Global Consultation Round 2 - Update of the World Bank DRS

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Overview

This report presents the preliminary findings from Round 2 of the Global Consultation on the Update of the World Bank Debtor Reporting System (DRS). This round aims to gather structured feedback from debt management offices, central banks, national statistical offices, relevant international organizations, and academic experts with direct involvement in, or expertise on, sovereign debt statistics and reporting practices.

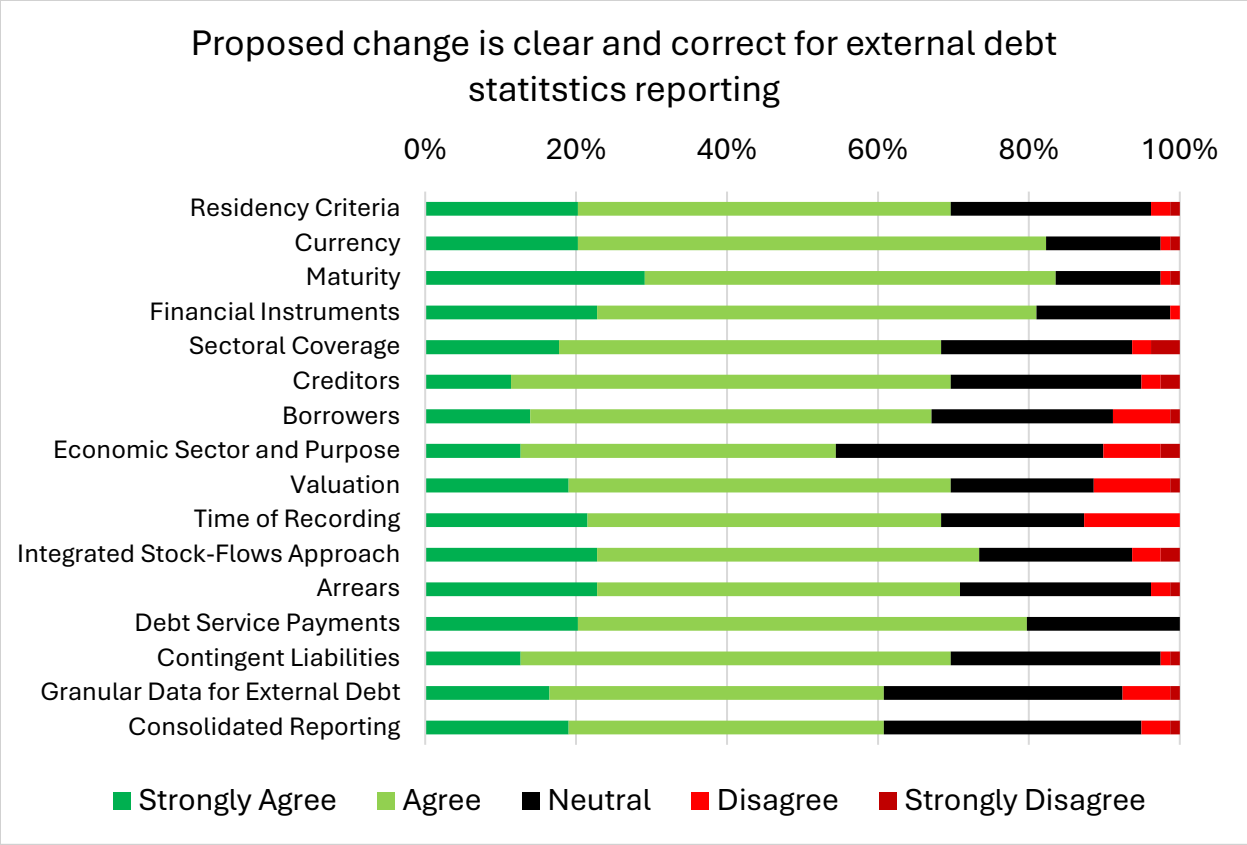
The consultation process plays a critical role in shaping the forthcoming updates to the DRS Manual, reporting templates, and compilation methodologies, ensuring that reforms are analytically robust, operationally feasible, and aligned with evolving international statistical standards.

