



# Bank Policy

## External Debt Reporting and Financial Statements

### **Bank Access to Information Policy Designation**

Public

### **Catalogue Number**

OPS5.09-POL.166

### **Issued**

August 2, 2017

### **Effective**

July 14, 2017

### **Content**

This Policy sets out the principles for external debt reporting and financial statements

### **Applicable to**

IBRD,IDA

### **Issuer**

Vice President, OPSVP

### **Sponsor**

Director, DECDG

## SECTION I – PURPOSE AND APPLICATION

1. This Policy sets out the principles for a Borrower’s external debt reporting and financial statements.
2. This Policy applies to the Bank.

## SECTION II – DEFINITIONS

3. As used in this Policy, the capitalized terms or acronyms have the meanings set out below:
  - a. **Bank:** IBRD or IDA, or both, as applicable.
  - b. **Board:** means the Executive Directors of IBRD and IDA, or both, as applicable.
  - c. **Borrower:** means the party to the Loan Agreement or Financing Agreement and to which the Loan or Financing is extended by the Bank.
  - d. **IBRD:** International Bank for Reconstruction and Development.
  - e. **IDA:** International Development Association.
  - f. **Member Country:** means the member of the Bank which is the Borrower or the Guarantor.

## SECTION III – SCOPE

4. The Bank needs reliable and timely external debt information to (a) assess a borrowing country's foreign debt situation, creditworthiness, and economic management; and (b) conduct its country economic work<sup>1</sup> and assess regional and global indebtedness and debt servicing problems. The Bank’s General Conditions require a borrowing or guaranteeing Member Country to “furnish to the Bank all such information as the Bank shall reasonably request with respect to financial and economic conditions in its territory, including its balance of payments and its external debt.”<sup>2</sup> Consequently, the Bank requires such countries to report their external debt<sup>3</sup> and may require Borrowers or beneficiaries other than Member Countries to provide representations regarding their financial statements.

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<sup>1</sup> Particularly the Bank Directive on Advisory Services and Analytics, the Bank Directive on Country Engagement and the Guidance for Operational Risk Management in Government Debt Management.

<sup>2</sup> See General Conditions for IBRD Financing: Investment Project Financing (the “IBRD IPF General Conditions”), Section 6.01 (a) and corresponding provisions in the IBRD General Conditions for development policy financing and program-for-results financing and the IDA General Conditions for all three financing instruments.

<sup>3</sup> The reporting procedures to be used by Borrowers are set out in the World Bank Debtor Reporting System Manual.

## **Debt Reporting**

5. The external debt that a country must report to the Bank includes: (a) public debt with an original maturing of one year or more, contracted or guaranteed by the government of the country or its political subdivisions, the central bank, and other agencies; and (b) private, nonguaranteed debt.
6. Basic reporting consists of the following:
  - (a) Annual summary reports showing, for each public or publicly guaranteed debt extant at the end of the reporting period or repaid or canceled during the period, the amount of debt committed, undisbursed, repaid, and outstanding and disbursed, and transactions that have taken place during the year; and, for private nonguaranteed debt, aggregate amounts outstanding, projected future service payments, and transactions during the year by source and type. Since information on private debt is not directly under the control of governments, the borrowing country may need to make special arrangements to obtain effective reports. These annual reports are due within three months after the end of the reporting period.
  - (b) Quarterly reports showing detailed information on each new commitment of a public or publicly guaranteed debt received during the period. These reports are due within one month after the end of the quarter.
7. As a condition of Board presentation of loans and financings, each Member Country must submit a complete report (or an acceptable plan of action for such reporting) on its foreign debt.

## **Financial Statements**

8. In connection with each loan for which the financial condition of a Borrower or beneficiary other than a Member Country is a material factor in the Bank's decision to make the loan, the Bank may require an appropriately signed representation certificate<sup>4</sup> stating that (a) any financial statements submitted present fairly the position of the Borrower and/or the beneficiary as of a certain date, and (b) no material adverse change has occurred in its financial position since that date, except as may be stated in the certificate. The date of the certificate is the same as the date of the loan agreement.
9. As a condition of effectiveness, the IBRD may require from a Borrower other than a Member Country an additional certificate that the condition of the Borrower as previously represented has undergone no material adverse change since then.<sup>5</sup>

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<sup>4</sup> See IBRD IPF General Conditions, Section 6.03 and corresponding provisions in the IBRD General Conditions for development policy financing and program-for-results financing and the IDA General Conditions for all three financing instruments.

<sup>5</sup> See IBRD IPF General Conditions, Section 9.01 (b) and corresponding provisions in the IBRD General Conditions for development policy financing and program-for-results financing and the IDA General Conditions for all three financing instruments.

## SECTION IV – EXCEPTION

N/A

## SECTION V – WAIVER

A Waiver of any provision of this Policy may be granted only in accordance with the provisions of Bank Policy “Operational Policy Waivers” and the Bank Procedure “Operational Policy Waivers and Waivers of Operational Requirements”.

## SECTION VI – OTHER PROVISIONS

N/A

## SECTION VII – TEMPORARY PROVISIONS

N/A

## SECTION VIII – EFFECTIVE DATE

This Policy is effective as of the date on its cover page.

## SECTION IX – ISSUER

The Issuer of this Policy is the Vice President, OPCS.

## SECTION X – SPONSOR

The Sponsor of this Policy is the Director, Development Data Group, DEC.

## SECTION XI – RELATED DOCUMENTS

Directive: *External Debt Reporting and Financial Statements*

General Conditions for IBRD Financing: Development Policy Financing

General Conditions for IBRD Financing: Investment Project Financing

General Conditions for IBRD Financing: Program-for-Results Financing

General Conditions for IDA Financing: Development Policy Financing

General Conditions for IDA Financing: Investment Project Financing

General Conditions for IDA Financing: Program-for-Results Financing

World Bank Debtor Reporting System Manual

## ANNEX(ES)

NA

Questions regarding this Policy should be addressed to the Sponsor.