

I. Ten years of DMF: Looking Back and Moving Forward

The Debt Management Facility (DMF) has provided critical capacity building to strengthen public debt management in more than 80 countries since it was established in 2008. The 10-year DMF Retrospective provides an assessment of the DMF over this time, distilling lessons learned for debt management technical assistance (TA).

The DMF has played a significant role in mainstreaming sound practices on debt management. It has adapted its offerings in line with the evolving landscape of DMF-eligible countries over time, scaling up its TA, training and peer-to-peer learning programs. As a result of tailored TA to country-circumstances, Debt Management Performance Assessment (DeMPA) ratings have improved over time in many areas such as legal framework, managerial structure, quality of the debt management strategy, publication of statistical bulletin, coordination with the central bank, documented procedures for domestic market borrowing, and staff capacity. Countries that benefitted from TA on MTDS or Reform Plan were much more likely to publish debt management strategies and implement debt management reforms, respectively. Similarly, debt management offices (DMO) reported that DMF support informed most of their debt management reforms in the areas of legislative frameworks, managerial structures, domestic debt market development, and design of their debt management strategies in the past five years.



Results also revealed that peer-to-peer learning programs, such as the Debt Managers Practitioners' Program can be a successful impetus for reform. The learnings also recognize that achieving minimum standards for sound debt management remains a hurdle for many countries, and that some important debt management challenges are beyond the scope of technical staff and will require increased outreach to decision-makers. Such learnings were integral to the design of the third phase of the Debt Management Facility and inform its direction going forward, recognizing that reforms take time and sustained engagements are needed particularly in Low-Income countries and fragile states that are capacity constrained.

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II. Reforming Debt Management in Benin

Benin has made significant progress in the debt-management area. 2017 DeMPA scores have improved significantly since 2008. The reform-plan mission delivered in October focused on four areas: (i) accountability and governance; (ii) strategy elaboration and implementation; (iii) statistics and investor relations and (iv) contingent liabilities. For each area, a World Bank mission formulated an exhaustive set of recommendations.

Currently, the main weakness is the lack of a solid risk framework for the issuance and monitoring of guarantees and on-lent loans. Reforms to address this weakness have been discussed with the Caisse Autonome d'Amortissement (CAA) and included in the debt component of the WB Development Policy Operations (DPO) which is in the negotiation stage. Other areas for improvement include: internal audit, alignment between strategy and borrowing decisions, use of liability management operations and fiscal risks management.

III. Addressing Debt Vulnerabilities in Small States

During the World Bank Group / IMF Annual Meetings on October 13th, 2019, finance ministers and central bank governors from small states gathered to seek support and share their concerns over economic and financial sustainability of small states. Despite differences in size, level of development and location, most small states share similar challenges associated with their economic size, exposure to external shocks and natural disasters. During the Forum, Marcello Estevão, Global Director, Macroeconomics, Trade and Investment, delivered an informative presentation titled "Addressing Debt Vulnerabilities in Small States". Debt-management capacity in small states lags the capacity in larger states in all areas of the DeMPA assessment. Borrowing in small states is rarely steered by the debt management



Marcello Estevão, Global Director, Macroeconomics, Trade and Investment.

strategy, debt data transparency is often limited due to inadequate debt recording and reporting systems, small offices and weak technical capacity of debt management staff. To address these issues in small states, the World Bank continues providing significant technical assistance to boost their capacity. From 2008 to 2018, small states have received 73 technical capacity missions, of which 37 were Debt Management Performance Assessment (DeMPA) missions, 17 were Reform Plan missions, and 19 were Medium-Term Debt Management Strategy (MTDS) missions. In addition to debt-management capacity-building, technical assistance has also been intensified in the area of debt sustainability.

Since the revision of the Debt Sustainability Framework for Low-Income countries (LIC DSF), from July 2018 to July 2019, 18 small states have participated either in regional LIC DSF trainings or benefited from in-country LIC DSF workshops. During those training events, 42 country officials from 18 small states have been trained to conduct the debt sustainability analysis. The DMF facility will continue supporting building debt management capacity in small states. For more information about the Small States Forum and to download the presentation, please click [here](#).