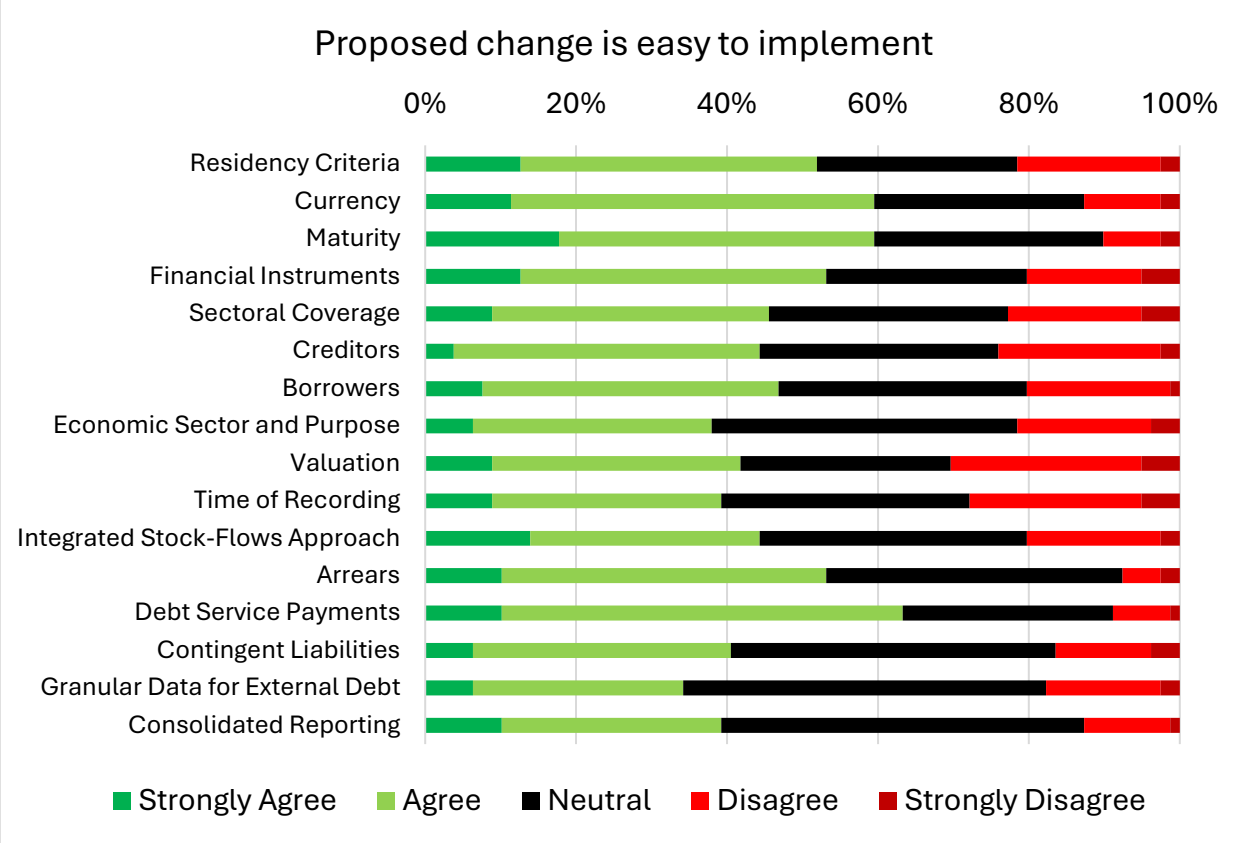
The report is organized as follows:

- **Section I** summarizes the key findings from Round 2, including the distribution of responses to all Likert-scale questions.
- **Section II** synthesizes respondents' qualitative feedback on the proposed improvements across reporting categories.
- **Section III** outlines the Debt Statistics Team's response to the feedback received and the actions underway.
- **Section IV** sets out the next steps in the Global Consultation process.

