PUBLIC DEBT MANAGEMENT

ADVISORY SERVICES
TRAINING AND OUTREACH
RESEARCH AND RESOURCES
For clients seeking to improve their debt management practices, the Government Debt and Risk Management (GDRM) team at the World Bank Treasury offers a full range of advisory services. Our specialists are drawn from senior positions in sovereign debt offices worldwide, and are available to provide advice on a range of topics including:

- **Governance**: Focuses on the legal framework, institutional arrangements, accountability and transparency mechanisms that shape and direct the operations of government debt and risk managers. This topic area also includes the design of government structures to delineate clear roles and responsibilities for the institutions involved, including appropriate checks and balances and clear reporting lines.

- **Debt management strategy and risk management**: Covers formulation of debt management strategies based on sound analysis of costs and risks, taking into account a country’s macroeconomic framework and level of debt market development. Includes identification and assessment of contingent liabilities (e.g. guarantees) and other fiscal risks, where market-based mitigation measures may be possible.

- **Capacity and management of internal operations**: Includes analysis of organizational structures, development of strategies for recruiting and training staff, and evaluation of information technology systems for debt management transactions, with the aim of reducing operational risks and increasing debt management office efficiency.

- **Coordination with cash management, macroeconomic policy, and debt market development**: Focuses on establishing efficient coordination mechanisms between debt management and monetary policy, fiscal and budget planning processes and cash management.

- **Debt management strategy implementation and access to the capital and derivatives markets**: Covers the implementation of the debt management strategy using all sources of financing available to the government. This includes accessing derivatives markets and executing the domestic borrowing program.
Advisory engagements are customized based on client needs, and can focus on the entire debt management process, or on a specific aspect of the debt management practice. Engagements begin with a diagnostic, which is followed by the development of an action plan that specifies the desired outcomes and the steps to be taken. Action plans are agreed with and implemented by the client, with the support of the GDRM team and usually with development partners.

For more information:
http://treasury.worldbank.org/bdm/htm/advisory_services.html

The Debt Management Facility (DMF) II

The DMF II a multi-donor trust fund established to assist developing countries in strengthening their capacity to manage debt. The DMF II implementation is undertaken jointly with the International Monetary Fund (IMF). The DMF II finances the following debt management activities, among others:

- Application of the Debt Management Performance Assessment (DeMPA) framework that assesses strengths and weaknesses in public debt management, through a comprehensive set of 15 performance indicators that cover the six core areas of public debt management.
- Design of a Debt Management Reform Plan that provides a road map for reform implementation and formulates expected results.
- Assistance in designing a Medium-Term Debt Management Strategy (MTDS) that provides a framework for formulating and implementing a debt management strategy for the medium term. Advisory services in this area are delivered jointly with the IMF.
- Strengthening capacity in the application of the Joint World Bank Group-IMF Debt Sustainability Framework (DSF).
- Technical assistance in developing domestic debt markets in eligible countries.
- Support for subnational debt management.

For more information: http://worldbank.org/debt
The DSF promotes appropriate lending and borrowing decisions in low-income countries (LICs). The main source of financing in these countries was until recently official loans. To prevent the accumulation of unsustainable debt, the DSF monitors LICs’ risk of sovereign debt distress annually. It is a forward-looking approach aimed at helping client countries balance the need for funding expenditures through borrowing with their ability to repay. It encourages creditors and donors to provide financing on terms that allow clients to pursue the Millennium Development Goals while staying within their means to repay loans.

For more information: http://go.worldbank.org/A5VFXZCCW0

The Debt Reduction Facility

The Bank also helps LICs reduce the burden of their commercial debt through the Debt Reduction Facility (DRF), which is managed by the International Development Association (IDA). The DRF provides grants to countries under the Heavily Indebted Poor Countries (HIPC) to prepare a comprehensive debt reduction strategy and to buy back their public and publicly guaranteed external commercial debt at a deep discount, thereby redeeming such debt obligations.

For more information: http://worldbank.org/debt

Subnational fiscal and debt management is emerging as an important public policy agenda for developing countries. The work program provides technical assistance, policy advice and training on conceptual and operational aspects of subnational fiscal and debt management, including regulatory frameworks for subnational borrowing and debt management.

For more information: http://worldbank.org/debt

For clients interested in developing the domestic government bond market and implementing sound debt management practices, the Capital Markets and Corporate Governance Service Line of the Finance and Markets Global Practice provides support in identifying and addressing constraints to build:

- Efficient money and primary markets
- Active secondary markets
Access to a diversified investor base
Sound securities custody and settlement systems
Robust debt market regulation

The team works to design targeted or comprehensive solutions based on clients’ needs, and to actively support the implementation of these solutions. The work is organized primarily under two umbrella programs, one mainly for middle-income countries with a certain minimum bond market size (GEMLOC) and the other focused on low-income countries (under DMF II). The team also engages with countries under other types of programs such as regional financial sector operations and reimbursable advisory services. Solutions are delivered in the following ways:

Country-specific programs: Assistance is provided for reform design and implementation, targeted at addressing specific bottlenecks (e.g. linking local infrastructure to international clearing and settlement systems), or comprehensive to address broader objectives of market development (e.g. strategies and instruments to build reliable interest rate benchmarks).

