TECHNICAL

NOTES & MANUALS

A Framework for Monitoring of and Reporting for External Project Loans in Developing Countries

Emre Balibek, Guy Anderson, and Kieran McDonald

TNM/2024/03

TECHNICAL NOTES AND MANUALS

A Framework for Monitoring of and Reporting for External Project Loans in Developing Countries

Emre Balibek, Guy Anderson, and Kieran McDonald

Authorized for distribution by Abdelhak Senhadji

Rising debt risks in low-income and developing countries have underscored the importance of debt transparency. Policymakers, lenders, credit rating agencies, and taxpayers all benefit from knowing the exact magnitude of a country's public debt liabilities, future debt servicing costs, and associated risks; they expect the government's official debt and financial reports to be precise and timely. For the government, a prerequisite to reliable debt reporting is to have sound legal, administrative, and operational frameworks in place for data compilation, reconciliation, and recording.

The objective of this note is to provide guidance for the monitoring of and reporting for external project-based loans, which present particular challenges to central government authorities in charge of debt reporting. In doing so, it addresses the following:

- What are the typical challenges that governments in developing countries face in compiling data on external debt?
- What are the data needs for adequate debt reporting?
- How can the operational, institutional, and legal frameworks be improved to facilitate better debt data compilation, accounting, and reporting?
- How can the framework for debt data collection benefit from and contribute to improvements in other public financial management processes?

This note was prepared by Emre Balibek, Guy Anderson, and Kieran McDonald. It has benefited from contributions and comments from Sage De Clerk, Jason Harris, Olga Kroytor, Hoang Pham, Mia Pineda, Maximilien Queyranne, Nompumelelo Radebe, and Alessandro Scipioni.

Cover Design: IMF Creative Solutions

Cataloging-in-Publication Data
IMF Library

Names: Balibek, Emre, author. | Anderson, Guy, author. | McDonald, Kieran, author. | International Monetary Fund, publisher.
Title: A framework for monitoring of and reporting for external project loans in developing countries / Emre Balibek, Guy Anderson, and Kieran McDonald.
Other titles: Technical notes and manuals.
Description: Washington, DC : International Monetary Fund, 2024. | Feb. 2024. | TNM/2024/03. | Includes bibliographical references.
Identifiers: ISBN:

9798400262227	(paper)
9798400262319	(ePub)
9798400262296	(web PDF)

Subjects: LCSH: Economic development projects—Finance. | Development economics—Developing countries.
Classification: LCC HD75.8.B3 2024

DISCLAIMER:
This Technical Guidance Note should not be reported as representing the views of the IMF. The views expressed in this paper are those of the authors and do not necessarily represent the views of the IMF, its Executive Board, or IMF management.

Recommended citation:
Balibek, Emre, Guy Anderson, and Kieran McDonald. 2024. "A Framework for Monitoring of and Reporting for External Project Loans in Developing Countries." IMF Technical Notes and Manuals 2024/03. International Monetary Fund, Washington, DC.

Please send orders to:
International Monetary Fund, Publication Services
PO Box 92780, Washington, DC 20090, USA
Tel: (202) 623–7430 | Fax: (202) 623–7201
publications@IMF.org
eLibary.IMF.org
bookstore.IMF.org

Contents

Abbreviations

DMS	debt management system
DMO	debt management office
DMU	debt management unit
FCS	fragile and conflict-affected states
IFMIS	integrated financial management information system
LIDCs	low-income and developing countries
PFM	public financial management
PIMIS	public investment management information system
PIU	project implementation unit

I. Introduction

Debt transparency is beneficial for all stakeholders. National and international policymakers, lenders, credit rating agencies, and taxpayers all benefit from knowing the exact magnitude of a country's public debt. Sovereign borrowers can make informed policy decisions on future financing based on the costs and risks of existing debt and ensure timely debt servicing payments. Lenders can accurately assess the borrower's credibility, including the outlook for debt sustainability. The public, legislatures, and civil society can hold the government accountable for its borrowing decisions, which helps improve governance arrangements around public debt management.

Enhancing debt transparency has been at the forefront of the global policy agenda in recent years.[1] Globally rising debt risks, changing creditor structure, and hidden debt cases revealed in several low-income and developing countries (LIDCs) have underlined the importance of debt transparency in addressing debt vulnerabilities. There is growing acknowledgment in the international community that practices for debt transparency suffer from limitations and inadequacies, especially in fragile and conflict-affected states (FCS), where governance challenges are more prominent. Under the Joint Multipronged Approach to Address Debt Vulnerabilities (IMF and World Bank 2020a), the IMF and the World Bank focus on strengthening debt transparency by working with borrowing countries and creditors to produce better public sector debt data, by improving reporting to and data dissemination by international databases, and by providing analytical guidance to both borrowers and creditors. The efforts of the IMF and the World Bank are complemented by the work of the Organisation for Economic Co-operation and Development (OECD 2021) and the Institute of International Finance (Institute of International Finance 2019), focusing on reaching out to creditors for better public sector debt data.

Recent studies acknowledge that public disclosure of debt data is still limited, particularly in LIDCs. According to Rivetti (2021), 40 percent of LIDCs had either not published or had not updated their debt data in the previous two years. The IMF's Fiscal Transparency Evaluations and other capacity development missions show that LIDCs typically report financial liabilities for only the central government or a part of the government. Horn, Mihalyi, and Nickol (2022) find that ex post revisions to debt statistics are frequent, are systematically upward biased, and can be very large. The total public and publicly guaranteed external debt data reported by countries to the World Bank for purposes of international debt statistics were retrospectively increased upward by a significant $631 billion between 2018 and 2022, equivalent to around 17 percent of the total outstanding debt stock in 2021 (World Bank 2022b). Upward revisions mostly relate to debts owed to commercial and bilateral creditors; retrospective revisions of debts owed to bondholders or international institutions are generally less common. Countries with weak public debt recording and reporting capacity dominate the group of countries with highest revisions.

Experiences from capacity development missions suggest that central governments' debt management units (DMUs) may have very limited access to source data, a prerequisite for accurate and timely debt reporting. Production of the debt report is the last step in a chain of processes. Although there may be incentives for some governments to conceal their true debt profiles, operational challenges in data collection from within the government are a major factor in incomplete debt records and reports. It is common to have references, in external audit reports, to significant discrepancies between actual obligations and the debt records held at the ministry of finance[2] because of challenges in data compilation. This is particularly the case for external loans contracted for investment projects of government agencies. The DMUs,

[1] See IMF (2023) for a discussion about ongoing global initiatives on debt transparency.

[2] In this note, the ministry of finance refers to the ministry that performs the central finance functions, including fiscal policy, budget, debt and cash management, accounting and reporting, and internal control.

often with the central banks acting as their agents, are typically the main issuers of debt securities, and accordingly, they directly keep the debt records for bonds and bills they issue. Alternatively, external loans are sometimes directly disbursed to the accounts of project implementation units (PIUs) or contractors of projects. This practical difference is prone to creating deficiencies in debt data collection and complicating effective debt management efforts.

Deficiencies in debt data collection affect the quality of debt reports and have broader implications for public financial management (PFM) and fiscal policy. Underreporting leads to underestimating the resource requirements to service the debt and the fiscal policy adjustments needed to ensure debt sustainability. Of immediate practical concern, it is typical for the DMUs in LIDCs and FCS to rely on creditor information to make the debt service payments, without internal reconciliations to confirm the exact amounts to be paid. Data problems in debt management processes are amplified across the processes for accounting, budgetary reporting, and public investment management.

The objectives of this note are twofold: First, based on the data requirements to produce timely and accurate debt reports, it discusses the elements of a sound legal, administrative, and operational framework that should be in place for debt data compilation, reconciliation, accounting, monitoring, and reporting at the central government level. The note focuses on the arrangements for external project-based debt, considering distinctive challenges in these obligations, as demonstrated in systematic retrospective revisions in debt data. The discussion complements existing literature and guidance on debt transparency by focusing on stages before the production of debt reports. Second, it identifies the links between debt management and other PFM processes in terms of the flow of debt-related data, and it shows how seemingly separate processes can support one another to enhance overall fiscal management. Although the focus is on the central government's debt obligations, the ideas can be extended to cover government guaranteed loans and the public sector debt in general.

II. Challenges in Reporting External Project Loans

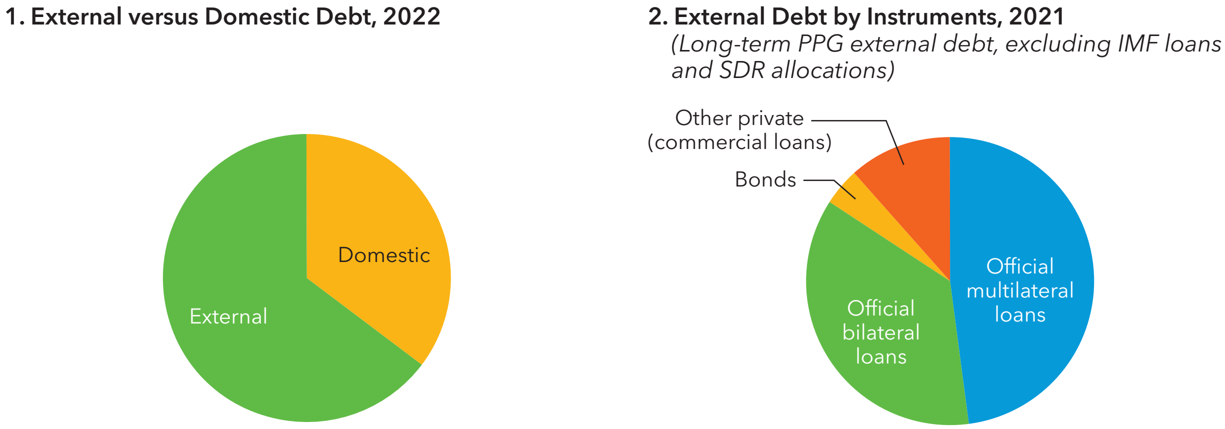
In general, addressing the institutional challenges and capacity constraints in debt data compilation, recording, and reporting is critical for producing better debt reports. Results from the IMF's capacity development and surveillance missions, the World Bank's Debt Management Performance Assessments in LIDCs and FCS, together with a series of publications on debt reporting in LIDCs,[3] underscore the following drivers in deficiencies in debt and fiscal reporting:

- *Weak legal frameworks*: Countries may lack legal frameworks that support a sound debt governance arrangement by setting out the delegation of authority to borrow and issue guarantees on behalf of the state, the authority to monitor all public debt, and the need for regular audits and for reporting to the legislative body.
- *Fragmented responsibilities and uncoordinated institutional arrangements*: Multiple institutions responsible for maintaining debt data, the use of different information systems, and inadequate or uncoordinated arrangements for debt data sharing make it difficult to create a comprehensive record of total central government debt.
- *Weak procedures and internal controls*: Few LIDCs/FCS have procedures and internal controls in place that ensure accurate, timely, and secured processing, with minimal errors, in debt transactions. Lack of adequate procedures to reconcile debt service contribute to low-quality data and weak data management processes. Examples include erroneous debt service payments (for example, some debtors rely on creditor invoices for making external payments, without first reconciling the amounts demanded against the information in the debt recording systems).
- *Poor data security*: Many countries do not have adequate data security with documented and enforced procedures for controlling access to the data recording system.
- *Weak incentives to produce reliable data*: Debt data are not recorded or updated accurately or on a consistent basis because of the lack of senior management demand for data, limited public scrutiny, insufficient integration with other PFM systems, and the absence of market consequences.
- *Debt transactions executed outside of (or retrospectively entered into) the government's integrated financial management information system (IFMIS)*: Hence, financial reports may have missing information or may have to be corrected manually.
- *Lack of audits*: Few countries undertake full-fledged external financial or compliance audits on debt on an annual basis; hardly any country has had a debt management performance audit. Where audits are conduced, the willingness to address the findings of the audits has often proven limited. Less than one-third of countries that participated in a Debt Management Performance Assessment met the minimum requirements for debt management audits (World Bank 2020).
- *Limited staff and managerial capacity*: LIDCs/FCS often lack adequate human resources to perform the monitoring and risk assessment functions or allow for sufficient separation of duties. Units are often underresourced and understaffed, with insufficient opportunities for developing specialist skills.

These challenges are augmented in the case of external project-based debt. In LIDCs/FCS, where access to the financial markets is limited, a large portion of public debt consists of external loans (Figure 1). Within external debt, official bilateral, multilateral, and other private loans, mostly comprising project loans, present particular challenges for the central DMU. Although the DMU has control on debt that is issued or disbursed under its oversight—such as sovereign international bonds or budget support loans that are disbursed

[3] See, for example, IMF and World Bank (2018, 2020b) and Rivetti (2022).

Figure 1. Public Debt Composition in Low-Income Countries



Sources: World Bank, International Debt Statistics; and IMF staff calculations.
Note: PPG = public and publicly guaranteed; SDR = special drawing right.

directly to the central government accounts—monitoring project loans requires more comprehensive debt reporting arrangements that are typically not followed. The presence of these challenges reduces incentives for lenders to use country systems for reporting and eventually may affect their willingness to lend.