IV. Staff Corner

Meet the Team

Lars Mayland began a 1-year secondment with the MTI Global Macro & Debt team in November last year. Prior to joining the Bank, he was Head of Monetary Policy Operations and Government Debt at the Danish central bank. Although Denmark has a AAA-rating debt management is never without challenges. At the beginning of the global financial crisis the debt office had to increase issuance of domestic and foreign bonds



Lars Mayland.

rapidly due to a large budget deficit and low FX reserves. In recent years falling debt has shifted the focus towards securing liquidity in the government bond market e.g. by consolidating issuance and introducing new terms for primary dealers. The low issuance requirement has also made introduction of new instruments such as green bonds challenging. Currently, a new and innovative model for green issuance is explored. Lars has previously worked as Head of Investments at the central bank. In addition to his professional career, Lars has been a semi-pro beach volleyball player and won the Danish Championship five times.

V. DMF Missions and Regional Trainings

Debt Management Performance Assessment (DeMPA) Missions

OBJECTIVE	Deliver technical assistance in evaluating the legal, institutional and regulatory framework in government debt management, using DeMPA tool. The DeMPA is a methodology for assessing public debt management performance through a comprehensive set of indicators spanning the full range of government debt management functions.
COUNTRY	Honiara, Solomon Islands, October 28–November 5, 2019
ORGANIZERS	World Bank
HIGHLIGHTS	The mission applied DeMPA methodology to assess public debt management practices in Solomon Islands. Specifically, the mission evaluated: 1) governance and debt strategy development; 2) debt management coordination with macroeconomic policies; 3) borrowing and related financing activities; 4) cash flow forecasting; 5) debt recording and operational risk management. The authorities expressed interest in the follow-up reform plan mission. The timing and the content of the reform plan will be agreed with the authorities after finalizing the DeMPA findings.

Reform Plan (RP) Missions

OBJECTIVE	Deliver technical assistance to design a detailed and sequenced Debt Management Reform Plan, jointly with the Government, based on a comprehensive analysis of public debt management institutions and operations. Click here for more information.		
COUNTRY	Conakry, Guinea October 7–18, 2019	Porto-Novo, Benin October 9–15, 2019	Dakar, Senegal December 16–20, 2019
ORGANIZERS	World Bank and CMU	World Bank and UNCTAD	World Bank
HIGHLIGHTS	Support the authorities in debt management reforms by outlining a detailed Reform Plan.	The mission was organized to design the reform plan based on the 2018 DeMPA outcome. The reform plan is based on three pillars: i) accountability and governance, ii) analytics and transparency, iii) risk management (CL and ORM).	The two missions in Hanoi and Ho Chi Minh City focused on: i) developing of capacity building plan and ORM framework in the near term, ii) the revision of National Financial Plan (2021-2025), and iii) local debt management of Ho Chi Minh city, iv) disbursements of on-lent loans, v) local debt repayments.

Debt Market Development (DMD) Missions

OBJECTIVE	Support countries in developing their local currency government securities market, establishing a Primary Dealer system and book building auction system.		
MISSION NAME	Development of a Primary Dealer System	Development of a Primary Dealer System	Deepening of the primary market for government securities
COUNTRY	Accra, Ghana November 4–15, 2019	Tbilisi, Georgia November 11–15, 2019	Dhaka, Bangladesh December 4–17, 2019
ORGANIZERS	IMF	World Bank and IMF	World Bank and IMF
HIGHLIGHTS	The mission helped the authorities review the existing Primary Dealer arrangements and Joint Bookrunner auction system and laid the foundations for a new Bond Market Specialist Group, with the development of new requirements and guidelines for market-making in Government of Ghana securities.	The mission assessed the readiness of different stakeholders to launch a market-making pilot program (MMPP) and co-hosted a workshop with the MoF to agree on the initial design of the MMPP. The strategy and the roadmap to transition to a full-fledged Primary Dealers (PD) system was updated and the mission provided capacity building assistance to the MoF on assessing Primary Dealer participants.	The mission helped develop sound practices for issuing government securities and utilizing a true repo-based money market instrument. The mission recommended measures to improve transparency and predictability of G-secs issuance, including moving to greater market-based pricing mechanism. The mission reviewed the interaction of debt management with monetary policy and explored market development opportunity given the proposal to switch to an interest rate based monetary policy framework.

