

## I. Staff Corner

We take great pleasure in congratulating Ms. Abha Prasad in her new position as Program Leader for the Caribbean Countries in the World Bank's Latin America and Caribbean Vice Presidency. It is clearly with mixed feelings that we say goodbye to Abha, as she has played a key role in expanding the Debt Management Facility (DMF) program and in developing debt management tools and methodologies over the years.

Abha has been engaged with the DMF, both as team member and later as manager, for close to ten years. Over this time, she has enhanced the Facility with her dedication and commitment to debt management advisory work and cooperation with DMF countries and Implementing Partners.

Abha has always shown initiative, going above and beyond what is expected to ensure that DMF delivers quality advisory services while producing outputs on a timely basis.

Let us all congratulate Abha on her new position, and wish her luck for all future undertakings.



Ms. Abha Prasad

## II. Spring Meetings of the Boards of Governors of World Bank and International Monetary Fund

*This year's Spring Meetings took place on April 16-22, 2018, in Washington, D.C.*

*On this occasion, the World Bank team organized an event on:*

*Debt and Growth:  
A Balancing Act?*



The event on April 20 included over 350 participants who filled the James D. Wolfensohn Atrium and more than 700 tuning in to watch remotely on World Bank Live. The panel represented a variety of perspectives on public debt. This made for a rich dialogue that helped the audience gain a better understanding of the unique challenges facing individual stakeholders, and what can be done to reduce debt vulnerabilities on a global level.

## IN THIS ISSUE

Staff Corner

Spring Meetings  
of the Boards of  
Governors of World  
Bank and International  
Monetary Fund

DMF Webinar with  
Professor Carmen  
Reinhart

On track for the  
revised LIC-DSF

New LIC-DSF  
Guidance note

Revised MTDS  
Analytical tool

2018 DMF  
Stakeholders' Forum

Debt Management  
Practitioners'  
Programme

DMF Work Program

Recent Publications

*Matthew Rycroft*, Permanent Secretary, Department for International Development (UK), highlighted the importance of debt for financing growth, emphasizing that the international community has the right tools to help countries manage their debt. *Torsten Slok*, Chief Economist of Deutsche Bank, discussed how investors may react to changing interest rates and economic conditions, and suggested countries are testing the limits of “easy financing”. *Mauricio Cardenas*, Minister of Finance and Public Credit of Colombia, focused on Colombia’s lessons for other countries, especially on exchange rates, borrowing in domestic currency, and establishing strong institutions. *Kenneth Ofori-Atta*, Finance Minister of Ghana, and *Imad Fakhoury*, Minister of Planning & International Cooperation of Jordan, shared their countries’ experiences in the panel that was moderated by *Liliana Rojas-Suarez*, Senior Fellow at the Center for Global Development.



An expert panel in a discussion of the trade-offs between debt and growth facing developing countries. *Liliana Rojas-Suarez, Torsten Slok, Kenneth Ofori-Atta, Imad Fakhoury, Matthew Rycroft, and Mauricio Cardenas*

To access the video recording of the session, click [here](#)

### III. DMF Webinar with Professor Carmen Reinhart

On April 19, debt managers around the world under the DMFs Debt Managers’ Network participated in a special presentation on “Dealing with Debt” by Carmen Reinhart, the Minos A. Zombanakis, Professor of the International Financial System at Harvard Kennedy School. Professor Reinhart pointed out that government and private debts are at or near historical peaks, ten years after the global financial crisis. Dealing with debt is challenging. For crisis resolution or dealing with debt, countries have to rely on reducing debt-to-GDP ratios through economic growth, fiscal adjustment/austerity, explicit default or restructuring, a sudden surprise burst in inflation or a steady dosage of financial repression that is accompanied by an equally steady dosage of inflation. Professor Reinhart also presented the curious case of the “missing” defaults.

### IV. On track for the revised LIC-DSF

Roll-out of the revised Debt Sustainability Framework for Low-Income Countries (LIC DSF) is on track across regional hubs ahead of the effectiveness of the framework on July 1, 2018. Following the Board’s approval of the reforms in September 2017, the joint World Bank – IMF Guidance Note on the revised LIC DSF has been published (see next section). The template, an Excel-based tool to perform debt sustainability analysis, has been revised in line with the reforms and continues to be beta-tested for a number of countries.



LIC DSF Training Participants in Vienna

Eleven trainings have been delivered on the revised LIC DSF jointly by the World Bank, IMF and DMF implementing partners. Of these, 7 two-day seminars were offered to senior country officials at regional events in Tanzania, Ghana, Cote d’Ivoire, Gabon, Singapore, Austria and St Kitts. The five-day workshops to technical level staff is ongoing. Since January 2018 several regional workshops for country authorities were offered in Mozambique, Senegal, Austria, and Japan.