Innovative global products: Products help catalyzing debt market and financial sector development in a specific area (e.g. Issuer-Driven Exchange Traded Funds to improve liquidity in and demand for government securities; Treasury Mobile Direct to facilitate retail distribution of government securities through mobile technology).

Cross country dialogue: Fora provide a platform for in-depth exchange of ideas and experiences (e.g. Peer Group Dialogues on a virtual platform providing a cost-effective way to discuss challenges and policy actions; South-South Collaboration to promote in-depth engagement by multi-country authorities to tackle common reform priorities).

Knowledge products: Knowledge gaps are tackled by developing resources on debt market development topics, international experience, and best practices (e.g. handbooks, toolkits, surveys), and learning events on technical and policy issues (e.g. training workshops, master classes, conferences).

For more information: http://www.gemloc.org
The range of services and advice the World Bank Group offers are provided by seasoned practitioners and are grounded by the experiences of public debt management practices in developed and emerging market governments, as well as the funding operations and management of financial risks on the balance sheet of the World Bank.

Our experts are available to support the reform process through three main stages: (1) needs assessments/diagnostic, (2) design of a reform plan, and (3) implementation. Depending on the support required, three units at the World Bank Group provide advice:

The **Macroeconomics and Fiscal Management Global Practice (MFM GP)** works on debt policy and strategy for developing countries. It assists developing countries, especially LICs, in strengthening their debt management through the application of the DeMPA framework, technical assistance in the formulation and the implementation of the MTDS, the formulation of Debt Management Reform Plans, hosting the DMPPs, training and other outreach activities. The MFM GP is also in charge of implementing the Debt Sustainability Framework for LICs Initiative, which aims at monitoring countries’ risk of sovereign debt distress.

The **World Bank Treasury** offers a range of financial and related advisory services to members of the International Bank for Reconstruction and Development (IBRD) and other official institutions. The services offered leverage Treasury’s expertise in the areas of asset management, public debt management and international capital market access. The Government Debt and Risk Management team leads the Treasury’s efforts in providing public debt management advisory services.

The **Finance and Markets Global Practice (F&M GP)** helps countries develop deeper, liquid and more stable capital markets, including public and private debt markets. In the area of public debt markets, the group provides technical support to implement debt management strategies, develop the secondary market, diversify the investor base, establish market infrastructure and regulation, and build institutional capacity. The Capital Markets and Corporate Governance team leads the Finance and Markets Global Practice’s efforts in providing government debt market development advisory services.
Through an extensive program of training, virtual peer-to-peer events, conferences, and applied research, the World Bank Group provides opportunities for learning, knowledge sharing and networking. These opportunities are available to member countries, staff and other stakeholders.

Training

Training is built around current thinking on sound practices in sovereign debt management, debt market development, debt performance assessment, debt management strategy, and debt sustainability analysis. Training is delivered in interactive workshops consisting of presentations, case studies, hands-on exercises, peer group discussions, and participant led presentations. In many instances, the World Bank Group co-sponsors and delivers training events with related institutions and other debt management assistance providers.

Outreach

Outreach events include a practitioners’ program for debt management officials from LICs, the Debt Management Practitioners’ Program (DMPP), a network for developing country debt managers, the Debt Manager’s Network (DMN), and virtual peer-to-peer events featuring country presentations and international experts on current issues for debt managers. In partnership with the Italian Treasury and the Organisation for Economic Co-Operation and Development (OECD) the World Bank Group hosts the Public Debt Management Network for Emerging Markets aimed at building, sharing and developing knowledge on public debt management. Periodically, the World Bank Group organizes conferences that bring together practitioners and experts in the field, such as the Sovereign Debt Management Forum, the World Bank-OECD-IMF Bond Market Forum, the Government Borrowers’ Forum, the Government Bond Market Conference, the DMF Stakeholders’ Forum, and others.

Research and Resources

The Bank conducts original research and is a leader in new thinking in critical areas of debt policy and public debt management. Research focus on areas such as the legal framework, institutional arrangements, links with macroeconomic policy, the sovereign asset-liability management framework, risk management, foreign currency portfolio composition, IT systems, contingent liabilities, debt market development, and the links between sovereign debt and market development.
CONTACT US

For services related to the Debt Management Facility II (DMF), the Debt Sustainability Framework (DSF), or subnational fiscal and debt management:

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[http://worldbank.org/capitalmarkets](http://worldbank.org/capitalmarkets)
[http://www.gemloc.org](http://www.gemloc.org)

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