



DMF News

Issue 17, July 2014

NEWS

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DMF News



Jeffrey Lewis, Global Practices Chief Economist

Message from the outgoing DMF Director, Mr. Jeffrey Lewis

Dear Colleagues:

As you are no doubt aware, the World Bank is undergoing a substantial restructuring intended to help us work better to promote our twin goals of eliminating poverty and boosting shared prosperity. As part of this exercise, I have moved on to become the Global Practices Chief Economist located in the front office of the Global Practices Vice Presidencies.

I am also pleased to announce that Mr. Marcelo Giugale has been named Senior Director, Macroeconomic and Fiscal



Marcelo Giugale, Senior Director, Macroeconomics and Fiscal Management (MFM) Global Practice

Management (MFM) Global Practice, which replaces the previous Economic Policy and Debt Department (PRMED). In his new capacity, he will take over from me as the World Bank co-Chair of the DMF Steering Committee. Mr. Dominique Desruelle, Deputy Director, Institute for Capacity Development, continues as the co-Chair from the IMF. At the operational level, Ms. Abha Prasad continues to be the DMF Program Manager, and I am sure will keep the DMF flag raised high! Mr. Shan Gooptu as the MFM Practice Manager will also be actively engaged.

On a personal note, during my three and a half years of engagement with the DMF, it has been both a privilege and a pleasure to work with you all. There is much that we can be proud of on the reach and depth of the DMF, having delivered over 140 missions across 65 countries and trained over 600 debt management practitioners. Your generous support, collaboration and strong commitment to strengthen debt management capacity in developing countries have been inspirational. And, I am sure the current partnership with all of you, the new donors, and the IMF will enable the DMF II to reach even greater heights.

In my new capacity as Global Practices Chief Economist, I can assure you of my ongoing interest in and support for our efforts. I promise to continue to keep abreast of the developments and achievements of the DMF in the months and years to come.

Wishing you a great summer,

Jeffrey Lewis

Practitioners' Corner

Hear from a debt manager who has completed the Debt Management Practitioners' Program (DMPP), and meet the newly selected candidates.

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Webinar on International Bond Issuance

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Introducing a new and improved M&E framework for the new phase of the DMF (DMFII).

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DMF Panel of Experts Group

Meet the new panel of debt experts who will review the DMF's annual work program and otherwise provide advice and counsel on the trust fund's operations.

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Practitioners Corner

Four government officials participated in the Debt Management Practitioners' Program (DMPP) during the first quarter of calendar 2014 under the DMF at the World Bank. Three gave their views of the program in the April edition of the newsletter. Below is a note from the fourth.



Mr. Martin Nsubuga of the Ministry of Finance, Planning and Economic Development of Uganda:

"The DMPP is not only a great opportunity, but also a privilege to work with respected World

Bank economists and technical experts on debt management issues. Depending on your interest and experience, the program gives you a chance to explore any area of debt management. It re-introduces you to best practices and the debt tools that have been successfully applied and used in different countries irrespective of your prior knowledge. Due to my earlier training and understanding of the DSA and MTDS debt tools, I was encouraged to explore other areas of debt management. I decided on contingent liability management, an area for which I have nurtured personal interests but with less opportunity to fully conceptualize the dynamics of the subject. I also enhanced my understanding of domestic debt issues and was able to assess Uganda's domestic market using the domestic markets development assessment tool, which was introduced to me during the program. I was also given the opportunity to work with the World Bank technical team that is assisting Indonesia's Directorate of Debt Management to develop a contingent liability management framework. My knowledge has been greatly enhanced and my scope of debt management broadened. This will enable me to perform much better at my work and to greatly contribute to the efforts to develop a contingent liability management framework for Uganda."

DMPP is continuing under DMF II. Below are brief bio-sketches of the six selected candidates for fiscal year 2015, drawn from an applicant pool of 23 debt managers.

