DEBT MANAGEMENT
ADVICE, PRODUCTS
AND SERVICES

ADVISORY SERVICES
TRAINING AND OUTREACH
RESEARCH AND RESOURCES
PUBLIC DEBT MANAGEMENT

For clients seeking to improve their debt management practices, the Government Debt and Risk Management (GDRM) team 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**: Advice focuses on the legal framework, institutional arrangements, accountability and transparency mechanisms that shape and direct the operations of government debt and risk managers. This area also covers 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**: This topic covers formulation of debt management strategies based on sound analysis of costs and risks, taking into account the country’s macroeconomic framework and policy and its level of debt market development. It also includes the identification and assessment of contingent liabilities (e.g. guarantees) and other fiscal risks, such as commodity price risk, where market-based mitigation measures may be possible, and the development of strategies to contain these risks at levels consistent with sustainable fiscal outcomes.

- **Capacity and management of internal operations**: Advice focuses on the skills mix and capacity of staff, and internal management processes, procedures and systems. The topic 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**: This area relates to coordination between cash management, macroeconomic policy and debt market development. Activities focus on establishing efficient coordination mechanisms with the central bank, fiscal and budget planning, cash management and promoting regular sharing of information among these stakeholders.

- **Debt management strategy implementation**: This topic 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. It also encompasses the implementation of strategies to manage contingent liabilities and other fiscal risks.

* Capital market access strategy: For clients seeking access to international bond markets as part of their debt management strategy, advice focuses on developing a funding program strategy, investor relations and rating agency relationships, establishing and management of relationships with bankers, and setting up issuance platforms for frequent borrowings. This area includes designing and executing transactions—ranging from global bonds to private placements—and evaluating and executing structured financing proposals and other uses of derivatives as part of a sovereign liability portfolio.

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 such as institutional arrangements, the legal framework, risk analysis, market access or investor relations. Engagements commence with a diagnostic, which identifies the issues that the client should address. This is followed by the development of an action plan, agreed with the client, that specifies the desired outcomes and the steps that will be taken. Finally, these actions are 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
The Debt Management Facility is a multi-donor trust fund established to assist Low-Income Countries (LICs) in strengthening their debt management capacity. Among other activities, the DMF finances the following debt management activities:

* The Debt Management Performance Assessment Tool (DeMPA) tool assesses strengths and weaknesses in public debt management, through a comprehensive set of 15 performance indicators that cover six core areas: governance and strategy development; coordination with macroeconomic policies; borrowing and related financing activities; cash flow forecasting and cash balance management; operational risk management; and debt records and reporting. A DeMPA assessment report is useful for facilitating the monitoring of performance over time, and enhancing donor harmonization based on a common understanding of priorities.

* A Debt Management Reform Plan provides a road map for reform implementation and formulates expected
results. It is a detailed and sequenced program, formulated based on the results of the debt management performance assessment and on government priorities, as well as the resources and capacities available to address them in the short and medium term.

* The Medium Term Debt Management (MTDS) toolkit provides a framework for formulating and implementing a debt management strategy for the medium term. It focuses primarily on determining the appropriate composition of the debt portfolio, taking into account the macroeconomic framework and market environment. The MTDS is useful for illustrating governments’ cost and risk tradeoffs associated with different debt management strategies.

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

DEBT SUSTAINABILITY FRAMEWORK

The Debt Sustainability Framework (DSF) promotes appropriate lending and borrowing decisions in LICs. The main source of financing in these countries was until recently official loans. To prevent the accumulation of unsustainable debt, the DSF annually monitors these countries’ risk of sovereign debt distress. It is a forward-looking approach aimed at helping client countries balance the need for funds with their ability to repay these debts. 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 IDA. The DRF provides grants to Heavily Indebted Poor Countries Initiative (HIPC) Initiative countries to prepare a comprehensive debt reduction strategy and to buy back their public and publicly guaranteed external commercial debt at a deep discount, thereby extinguishing such debt obligations.