The training calendar is available [here](#)

The seminars focused on the main changes to the LIC DSF, including the introduction of realism tools, composite indicator, new thresholds, and tailored scenario stress tests. The workshops are designed to both present the concepts behind the debt sustainability framework through theoretical presentations, as well as engage in interactive discussion exercises and a case study which allows participants to test the new LIC-DSA template. Participants appreciated gaining a better understanding of the LIC debt sustainability analysis and the opportunity to test the new template.

Looking ahead, the revised template will be published together with a User Guide to support users in systematically undertaking a debt sustainability analysis. Four upcoming regional workshops are planned in Benin, Gabon, Nigeria and St. Kitts in May 2018, ensuring that country authorities from each country that uses the LIC DSF has been invited to a training opportunity before the new framework becomes effective. A new training calendar for the fiscal year beginning July 2018 will also endeavour to serve all countries that use the LIC DSF.

## V. New LIC-DSF Guidance note

The ***“Guidance Note on the Bank-Fund Debt Sustainability Framework for Low Income Countries”*** corresponding with the revised framework has been published. This joint Bank-IMF guidance note provides the LIC DSF user with insight into the framework and the tools used in preparing DSAs for LICs, including: i) discussion of LIC-DSF related procedures, as well as how to determine whether the framework is the right one to use, and write up requirements for World Bank and IMF staff; ii) the process of undertaking a debt sustainability analysis; iii) key inputs for the framework, including macroeconomic variables and financing for the public sector; iv) realism tools available in the framework to help assess the quality of the inputs; v) an explanation of how countries are classified in terms of their debt-carrying capacity,

which determines the debt thresholds required to evaluate the baseline and stress tests; vi) descriptions of how the stress tests are constructed and applied within the framework; vii) an explanation of risk signals generated by the framework for both external and overall public debt distress (low, moderate, high) and signals provided by the market risk module; viii) use of judgment, when appropriate, to supplement the mechanical risk signals; ix) how to draw conclusions about the external risk rating and overall risk of debt distress (combining the risk signals and judgment); and, x) how to give greater granularity to risk ratings, including a deeper understanding of risks in the moderate category, of debt sustainability, and of fiscal space.

Click [here](#) to access the document

## VI. Revised MTDS Analytical tool

The Medium-Term Debt Management Strategy Analytical Tool (MTDS-AT) has been revised to incorporate improvements and adaptations to evolving country needs. The new features include the option to input existing debt cash flows in local currency (alleviating the need to convert domestic debt data into a foreign currency); expanded number of representative instruments; a built-in indexed instrument (such as an inflation-linked bond); an option to implement cash buffers, and flexibility to include non-budgetary expenses (such as calling of

contingent liabilities). The outputs have also been revised with a view to enhancing user-friendliness. The accompanying documents (the user guide, data preparation manual etc.) have also been revised accordingly. The revised MTDS-AT has been reviewed by experts at the World Bank and the IMF, and tested with real country data.

It is planned to be introduced in July 2018, and will be used first in trainings before implementation for in-country-missions.

## VII. 2018 DMF Stakeholders’ Forum: Rising Tide of Debt: Debt, Resilience, Responsibility

The Ninth Debt Management Facility (DMF) Stakeholders’ Forum: ***“Rising Tide of Debt: Risk, Resilience, Responsibility”*** is being jointly organized by the European Commission and the World Bank Group on May 28-29, 2018, in Brussels, Belgium. The Forum will provide a venue for discussion of a policy-relevant agenda on debt management, to discuss current challenges faced by developing countries with respect to debt management, and to foster knowledge exchange among participants. The Forum brings together policy-makers and debt managers from developing countries, international and regional technical assistance providers, representatives of civil society organizations, as well as bilateral donors and multilateral development banks.

Visit the site of the Forum [here](#) for more information on the agenda, presenters, registration and hotel reservations for participants



## VIII. Debt Management Practitioners Programme

Mr. Irakli Katcharava is the Head of Domestic Public Debt Instruments' Development Division at the Ministry of Finance of Georgia. During his three-month assignment, he worked on domestic debt market development in Georgia. In addition, Mr. Katcharava, participated in a joint WB/IMF/WAIFEM MTDS mission to Accra, Ghana, and supported the team in delivering training sessions.