- Ms. Cristina Domande will be joining us from Mozambique; she is Head of the Public Debt Strategic Planning Department at the Ministry of Finance;
- Mr. Yeshe Lhendup, Assistant Program Officer in the Debt Management Division, Department of Public Accounts, is joining us from the Ministry of Finance of Bhutan;

- Mr. Artak Marutyan, Deputy Head of the Public Debt Management Department, is joining the program from the Ministry of Finance of Armenia;
- Mr. Baba Mohamadou, will participate in the DMPP program: a Senior Officer at the Debt Operations Department of Cameroon;
- Mr. Riyadh Rajab is joining us from the Central Bank of Yemen; he is the Manager of the DMFAS Department; and,
- Mr. Monday Usiade is joining the program from the Ministry of Finance of Nigeria, where he is Assistant Director at the Debt Management Office.

Debt Manager's Network (DMN) Webinar on International Bond Issuance

Mark your calendars for **Tuesday, September 30**: The webinar will feature presentations by three noted experts in this emerging field, with ample time for questions and answers.

- **Christian Esters, Senior Director, EMEA Emerging Markets for Standard and Poor's**, will reprise his well-received presentation from the DMF Forum in Brussels earlier this year on "Sovereign Eurobonds: The Credit Rating Agency Perspective."
- **Pamella McLaren, Special Advisory Services Division of the Commonwealth Secretariat**, will cover pros and cons--as well as procedural issues---critical when issuing in the international bond market.
- **Gabriel Presciuttini of the IMF** will highlight the main messages from a just-published working paper entitled: "First-time International Bond Issuance—New Opportunities and Emerging Risks." The time schedule and instructions for participating in the webinar will be forthcoming shortly in an e-mail to DMN members.

If not a member, please contact Ivana Ticha (iticha@worldbank.org) to be included in the e-mail distribution list.

Multilateral Banks' Meeting on Debt Issues

On May 6 and 7 the annual Multilateral Development Banks' (MDB) Meeting on Debt Issues took place in Washington, DC. This forum for the exchange of ideas and experience began with the Heavily Indebted poor Countries (HIPC) Initiative in the late 1990s, and continues to provide a venue for discussion of latest developments and

emerging issues in the fields of debt sustainability, debt management and lending policies of the MDBs and international financial institutions. This year, ten agencies were represented at the Meeting, with topics ranging from global economic prospects, to the latest on HIPC/MDRI and post-HIPC fronts, to briefings on new frameworks and guidelines for debt sustainability analysis and public debt management.

Across topics, there is an interesting picture of significant and sustained reductions in debt levels post-HIPC/MDRI, which have created space for increased expenditures on poverty reduction and contributed to the ability of some countries to access capital markets. Some risks are emerging, however, as several countries have seen debt levels rising rather rapidly over the last 5 years. The non-concessional borrowing policies of some participating institutions were discussed, as was the IMF's new framework for debt sustainability analysis for market access countries; the meeting also deliberated on the Bank-Fund Revised Guidelines for Public Debt Management. And analytical presentations on Debt Sustainability during Democratic Transitions and on Debt-for-Climate Adaptation Swaps rounded out the Meeting.

Monitoring and Evaluation (M&E) Framework Strengthened for DMF II

During the second phase of DMF program implementation, an updated and improved monitoring and evaluation framework will be applied. Achievement of DMF technical assistance objectives and expected outcomes of capacity-building activities will be closely tracked through enhanced implementation of log-frame analysis. Each of the World Bank and IMF monitoring frameworks and respective activities will be reflected in annual reports to the DMF Steering Committee. And mid-term M&E reports for World Bank and IMF-managed activities will be prepared by external evaluators after three years of DMF II program implementation.