Section I: Key Findings and Response Distribution

A total of 79 respondents participated in Round 2 of the Global Consultation. Overall feedback was strongly positive, with most respondents indicating agreement or strong agreement across most proposals. Importantly, no proposal attracted mostly negative responses.


Proposed change is clear and correct for external debt statitstics reporting
0%
20%
40%
60%
80%
100%
Residency Criteria
Currency
Maturity
Financial Instruments
Sectoral Coverage
Creditors
Borrowers
Economic Sector and Purpose
Valuation
Time of Recording
Integrated Stock-Flows Approach
Arrears
Debt Service Payments
Contingent Liabilities
Granular Data for External Debt
Consolidated Reporting
Strongly Agree
Agree
Neutral
Disagree
Strongly Disagree


Proposed change is easy to implement
0%
20%
40%
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80%
100%
Residency Criteria
Currency
Maturity
Financial Instruments
Sectoral Coverage
Creditors
Borrowers
Economic Sector and Purpose
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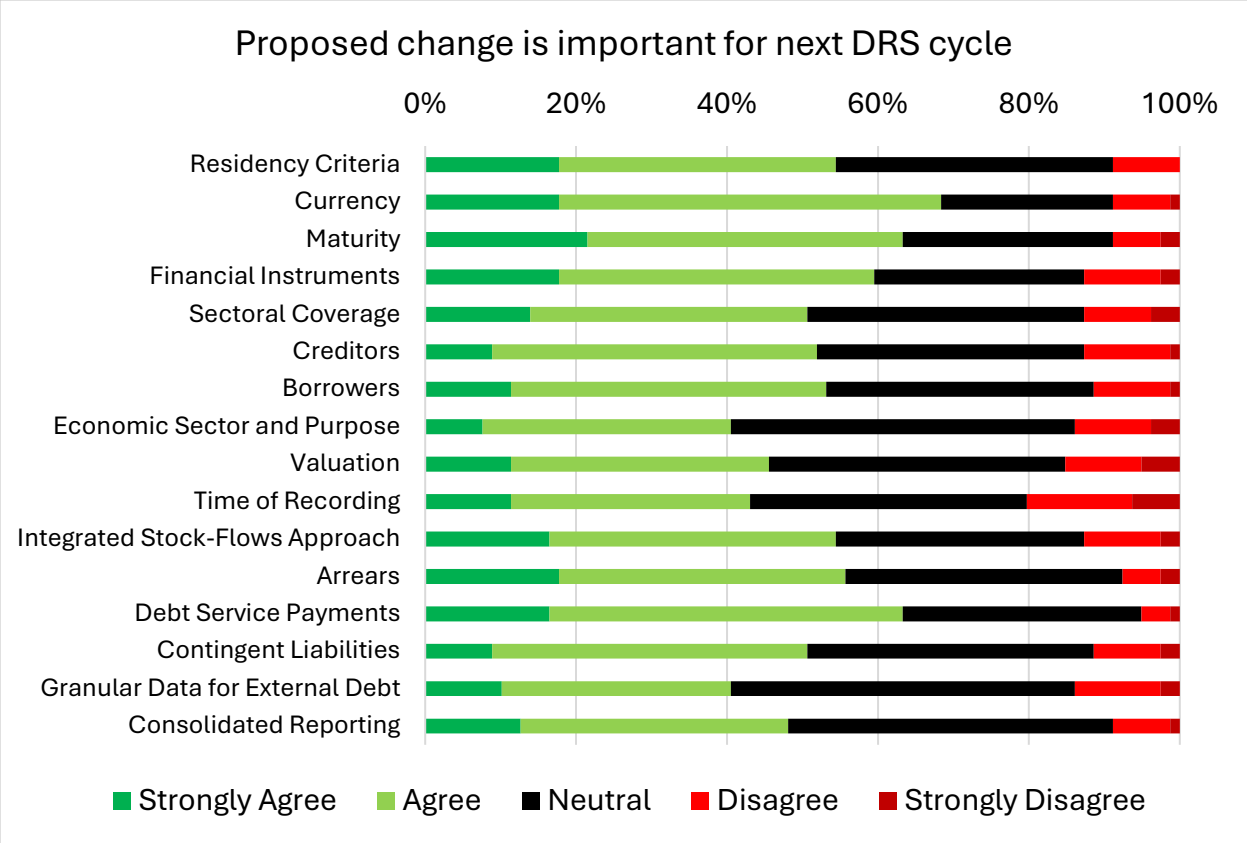