The following are some additional challenges associated with project loans. The issues may apply to all sources of project loans, but they are particularly pertinent to official bilateral financing. They affect the ministry of finance's ability to monitor government debt and the reliability of budget data and government financial statements:

- *Project loans may be negotiated, signed, or disbursed without the involvement of the DMU*. Project loan contracts may be negotiated or signed directly by the implementing agencies or with little involvement of the DMU. In some cases, circumventing the DMU occurs because the country's legal framework does not specify its role; in other cases, enforcing compliance with the legal requirements proves difficult. Even when the DMU is involved, drawdown requests may be initiated by the PIUs and set up within the government agencies implementing the project, and the DMU is not always informed. Even when the DMU is retrospectively informed, it often happens with long time lags.
- *Projects loans may be disbursed to bank accounts outside the perimeter of the central government's bank account management system*. Disbursement conditions are typically determined by creditors, with an interest in preventing the use of funds for purposes other than project implementation. A common form of disbursement is direct payment to suppliers' or contractors' accounts. Loans may also be disbursed to special accounts of PIUs, which may not be the part of the government's Treasury single account structure. Table 1 presents some common disbursement methods. Disbursements outside of the Treasury single account affect the ministry of finance's ability to capture project loans accurately and in a timely manner in the accounting systems and government debt records.
- *Information flows from suppliers/PIUs are not systematically organized*. For disbursements outside of the Treasury single account and beyond its direct involvement, delays in reporting of disbursements, or variances between requested and actual disbursements, lead to time lags and/or inaccuracies in the DMU's debt records.
- *In the absence of complete and timely debt records, the DMU often relies on creditor information to avoid paying penalty interest or fees for repayment delays*. Relying on the creditor's advice mitigates the risk of technical defaults, but it implies the risk of executing a different than required amount of

Table 1. Disbursement Methods for Project Loans

Disbursement Method	Description	Nature of Expenditure
Reimbursement	It is paid by the lender from the loan account to the borrower. The purpose is to reimburse eligible expenses already incurred and paid for by the borrower from its own resources.	Goods, works, services, operating expenses, and retroactive financing
Advance funding	The lender makes an advance disbursement from the loan account to a nominated borrower account to be applied to eligible expenses. The advance disbursement may be treated as an imprest, replenished upon lender acceptance of borrower claims for eligible expense payments.	Small or numerous expenses related to works, goods and services, operating cost, or as agreed between lender and borrower
Direct payment	The lender, at the borrower's request, pays a designated beneficiary directly from the loan account.	Goods, works, services, or as agreed between lender and borrower often based on a fiduciary assessment of in-country systems
Commitment procedure or guarantee	The lender provides an irrevocable commitment to reimburse a commercial bank for payments made, or to be made, to a beneficiary against a letter of credit financed from the loan account.	Typically imported goods

Source: IMF staff.

debt service (often raised as an issue in audit reports by Supreme Audit Institutions; for example, Sierra Leone).

- *Deficiencies in disbursement monitoring also affect capital expenditure budgeting*. For capital projects financed with external loans, expenditure must be recorded against the budget when the expenditure occurs for those PIUs that are on budget. However, to ensure consistency in budget reports, such expenditure is often reported at the wrong time (that is, "below the line funding" is used to match "above the line expenditure"). Corresponding entries are used to register the financing transaction and to recognize the debt liability. The underlying asset produced, including the value of assets under construction, should also be accounted for at the time the expenditure occurred. Delays in capturing disbursements, and deficiencies in accounting practices that potentially include the lack of reconciliation of data, may result in underestimating the budget deficit and assets and liabilities in financial statements.

To address these challenges, ministries of finance need to put in place a sound operational framework to ensure data flows within the government. The operational and organizational arrangements should be backed by legislation for authorizing and administering debt. These arrangements help improve inputs to debt reports to achieve better analytical perspective on debt management and budget execution, including for capital spending funded through external project loans and related co-financing.

III. The Organizational Framework for Debt Management

In LIDCs and FCS, debt management functions are typically fragmented. These functions have evolved to address specific needs and are often shared between several institutions and divisions, leading to a fragmented approach to managing government debt. Typical arrangements include a DMU with a limited role in monitoring or servicing debt, while a separate ministry or directorate within the same ministry is in charge of contracting (development and project) loans, as is the case in South Sudan (Box 1). Domestic debt may also fall outside of the mandate of the DMU and may be executed by the central bank (for example, Sierra Leone) or the Treasury (for example, Benin). In Djibouti, for example, the responsibility for contracting external debt belongs to the Ministry of Economy and Finance, while debt reporting and payments are executed by the Debt Directorate in the Ministry of Budget. Similarly in Senegal, responsibilities are split between the Ministry of Economy, Planning, and Cooperation and the Ministry of Finance and Budget.

BOX 1. Debt Management Functions in South Sudan

Although the debt management unit was established in 2015, the unit was never structured to support core debt management functions. In addition to the debt management unit, a Technical Loans Committee was established. The committee reviews loan proposals and makes recommendations for contracting loans to the Minister of Finance. The debt management unit is not involved in the review of proposals and has no formal communication lines to the committee. Other loans have been contracted by the government without notification to the debt management unit or the Technical Loans Committee; in the absence of complete loan contract documentation, inaccurate debt reports may result.

In addition to the Ministry of Finance and Planning, the Bank of South Sudan plays a leading role with respect to domestic debt and the issuing of guarantees. The Ministry of Petroleum is also an important stakeholder because of the widespread use of loans collateralized with future oil revenues; the ministry is responsible for the servicing of these loans through the delivery of crude oil. In these situations, the debt management unit is not involved and only receives information on an ad hoc basis, since there is no formal reporting system.

Source: IMF staff.

Project financing functions may also be segmented across ministries and divisions, based on the financing source. For example, in Sierra Leone, the Multilateral Policy Division within the ministry of finance organizes and activates multilateral loans, while another division (Development Aid Coordination Office) in the Ministry of Planning and Economic Development is responsible for bilateral loans. This segmented approach hampers information sharing, including the flow of disbursement information to the DMU, and does not make the best use of scarce skills.

Efforts to improve coordination cannot fully offset institutional fragmentation. Having multiple entities managing different parts of the debt adds an extra layer of complexity to the information network that needs to be in place between PIUs and the DMU. When debt management responsibilities are split among entities, a common approach is to establish a coordinating committee, such as the National Public Debt Committees in Djibouti and Senegal. However, anecdotal evidence suggests that these committees have limited roles, if any, at a more strategic level and that they are less effective in ensuring operational-level coordination and debt data quality.

A good practice approach is to have all debt management functions under one roof managed by a single DMU or office, within or under the auspices of the ministry of finance. The core functions of a DMU are as follows: (1) debt management strategy design, (2) funding and transaction execution encompassing both domestic and external debt, (3) transaction processing and recording, and (4) debt reporting. Modern DMUs are structured along these four core functions, with responsibilities and accountability clearly defined. The front office, sometimes referred to as the resource mobilization unit, is typically responsible for funding transactions in financial markets and for contracting loans; the back office settles transactions and maintains financial records; and the middle office undertakes risk analysis, monitors and reports on portfolio-related risks, and designs the debt strategy (IMF and World Bank 2014). The three subunits should have separate reporting lines that reflect the specialization and skills required by the different functions, while respecting the key principles of the segregation of duties and promoting accountability (Currie, Dethier, and Togo 2003).

Country experiences suggest that there is a range of institutional alternatives for locating the unified debt management functions. In Nigeria, for example, an autonomous debt management office was established to bring together tasks executed by several departments (Box 2). In Zimbabwe, the Public Debt Management Office is part of the Ministry of Finance and Economic Development and has been taking over parts of the debt management tasks from other units. The decision regarding the location of the unified debt management function—whether it is part of the ministry of finance or an outside entity—depends on country-specific circumstances.

A key requirement is to ensure that the organizational framework surrounding debt management is clearly and formally specified. The legislation should clearly describe the mandates and responsibilities of the respective players for setting and achieving strategic targets and reducing operational risks, especially when functions are fragmented (that is, if the ideal practice of a unified DMU cannot be achieved). When the front office or the resource mobilization unit is outside of the DMU, its role should be limited to identifying and engaging with prospective or potential creditors at the early stages of project planning; the negotiation and closing of financial contracts should be a role of the DMU, with its own front office team to deal with financial terms. The DMU should have direct communication with the creditors during the loan's lifecycle. In a fragmented context, it is essential that one central unit within the ministry of finance take the lead and that the roles of various units and agencies are well-defined and have clear communication channels. Debt management entities should coordinate their activities directly and through formal mechanisms, which is especially critical to be able to monitor and report on the debt portfolio and its associated risks in a wholistic manner. To this end, an effective operational framework should ensure the sharing of information and data on debt through standardized means, templates, and calendars.

Many LIDCs/FCS are faced with low capacity, and a fully functional front-middle-back office structure may not be realistic. Even with low capacity, however, the DMU can start performing the basic functions of recording and maintaining accurate debt records and processing debt service payment. Figure 2 provides a graphical representation of a DMU with segregated key tasks. The diagram also highlights (in orange) the suggested initial functions that could be prioritized, with a clear segregation of duties where there is low capacity. The initial focus should be on achieving credible debt records and ensuring timely servicing of debt.

BOX 2. The Nigerian Debt Management Office

The Nigerian Debt Management Office (DMO) was established in 2000 as an autonomous agency to overhaul the debt management function at the Federal Ministry of Finance. Before the DMO, five departments in the ministry were involved with external debt management: three were handling relations with different groups of external creditors and the remaining two were tasked with executing payments, reconciliations, and reporting.

The 2003 DMO Act provided the legal basis for the DMO's functions, including the following:

- Maintaining a reliable database of all loans taken or guaranteed by the federal or state governments or any of their agencies
- Verifying and servicing external debts guaranteed or directly taken by the federal government
- Issuing and managing federal government loans publicly issued in Nigeria
- Participating in the negotiation and acquisition of such loans and credit
- Submitting to the federal government for consideration in the annual budget a forecast of borrowing capacity and of debt service obligations in the fiscal year

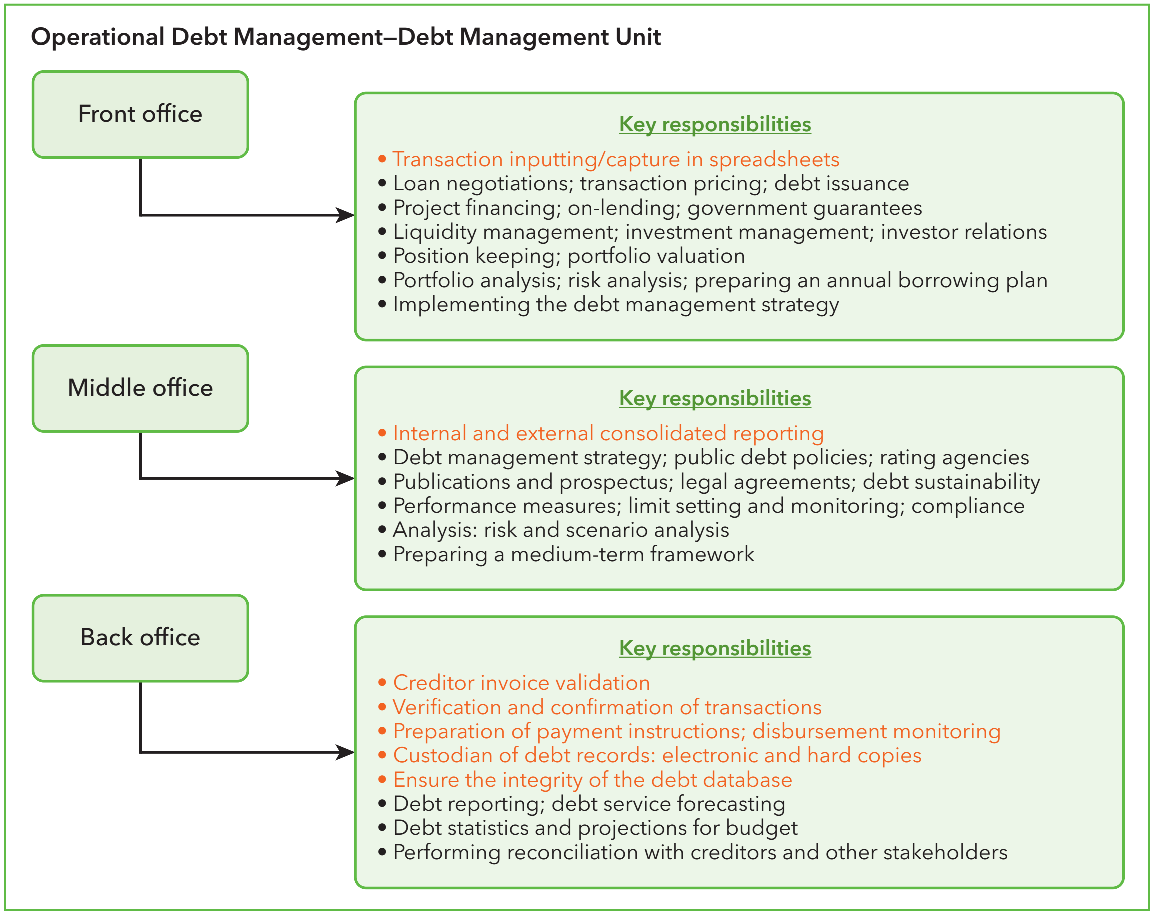
The Supervisory Board of the DMO has the mandate, with the approval of the Minister of Finance, to issue guidelines for obtaining external loans by the federal government or any of its agencies.