DMF Panel of Experts Group

The Panel of Experts (PoE) Group was created at the launch of DMF II, based on recommendations contained in the report covering External Evaluation of the DMF Program. The Panel of Experts will support the Steering Committee (donors) in ensuring quality and relevance of DMF II activities. The PoE comprises experts who were selected for their expertise in public debt

management. Names and short bios for the Panel are provided below. The World Bank and the IMF jointly decided on the selection criteria, and the individuals selected were endorsed by the DMF Steering Committee (SC). The DMF II offers an open platform for experts to be added in the future based on need.

The main responsibilities of the POE are: (i) review and comment on the draft annual DMF II work program prepared by the Secretariat for the SC; (ii) advise the DMF Secretariat and the SC on any additional areas of debt management that could be supported through the DMF II; (iii) provide advice on specific, technical issues as requested by SC members; (iv) review and comment on specific reports prepared in connection with DMF II activities, and (iv) provide any other recommendations that ensure quality and relevance of DMF II activities.



Mr. Tomas I. Magnusson (Chair) worked at the World Bank since January 2002 as a Principal Financial Advisor with focus on enhancing public debt management capacity in developing countries. After leaving the Bank, he has continued working as a consultant, mainly for the World Bank and the IMF, but also for other international institutions such as UNDP and INTOSAI. Previously, he was General Counsel of the Swedish National Debt Office (SNDO), and also headed its Guarantee Department.



Mr. Otavio Ladeira de Medeiros, Head of the Public Debt Strategic Planning Department of the Brazilian Ministry of Finance, holds a Master's degree in Economics from the University of Brasilia. He has twenty years of experience in public debt management in the Brazilian National Treasury within the Ministry of Finance.



Mr. Baudouin Richard is an independent consultant in public debt management since 2008. Previously, he worked in the Public Debt Management Agency of the Belgian Ministry of Finance as Director of Treasury and Capital Markets, and Chairman of the Executive Committee (1993-2008).



Ms. Rosmarie Schlup, Deputy Head, Macroeconomic Support Division in the Economic Cooperation and

Development Branch of the Swiss State Secretariat for Economic Affairs, is in charge of Sovereign Debt Management and Financial Sector Development. Previously, she was Head of the Swiss Delegation to the Paris Club and worked as an advisor on security policy issues for the Swiss government.



Mr. Souleymane Sene is an Economist and Treasury Inspector from Senegal. Previously he worked as Head of the Division of Policy and Debt Intervention Strategy, Directorate of Public Debt (General Directorate of Public Accounting and Treasury).

Debt Management Reform Plans in FY14

Nine DMF-funded Debt Management Reform Plan (RP) missions were undertaken in FY2014, of which five in Sub-Saharan Africa, two in East Asia and the Pacific, and one in both South Asia and Europe and Central Asia. Two follow-up RP missions took place; and two subnational RPs. The missions were joined by implementing partners from DRI, MEFMI and WAIFEM. The top issues for reform consideration included upgrading legal and institutional frameworks; strengthening operational risk controls; developing-or enhancing debt management strategies and building staff capacity. Most RP reports identified updating the legal framework as a priority area; while creation or consolidation of debt management unit(s) along functional lines was proposed for a number of countries. RP reports also called for reform in other areas, including domestic debt market development, inter-institutional settings facilitating coordination and cash management.

Progress has taken place, measured in countries where multiple debt management missions and other technical assistance activities were conducted. In one country, the drafting of a new Public Debt Law was well underway. And improvement in staff capacity was evidenced by compiling of an in-house DSA and more comprehensive debt management strategies. Demand for RPs continues at high levels.