*"The DMPP provided me with a great opportunity to work and interact with great people and subject matter experts in the debt management community at the WB, allowing me to gain knowledge and share my experiences. I believe that the work that I have undertaken at the WB will have a practical and significant impact on debt management in Georgia, particularly for the development of our domestic debt market."*



Irakli Katcharava

Mr. Mohamed Abdiweli Ahmed is the Head of the Debt Management Unit in the Ministry of Finance of Somalia. During his three-month assignment he focused on conducting a DSA for Somalia. Mr. Abdiweli also contributed to a paper looking at the prospects for Sukuk in Eastern and Southern Africa, and participated in a WB mission to Jakarta, Indonesia, regarding asset and liability management, delivering a presentation on debt management in Somalia, as well as a LIC DSA training workshop in Vienna, Austria.



Mohamed Abdiweli Ahmed

*"It was a great learning experience and was a privilege for me to participate in the DMPP. The Bank's facilities and most importantly the mentorship and friendship of Bank colleagues engendered a welcoming and conducive working environment that brought the best out of me. Going forward, I hope to apply what I have learned here back home."*



### New Participants

Since April 2018 Ms. [Anisa Rodrigues Afonso](#), Junior Economist in PMDO, from Sao Tome & Principe, and Mr. [Etienne Ndikumana](#), Head of Back Office, Ministry of Finance, Budgeting and Privatization, from Burundi.



DMPP Graduates and DMF Team, March 2018

## IX. DMF Work Program

### Technical Assistance Missions

*A total of ten technical assistance missions and nine training workshops were financed by the DMF in January-April 2018*

### Debt Management Performance Assessment (DeMPA)

*Phnom Penh, Cambodia; March 7-16, 2018*

*Follow-up DeMPA*

*Team: WB*

This was Cambodia's first follow-up DeMPA to evaluate the current status of the government's debt management performance. The WB team identified significant improvements, such as the development of a Debt Management Strategy, approval of secondary legislation for conducting debt management operations, strengthening debt office capacities and improving quality of government debt records. The team also organized a meeting with donors and TA providers to discuss modalities of coordinating future technical assistance on debt management as part of on-going support to the government for implementation of Public Financial Management (PFM) reforms.

*Kampala, Uganda; March 12-16, 2018*

*DeMPA*

*Team: WB, MEMFI, UNCTAD*

The results of the DeMPA evaluation undertaken by the team seek to help authorities to take stock of the current debt management situation and design medium term priority actions, building upon important debt management reforms that have been undertaken in recent years. The DeMPA assessment improved significantly since 2009.

*Kano State and FCT Abuja, Nigeria, March 12-23, 2018*

*Subnational DeMPA*

*Team: WB, WAIFEM*

The team evaluated Kano State Government (KSG) and the Federal Capital Territory's (FCT) debt management performance based on the SN DeMPA methodology, holding technical meetings and discussions with government officials and stakeholders of the private sector.



Authorities of the Federal Capital Territory and the World Bank mission team

*Uttarakhand State, India; April 9-13, 2018*

*Subnational DeMPA and Reform Plan*

*Team: WB*

The team assessed the debt management practices, functions and policies in the Government of Uttarakhand and highlighted strengths and areas for reform in debt management. The team in consultation with the authorities prepared a detailed reform plan report with focus on governance and institutional arrangements, staff capacity, cash management, and operational risk management.



Authorities of the Finance Secretary, Uttarakhand State, and the WB mission team

## Medium-Term Debt Management Strategy (MTDS)

*Bamako, Mali ; February 6 – 15, 2018*

*MTDS*

*Team: IMF / AFRITAC West*

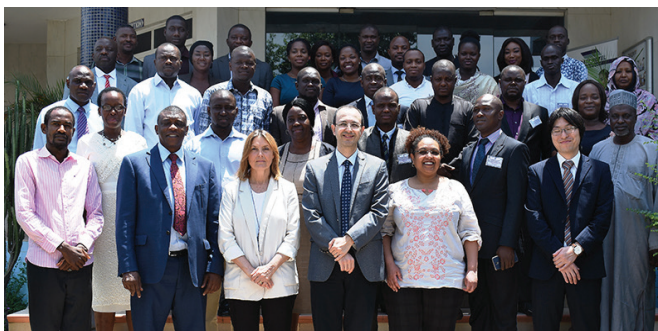
The team assisted the Government in strengthening their capacity to formulate an MTDS and to improve their debt recording practices. In addition, it also reviewed the new debt recording and reporting system developed in-house by the Ministry of Finance.