The DMO is organized along a "front-middle-back" office structure. The Loans and Other Financing Products Unit, within the Portfolio Management Department, forms part of the front office and is responsible for leading external debt negotiations, drafting and vetting loan agreements, and processing guarantees. The Debt Recording and Settlement Department is the back office and is responsible for the following:

- Maintaining records of all debt contracts, disbursements, debt restructuring, and issued guarantees
- Conducting data validation
- Handling the settlements of transactions, their confirmation, and the maintenance of financial records
- Forecasting and planning debt service and debt repayment, including provisions for contingent liabilities
- Organizing the reporting of debt information

Source: The Nigerian Debt Management Office.

Figure 2. Debt Management Unit Organizational Structure: Key Tasks to Be Prioritized Where Capacity Is Low



Source: IMF staff.
Note: Preparing an annual borrowing plan would require input from the middle office, as would debt statistics and projections for budget. Text in orange indicates the suggested initial functions that could be prioritized.

IV. The Operational Framework for Monitoring and Processing Loans

Ensuring timely and accurate reporting requires that data reach the relevant institution on time and in a suitable format. This can be achieved by implementing an operational framework that incorporates all stakeholders. Although the framework may change over time as the capacity of the DMU and other stakeholders develops, new technologies are introduced, or legal requirements are promulgated, each updated version of the framework should clearly describe the workflow, the data to be sent and received, the timeframe, and to whom the information must be reported. The descriptions provided in this and the following section aim to assist countries in establishing and then building on the framework's most fundamental elements.

At a basic level, the framework should ensure that the main parties involved (the DMU, PIU, and the lender) have mirror images of the loan records, as shown in Table 2. The following main principles should be satisfied:

- The DMU should be part of the contracting phase for loans.
- All parties should share common loan agreement data, based on signed legal documents.
- Disbursement claims initiated by the PIU should be channeled to the lender through the DMU.
- Claims adjusted for arithmetical correction or inadmissible expenses should form the basis for loan disbursements.
- The government's records of loans disbursed (both as cash or direct payments) should reconcile internally between the DMU and the PIU, and with the lender statements on the amounts of loan disbursements.
- The government's financial statements should provide a simple reconciliation of the loan disbursed and loan balance available for drawdown, by reference to applied, claimed, received, and unspent advanced amounts.

The DMU should have access to accurate outstanding loan balances to perform its role in the processing of the loan. The DMU must aim to establish and maintain this information. However, in many FCS, accurate balances are not always readily available. Anecdotal reports indicate that the main deficiency is the timely reporting of disbursements and addendums to project loans. This information is, in most cases, available from the relevant ministries, departments, and agencies, and the PIU, and it is also available from the creditor. However, it is usually transmitted at a late stage to the DMU; in many cases, it is not communicated at all. In particular, the operational framework should incorporate all stages of a loan's lifecycle. This is required to ensure that all changes to the loan terms, stocks, and flows are recorded, including (1) the initial stage when the loan is entered into, (2) disbursements and repayments, (3) loan addendums, and (4) loan maturity.

Table 2. Key Elements of Records That Should Be Maintained by the Government and the Lender

Records	Loan Agreement	Drawdown Claim	Adjusted Claim	Loan Disbursed	Loan Received	Loan Applied
Lender	X	X	X	X		
DMU	X	X			X	
PIU	X	X			X	X[1]

Source: IMF staff.

Note: DMU = debt management unit; PIU = project implementation unit.

[1]This amount should also agree and be reported as expenditure of the PIU.

Contracting of the Loan

Contract negotiation is a key function performed by a DMU. The DMU should be involved, even with multilateral loans where the terms are largely predetermined and the room for negotiation is limited. Loans from official bilateral creditors require close due diligence. Some bilateral loans have embedded conditions that may carry hidden costs. For this reason, they need careful examination, which requires a competent front office that has the capacity to perform the necessary quantitative analysis to seek loans that meet the cost-risk parameters corresponding to the debt management strategy set by the government (Box 3 describes the process in Kosovo). However, in many LIDCs, the capacity within DMUs is low, and the skills are insufficient to perform such an analysis. In these situations, a committee should be formed under the umbrella of the ministry of finance, where skills from other government institutions can be brought together to perform these critical functions; this was the case in South Sudan, where a Technical Loan Committee led by the ministry of finance was set up for the purpose of contracting new loans. Even in these situations, however, the DMU should be involved to build capacity.

BOX 3. Contracting of Loans for Investment Projects in Kosovo

In Kosovo, a regulation (Regulation No. 22/2013 on Procedures for Issuance and Management of State Debts, State Guarantees, and Municipal Debts) sets the framework for contracting loans for investment projects. Accordingly, the Ministry of Finance is defined as the sole authority that may initiate and conduct project negotiations to be funded through state debt. Within the Treasury, the debt management unit is responsible for exploring the market for funding opportunities and terms for selected projects. The Minister of Finance establishes a team, which includes representatives of the debt management unit and the beneficiary organization, to analyze funding options and negotiate financial agreements. The financial agreements are signed by the Ministry of Finance, and the debt management unit is tasked to record and maintain all related documents.

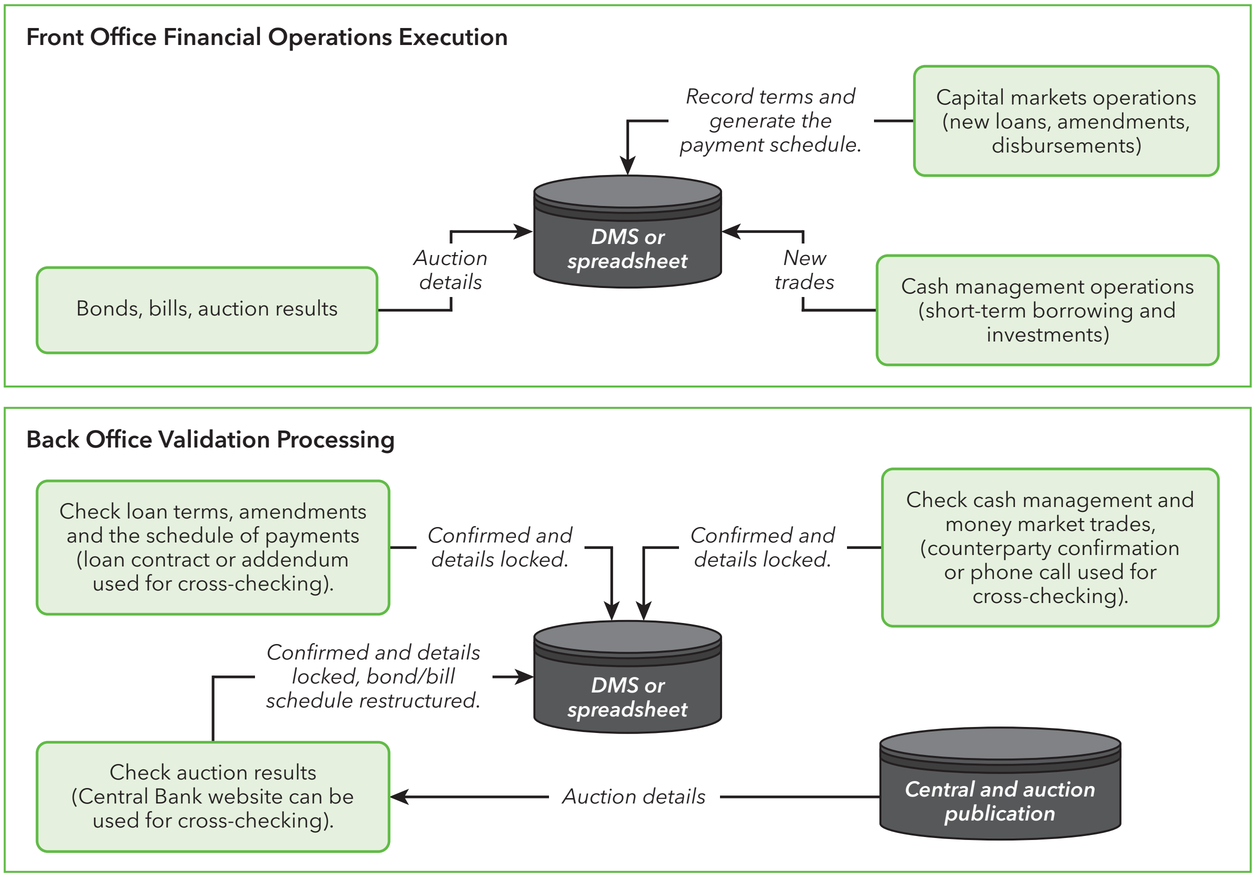
Source: Ministry of Finance of Kosovo.

Initial Recording for New Loans

The initial registration of new debt starts with the front office of the DMU. Once the contract has been approved and signed, a copy of the loan agreement should be sent to the DMU's front office. International sound practice indicates that data entry into the debt management system (DMS) should be the responsibility of the unit that originates the transaction, namely, the front office (Proite 2020). In the absence of a DMS, the front office should record the core loan terms that are required for operational and reporting needs in a centrally maintained database/spreadsheet that is accessible to all relevant staff, based on their role and access rights. However, the recording is complete only after the back office has validated and confirmed the data, either in the DMS or a spreadsheet. Annex 1 provides a sample of the fields that should be captured in a spreadsheet if no system is available. This information is critical for future stages (for cash flow computations for loans, see for example, Proite and Vitorino 2023). Figure 3 offers a diagrammatic view of the loan recording workflow.

A core function of the back office is to validate and confirm all debt transactions executed by the front office. These tasks constitute a critical function, because processing errors can be costly and bear substantial reputational risk to the government. To ensure the accuracy of the database, the back office usually monitors and validates the stock of debt and the debt flows. In the case of new loans, such terms should be cross-checked by the back office independently, using the loan agreement. Ideally, the process for recording and

Figure 3. Loan Recording Workflow



Source: IMF staff.
Note: DMS = debt management system.

updating loan information should be embedded in an internal regulation or procedures manual, as in the case of Rwanda (Box 4).

Loan Disbursements

Actual disbursement should be recorded without delay. It is only when a loan is disbursed partially or fully that a debt is created. Before disbursement, the lender has only provided a commitment to lend the funds, but no borrowing has yet been undertaken; interest on the debt starts accruing with disbursement. However, fees are normally paid during this period, such as commitment and upfront fees, which must also be recorded as an expenditure of government; in some cases, there can be capitalization of interest on previous disbursements that needs to be recorded, managed, and monitored.

Disbursement requests by PIUs should be processed by the DMU. The PIU should send to the DMU all disbursement requests that have been evaluated and approved for the relevant loan tranches. The DMU will then authorize the disbursement claims. The loan agreement should only permit the lender to act on disbursement claims that have been channeled through the DMU. At a minimum, if the request cannot be processed by the DMU, the DMU should immediately receive a copy of the disbursement request. The requests should be numbered sequentially and traceable to actual disbursements.

BOX 4. Public Debt Management Manual Procedures in Rwanda

At the Ministry of Finance and Economic Planning in Rwanda, a manual was prepared to document the processes in managing public debt in the nation (Rwanda Ministry of Finance and Economic Planning 2020). The 140-page manual prescribes debt governance arrangements, planning, contracting, recording, accounting for, servicing, and reporting. Sections 5 and 6 of the manual are dedicated to contracting and mobilizing external loans, clearly defining the responsibilities of all parties and describing the tasks in workflow diagrams. The manual acknowledges that most external loans in Rwanda are contracted to finance the government's infrastructure programs.

The manual specifies the back office's responsibilities for inputting the loan into the Debt Management and Financial Information System. Two officers should be involved to double-check the details. The manual also defines the specific processes to be followed in different types of loan disbursement. For direct payments, for example, the loan disbursement advice is received from line ministry and/or project agency and checked against compliance with the loan agreement. The disbursement information is recorded in the Debt Management and Financial Information System, and a disbursement notice is drafted to specify the receipt currency, amount, date, and the bank account. Once this information is checked by the head of the back office, the notice is sent to the Treasury (the Accountant General's Department) to update the government's financial reporting system.

Source: Rwanda Ministry of Finance and Economic Planning (2020).

The DMU should also be tasked with ensuring that funds have been received by contractors or in the PIU ringfenced accounts. To this end, the PIUs should send regular (for example, quarterly) reports of balances outstanding to the DMU to report on the status of loans (Annex 2). Some donors, such as the World Bank, provide access to a real-time information system where the status of loan disbursements can be monitored. The DMU should have access to these systems to review all project-based loans and their transactions.