Other DMF Missions

MISSION NAME	Debt reporting and monitoring / Transparency reporting	Combined Debt Management Evaluation and Reform Plan	Debt Management Mission
OBJECTIVE	Stock-taking of reporting practices	Evaluate debt management and agree on future reforms	Analysis of external loans
COUNTRY	Nairobi, Kenya October 14–16, 2019	Banja Luka, Bosnia and Hercegovina November 11–15, 2019	Lusaka, Zambia November 18–26, 2019
ORGANIZERS	World Bank	World Bank and IMF	World Bank
HIGHLIGHTS	Assess reporting practices in the Public Debt Management Office and the Central Bank of Kenya. Propose a new reporting strategy to support strengthening of transparency. The new strategy would enable streamlining and better quality of: i) Debt Management Strategy, ii) Borrowing Plan, iii) Public Debt Management Report and iv) Quarterly Debt Statistics Bulletin.	The mission evaluated the current status of debt management institutions and legal framework and proposed a plan for reforms to be implemented in the medium term. The areas of focus included reforms of the legal and regulatory framework; improving back, middle and front office efficiency; domestic market development and closer coordination with cash management.	MoF and BoZ requested the assistance for a detailed analysis of disbursed and undisbursed external loans. The prepared analysis identified conditions for loan cancellations and options for adjustments of financial terms.

Regional LIC DSA Training

OBJECTIVE	The LIC DSA regional training is designed to provide an overview of reforms adopted in the revised LIC DSF. The training focuses on teaching the participants the new features of the LIC DSF, including realism tools, composite indicator, new thresholds, and tailored scenario stress tests. The training is tailored to participants and discusses in detail regional and country -specific vulnerabilities and risks.	
COUNTRY	Freetown, Sierra Leone October 21–25, 2019	Nadi, Fiji December 9–13, 2019
ORGANIZERS	World Bank, IMF and WAIFEM	World Bank, IMF and WAIFEM
PARTICIPANTS	36 participants from 5 countries including: The Gambia, Ghana, Liberia, Nigeria, and Sierra Leone.	12 participants from 7 countries including: Federated States of Micronesia, Kiribati, Papua New Guinea, Samoa, Solomon Islands, Tonga, and Vanuatu.

Regional MDTs Training

OBJECTIVE	MTDS regional trainings in Zambia aimed at building capacity in analyzing the cost and risk characteristics of a government debt portfolio and developing a DMS. A range of issues were discussed, including (i) the objectives and scope of debt management; (ii) concepts and measures of cost and risk; (iii) cost, risk and market-development considerations associated with different financing instruments used by the targeted countries; (iv) macroeconomic and structural factors that a MTDS should take into account; (v) identification of potential financing strategies that have desirable cost/risk characteristics.
COUNTRY	Lusaka, Zambia, November 4–15, 2019
ORGANIZERS	World Bank, IMF and MEFMI
PARTICIPANTS	28 participants from 11 countries including: Eswatini, Kenya, Lesotho, Malawi, Mozambique, Namibia, Rwanda, Tanzania, Uganda, Zambia and Zimbabwe.

VI. DMF Debt Management Network Webinars

The DMF manages the Debt Management Network (DMN) to share knowledge and build lasting capacity. The DMN is a community of government debt management practitioners aimed at sharing experience, exchanging information and helping to foster peer learning through virtual meetings, or webinars, for information sharing and discussions.

Past DMF Webinars:

Sovereign Debt: A Guide for Economists and Practitioners, December 18, 2019

Chair:

Doerte Doemeland, Practice Manager, Macroeconomics, Trade and Investment Global Practice, Global Macro and Debt Analytics Unit, World Bank.

Presenter:

S. Ali Abbas, Deputy chief, Debt Policy Division in the Strategy, Policy, and Review department, IMF.

Discussant:

Lars Mayland, Senior Debt Specialist, Global Macro and Debt Analytics, MTI Global Practice.

