

**Tabulation Of Responses
To The Second Sovereign Debt Management Forum Questionnaire**

Part I: Sovereign Debt Management Objectives and Priorities

1. Please outline the government's debt management objectives in order of priority

	1997		1999	
	Number	(%)	Number	(%)
Funding Management	30	31	37	26
Develop Markets	3	3	12	9
Management of Financial Costs and Risks	30	31	53	38
Operations	5	5	5	4
Manage Debt/Cost Levels	24	25	21	15
Other	4	4	13	9
Total	96	100	141	100

Part II: Risk Management Practices

1. Has the government established a strategic benchmark for its foreign currency debt management?

	1997		1999	
	Number	(%)	Number	(%)
Yes	2	4	10	24
No	47	96	32	76
Total	49	100	42	100

2. Structure of the foreign currency benchmark portfolio

More sovereigns are using benchmarks in order to control the currency, interest-rate and refinancing exposure of their external debt.

Rationale mentioned for currency benchmarks is to match the external debt structure with that of:

- a. international reserves;
- b. export revenues; and
- c. currency(ies) against which the local currency is managed.

Rationale for interest-rate benchmarks is to reduce interest-rate risk and promote stability in debt servicing. Rationale for evenly-distributed refinancing profile is to avoid bunching up, especially in short term, and not be forced to refinance under unfavorable market conditions. Other reference guidelines used as limits on the level of foreign currency borrowing.

3. *Has the government established a strategic benchmark for its domestic currency debt management?*

1999	Number	(%)
Yes	5	13
No	32	82
NA	2	5
Total	39	100

4. *Structure and rationale of the government's domestic currency benchmark portfolio*

Sovereigns mentioned an interest in lengthening maturities and having regular, periodic debt issuance with previously determined maturities.

The local-currency benchmark will be mostly determined by the government's interest in developing the local currency debt market, and making the debt issuance process as transparent and predictable as possible. Local currency benchmarks have an important role to play here.

5. *Do you use a benchmark to measure portfolio performance on foreign currency and domestic currency portfolios?*

1999	Number	(%)
Yes	8	21
No	30	79
Total	38	100

Most of the countries that have benchmarks use them not only for risk control, but also for evaluating portfolio performance.

6. *If you have not established a strategic benchmark, have you established guidelines to manage the risk on the government's debt portfolio?*

1999	Number	(%)
Yes	10	45
No	12	55
Total	22	100

7. *Risk-management guidelines:*

1999	Number	(%)
Avoid excess short term debt/smooth profile	5	29
Limit currency risk	6	35
Debt in least volatile currency	4	24
Debt matching reserves	2	12
Limit floating debt	3	18
Others	3	18
Total	17	100

8. *Analytical techniques for undertaking risk analysis:*

1999	Number	(%)
Not using analytical techniques	10	32
In process of setting them up	2	6
Generic "currency risk" analysis	4	3
Debt sustainability indicators	2	6
Sensitivity scenario analysis	3	10
Duration	3	10
Value-at-Risk/Cost-at-Risk	7	23
Total	31	100

9. *Difficulties and constraints faced by the government in establishing strategic benchmarks*

1999	Number	(%)
Lack of policy on debt management	9	23
Lack of expertise in debt management	9	23
Lack of debt monitoring/risk management	4	10
Access/Development of financial markets	5	13
Difficult economic environment	4	10
Others	8	21
Total	39	100

10. *Sovereign debt managers responsibilities with regards to government guarantees and contingent liabilities*

1999	Number	(%)
No responsibility	1	3
Bears total responsibility	8	24
Analyzes and approves such operations	9	26
Records and monitors guarantees	9	26
Evaluates liquidity and possible contingency	2	6
Others	5	15
Total	34	100

11. Does the government use derivatives to hedge currency or interest-rate exposure?

Currency or interest-rate exposure

1997	Number	(%)
Yes	15	31
No	34	69
Total	49	100

Currency or interest-rate exposure

1999	Number	(%)
Yes	15	36
No	27	64
Total	42	100

Currency exposure

1999	Number	(%)
Yes	13	31
No	29	69
Total	42	100

Interest rate exposure

1999	Number	(%)
Yes	10	24
No	32	76
Total	42	100

12. Has the government executed currency swaps for liability management involving a pair of foreign currencies?

	1997		1999	
	Number	(%)	Number	(%)
Yes	17	35	12	29
No	32	65	30	71
Total	49	100	42	100