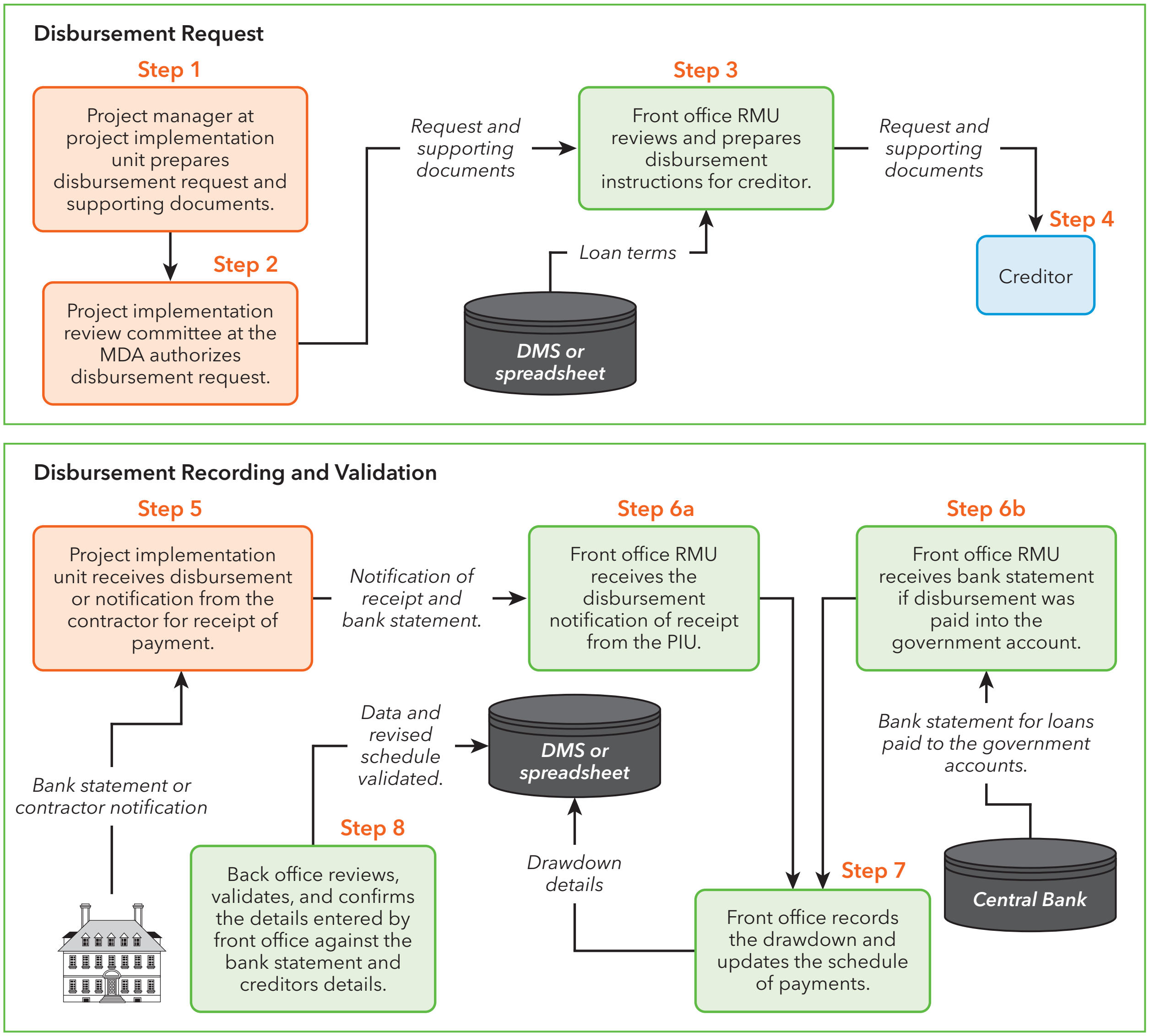
Receipt of disbursement information should be individually and immediately reported. This should include supporting documentation, such as a bank statement showing the receipt of funds. Reporting by PIUs can be enforced by tying disbursement approvals to reporting, which could reduce delays in recording disbursements and improve communications. PIUs should provide the details of all disbursements received in a standard reporting template and within binding deadlines. Annex 3 includes a sample template that could be slightly amended for disbursements to PIUs' special accounts and other methods of disbursement. Once the disbursement details have been recorded by the front office, the back office should validate and confirm the recording accuracy. Figure 4 provides a diagrammatic view of a disbursement request and recording workflow.

The reporting requirement on loan disbursements should be embedded in regulations and enforced. In Türkiye, for example, a dedicated Treasury regulation defines the framework for managing and monitoring project loans (Box 5). The regulation holds the accounting officers in ministries, departments, and agencies personally responsible for sending the required forms on project loans. The Public Debt Management Law in North Macedonia defines penalty fees to be imposed on the "managing persons" within the government and public entities in the event that they fail to submit information to the ministry of finance on loan agreements concluded and changes of stock in any loan position (Article 28).

Debt Servicing

Debt service processing encompasses the activities performed to pay principal, interest, service charges, and fees generated by government debt. Processes involve the participation of several stakeholders, namely,

Figure 4. Disbursement Request and Recording Workflow



Source: IMF staff.
Note: DMS = debt management system; MDA = ministries, departments, and agencies; PIU = project implementation unit; RMU = resource mobilization unit.

the DMU, the budget and Treasury units of the ministry of finance, and, in many countries, the central bank, as well as the creditors. The main objective of the processes is the timely payment of the correct amounts specified in the debt agreements to avoid any arrears that may result in extra costs to the government.

An efficient debt servicing process requires a consolidated DMS that is reliable, secure, up to date, and able to deliver timely information. The system should facilitate the generation of accurate debt service schedules and the production of payment orders; it should also support the execution of the debt-related budget transactions and the payment of servicing funds without delays while minimizing operational risk. This capability is essential for accurate debt servicing, as well as for cashflow forecasting, and budget formulation and execution.

BOX 5. The Project Loan Regulation in Türkiye

The "Regulation on Principles and Procedures Regarding Foreign Debt Registration of External Project Loans," issued by the Ministry of Treasury and Finance, provides the main framework for the monitoring of project loans of budgetary and other public institutions. Accordingly, the Ministry of Treasury and Finance records any new loan in its systems within five days of signing of the contract and informs the relevant ministries, departments, and agencies. The ministries, departments, and agencies should then do the following:

- Request the Ministry of Treasury and Finance's authorization for loan disbursements, with necessary documents proving expenditure to be incurred with the loan receipts, in writing or through the Project Loans Information System.
- Send information through forms on withdrawals from loans disbursed to special project bank accounts.
- Establish internal control mechanisms for the monitoring of disbursements, repayments, and liabilities in project loans.
- Maintain all receipts, invoices, and other original project and loan documents for 10 years after the final principal payment on the loan.

The templates in the annex to the "Regulation on Principles and Procedures Regarding Foreign Debt Registration of External Project Loans" define the scope of required information. The Ministry of Treasury and Finance reports to the State Court of Audits semi-annually on project loans with unreconciled disbursements and balances.

Source: Turkish Ministry of Treasury and Finance.

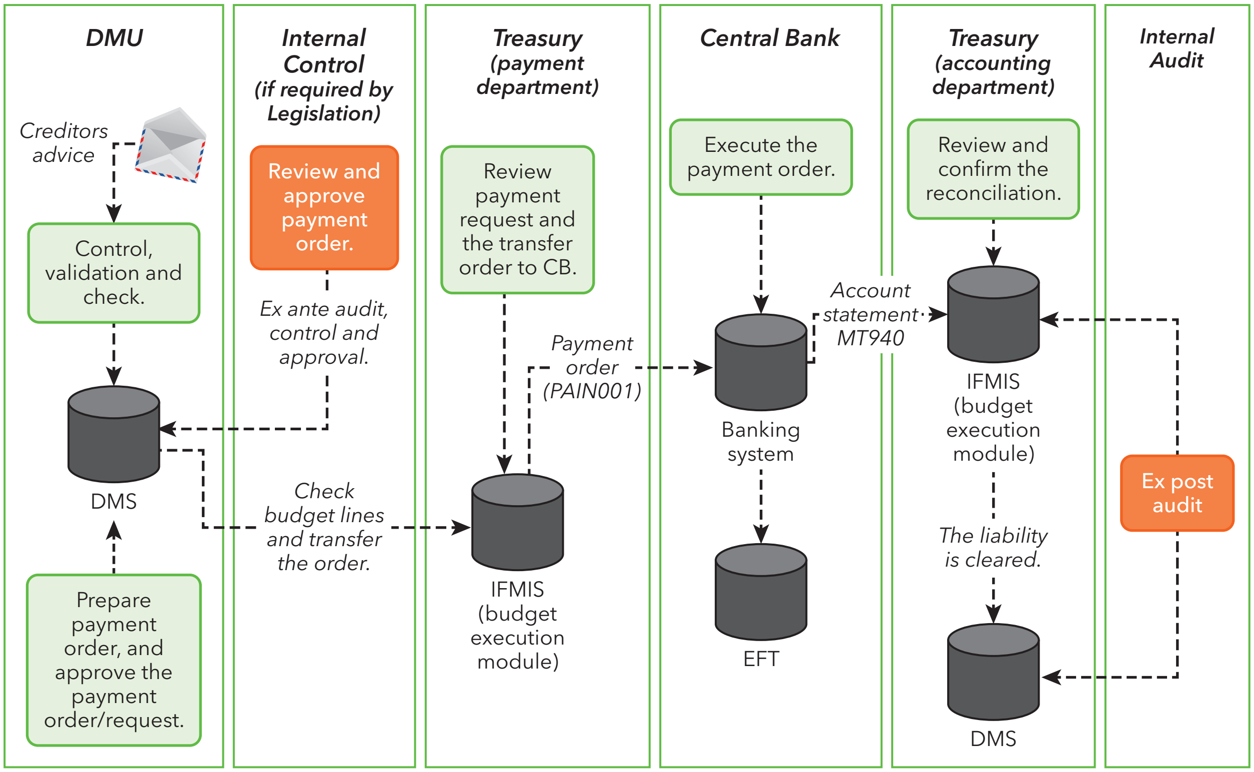
The debt servicing workflow can be divided into four main stages: (1) generating the debt service schedule, (2) preparing/validating/issuing payment orders, (3) executing the payment, and (4) reconciling the payment execution. Figure 5 provides a diagrammatic view of this workflow.

- *Stage 1: The debt service schedule* is usually generated by the DMS. A reliable schedule is essential for cash planning purposes to ensure sufficient funding and foreign currency availability within the budget execution system and within the paying bank account on the required date. The DMS should be capable of automatically generating the debt servicing schedule with accurate due dates and value data both for floating[4] and fixed interest rate loans. To this end, the interest rate, exchange rate, and inflation rate should be automatically uploaded into the system from market data provider systems, or from the central bank, each day to support the rate-fixing process for calculating the correct amounts to pay for debt servicing of loans. In the absence of a DMS, which is the case in many FCS, this information must be maintained in spreadsheets, where the loan details and its schedule of payments are recorded.
- *Stage 2: The preparation and validation of payment orders* starts with the arrival of the creditor's advice. When the creditor's advice is received, it is cross-checked with the DMU's recorded values, namely, the rate, dates, account to credit, and amount. On the payment date,[5] the payment order is prepared

4 For floating rate interest loans, the DMS or spreadsheet should calculate an accurate reset date (rate fixing date) indicating when the rate will be published, and it should compute interest payments using the relevant market rate; this rate is normally available one payment in advance for the subsequent interest payment.

5 Or the spot date for payments in foreign currency.

Figure 5. Project Financing: Debt Servicing Workflow



Source: IMF staff.
Note: CB = central bank; DMU = debt management unit; DMS = debt management system; EFT = electronic funds transfer; IFMIS = integrated financial management information system.

in the DMS after an automatic validation.[6] The validation performed by the system ensures that there are budget allocations for the servicing of the payments. There should be an automatic check through an interface with the budget execution IFMIS module, because a DMS is not an accounting system, and all accounting entries must be within the government's central accounting system. The system should verify that settlement instructions are correct—the bank account to debit and the beneficiary account to credit—and that the cashflow for payment has been validated and confirmed. Once all checks are complete, the system generates a payment order. Many LIDCs and FCS do not have automated DMS; accordingly, this process should be performed manually several days before the payment date to ensure that all is ready on time for payment. The second stage is concluded with the issuance of the payment order based on the internal policy for authorization. In some countries, the order might require an audit by an internal controller before its final release; in others, no ex ante audit is performed, but all payments are subject to an ex post audit.

- *Stage 3: The execution of the payment order* usually involves the central bank. Sending the order to the central bank can take one of two possible routes:[7]

[6] If the debt servicing is for a foreign payment, the DMU would either perform a foreign exchange contract at a given rate or agree on the spot rate with the central bank. This step should occur before making the payment, and the rate should be used to account for the transaction.