The last time global sovereign debt reached the level seen today was at the end of the Second World War, and this shaped a generation of policy making. The newly-launched book *Sovereign Debt: A Guide for Economists and Practitioners* - edited by S. Ali Abbas (IMF), Alex Pienkowski (IMF), and Kenneth Rogoff (Harvard) - is an attempt to build some structure around the issues of sovereign debt to help guide economists, practitioners and policymakers through this complicated subject. *Sovereign Debt* brings together some of the world's leading researchers and specialists in sovereign debt to cover a range of sub-disciplines within this vast topic. This webinar invited the book's editor to discuss highlights of the book. The Head of the Danish Debt Management Office will reflect on this contribution from a practical debt manager's perspective. For more information about the book, please click [here](#).

Programmatic Approach: Multi-year Support for Debt Management Results, November 4, 2019

Chair:

Doerte Doemeland, Practice Manager, Macroeconomics, Trade and Investment Global Practice, Global Macro and Debt Analytics Unit.

Presenters:

M. Coskun Cangöz, Head of Government Debt and Risk Management, World Bank Treasury.

Léa Hakim, Program Manager Debt Management Facility and Senior Economist, World Bank.

Discussant:

Bakyt Sydykov, Head of Department, External Affairs and Aid Coordination, Ministry of Economy, former Head of Public Debt Department, Kyrgyz Republic.

Discussant:

Bakyt Sydykov, Head of Department, External Affairs and Aid Coordination, Ministry of Economy, former Head of Public Debt Department, Kyrgyz Republic.

In countries with a reform-oriented government, a programmatic engagement on debt management can help sustain reforms and deliver better results. The Government Debt and Risk Management (GDRM) Program, managed by the World Bank Treasury, provides customized technical advisory services to middle-income countries in a programmatic approach. Designed for the medium-term, the GDRM Program supports partner countries from upstream, diagnostic work and developing reform plans, to downstream implementation of the plans. The Program assists countries in developing sustainable debt and risk management frameworks to reduce vulnerability to financial shocks. This webinar will elaborate guiding principles for the programmatic approach, how this approach has been used to deliver results under the GDRM and lessons learned from such engagements. The webinar will also discuss example of programmatic approach under the Debt Management Facility and the Kyrgyz Republic's experience in implementing multi-year reforms based on diagnostic, reform plan and monitoring.

Upcoming Webinars:

International Debt Statistics 2020 , February 25, 2020

Chair:

Doerte Doemeland, Practice Manager, Macroeconomics, Trade and Investment Global Practice, Global Macro and Debt Analytics Unit, World Bank.

Presenter:

Evis Rucaj, Senior Economist/Statistician, Development Economics and Chief Economist, World Bank.

Discussant:

Diego Rivetti, Senior Debt Specialist, Global Macro and Debt Analytics, MTI Global Practice.

The World Bank's International Debt Statistics (IDS) 2020 data shows a 5.3 percent increase in the total external debt of low- and middle-income countries climbed 5.3 percent to \$7.8 trillion last year, while net debt flows (gross disbursements minus principal payments) from external creditors tumbled 28 percent to \$529 billion. The IDS 2020 features for the first time a breakdown of public and publicly guaranteed debt -- government and other public sector debt, as well as private debt that is government guaranteed. It also provides information of explicit contingent liabilities of governments. This webinar provides also an overview of global challenges related to public debt statistics, and shares good practices and lessons learnt from the World Bank's Debt Reporting System (DRS).

VII. Debt Management Events and Publications

Past Events:

12th UNCTAD Debt Management Conference,

November 18–20, 2019, Geneva, Switzerland



The Conference provided a forum for sharing experiences and exchanging views between Governments, international organizations, academia and civil society on current developments in debt and on debt management issues in the broader macroeconomic

context. Main topics were issues and current trends in the developing countries, recent debt transparency initiatives, policies to support long-term debt sustainability, the role of debt and disaster relief and the role of the international community in strengthening debt management. More about the conference is available [here](#).

IMF Conference: Sustainable Development, Sustainable Debt

Finding the Right Balance, December 2, 2019, Dakar Senegal



The conference, jointly organized by the IMF and the Government of Senegal in partnership with the United Nations and Cercle Des Économistes, will engage a wide group of stakeholders in a dialogue on their respective roles in supporting sustainable development in sub-Saharan Africa. The conference will identify the obstacles—or missing pieces—for sustainable development and propose solution for eliminating them. Specifically,

participants will answer the following questions: What can national authorities do to boost domestic revenue, spending efficiency, and improve debt management? Can development partner mobilize resources to bolster ODA to finance development needs? How can the borrowers and lenders achieve greater debt transparency and develop new modes of private financing? The conference provides an opportunity for peer learning by sharing success stories of sustainable development. For more information, please click [here](#).