SUBNATIONAL FISCAL AND DEBT MANAGEMENT

Subnational fiscal and debt management is emerging as an important public policy agenda for developing countries. The work program provides for technical assistance, policy advice and training on conceptual and operational aspects of subnational fiscal and debt management, including the
regulatory frameworks for subnational borrowing and debt management. The Subnational DeMPA tool and Guide are available at: http://go.worldbank.org/4VX651FHB0.

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

DOMESTIC GOVERNMENT DEBT MARKET DEVELOPMENT

For clients interested in developing the domestic government bond market and implementing sound debt management practices, we provide 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

GEMLOC Advisory Services Program

Gemloc is a World Bank Group initiative that supports local currency bond market development in emerging market economies to increase their investability and attract domestic and international investment. It consists of three separate but complementary parts: (1) private investment manager, PIMCO; (2) global bond index, GEMX; and (3) advisory services provided by the World Bank. Gemloc advisory services support and leverage country-led market reforms through its three interactive pillars:

- Country-specific programs: Technical assistance tailored to individual country needs, designed to help countries develop a roadmap for debt market reforms, and support them in implementing these reforms. The program also develops innovative global products to support debt market development.
- Cross-country “Peer Group” dialogue (PGD): A fast and cost-effective way for countries to share challenges and discuss policy actions on various debt market reform topics. Conducted via conference calls and a web-based meeting tool, PGD has engaged 23 emerging market economies and offers a platform to promote South-South exchanges.
- Applied research/knowledge products: Practical, empirically based research on developing local currency bond markets. Designed to identify and tackle knowledge gaps and disseminate appropriate practices by building partnerships with practitioners and academics to create books, handbooks/toolkits, and research papers, and conduct workshops and conferences.
The World Bank Group offers a range of debt policy advisory services, including debt management strategy design, debt sustainability analysis, and the assessment of debt management performance in developing countries.

The services and advice are provided by seasoned practitioners and are grounded by the experiences of public debt management practices in industrial 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 the three main stages: (1) needs assessments/diagnostic, (2) design of reform plan, and (3) implementation.

Supporting clients to build expertise in:

- Public debt management
- Debt sustainability analysis
- Domestic government debt market development

**Economic Policy and Debt Department (PRMED)** works on debt policy, strategy and sustainability analysis for developing countries. It assists developing countries, especially LICs, in strengthening their debt management through the application of the DeMPA tool, technical assistance in the formulation and the implementation of the MTDS, the formulation of Debt Management Reform Plans, training and other outreach activities. PRMED is also in charge of implementing the Debt Sustainability Framework for LICs Initiative, which aims to monitor 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 Capital Markets and Corporate Governance Service Line (FCMSM)** helps countries develop and promote deeper, liquid and more stable capital markets, including public and private bond markets. In the area of public debt markets, the group provides technical support to implement debt strategies, build capacity and introduce reforms.
OTHER SERVICES

Through an extensive program of training, conferences, and research, the World Bank Group provides opportunities for knowledge sharing and networking. These opportunities are available to World Bank Group 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 strategy, and debt sustainability analysis, with hands-on training techniques. In many instances, the World Bank co-sponsors and delivers training events with related institutions and debt management assistance providers.

OUTREACH

Outreach events include a practitioners’ program for debt management officials from LICs Debt Management Practitioners’ Program (DMPP) and implementation of a network for Sub-Saharan African debt managers, the Debt Manager’s Network (DMN). Periodically, the World Bank Group organizes conferences that bring together practitioners and experts in the field e.g. the Sovereign Debt Management Forum, the World Bank-OECD-IMF Bond Market Forum, Government Borrowers’ Forum, the Gemloc Conference and others.

RESEARCH AND PUBLICATIONS

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

For more information:
http://www.gemloc.org or contact us at: gemlocta@worldbank.org
CONTACT US

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