Respondents broadly endorsed the modernization of the DRS to enhance alignment with international standards, transparency, and cross-country comparability. However, this support was consistently conditional on practical readiness and implementation feasibility. Respondents emphasized the need for:

- Detailed written guidance and clearly defined taxonomies;
- Explicit mappings between existing national systems and revised DRS requirements;
- Worked examples for complex instruments and institutional arrangements; and
- System-ready reporting templates.

Institutional and capacity constraints were a recurring theme. In many countries, mandates for debt compilation are split across ministries of finance, central banks, and other agencies. Existing debt management systems (e.g., DMFAS, DRMS, or in-house platforms) often lack fields required for new reporting dimensions. In addition, legal and confidentiality constraints limit the availability of micro-level data, particularly for private sector or non-guaranteed debt.

To mitigate reporting burden and reduce errors, respondents strongly favored **automation**, especially for:

- Remaining maturity calculations.

- Multi-currency conversions; and
- Integrated stock–flow reconciliation.

They also stressed the importance of harmonization with related frameworks and reporting initiatives, including BPM6/BPM7, QEDS/SDDS, and sector- and purpose-based classifications, while minimizing duplication through consolidated or streamlined reporting forms.

Section II: Qualitative Feedback on Proposed Enhancements

- **Residency Classification**: Alignment with the concept of "predominant economic interest" was supported in principle, but respondents highlighted the need for precise definitions and practical guidance—particularly for Special Purpose Entities (SPEs), offshore financial centers, cross-border branches, and Public–Private Partnership (PPP) arrangements.
- **Currency Reporting**: Enhancements were welcomed, provided systems can capture both denomination and repayment currencies, accommodate swaps and redenominations, and reflect institutional reporting responsibilities and domestic market practices.
- **Maturity Reporting**: Respondents favored an emphasis on automated remaining maturity calculations, with clear treatment of restructurings, rollovers, grace periods, and bullet repayments. They cautioned against excessive granularity for short-term instruments where analytical gains are limited.
- **Instrument Classification**: Expansion of instrument categories was viewed as analytically valuable if supported by robust taxonomies and mappings for hybrids, Sukuk, collateralized borrowing, PPP-linked liabilities, repos and FX swaps, standardized guarantees, insurance and pension schemes, and other accounts payable—while guarding against conceptual misclassification.
- **Sectoral Coverage and Institutional Classification**: While broader coverage of borrower and creditor sectors was seen as desirable, respondents noted significant challenges. Many countries currently report only central government debt, and identifying SPEs, non-guaranteed private debt, or detailed subsectors is often constrained by legal frameworks, system limitations, and capacity. Clear definitions, disaggregation rules, institutional responsibility assignments, and phased implementation timelines were therefore requested.
- **Valuation and Recording**: Proposals to incorporate market valuation, clarify time-of-recording rules, and strengthen integrated stock–flow frameworks were strongly supported. However, respondents emphasized the need for standardized templates, reconciliation guidance across reporting forms, clearly specified exchange rate sources and methods, and system upgrades capable of handling continuous price changes and "other changes."