*Accra, Ghana; February 19 – 23, 2018*

*Follow-up MTDS and Annual Borrowing Plan*

*Team: WB, IMF and WAIFEM*

The team worked closely with the authorities to update Ghana's debt management strategy for 2017-19. Subsequently, an IMF team helped implement the annual borrowing plan and capacity building for liability management operations.



MTDS Regional Training group in Ghana

*Luanda, Angola; April 10 -18, 2018*

*MTDS follow up and domestic market development*

*Team: WB, IMF, UNCTAD*

The team delivered a hands-on workshop on the Medium-Term Debt Management Strategy (MTDS) methodology, whereby participants presented a preliminary debt strategy to the authorities by the end of the event. In addition, the mission undertook an assessment of the domestic market for government securities to support the authorities in fostering its further development. The work built on previous technical assistance delivered by the WB and the IMF (on domestic market in 2010, DeMPA and MTDS baseline in 2014, Financial Sector Development Strategy in 2016).

## Debt Management Reform Plan

*Thimphu, Bhutan; January 22-26, 2018*

*Reform Plan*

*Team: WB*

The mission assisted authorities to develop a sequenced and detailed debt management reform plan, based on the priorities identified by the Ministry of Finance. Findings of the previous DeMPA mission (2014), first reform plan (2011) and other related technical assistance (TA) and advice provided by the WB and other multilateral institutions especially IMF, ADB, and JICA were also considered.

*Djibouti, Djibouti; March 4 – 13, 2018*

*Reform Plan/MTDS*

*Team: WB, United Nations Conference on Trade and Development (UNCTAD)*

This mission was the second phase of the World Bank's programmatic support to strengthen debt management capacity in Djibouti (the first phase consisted on DeMPA mission in April 2017) and assisted authorities to develop a comprehensive public debt management reform plan, focusing on the legal framework and institutional arrangements; it also provided training on how to prepare a medium-term debt management strategy (MTDS).



Working meeting in Djibouti



## Domestic Debt Market Development

*Praia, Cape Verde; March 5 – 16, 2018*  
*Domestic debt market development*  
*Team: IMF*

The mission assisted authorities in strengthening its debt management capacities and to develop the local currency bond market (LCBM); it recommended several actions to strengthen organizational aspects of the debt management function and its legal underpinning including strengthening legal provisions in the new debt law and reorganization to minimize operational risks. The mission drew attention to important building blocks for developing a vibrant LCBM.

## Trainings and Capacity Building Activities

TOPIC	<b>Medium Term Debt Management Strategy (MTDS) and Annual Borrowing Plan (APB)</b>
COUNTRY	Mexico City, Mexico, February 12-23
ORGANIZERS	WB, IMF and the Center for Latin American Monetary Studies (CEMLA). It was financed under the DMF, except for participants from Paraguay and Guatemala
PARTICIPANTS	Twenty-one officials from Bolivia, Guatemala, Honduras, Nicaragua, and Paraguay
OBJECTIVE	<p>Train debt management officers in the following topics, regarding MTDS: i) data preparation and hands-on use of the MTDS analytical tool; ii) overall MTDS framework and objectives/scope of debt management; iii) macroeconomic, financial-market, and structural factors that a MTDS should take into account; iv) investor's base; v) concepts and measures of cost and risk; vi) market rates and yield curves projections; and vii) scenario analysis and strategy formulation.</p> <p>Regarding to the APB, the objectives were to train debt management officers in the following topics: i) data preparation and hands-on use of the APB analytical tool; ii) domestic debt markets and its role in debt management, iii) implementation of the debt management strategy, iv) preparation of an annual borrowing plan; v) liability management operations (buy backs and exchanges); and, vi) learn from the Brazilian case of Debt Management.</p>



Mexico City's Regional MTDS Training (Trainers and participants)



Working meeting in Accra's Regional MTDS training

TOPIC	<b>Medium Term Debt Management Strategy (MTDS)</b>
COUNTRY	Accra, Ghana, March 19-23
ORGANIZERS	WB, IMF, and WAIFEM
PARTICIPANTS	Officials from The Gambia, Liberia, Nigeria, Sierra Leone and Sudan
OBJECTIVE	The objective of the workshop was to familiarize participants with debt strategy development using the MTDS framework and the analytical toolkit, and to guide them in the process of developing and implementing a medium-term debt strategy, based on a cost-risk analysis of alternative borrowing strategies.