13. Constraints to using currency swaps involving a pair of foreign currencies.

	1997		1999	
	Number	(%)	Number	(%)
Access constraints	10	33	6	18
Lack of capacity	14	47	24	71
Legal constraints	6	20	4	12
Total	30	100	34	100

14. Has the government executed currency swaps into the local currency for liability management?

	1997		1999	
	Number	(%)	Number	(%)
Yes	0	0	4	9
No	49	100	40	91
Total	49	100	44	100

15. Constraints to using currency swaps involving the local currency.

	1999	Number	(%)
Limited local currency debt market		10	31
Lack of technical knowledge		5	16
Legal constraints		6	19
Monetary policy		2	6
Excessive exchange rate risk		2	6
Other		7	22
Total		32	100

16. Has the government made use of exchange-traded financial futures and options for liability management?

	1997		1999	
	Number	(%)	Number	(%)
Yes	0	0	1	2
No	49	100	42	98
Total	49	100	43	100

17. Has the government made use of commodity futures and options or other derivatives to manage commodity price risk?

	1999	Number	(%)
Yes		3	7
No		40	93
Total		43	100

18. Constraints to using exchange-traded futures and options

	1999	Number	(%)
Lack of technical knowledge		10	45
Lack of policy		3	14
Legal constraints		2	9
Preference for OTC		2	9
Other		5	23
Total		22	100

19. *Documentation by way of Master Derivatives Agreement of currency or interest rate swaps*

	1999	
	Number	(%)
Yes	9	21
No	5	12
NA	28	67
Total	42	100

20. *If the government uses currency or interest-rate swaps for liability management, do the swap contracts incorporate provisions for mark-to-market or collateral arrangements?*

	1997		1999	
	Number	(%)	Number	(%)
Yes	10	59	11	24
No	7	41	34	76
Total	17	100	45	100

Part III: Institutional Arrangements For Sovereign Debt Management

1. *Which institution(s) manage the central government's foreign currency debt?*

	1997		1999	
	Number	(%)	Number	(%)
Central Bank	4	8	5	11
Ministry of Finance	25	51	24	51
Jointly	16	33	14	30
Other	4	8	4	9
Total	49	100	47	100

2. *Which institutions manage the central government's domestic currency debt?*

	1997		1999	
	Number	(%)	Number	(%)
Central Bank	3	6	5	11
Ministry of Finance	28	57	24	52
Jointly	14	29	13	28
Other	4	8	4	9
Total	49	100	46	100

3. *If the central government debt management is carried out by more than one government body, describe the institutional arrangements for coordinating debt management?*

1999	Number	(%)
Centralized control by MoF	6	35
MoF responsible but central bank participates	4	24
Debt Management Committee	3	18
MoF and CB manage independently part of the debt	4	24
Total	17	100

4. *What, if any, are the institutional arrangements for coordinating the management of the central government's foreign currency debt and the central government's foreign currency reserves?*

1999	Number	(%)
MoF and CB act independently (no coordination)	12	34
MoF informs debt payments to CB (limited coordination)	4	11
High level committees of MoF and CB officials	8	23
Reserve composition determined by debt or vice versa	4	11
Infrequent meetings between MoF and CB officials	4	11
Assets and liabilities managed by the CB	3	9
Total	35	100

5. *What are the institutional arrangements for coordinating the management of central government debt and debt of sub-national governments or debt of other public sector borrowers*

1999	Number	(%)
Sub-nationals cannot negotiate/subscribe debt	4	11
Sub-nationals can borrow, but need gov't authorization	10	28
Only sub-nationals/SOE guaranteed needs gov't authorization	4	11
Non-specific arrangements/coordination	12	33
No institutional arrangements	6	17
Total	36	100

6. *Do State/Province, Municipal and State Owned Enterprises raise their own funding abroad?*

	1997		1999	
	Number	(%)	Number	(%)
Yes	35	74	31	69
No	12	26	13	29
Total	47	100	45	100

7. *If so, does the Central Government give explicit guarantees?*

	1999	Number	(%)
Yes	23		68
No	11		32
Total	34		100

8. *If an IBRD loan is obtained for a sub-borrower, who bears the foreign-currency risk?*

