincent and the Grenadines
Trinidad and Tobago

Table A2. Caribbean countries by sub-region

ECCU member states	Non-ECCU member states
Antigua and Barbuda	The Bahamas
Dominica	Barbados
Grenada	Belize
St Kitts and Nevis	Guyana
Saint Lucia	Jamaica
St Vincent and the Grenadines	Trinidad and Tobago

Table A3. Caribbean countries by income classification (gross national income per capita 2018)

High income	Upper middle income	Lower middle income
Antigua and Barbuda	Dominica	Belize
The Bahamas	Grenada	Guyana
Barbados	Jamaica	
St Kitts and Nevis	Saint Lucia	
Trinidad and Tobago	St Vincent and the Grenadines	

Source: World Bank

Table A4. Caribbean countries by level of indebtedness (gross debt/GDP)

Severely indebted (above 90%)	Highly indebted (60–90%)	Moderately indebted (60% and below)
Antigua and Barbuda	The Bahamas	Grenada
Barbados	Dominica	Guyana
Belize	Saint Lucia	St Kitts and Nevis
Jamaica	St Vincent and the Grenadines	Trinidad and Tobago

Source: IMF World Economic Outlook Database, 2020.

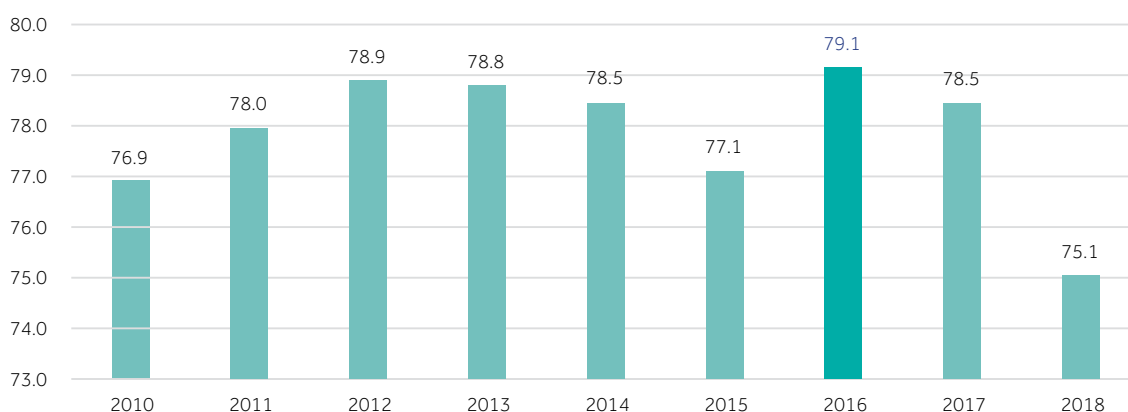
Table A5. Caribbean countries by number of debt restructurings since 2000

Debt restructurings (more than 1)	Debt restructurings (1)	No debt restructurings
Belize	Antigua and Barbuda	The Bahamas
Grenada	Barbados	Saint Lucia
Guyana	Dominica	St Vincent and the Grenadines
Jamaica	St Kitts and Nevis	Trinidad and Tobago

Table A6. Caribbean countries by access to international capital markets

Market access countries	Non-Market access countries
The Bahamas	Antigua and Barbuda
Barbados	Dominica
Belize	Grenada
Jamaica	Guyana
Trinidad and Tobago	St Kitts and Nevis
	Saint Lucia
	St Vincent and the Grenadines

Figure A1. Caribbean regional average debt to GDP, 2010–2018 (%)



Source: IMF WEO Database, October 2019.

Annex 2. International Institute of Finance Investor Relations Checklist

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|-----|--|
| 1. | Investor relations staff identifiable and reachable through websites |
| 2. | Central bank and government websites available in English |
| 3. | Effective data transparency of market-relevant data |
| 4. | Forward-looking policy information available |
| 5. | Active investor contact list |
| 6. | Investor feedback reflected in policy decisions |
| 7. | Presence of formal IRP |
| 8. | Macro-economic data presented in market-friendly format |
| 9. | Historic policy information available |
| 10. | Structural (legal, regulatory) information available |
| 11. | Web-based communication with investors |
| 12. | Senior policy markers available to investors |
| 13. | Reciprocal links to central bank, ministry of finance and other government agency websites |
| 14. | Investors able to register for website subscription |
| 15. | Country subscribes to SDDS |
| 16. | Archives of investor presentations and conference call materials available on websites |
| 17. | Bilateral meetings with investors |
| 18. | Non-deal roadshows |
| 19. | Investor conference calls |
| 20. | Regular self-assessment of IRP |

Source: International Institute of Finance (2005).