[7] In both cases, the format of the payment message should comply with a standard banking protocol such as SWIFT MT101 or ISO PAIN001.

a. The DMU releases the payment order and sends it direct through an electronic funds transfer system to the central bank. However, this route is less optimal because the IFMIS would only be updated ex post.

b. The payment order is transferred from the DMU to the budget execution system IFMIS module for transfer to the central bank. This route applies to countries where all payments are processed by a central payments department following the normal PFM budget execution process.

- *Stage 4: Reconciliation* at the final stage is initiated by the central bank as the fiscal agent, ideally through an interface.[8] This interface will be with the DMS if the payment order was sent by the back office or with the IFMIS if the order was processed through the Treasury. In the former case, the DMS passes the relevant data to the IFMIS to update the budget execution module with the liability that has been cleared, which, in turn, will update the accounting module in the IFMIS.[9] In the latter case, the IFMIS will update the DMS to indicate that the liability has been cleared. In LIDCs/FCS where interfaces are not possible, a debit note indicating that a payment has been made and a copy of the bank statement must be provided to the DMU to enable it to manually update the records to indicate liability clearance.

Loan Amendments

Loan terms change throughout the life of a loan, specifically when funding capital projects. These projects include cases (1) where a project is not performing and has been canceled, (2) where there is a residual amount remaining on a loan after project completion, or (3) where project costs are higher than originally anticipated. These changes need to be recorded in the DMU to update the records. However, the information is not always passed to the DMU. As with disbursements, delays and late recording of loan changes lead to discrepancies between debt recorded and actual obligations and result in inaccurate reporting. All contractual changes must be recorded by the DMU, and the PIUs should report all changes to the DMU as they happen, without delay. For example, the PIU must report loan maturity states at project end: the fully drawn, residual amount and any other changes that may have occurred over the life of the loan. Ideally, the DMU front office should be involved in the entire renegotiation and contractual change procedure.

Addendums/amendments are normally a contractual change and would require that the DMU front office is involved in the process. The DMU should lead the process; when the addendum is signed, the front office should immediately record the changes and notify the PIU of such changes. However, changes at maturity as mentioned in the previous paragraph must also be reported immediately to the DMU. Annex 4 is a template for reporting the contract maturity status. The PIU should issue this document to the DMU front office before the set cutoff date, such as no later than "x" days after the maturity. The report should be accompanied by supporting documentation, such as the signed project completion order or any other document that supports the reported loan changes. Figure 6 is a diagrammatic view of the workflow for reporting and recording loan amendments, which, if implemented, would help to improve the recording and reporting process to ensure data accuracy and timely reporting.

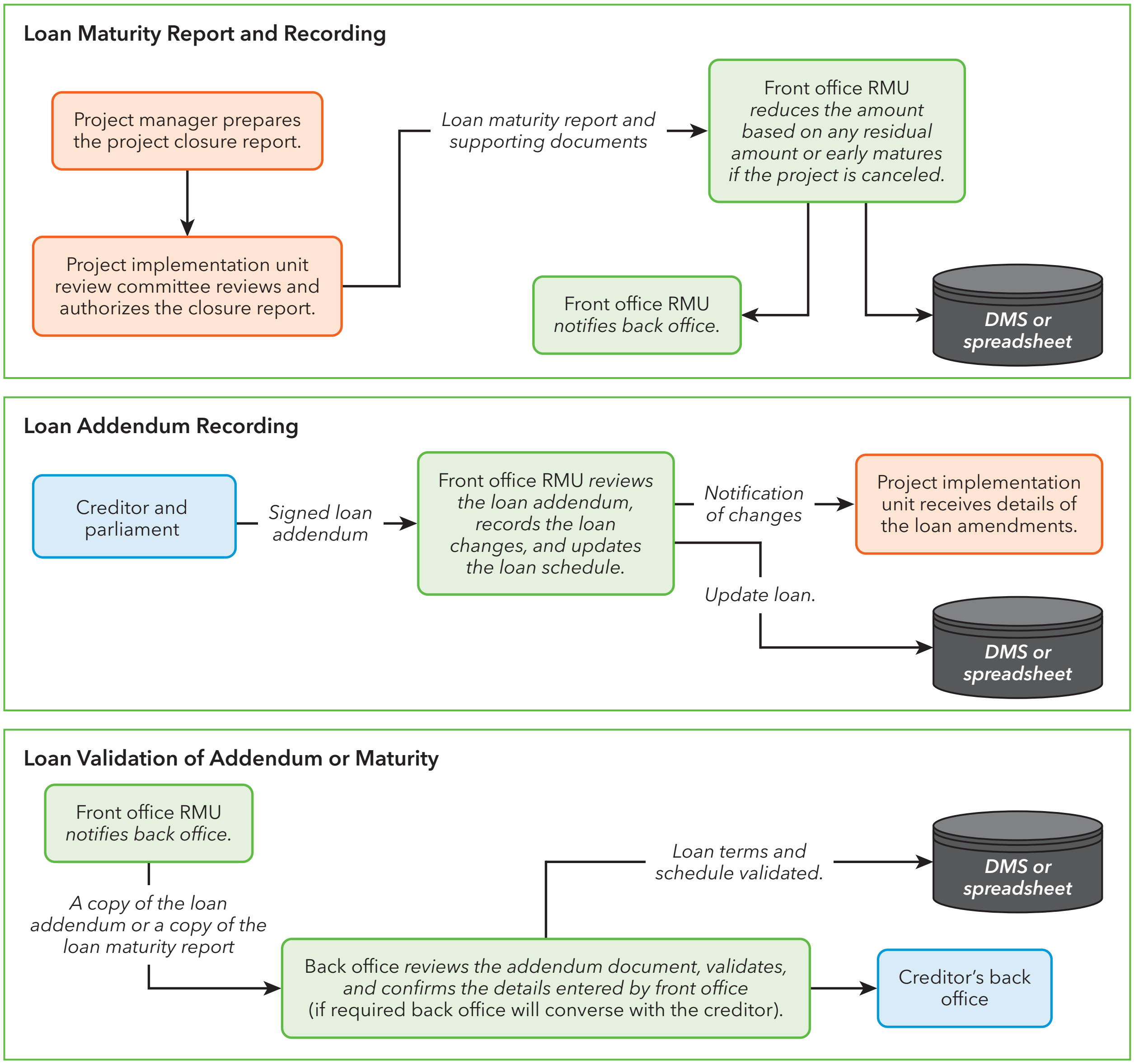
Debt Reconciliation

The DMU has the responsibility to ensure that all stocks and flows are recorded and accounted for correctly, and to perform timely, reliable, and effective reconciliations. The purpose of reconciling is to ensure that the accuracy and timeliness of transactions are reflected in the DMU's records. Typically, the external audit function should require evidence that such a reconciliation took place.

[8] Usually in an internationally recognized electronic bank statement format, such as SWIFT MT940.

[9] This interface should transfer all required data to satisfy the budgeting and accounting modules in the IFMIS, to ensure that no rekeying or processing is required.

Figure 6. Project Financing: Loan Amendment Reporting and Recording



Source: IMF staff.
Note: DMS = debt management system; RMU = resource mobilization unit.

At a minimum, in LIDCs and FCS, DMUs should adopt an annual standard reconciliation methodology and measures to enhance the monitoring of loans and to ensure the accuracy of the debt data. The methodology and measures should include a calendar listing when the reconciliation should be performed and include calendars for both internal and external audits. The legal framework should provide the DMU with the authority to perform such an audit to reconcile debt records.

External Reconciliation

- *Creditors reconciliation*: This should be an established practice within the DMU; however, this process is not performed in many FCS. Sound practice suggests that at a minimum, the DMU would perform an annual stocktake of all loans. Doing this involves the DMU formally writing to each creditor, requesting a statement of account for each loan, and reconciling the returned statement with internal records. Any discrepancies should be followed up on and records should be updated. This practice enhances credibility and data accuracy. The exercise would normally be performed by the DMU back office.

- *Project loan reconciliation*: The DMU should establish a practice for conducting loan review meetings with PIUs on an as needed basis. At least annually, the DMU front office should conduct visits to review the recordkeeping and reporting of the PIUs. These visits could be annual spot checks on a selected number of PIUs to be audited each year. The records of the PIU should be checked and compared with the records of the DMU. Such an exercise would help to enhance transparency and accountability. In advance of visits, the DMU should notify the PIUs to allow them to prepare and to have the relevant staff onsite to take part in the reconciliation exercise.

Internal Reconciliation

The DMU should perform a monthly reconciliation of the stocks and flows with both the Treasury and the accounting departments within the ministry of finance. This reconciliation should focus on new disbursements and debt servicing payments to ensure that the DMU's records are consistent with those of the Treasury and accounting units. The DMU back office would normally perform this task.

Debt Reporting and Transparency

Debt transparency concerns the availability to stakeholders of timely, accurate, and sufficiently detailed information about the magnitude, composition, and terms of public debt and debt risks, as well as about related procedures and policies (IMF 2023). Borrowers and creditors need detailed information on the outstanding stock of public debt, including terms and conditions, to make informed borrowing and lending decisions; citizens also need this information to hold their governments accountable. For analytical purposes, access to detailed data on public debt is critically important to support fiscal policy decisions because it supports debt sustainability analysis and facilitates making longer-term projections. Any arrears on debt service should also be captured in debt reports in a transparent manner.

Regular reports on the debt position are essential for ensuring debt and fiscal transparency. The IMF's Fiscal Transparency Code (IMF 2019) emphasizes the coverage of all government assets and liabilities in fiscal reports. For LIDCs, government debt generally represents the most important liability; accordingly, it requires special attention in the government's balance sheet. Greater transparency can help underpin the credibility of public finances and improve market confidence.

A commitment to regular debt reporting is not only important for informing foreign and domestic investors; it also creates incentives for the government to keep up-to-date data on its debt. According to *The Fiscal Transparency Handbook* (IMF 2018), debt instruments that countries should report at a basic level of practice include (1) government-issued debt instruments (marketable or nonmarketable), such as Treasury bills, notes, and bonds; and (2) loans (including those arising from commercial contracts, like finance leases). The World Bank's "Debt Management Performance Assessment Methodology, 2021 Edition" (World Bank 2021) recommends, at a minimum, an annual publication on the official website with a maximum lag of six months that covers the instrument, currency, and creditor composition (loans versus securities) of the debt stock; the maturity profile of debt service; and some cost measures, such as the implied interest rate and outstanding guaranteed debt. More advanced practices include reducing the time lag in reporting and increasing the frequency of reporting, ideally to monthly or quarterly.

Frequent debt statistical bulletins are increasingly becoming common practice. Ghana and Kenya are among the countries that publish monthly debt bulletins to provide information on outstanding loans and securities. These are complemented by more detailed annual reports that provide information on issues, disbursements, and debt servicing payments.

In a wide range of country cases, however, the reporting coverage of newly contracted loans is particularly problematic. According to the World Bank's "Debt Transparency Heat Map" (World Bank 2022a), approximately half of the LIDCs cannot produce sufficient information on their new loans. The US Agency for International Development's "Debt Transparency Monitor" (USAID 2022) also finds that countries produce debt reports that often lack important information and are not always up to date. These deficiencies often reflect problems in earlier stages of the loan management cycle.

For LIDCs and FCS, the focus should be on generating a regular debt report based on up-to-date and reconciled information. For those who lag, the starting point can be increasing the granularity of information in the annual report and gradually moving to higher frequency. Procedures—described earlier for completing information on loan contracts, amendments, disbursements, repayments, and reconciliations—will eventually lead to a better data set on loans, which then serves as the basis for comprehensive and accurate debt reports. Rwanda's "Internal Procedure Manual for the Debt Statistical Bulletin" (Rwanda Ministry of Finance and Economic Planning 2022) refers to steps in data collection, recording of debt in the DMS, and reconciliation before drafting of the bulletin. The manual describes where to find source data and how to reconcile it with the expected content of the bulletin.

In summary, debt transparency can be achieved by ensuring the following:

- An institutional structure in line with sound international practice, supported by a comprehensive legal framework, is implemented.
- Loan negotiations and contracting follow a standard workflow, no matter the type of debt instrument. Guarantee issuance should follow a similar transparent process.
- All debt servicing payments follow the standard budget execution workflow and are captured in the IFMIS ex ante and reconciled to bank statements and DMS.
- At the minimum, quarterly debt bulletins and a more detailed annual debt report are produced and made publicly available.