	1999	Number	(%)
Central government	18		41
Sub-borrower	20		45
Split	5		11
Other	1		2
Total	44		100

9. *What is the highest government body whose approval is required for individual borrowing transactions?*

	1997		1999		Domestic Debt	
	Total Debt Number	(%)	Foreign Debt Number	(%)	Number	(%)
Parliament/Congress	15	31	9	21	2	6
President/Primer Minister	2	4	4	9	2	6
Interministerial Board	14	29	5	12	3	8
Minister/Governor	16	33	21	49	26	72
Director General	2	4	4	9	3	8
Total	49	100	43	100	36	100

10. *What is the average time it takes to obtain approval to execute a foreign currency borrowing transaction?*

	1997		1999	
	Number	(%)	Number	(%)
One day or less	0	0	4	10
Less than one week	5	10	5	13
More than 1 week, less than 3 months	37	76	26	65
More than 3 months	7	14	5	13
Total	49	100	40	100

11. *If you have a middle office, what functions does it perform, and how many people work in this role?*

Although ten countries have a benchmark in place, and other have guidelines for risk management, no sovereign has formally established a middle office, and only four countries have staff implementing risk analysis. In the handful of countries that monitor risk, it is the front office staff that carry out this function. However, various countries are planning to establish a middle office. Various countries lacking a middle office for debt management acknowledged that their central bank had a middle office for foreign reserves management.

Part IV: Debt Management Systems and Statistics

1. *Do you use market information systems in the debt management office? If so which one(s)?*

	1997		1999	
	Number	(%)	Number	(%)
None	14	25	10	24
One	26	47	14	34
Two	9	16	11	27
Three	6	11	6	15
Total	55	100	41	100

2. *Do you use systems to help you price structured borrowing transactions?*

	1999	Number	(%)
Yes	10	26	
No		74	
Total	39	100	

3. *Does the debt management unit have access to Internet?*

	1997		1999	
	Number	(%)	Number	(%)
Yes	39	70	40	91
No	17	30	4	9
Total	56	100	44	100

4. *Which debt information/accounting system does the government use?*

	1997		1999	
	Number	(%)	Number	(%)
Off the shelf	23	47	26	65
Country's own proprietary	18	37	16	40
Change proprietary for off the shelf	7	14	1	3
Total	48	100	43	100

5. *Do you use any portfolio risk management systems technology? If so, what type?*

	1997		1999	
	Number	(%)	Number	(%)
Yes	2	70	3	7
No	55	30	40	91
Total	57	100	43	100

6. *Does the government collect data on external debt incurred by the following entities?*

1999	Yes		No	
	Number	(%)	Number	(%)
Sub-nationals and SOE's	45	100	0	0
Private banks	26	57	20	43
Other private entities	22	51	21	49

Part V: Recent Developments and Constraints in Sovereign Debt Management

1. *What important developments have there been in your country in the area of sovereign debt management during the past two years? What are the reasons for change?*

1999	Number	(%)
Developing local currency debt market	10	16
Tapping new markets/ using new financing mechanisms	10	16
Institutional capacity-building in debt management	31	48
Organizational restructuring, coordination and training	11	17
Improvement of debt information systems	9	14
Strengthening middle office analytical functions/strategy	11	17
Debt buy-backs to improve debt profile	5	8
Improving risk-quantification models	2	3
Analysis/monitoring of guarantees and contingent liab.	4	6
Improvement legal framework	5	8
Developing cash-management practices	2	3
Macro policy helped debt management	1	2
Debt rescheduling	2	3
Increase in debt	3	5
Total	64	100

2. *What are the main constraints/obstacles/concerns that the government faces in debt management?*

1999	Number	(%)
Institutional capacity:	33	51
Lack of appropriate organizational arrangement with trained staff	20	31
Lack of middle-office analytical capacity and staff	8	12
Back-office limitations	5	
Legal framework	4	6
Macroeconomic risk	9	14
Developing a deep and liquid local debt market	4	6
Cost of funds	4	6
Risk management:	10	15
Funding risk	5	8
Liquidity/refinancing risk	2	3
Contingent liability risk	3	5
Inefficient use of external funding	1	2
Total	65	100