Activities for the period April through June 2014

Medium Term Debt Management Strategy (MTDS) – One mission

>>Vietnam. A joint World Bank/IMF/UNCTAD mission visited Hanoi over May 15-23, 2014. The mission worked with key staff from the Debt Management

and External Finance Department (DMEFD), of the Ministry of Finance (MOF). The mission was conducted in two segments: (i) training on data aggregation, excel functions and calculation of risk indicators, including aggregating and validating the country's debt data, which is of importance in Vietnam given fragmented institutional arrangements for debt management; and (ii) the core MTDS program: technical assistance on developing the MTDS along with discussions on the conceptual framework with participation of all mission members. As part of the visit to Vietnam, a workshop was organized in Ninh Binh under the leadership of the MOF that provided a venue to bring together technical staff from within the MOF, the State Bank of Vietnam, and the Treasury along with representatives from the Ministry of Planning and Investment and the National Assembly. Discussions helped to highlight and underscore the macro-, fiscal-, monetary and structural considerations underlying the MTDS. A favorable outcome was the common understanding by the different entities on the requirements for data, the macro indicators and the feasibility of financing from domestic sources for the MTDS exercise.

Debt Management Reform Plans – One mission

>>Samoa. A World-Bank mission visited Apia, Samoa, during March 24-28, 2014, to provide technical assistance for the authorities' public debt management reform agenda. The main objective of the mission was to work jointly with the Debt Management Unit (DMU) of the Ministry of Finance to: 1) assess progress since the original Reform Plan mission of October 2012; and 2) update the reform plan agenda for debt management. Substantial progress has been made with key aspects of the reform agenda. Notably, the authorities updated their MTDS in 2013 without outside help; added an additional staff member to the DMU; streamlined debt management responsibilities, including shifting DSA leadership to the Economic Policy and Planning Department, and largely completing the recommended debt recording inventory and reconciliation.

The specific areas of focus for the follow-up technical assistance were agreed to include: 1) operational risk; 2) MTDS monitoring and implementation; 3) cash management, and 4) DSA capacity building. The Government's assessment was favorable, and a "one-sheet" DSA tool developed for Samoa is expected to significantly empower the Ministry of Finance to fulfil its goal of quickly producing debt sustainability scenarios for the

consideration of new borrowing proposals. The MTDS update was a prior action in last year's DPO operation, and the country team is considering including "strengthening debt policy and management" in the policy matrix discussion for the DPO planned for later in calendar year 2014.

Debt Management Performance Assessments (DeMPA) – One mission

>>**The Gambia.** The World Bank, in coordination with WAIFEM, visited Banjul, The Gambia over June 10-18, 2014, to conduct a Debt Management Performance Assessment (DeMPA) follow up mission. The first DeMPA assessment was carried out in January 2010. The main objectives of the mission were to: (i) assess debt management performance in The Gambia using the DeMPA methodology and evaluate the progress made since the first DeMPA; (ii) share and discuss the results of the assessment with the authorities, and (iii) draft a detailed evaluation report. The mission worked closely with the Directorate of Loans and Debt Management (DLDM) at MoFEA and met the Permanent Secretary and the Minister. The mission met the main stakeholders in the area of debt management: budget, economic policy, treasury operations, audit, the Central Bank of Gambia and the Ministry of Justice.

DMF Training

>>**Vienna, Austria.** Between March 24 and 28 a World Bank team conducted training in developing a Medium-term Debt Management Strategy (MTDS) at the Joint Vienna Institute, Vienna, Austria. The training provided participants with an understanding of the MTDS framework through a mix of presentations on conceptual issues and hands-on exercises. The presentations focused on the steps of the MTDS framework that assist in understanding the rationale and various components of the Analytical Tool. Participants developed, prepared and presented draft medium term strategies using the MTDS analytical tool. A brief session linking the MTDS to the development of a borrowing plan was conducted at the end of the program along with a hands-on exercise using a newly developed excel spreadsheet. 27 participants from 16 countries attended the training.

>>**Vienna, Austria.** Debt Management Performance Assessment (DeMPA) training was conducted at the Joint Vienna Institute, Vienna, Austria, over April 14-18, 2014, by World Bank and DRI teams. The objectives of the training were to acquaint participants

with the concepts of debt management as they apply to central government debt and convey the scope and methodology for the application of the DeMPA tool. The training included presentations of DeMPA methodology by the instructors as well as country specific presentations of selected areas of debt management by the participants. A presentation on follow-up activities and reform plan formulation were also part of the training. 26 participants from 15 countries (East Asia, Africa and Europe and Central Asia) attended the training. Aspects that were perceived to have worked very well were the sharing of experiences by participants through presentations of their own country cases, and discussions of specific areas of assessment.