- **Arrears, Debt Service, and Contingent Liabilities**: Respondents expressed qualified support, focused on transparency and usability. Key requests included explicit guidance on arrears treatment and capitalization of unpaid interest; standardized treatment of fees and penalties; phased inclusion of contingent liabilities starting with government guarantees; and careful scoping of granular external debt to avoid resource-intensive retroactive reporting.
- **Consolidated Reporting**: Consolidated reporting was broadly welcomed, provided consolidation rules and templates are clearly defined, inter-agency coordination mechanisms are established, reporting schedules align with existing cycles, and the DRS system offers features such as access to historical submissions and inactive operations.

Overall, respondents supported the ambition of the reforms, contingent on phased implementation, targeted training, interoperable systems and APIs, and clear timelines aligned with parallel initiatives at UNCTAD, COMSEC, and within national reporting frameworks.

Section III: Debt Statistics Team Response

There is broad consensus on the need to modernize the DRS, with respondents emphasizing that success depends on practical guidance, system readiness, and a sequenced approach. In response, the Debt Statistics Team will pursue a modernization strategy anchored in the following pillars:

Technical Assistance and System Alignment

Targeted technical assistance will support countries in aligning national practices with international standards, including:

- Mapping country-specific methodologies to international statistical frameworks;
- Adapting instrument, sector, and residency taxonomies to existing systems (e.g., DMFAS, DRMS, Meridian, and in-house platforms);
- Providing detailed worked examples for complex instruments and arrangements, including SPEs, Sukuk, collateralized borrowing, PPP-linked liabilities, and security-by-security reporting.

Capacity Development

Comprehensive training programs will be delivered to support sustainable adoption, covering:

- Residency and currency classification (including denomination versus repayment currency);
- Maturity measurement and automated remaining maturity calculations;

- Valuation methods and time-of-recording practices; and
- Integrated stock–flow reconciliation techniques.

Training will be complemented by practical tools such as reporting templates, validation rules, and reconciliation exercises, with sector and purpose coding aligned to ISIC and World Bank thematic classifications.

Updated DRS Manual

A substantially enhanced DRS Manual is under development and will provide:

- Step-by-step instructions for completing revised templates; and
- Case-specific guidance for complex scenarios, including restructurings, rollovers, grace periods, bullet repayments, and arrears capitalization.

This guidance will promote consistent application of standards and strengthen confidence in reporting practices.

Governance and Coordination

A joint working group comprising the IMF, UNCTAD, and COMSEC has been established to:

- Co-develop taxonomies, code lists, and consolidation rules;
- Ensure alignment with BPM6/BPM7, PSDS/GFSM, and QEDS/SDDS frameworks; and
- Coordinate system updates, submission schedules, and validation protocols.

The group will also define minimum viable requirements, agree on exchange rate sourcing methodologies, and guide phased implementation.

Classification Principles

Classification decisions will be made collaboratively and will respect national legal definitions. Where countries can provide granular data on SOEs, PPPs, or mixed-ownership entities, this information will be incorporated within agreed frameworks to enhance comparability. Where data availability is limited, pragmatic interim solutions will be applied to ensure continuity of reporting.

Section IV: Next Steps

As in Round 1, feedback from Round 2 was strongly supportive, while clearly identifying areas requiring concrete action to ensure smooth implementation. Respondents emphasized the need for clearer instructions, practical examples, and tools that reduce reporting burden while enhancing consistency and interoperability.

Round 2 underscored the importance of transitioning from high-level conceptual proposals to a fully specified reporting framework. Immediate priorities include:

- Clarifying field definitions.

- Establishing validation and consistency checks; and
- Defining feasible pathways for system integration for DMFAS, Meridian, and In - house systems.

Round 3, the final round of the Global Consultation, will adopt a more targeted approach. It will present the operational draft of the revised DRS template and seek focused feedback on the most consequential changes, with particular emphasis on completeness, usability, and system integration.

Following Round 3, the Debt Statistics Team will:

- Finalize the revised DRS template, manual, and validation rules;
- Establish the reporting calendar and transition arrangements; and
- Launch targeted training and technical support.

The updated DRS will be more practical to implement, better aligned with international standards, and easier to use—while minimizing duplication, safeguarding confidentiality, and strengthening the analytical value of global debt statistics.