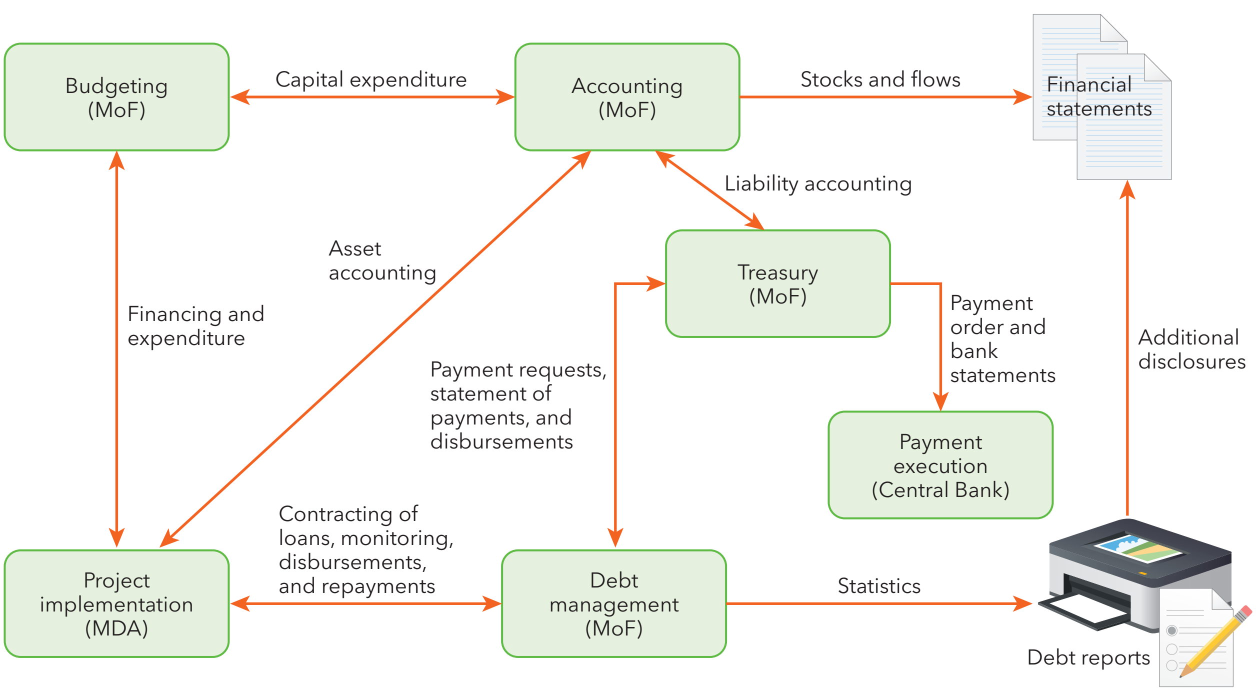
V. Links between Management of Project Loans and Other Public Financial Management Processes

Processes for managing project loans are directly linked to several other PFM processes. These include the following:

- Debt management, where loans are planned, contracted, processed, serviced, and reported.
- Public investment management and project implementation, where financing needs for capital investment are initially recognized and planned over the long term; disbursements are executed during the implementation stage. Delays in disbursements of loan funds may affect project completion and costs.
- Treasury/cash management, where overall cash needs are programmed and planned, actual disbursements are recorded, payments for debt service are processed, and variances are analyzed.
- Accounting, where expenditures for debt service and capital projects are recorded, assets created in the project are captured, and debt liabilities are recorded and tracked.
- Budget preparation and execution, where capital expenditure and its financing are planned, appropriated, executed, and reported.

The operational framework for monitoring and processing project loans should be developed in consideration of these PFM links. Deficiencies in capturing accurate and timely data in the lifecycle of project loans potentially feed into weaknesses in other PFM processes and negatively affects their outputs. Figure 7 illustrates the span of information flows across various processes. Consistency of debt data captured in debt

Figure 7. Project Financing Information Flows



Source: IMF staff.
Note: MDA = ministries, departments, and agencies; MoF = ministry of finance.

reports, financial statements, budget documents, budget execution, and project implementation reports enhances the credibility of fiscal data and is conducive to facilitating external audits.

The Accounting Framework

Data on loan disbursements and repayments are key inputs for capturing stocks and flows of liabilities in financial statements and budget execution reports. Approved budgets for donor-funded projects are based on a tight correlation between the annual expenditure and annual funding sources (grants or incurring liabilities/debt), such that for each budget year, the funded payments often directly match the funding receipts. In practice, there may be significant timing differences between when funds are disbursed and when those funds are spent. The reports that compare the budget versus the actual generally match funded payments with funding receipts and may not capture timing differences. The financial statements may differ—for example, cash-based reporting should recognize the actual payments made and actual cash receipts during the reporting period, and they should provide notes reconciling the differences.

To ensure credibility, debt data reported in the government's financial statements need to be consistent with other publications. Although the financial statements should not seek to replicate the same level of detail included in the government financial statistics, annual debt, and other official reports; data should be consistent among the documents. It will be important to include a reconciliation table identifying the differences among the documents when variations arise from timing differences, exchange rate differences, and treatments for noncash transactions, such as the capitalization of interest, debt rescheduling, restructuring, or relief.

The government's financial statements should reflect loan disbursements as increases in its liabilities. Some countries applying cash-based reporting have treated project loans and grants as being similar types of revenue. Classifying and combining project grant and loan disbursements as external assistance revenue receipts were practices in Rwanda and Tanzania until they started to introduce international public sector accounting standards. In the statements of receipts and payments, such treatment overstates the value of revenue, affecting the government's overall deficit or surplus for the year. Correct reporting of loan disbursements as a financing flow increasing the stock of liabilities provides a more accurate view of fiscal space.

Financial statements should include project financing irrespective of whether the payments are channeled through a government-controlled bank account or made by a third party. Transactions made directly to suppliers by lenders on behalf of the government by drawing down on the loan or grant accounts need to be reflected in the financial statements. A separate column or table for third-party transactions showing expenditures and the financing should be included on the statement of cash receipts and payments.

Comparative information should be available to assist the readers in understanding financial statements. The legal frameworks typically require reports comparing the actual expenditure and revenue for the financial year against the respective approved budget. The accounting standards require that financial statements are comparable with the previous year's actuals. Those standards will also require that corrections for material errors made in a previous period update the comparative prior year amounts and the reasons for the correction are clearly disclosed; for projects, such reasons may arise from the omissions of certain expenditure or disbursements, incorrect classifications (for example, loan receipt instead of grant), or the subsequent ruling of inadmissible expenditure. Other debt-related disclosures include the balances of undrawn borrowings at the reporting date, cash balances that are ringfenced for projects, and any significant loan terms and conditions that have not been complied with.

The accounting framework should help reconcile information on loan disbursements and their resulting liabilities with expenditure and associated assets created. LIDCs are increasingly aspiring to adopt international public sector accounting standards to achieve cash-based compliance as a stepping stone to implementing accrual-based standards. Cash-based compliance requires accounting for all loan disbursements—including lender disbursements made directly to third parties and debt servicing transactions—and encourages disclosures on financial liabilities, including the stock of debt. In Kenya, for example, the ministries, departments, and agencies are required to submit to the national Treasury the quarterly reports and financial statements on the projects they are implementing (Box 6). Collection of this information enables the Treasury to develop accurate financial statements, budget execution, and debt management reports. End-of-month accounting disciplines need to enforce the timely capture in the government's accounting system of transactions managed by PIUs outside of the IFMIS.

BOX 6. Quarterly Reporting on Accounts of Projects in Kenya

In Kenya, the 2015 Public Finance Management Regulations require the accounting officer of a project to compile and maintain a record showing all receipts, disbursements, and actual expenditure monthly for every project and subproject, and to submit a summary of the records for each quarter and year to the national Treasury no later than 15 days after the end of every quarter (Article 77). The reporting is done through a template drafted by the Kenyan Public Sector Accounting Standards Board, in accordance with the Cash Basis of Accounting Method based on the International Public Sector Accounting Standards. Accordingly, the template requires the ministries, departments, and agencies to report on the following:

- Project information, including on roles and responsibilities
- Funding summary on donor commitments (loans and grants), amounts received to date, and undrawn balances
- Amounts received from loans in various disbursement types
- Receipts and payments for the purchase of goods and services, acquisition of assets, etc.
- Comparison of planned budget and actual amounts
- Financial and nonfinancial assets and liabilities
- Bank account balances

Source: National Treasury of Kenya; and Kenya Public Sector Accounting Standards Board.

Budgeting, Cash, and Debt Management

Problems with estimating loan disbursements lead to overestimation or underestimation of borrowing and debt service in the budget. Understanding the size and characteristics of the debt stock and expected changes to it is particularly important for strategic planning and budget preparation purposes. Adequate planning of planned project loan disbursements, expenditure, and debt servicing is essential for executing the approved budget. Material forecasting errors may disrupt budget execution, affect service delivery, and create reputational risks.

The DMUs should receive information on actual disbursements, as well as projections of disbursements. Reliable projections on loan disbursements are the main input for credible budgeting on interest payments and in the budget framework formulation for determining the annual and medium-term envelopes for capital spending. In countries where market access is relatively limited, deviations from projected loan disbursements, together with the volatility of exchange rates, are the main driving factors for these budget forecast errors. In Maldives, as a result of delays in disbursements, the actual interest paid on external debt was lower by about one-third, compared with the interest budgeted during 2016–18 (World Bank 2019). Direct reporting lines from PIUs to the DMU are vital to minimize such potential errors.

The effectiveness of cash and debt management is dependent on reliable information on debt-related flows. Overestimating debt service projections may result in excess borrowing to fund the budgeted fiscal deficit, leading to additional interest costs, or it may deprive funds from being allocated to service delivery. Underestimating the debt service needs of project loans may require frequent changes in borrowing plans and complicate Treasury management.

Typically, the DMU is responsible for drawing up and monitoring the debt service component of the budget in coordination with the budget department. In many countries, this is a function of the middle office, which would work with relevant stakeholders, including the PIUs, during budget preparation and throughout the year, to prepare forecasts of disbursements and payments based on project performance. This unit would also run regular market risk scenarios to identify and report the potential effect of exchange and interest rate risks. Such analysis not only feeds into the budget preparation and monitoring process, but also is essential for cashflow forecasting and cash management.

Public Investment Management

The DMU should be involved in the financial planning of investment projects at an early stage. In LIDCs and FCS, political manifestos and national strategic plans tend to be constructed without full regard to the likely availability of resources, or they are based on overly optimistic assessments of funding. Accordingly, it is critical that the DMU is involved in medium-term financial planning for public projects. In Kosovo, for example, regulations require that the Treasury/DMU be involved in the development of the medium-term expenditure framework, with regard to project planning, and provide disbursement estimates for existing projects and projects under negotiation, together with recommendations regarding the structure of funding. The DMU helps develop a realistic financing envelope in public investment planning, particularly to prioritize projects when resources are limited. In this process, the PIUs' projection implementation capacity should also be considered.

The DMS should maintain up-to-date data on debt acquired for investment projects. Many countries have a public investment management information system (PIMIS), a software solution designed to support the management of the public investment lifecycle, including submission, review, and approval of project proposals, as well as the execution and monitoring of projects. Information stored on the PIMIS would also typically include information on the use of funds from various sources, including loans, because debt disbursement is linked with stages of projects. The data on loan disbursements in the DMS and PIMIS must reconcile; ideally, the two systems should be integrated in a seamless manner. In LIDCs and FCS where system integration may not be feasible in the short term, the debt data should be updated manually, with the DMS serving as the main system for storing project loan data information; the PIMIS should not be the main storage for debt data.

Debt Management Systems and Integration to Other Public Finance Management Systems

Where possible, the DMU should have a comprehensive DMS for source data compilation to accurately record debt. The establishment of an effective and efficient debt management computerized system is widely recognized as a major element of a sound PFM strategy. It is also supportive of the overall efforts to strengthen governance by improving transparency and accountability. In the current environment where active debt management is becoming more complex, investment in a DMS is justified.

In the absence of a DMS, information on loans and their schedule of payments is often captured and managed in spreadsheets. However, this approach should be seen as an interim solution to enable the debt to be recorded centrally in one coherent database located at the DMU. The spreadsheet repository should incorporate both foreign and domestic borrowings, as well as a record of government guarantees issued for the borrowing of third parties.

As the number of loans increases, spreadsheets will not be a viable option and a DMS will become critical. For this reason, it is prudent that a sound DMS be implemented as early as possible before manual maintenance of the debt records becomes unmanageable. A major concern to consider is the embedded operational risk associated with recording and storing critical information in spreadsheets. A well-managed DMS will increase the effectiveness and efficiency of the information flow and processes. It enhances the confidence of creditors, and other stakeholders will benefit from an accurate and reliable DMS. Such a system has built-in controls and validation rules, with clear segregation of the roles and responsibilities of staff accessing the system; it includes a suite of standard reports that can be supplemented with customized reports and management dashboards. Such a system also strengthens the transparency of debt management operations and reduces reputational risk.

The DMS should be integrated with other systems to streamline PFM processes. Such integration facilitates an automated straight-through process for debt service payments. Integration between PFM core system modules—such as accounting, Treasury, and budget (through the use of IFMIS)—are recommended to reduce cumbersome manual processing, reduce operational risk, and ensure the timely processing of payments and reporting. Figure 8 provides an example of a DMS that is fully integrated with other PFM systems for data sharing. System integration supports the transfer of data to the right person on time and reduces the need for duplicating information in many systems.