>>**Madagascar.** A World Bank mission visited Antananarivo, Madagascar, to provide Debt Sustainability Assessment (DSA) training to government officials (in French) over June 2 - 6, 2014. A total of 28 officials from Madagascar, Comoros, and Mauritania benefitted from the DSA training. The trainees included staff from both Central Banks and Government's Debt Management and Treasury Offices. The training program included presentations of the LIC DSA training materials, and three full DSA analyses as practical exercises: Togo, Niger, and the participant's country of origin. The participants also produced debt sustainability risk assessments for their specific countries based on alternative scenarios that reflected probable shocks that could affect the country's debt levels.

DMF Meetings

>>**Technical Advisory Group (TAG) meeting** took place on April 1, 2014 in Brussels and was attended by the DMF-PIU team and TAG members. It was the last meeting of the TAG group, which has been replaced by the 'Panel of Experts' under DMF II (see earlier article).

>>**Implementation Coordination Group (ICG) of DMF II** took place on April 1, 2014. It was the first meeting of the ICG group created under the DMF II umbrella. Mr. Gerry Teeling was selected as Chair, a decision endorsed by the DMF Steering Committee.

>>**The DMF Steering Committee** met on April 2, 2014, co-chaired by Mr. Jeff Lewis and Mr. Dominique Deseruelle (IMF). Discussions centered on the activities of DMF I over the past five years, the setting of DMF II, partnership with the IMF, the DMF II work programs for the next FY and refinement of the log-frame. The meeting was attended by both existing DMF I donors and several potential donors.

>>**The Fifth Annual DMF Stakeholders' Forum:** As highlighted in the April 2014 DMF News, the Forum was entitled "Debt Management in Developing Countries: New Frontiers and Ongoing Challenges". The Forum presented a rich program and provided an occasion for discussion of policy relevant issues and the associated agenda going forward on public debt management in developing countries. Over 110 participants registered. These comprised public debt management practitioners and policy makers from over 53 countries, with about 18 developed and the rest from low-income countries (LICs). In addition there were international and regional technical assistance providers, representatives of civil society organizations, as well as bilateral donors, multilateral development banks and private sector representatives from investment banks and credit rating agencies. The participants discussed current challenges faced by developing countries with respect to their sovereign borrowing and debt management decisions in the current external environment and changing domestic circumstances. The Forum also fostered knowledge exchange among participants including sharing of key lessons and debt management solutions. (All presentations are available [here](#)).

Forthcoming Activities (July 2014 onward)

DMF Meetings

- DMN webinar: "International Bond Issuance: elements for Consideration" Tuesday, September 30, 2014. Scheduling and webinar link information coming shortly.

DMF Training Events

- World Bank DeMPA training, July 14-18, Hanoi, Vietnam
- World Bank Subnational DeMPA training, August 18-22, JVI, Vienna, Austria
- Workshop on MTDS, October 6-10, JVI, Vienna Austria

DMF Missions

- o Zambia MTDS, July 15-24
- o Mozambique MTDS, July 16-24
- o Vietnam Subnational DeMPA, July 22-28
- o Tonga MTDS, Aug. 4-13
- o Nepal DeMPA, Aug. 19-25
- o Angola DeMPA, Aug. 20 – Sept. 1
- o Guinea Joint IMF-WB MTDS, Sept. 8-12
- o Bosnia & Herzegovina MTDS, Sept. TBD
- o Ethiopia Joint IMF-WB MTDS, Nov. TBD
- o Comoros MTDS, TBD
- o Burundi MTDS, TBD
- o Grenada Joint IMF-WB MTDS, TBD
- o Sierra Leone MTDS, TBD

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