Global Waves of Debt: Causes and Consequences

Book Launch and Panel Discussion, December 19, 2019, World Bank, Washington D.C.

Global Waves of Debt book launch event featured a conversation between World Bank Group President David Malpass and Kenneth Rogoff (Harvard University) followed by a panel discussion, moderated by World Bank Group VP Ceyla Pazarbasioglu, with Jahangir Aziz (J.P. Morgan), Valentina Bruno (American University), Anna Gelpern (Georgetown University), and Steve Kamin (Federal Reserve Board). To shed light on the implications of the rapid debt accumulation, Global Waves of Debt book presents the first in-depth analysis of the main features of global and national debt accumulation episodes, analyzes the linkages between debt accumulation and financial crises, and draws policy lessons.

For more information, please click [here](#).



David Malpass, World Bank Group President and Kenneth Rogoff from Harvard University

Future Events:

OECD 27th Global Forum on Public Debt Management

March 19–20, Paris, France

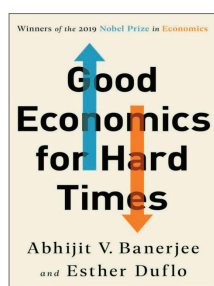


The OECD Global Forum on Public Debt Management is a roundtable meeting where public debt managers from the OECD area (as well as regulators, central bankers, other financial policy makers and private sector participants) discuss best practices, experiences, and policies in

the field of government debt management and the development of government and corporate securities markets with their counterparts from non-OECD countries. The Forum addresses emerging challenges associated with complex interactions between public debt management, fiscal policy and monetary policy.

For more information, please click [here](#).

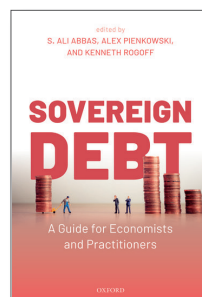
Recent Publications



The renowned economists Abhijit V. Banerjee and Esther Duflo make a persuasive case for an intelligent interventionism and a society built on compassion and respect. It is an extraordinary achievement, one that shines a light to help us appreciate and understand our precariously balanced world. Immigration and

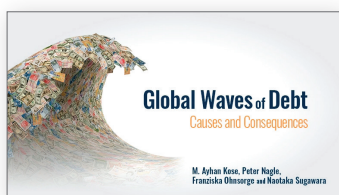
inequality, globalization and technological disruption, slowing growth and accelerating climate change — these are sources of great anxiety across the world, from New Delhi and Dakar to Paris and Washington, D.C. The resources to address these challenges are there-what we lack are ideas that will help us jump the wall of disagreement and distrust that divides us. If we succeed, history will remember our era with gratitude; if we fail, the potential losses are incalculable.

The last time global sovereign debt reached the level seen today was at the end of the Second World War, and this shaped a generation of economic policymaking. International institutions were transformed, country policies were often draconian and distortive, and many crises ensued. By the early 1970s, when debt fell back to pre-war levels, the world was radically different. It is likely that changes of a similar magnitude -for better and for worse - will play out over coming decades.



Sovereign Debt: A Guide for Economists and Practitioners is an attempt to build some structure around the issues of sovereign debt to help guide economists, practitioners and policymakers through this complicated, but not intractable, subject.

Global Waves of Debt Causes and Consequences is an important contribution to understanding the process of rapid debt accumulation and its risks. The book discusses four waves of debt accumulation over the past fifty years. The first three debt waves ended with financial crises



in many emerging and developing economies and the book draws lessons from the experiences of those waves. The latest wave, since 2010, has already caused the largest, fastest and most broad-based increase in debt levels. Current low interest rates mitigate some of the risks associated with high debt. However, emerging and developing economies are also confronted by weak growth prospects, mounting vulnerabilities, and elevated global risks.

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The DMF Newsletter is published quarterly by the DMF Secretariat. The newsletter is distributed to debt management practitioners from developing countries, donors, DMF implementing partners, civil society organizations and private sector firms. The newsletter aims to share DMF work plans, lessons learned, and news and developments related to debt management.