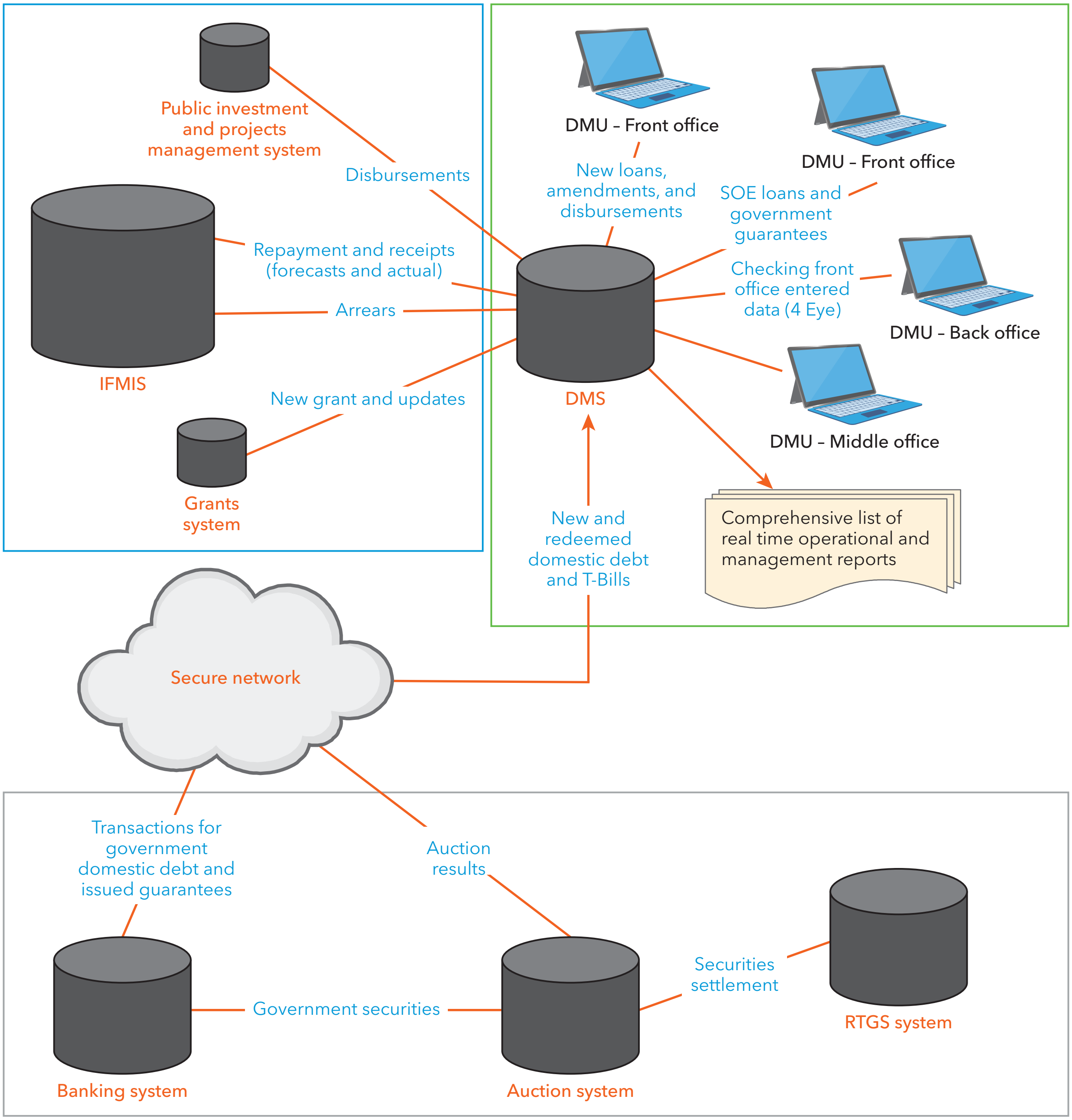
Ideally, system integration should take place as a new system is being introduced to support the PFM processes. Implementation of a projects management system should include integration with other PFM systems as a key deliverable. It is common during system implementation that integration is dropped; as such, when the supplier goes offsite, the requirement is forgotten and never delivered. The lack of PFM system integration is the main factor why paper trails and manual processes are performed in parallel after systems have been implemented. Ideally, the framework for integration of systems should be embedded in PFM legislation, as is the case in Ghana (Box 7).

Meaningful system integration should be a two-way channel, where information can be received and where needed responses are returned from the receiving system. When a process is performed in one system, the system should automatically pass the relevant details to all other PFM systems that are dependent on such information. For example, the PIMIS would pass to the DMS a request for a disbursement during budget execution (Figure 8). The DMS should send regular status messages back to the PIMIS; when the request has been processed, the DMS should update the request status in the PIMIS. When the disbursement hits the project bank account, the PIMIS should be updated and, at the same time, it should update the DMS to indicate receipt of funding. Doing this would ensure real-time integration without manual intervention.

Full integration may not be possible without a significant investment to upgrade the systems in FCS and where old technology legacy systems are in place. Achieving results will require a phased approach for transitioning from manual to electronic interfacing. In any case, a reliable DMS should be maintained as the basis for "truth" in respect to all debt records. The IFMIS (and other PFM systems) should not aim to replicate the same level of details. However, relevant data needed for budget execution and accounting must be entered in IFMIS in a timely manner. IFMIS records can be more aggregated to meet budgeting and accounting requirements.

In the absence of interfaces where information would not be readily accessible to all relevant stakeholders, a comprehensive reporting and data sharing framework is essential. Such a framework should include standard timelines and reporting templates and formats. The unit requiring the data should design a template and timelines for receiving the data; this should be formally accepted by both the DMU and the receiving stakeholder and documented in a standard operational procedure manual or by means of a memorandum between the entities. As the automated interfaces are established, the standard operational procedure manual/memorandum can be amended to take into account automation and access security.

Figure 8. Debt Management Information System Data Sharing/Integration



Source: IMF staff.
Note: DMU = debt management unit; DMS = debt management system; IFMIS = integrated financial management information system; RTGS = real time gross settlement; SOE = state-owned enterprise.

Network infrastructure is another concern for many LIDCs and FCS, where insufficient network coverage presents connectivity challenges. Therefore, alternatives must be considered to enable timely reporting from the PIUs to the DMU. For example, in Yemen, in regions where the internet is not available, the ministry of finance is adopting a network architecture that includes using mobile networks to transmit PFM

BOX 7. Information Technology Systems Integration as Defined in Public Finance Management Regulations in Ghana

In Ghana, the 2019 public finance management regulations include a well-defined framework for information technology systems integration. Article 163 explicitly states a requirement for the computerized debt management system to integrate or interface with the following:

- The Ghana Integrated Financial Management Information System
- The computerized Development Cooperation Management System, which stores information on loans and grants for development projects
- The real-time gross settlement system of the Bank of Ghana
- The computerized budget management system

Article 164 then requires the establishment of an interface between the Central Bank of Ghana systems and the Ghana Integrated Financial Management Information System to achieve straight-through processing of debt service, including external loans.

Source: Ghana Ministry of Finance.

Note: The debt management system in Ghana had an interface to the Ghana Integrated Financial Management Information System; however, after upgrading to a later version of the debt management system, the interface is yet to be reestablished.

information to the central office of the ministry of finance by means of SMS text messages sent from a smart phone (Box 8). If applied for the purpose of monitoring loans, this process would support the timelier collection of information from the PIUs. Such a solution could help in (1) receiving data instantly from the PIUs, (2) automating basic process flows by establishing a two-way communication, and (3) eventually updating the DMU's system with disbursement and other relevant loan details.

In particular, the following principles should be safeguarded:

- The DMS should be maintained as the basis for "truth" in respect to all debt records.
- The IFMIS and other PFM systems should not look to replicate the same level of details. IFMIS records can be more aggregated to meet budgeting and accounting requirements.
- Disbursements and debt service should be captured in the IFMIS.
- Debt servicing should follow the standard budget execution workflow, where each transaction is formally approved by the accounting officer and passed through the internal control procedures. Ideally, the transaction will be initiated in the DMS and flow through to the IFMIS and central bank with minimal manual intervention; feedback of actual costs based on the prevailing exchange rates will enable adjustments to the IFMIS and DMS records.

BOX 8. A Proposed Solution to Overcome Connectivity Challenges: The Case of Yemen

As a result of the conflict in Yemen, the ministry of finance has no integrated financial management information system, and many regions have little or no networking infrastructure, causing many difficulties when trying to obtain timely information. With support from the IMF, the Yemen Ministry of Finance held a hackathon in March 2023 that delivered an open system prototype for an SMS solution. The Yemeni SMS model works on a smart phone. A small mobile application sits on the smartphone to capture data that are temporary stored locally in a small database in the mobile device to enable the encryption and formatting of the message into an SMS format. The text message is then relayed to an application directly by the mobile network operator through an application programming interface. The messages received using this interface are decrypted, processed, and stored in the centralized database/spreadsheet in the ministry of finance. The prototypes included functionality to take the data from a spreadsheet on a computer; by using standard Bluetooth technology, the spreadsheet data can be sent directly to the mobile app for processing, which eliminates the need for rekeying. At the receiving end, the data are reconverted; they can be opened directly in a spreadsheet or can be loaded and consolidated in a central database repository at the ministry of finance.

The prototypes developed at the hackathon are open source software and can be adopted by any country and customized to meet local requirements. For example, for project financing, the technology could be used to report disbursement and maturing loan data from project implementation units to the debt management unit. In Yemen, the ministry of finance is in the process of customizing the hackathon solution for specific needs, which will initially support spending units obtaining commitment approval. Eventually, when an integrated financial management information system is implemented in Yemen, the SMS solution will still be needed and will be used to communicate public finance management data directly to the integrated financial management information system from remote regions with no or poor network coverage. It is also envisaged that the SMS solution will be expanded to pass additional public finance management data to support budget execution.

Source: IMF staff.

VI. The Legal Framework to Support the Operational Framework for Management of Loans

A comprehensive legal framework is a key prerequisite for the effective monitoring, recording, and reporting of debt. Country experiences suggest that this can be achieved by adopting legislation, such as laws, regulations, or guidelines focused on public debt management processes to define roles and responsibilities and provide for a clear procedure for public debt authorization and reporting. Depending on the legal tradition, some countries have included provisions specific to debt management within the Public Financial Management Act and its regulations; others have developed a dedicated Public Debt Management Act.[10] Key concepts are typically included at the level of primary legislation (Public Financial Management Act or Public Debt Management Act), while more detailed operational aspects may be included in secondary legislation, such as regulations or ministerial decrees.[11]

Regardless of the approach chosen, for a comprehensive operational framework to monitor project loans, the legislative framework should prescribe clear procedures and requirements that accomplish the following:

- Consolidate the capital budgets to include government project borrowing in the regular budget process, avoiding dual budgeting.
- Ensure the mandate of the ministry of finance/DMU as the single authority in contracting of debt, including all loans.
- Require, in cases where multiple entities with borrowing mandates continue to exist, these entities to coordinate with the DMU and submit timely information.
- Comprehensively define the scope of debt instruments.
- Clarify the DMU's role in the processing of loan disbursements, ideally tying disbursement requests to DMU approval.
- Encourage the consolidation of the government's bank balances and bring donor- or creditor-financed project accounts within the framework of the Treasury single account (or impose reporting requirements on project loan accounts).
- Clarify the role of the PIUs in supporting the DMU, through regular submission of loan reports, and in executing the project.
- Impose reporting requirements by PIUs to the ministry of finance/DMU in a standard and regular format covering disbursements requested and received (including direct disbursements to contractors/suppliers), expenditures, and reconciled bank statements.
- Enforce reconciliation of debt data across the government and with creditors.
- Impose the keeping of up-to-date and accurate debt records at the DMU.
- Ensure that debt servicing transactions for interest and principal repayments are in accord with standard budget, funding, payment, and accounting procedures.
- Enforce updating debt-related data in the IFMIS, ideally processing or posting disbursements and payments in the IFMIS.
- Include requirements to publicly disclose debt-related information in a regular, comprehensive, and timely manner to enhance transparency.

10 See Awadzi (2015) for a detailed discussion of public debt legislation and examples of various approaches.

11 Also see Vasquez and others (2024) for the legal foundations of public debt transparency.

- Prescribe the framework for use of nondisclosure clauses in loan contracts, ideally only as an exception so as not to impede public disclosure.
- Emphasize the role of legislative oversight on public debt, including an annual reporting requirement to the parliament.
- Ensure the consistency of debt-related data (borrowing, stocks, payments) across the government's debt, fiscal, financial, and statistical reports.
- Require the audit and publication of consolidated annual financial statements to be compliant with international financial reporting standards; in the case of cash-based reporting, include disclosures on public debt liabilities.
- Require the preparation and publication of consolidated in-year budget execution reports that comprehensively cover all government receipts and payments, supported by changes in bank account balances and reconciliations of the bank statements to the accounting system.
- Require the timely submission of government financial statistics reports that consolidate and present the central government financial data with the data of other general government units in line with international standards (for example, subnational government, social funds, and extrabudgetary regulatory bodies).
- Define clearly the internal and external auditing framework.
- Stipulate the consequences of noncompliance with legislation.

VII. Conclusion

Globally rising debt levels and interest costs, and recent increases in cases of debt distress and restructurings, have emphasized the importance of debt transparency in identifying debt vulnerabilities, particularly in LIDCs/FCS. Recent discussions and publications by international financial institutions, including debt transparency assessments and heatmaps, have focused on deficiencies and missing information in country debt reports disclosed to the public. There is a substantive amount of guidance on what countries should disclose and with what frequency.

For better debt reporting, LIDCs and FCS should focus their resources on establishing effective operational frameworks that support timely data compilation. Deficiencies in debt reporting are often a result of legal, operational, and institutional weaknesses that affect the early stages of the loan cycle. In many cases, the DMU, which is expected to be at the center of debt transparency, lacks accurate and timely information on loans used by other government agencies for their projects.

First, a unified DMU, or at the very least the unit that performs back office functions, should be empowered for data compilation across the government. This is typically achieved by a comprehensive legal framework that supports the role of the DMU and an operational framework that defines intragovernmental reporting requirements. The legislation or regulations should provide that the disbursement requests from PIUs to creditors be channeled through the DMU. At a minimum, the DMU should be regularly informed about disbursements, outstanding loan balances, and any amendments. Doing this is best supported by standardized reporting templates that are imposed by regulations. Debt data compilation is easier when the DMU leads, or at least is a part of, the loan negotiations. Ideally, the DMU should be part of the contracting phase for loans.

Second, the debt records at the DMU should be seen as the basis of "truth" concerning all debt transactions. While PIMIS, IFMIS, aid management systems, and others have critical functions and store important information, governments should not rely on these for purposes of debt data storage and monitoring. The DMU should be the final repository for loan contracts and monitor all information regarding transactions in loans. In the DMU, the priority should be to establish an up-to-date debt management information system. To achieve debt data accuracy, the DMU, at a minimum, should adopt an annual standard reconciliation methodology (within the government and with creditors) and measures to enhance the monitoring of loans and ensure the accuracy of the debt data.

Last, the operational framework for monitoring and processing project loans should be developed in consideration of broader PFM links. Debt transactions for disbursement, interest, and principal repayments should follow standard budget, funding, payment, and accounting procedures. Disbursements and debt service should be captured in the IFMIS, and these data should be treated as key to capturing assets, liabilities, and flows in financial statements, as well as financing and expenditure in budget execution reports. A standard transparent and auditable workflow for loan negotiations, contracting, and servicing should be the basis for regular debt bulletins or reports. Establishing these workflows helps achieve consistency across various government reports and publications, including debt, budget, and public investment reports and financial statements.

Annex 1. Core Loan Terms to Be Captured to Enable Generation of an Accurate Payment Schedule

Column No. in Excel	Column Name	Description of the Data Required
Main Loan Terms		
1	Internal reference	A unique number that should be assigned for internal use
2	External reference	The creditors reference for this contract
3	Contract type	Sample: private placement, syndicated loan, government bond, etc.
4	Contract title	A descriptive name for the contract to identify the loan in reports
5	Contract currency	Currency code of the loan (international three-letter code)
6	Date signed	The date the contract was signed/start date
7	Maturity date	The date that the account matures
8	Loan amount	The nominal amount of the contract
9	Creditor/lender	The name of the creditor
Drawdown: Repayment Terms		
11	Date available from	The date that the first disbursement can take place
12	Date available to	The last date for disbursements
13	Currency of disbursement	The currency in which the money was disbursed
14	Type of repayment	Repayment type, for example, annuity, bullet, even amortizing, uneven amortizing
15	Frequency of repayment	The frequency that the principal is repaid, that is, annually, semiannually, monthly, quarterly
16	Installment percentage	If the terms of repayment are based on a percentage of the disbursed amount, this should be entered
17	Installment amount	If even amortizing, the fixed amount that is paid on each payment date
18	First payment date	The first principal payment date (take account of a grace period)
19	Last payment date	The last principal payment date, normally the maturity date
20	Business day convention	What to do if the payment due date is a nonworking day, standard options: Following—pay on the following working day; Proceeding—pay on the previous working day; Modified Following—pay on the following business day (however, if the following business day goes into the next month, then work back preceding to the first working day)
21	Business centers	List of cities where it must be a working day to make the payment; use the international two-charter code for city and country

Column No. in Excel	Column Name	Description of the Data Required
Interest Terms		
22	Day count basis	The interest calculation basis used to calculate the number of interest days. for example, 30/360, actual/365 fixed, actual/actual
23	Fixed or floating	Indicate if the terms are fixed or floating values
24	Interest fixed rate	If fixed, then use the interest rate. If floating, then use the latest rate available to enable the forecasting of payments, up until the rate is set
25	Floating margin	If floating, then use the margin; if fixed, use zero
26	Floating reference rate	Floating source reference; if floating, the floating rate source, for example, Euro Interbank Offered Rate, Johannesburg Interbank Average Rate, US Secured Overnight Financing Rate
27	Floating reference reset center	The city where the floating index rate is published; it must be a working day for the rate to be published
28	Interest calculation type	The type of interest calculation: interest linear, annuity, compounding interest, etc.; if the principal is annuity, then the interest must also be annuity
Disbursements		
1	Currency	Currency code, using the three-character international code
2	Forecast date	A forecast date based on the project schedule when it is expected to receive the funds
3	Actual date	The actual date of the disbursement
4	Disbursement amount	The amount of the disbursement
Cash Flows Schedule of Payments/Servicing		
1	Currency	Currency code, using the three-character international code
2	Cash flow type	Type of the cash flow: interest, principal, fee
3	Due date	The date the cashflow is due to be paid
4	Actual payment date	The actual date that the payment will be made
5	Interest rate	The interest rate used to calculate interest (less margin)
6	Margin	The margin used to calculate interest for interest cashflows, 0 if no margin
8	Rate-fixing date	Date of reset if it is a floating interest
9	Interest amount due	The calculated interest amount due to be paid
10	Interest paid	The interest amount paid
11	Principal amount due	The principal repayment due to be paid
12	Principal paid	The actual principal amount paid
13	Fee amount due	The fee amount due to be paid
14	Fee paid	The actual fee amount paid

Annex 2. Quarterly Report to Be Compiled by Project Implementation Units

Loan Balance Outstanding Quarterly Report

As at date:

Name of ministry, department, or agency: ____________________

Name/code of project implemtnation unit: ____________________

Creditor	Project Name/ Code	Loan Type	Internal Reference	External Reference	Issue Date	Maturity Date	Loan Title	Loan Currency	Loan Amount	Amount Outstanding	Undrawn Amount	Local Currency Equivalent Outstanding	Fixed Floating	Interest Rate or Index if Floating	Margin if Floating

Annex 3. Project Implementation Unit Disbursement Template

Disbursement Monitoring Form for Project Implementation Units[1]		
Name of ministry, department, and agency:	Form number:	
Name/code of project implementation unit:		
External loan code/number:		
Project name/code:		
Information		
Work/project phase accomplished:		
Name of creditor/donor:		
Contract size and currency:	Contract date:	
Amendments to contract size, if applicable:		
Currency contract size:	Number of previous disbursements:	
Total amount disbursed before date (in original currency):	Remaining total disbursement:	
Receiver of Funds		
Company/person name/address:	Tax identification number (if local and applicable):	
Reason for payment:		
Bank information:	Bank account number:	
Invoice number/work completion certificate number:	Date of invoice/certificate:	
Disbursement Details		
Disbursement (in original currency):		
Date disbursed:	Currency of denomination:	Disbursed amount:
Disbursement (in local currency)		
Central bank/official/applicable exchange rate:	Disbursed amount:	
Certified by:	Project manager:	Principal/chief accountant at ministry, department, or agency:
Signature: Date: Name:		

[1]A separate form must be filled in for each disbursement.

Annex 4. Project Implementation Unit Loan Maturity Status Template

Loan Maturity/Cancellation Form for Project Implementation Units[1]		
Name of ministry, department, or agency:	Form number:	
Name/code of project implementation unit:		
External loan code/number:		
Project name/code:		
Information		
Work/project phase accomplished (completion/cancellation):		
Name of creditor/donor:		
Contract size and currency:	Contract date:	
Total amount disbursed before date (in original currency):	Residual amount to be cancelled (if applicable):	
Disbursement (in local currency)		
Central bank/official/applicable exchange rate:	Cancelled amount:	
Certified by:	Project manager:	Principal/chief accountant at ministry, department, or agency:
Signature:		
Date:		
Name:		

[1]A separate form must be filled in for each maturing/cancelled loan.

References

Awadzi, Elsie Addo. 2015. “Designing Legal Frameworks for Public Debt Management.” IMF Working Paper 15/147, International Monetary Fund, Washington, DC.

Currie, Elizabeth, Jean-Jacques Dethier, and Eriko Togo. 2003. “Institutional Arrangements for Public Debt Management.” Policy Research Work Paper 3021, World Bank, Washington, D.C.

Horn, Sebastian, David Mihalyi, and Philipp Nickol. 2022. “Systematic Underreporting of Public Debt Statistics: 50 Years of Evidence and Recent Progress.” *World Bank Blogs*. https://blogs.worldbank.org/developmenttalk/systematic-underreporting-public-debt-statistics-50-years-evidence-and-recent.

Institute of International Finance. 2019. “Voluntary Principles on Debt Transparency.” https://www.iif.com/Publications/ID/3387/Voluntary-Principles-For-Debt-Transparency.

International Monetary Fund (IMF). 2018. *The Fiscal Transparency Handbook*. Washington, DC.

International Monetary Fund (IMF). 2019. “The Fiscal Transparency Code.” https://www.imf.org/external/np/fad/trans/Code2019.pdf.

International Monetary Fund (IMF). 2023. “Making Public Debt Public: Ongoing Initiatives and Reform Options.” Policy Paper 23/034, Washington, DC.

International Monetary Fund (IMF) and World Bank. 2014. “Revised Guidelines for Public Debt Management.” IMF Policy Paper, International Monetary Fund, Washington, DC.

International Monetary Fund (IMF) and World Bank. 2018. “G20 Note Improving Public Debt Recording, Monitoring, and Reporting Capacity in Low- and Lower-Middle-Income Countries.” International Monetary Fund, Washington, DC.

International Monetary Fund (IMF) and World Bank. 2020a. “Update on the Joint IMF-WB Multipronged Approach to Address Debt Vulnerabilities.” IMF Policy Paper, International Monetary Fund, Washington, DC.

International Monetary Fund (IMF) and World Bank. 2020b. “Public Sector Debt Definitions and Reporting in Low-Income Developing Countries.” Policy Paper 20/005, International Monetary Fund, Washington, DC.

Organisation for Economic Co-operation and Development (OECD). 2021. Debt Transparency Initiative. https://www.oecd.org/finance/debt-transparency/.

Proite, Andre. 2020. “Recording Monitoring and Reporting Public Debt: Organizing a Back Office: A Guidance Note.” MTI Discussion Paper 18, World Bank, Washington, DC.

Proite, Andre, and Marcelo Vitorino. 2023. “Managing Sovereign Loans: 'A Bottom-up Approach' (Guidance Note)." World Bank, Washington, DC.

Rivetti, Diego. 2021. “Debt Transparency in Developing Economies.” World Bank, Washington, DC.

Rivetti, Diego. 2022. “Public Debt Reporting in Developing Countries.” Policy Research Paper 9920, World Bank, Washington DC.

Rwanda Ministry of Finance and Economic Planning. 2020. "Public Debt Management Procedures." Kigale, Rwanda.

Rwanda Ministry of Finance and Economic Planning. 2022. "Internal Procedure Manual for the Debt Statistical Bulletin." Kigale, Rwanda.

US Agency for International Development (USAID). 2022. "Debt Transparency Monitor." https://pdf.usaid.gov/pdf_docs/PA00Z727.pdf.

Vasquez, Karla, Kika Alex-Okoh, Alissa Ashcroft, Alessandro Gullo, Olya Kroytor, Yan Liu, Mia Pineda, and Ron Snipeliski. 2024. "The Legal Foundations of Public Debt Transparency: Aligning the Law with Good Practices." IMF Working Paper 24/29, International Monetary Fund, Washington DC.

World Bank. 2019. "Maldives—Debt Management Performance Assessment (DeMPA)." Working Paper 139771, Washington, DC.

World Bank. 2020. "Debt Management Facility 2008-2018." Washington, DC.

World Bank. 2021. "Debt Management Performance Assessment Methodology, 2021 Edition." Washington, DC.

World Bank. 2022a. "Debt Reporting Heat Map." https://www.worldbank.org/en/topic/debt/brief/debt-transparency-report/2022.

World Bank. 2022b. *International Debt Report 2022: Updated International Debt Statistics*. Washington, DC.

PUBLICATIONS

A Framework for Monitoring of and Reporting for External Project Loans in Developing Countries

TNM/2024/03

9 798400 262227