TOPIC	<b>2015 DeMPA Methodology</b>
COUNTRY	Kuala Lumpur, Malaysia, March 19-23
ORGANIZERS	WB and the WB Country Office in Kuala Lumpur. It was financed under the DMF, except for participants from Malaysia
PARTICIPANTS	Officials from Afghanistan, Bangladesh, Bhutan, Cambodia, India, Lao, Maldives, Sri-Lanka, Pakistan, Vietnam and Malaysia
OBJECTIVE	This five-day course achieved the following objectives: (i) informed participants about the main areas of performance measurement while evaluating the central government debt activities, (ii) familiarized participants with the application techniques for evaluating debt management performances, (iii) informed participants about the cross-country experience and recent trends in sound debt management practices at the central government level. The course format included presentations and hands-on case studies with discussions about operational application of the DeMPA.

TOPIC	<b>LIC DSF Regional Seminars to Senior Officials</b>	
COUNTRY	Vienna, Austria, March 22-23	Basseterre, St Kitts, April 26-27
ORGANIZERS	WB, IMF	WB, IMF
PARTICIPANTS	9 Officials from Djibouti, Kyrgyz Republic, Moldova, Sudan, Tajikistan, Uzbekistan.	8 Officials from Grenada, St. Vincent, Haiti, Dominica, and Honduras.
OBJECTIVE	Raise awareness about the reforms adopted in the revised LIC DSF approved by the Boards of the World Bank and IMF in late-September 2017, and to engage with country authorities. The seminars focused on presenting new features of the LIC DSF including the realism tools, composite indicator, new thresholds, and tailored scenario stress tests. Concepts were also elaborated through case studies.	



TOPIC	<b>Debt Sustainability Framework for Low Income Countries (LIC DSF) Training Regional Workshops</b>			
COUNTRY	Maputo, Mozambique February 5 -9	Somone, Senegal March 12-16	Vienna, Austria March 26-30	Tokyo, Japan April 9-13
ORGANIZERS	WB, IMF	WB and Agence UMOA-Titres (AUT)	WB, IMF	WB, IMF
PARTICIPANTS	45 Officials from Angola, Kenya, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe	16 Officials from Benin, Burkina Faso, Ivory Coast, Guinea-Bissau, Mali, Niger, Senegal, and Togo	6 Officials from Moldova, Tajikistan, Uzbekistan and Somalia	32 Government Officials from 17 South East Asia and Pacific Island Countries
OBJECTIVE	The workshops presented the new features of the LIC-DSF (e.g. realism tools, composite indicator, new thresholds, tailored scenario stress tests, etc.). The concepts were elaborated through theoretical presentations, and a case study which allowed to test the new LIC-DSA template.			

## Webinars

### *Regional Government Securities Markets in West Africa and the Eastern Caribbean: Achievements, Challenges and Reforms. February 6, 2018*

Chair: Anderson Caputo Silva, Practice Manager, Finance, Competitiveness & Innovation, World Bank. Presenters: John Venner, Eastern Caribbean Central Bank (ECCB), and Abdoul-Aziz Halidou, Agence UMOA-Titres (AUT).

The webinar explored the main features of the regional markets developed by the West African Economic and Monetary Union (WAEMU) and the Eastern Caribbean Currency Union (ECCU). The invited speakers presented the operational frameworks of the two markets, as well as their main achievements and current challenges, such as the need to expand the investor base, strengthen secondary markets and insure stricter cooperation from member countries.

### *"Why are more sovereigns issuing in Euros?". March 7, 2018*

Chair: Rodrigo Cabral, Senior Financial Officer, World Bank Treasury. Presenters: Antonio Velandia, Lead Financial Officer, World Bank Treasury; Lior David-Pur, Head of the Debt Management Unit, Israel; and, Roberto Lobarinhas, Head of International Market Issuances, Brazil.

The webinar discussed the findings of the paper [\*"Why are more sovereigns issuing in Euros? Choosing between USD and EUR-denominated bonds"\*](#) and the experiences of debt management offices across the globe on such topic. In particular, the debt offices of Brazil and Israel presented their country's experience in accessing the international capital markets in different currencies.

## Upcoming Webinar:

*"Legal Original Sin". May 18, 2018*

Presenter: Michael Waibel, Senior Lecturer at the University of Cambridge and Co-Deputy Director of the Lauterpacht Centre for International Law and a Fellow of Jesus College.

The webinar will discuss the so-called "Original Sin" -which refers to a country's inability to borrow in its own currency- from a legal perspective as some countries are also faced with a "legal Original Sin", being unable to borrow abroad under their local law and are often forced to submit to foreign jurisdiction, or even to waive sovereign immunity, to attract international investors. The focus will be on the reasons why most of countries suffer from legal Original Sin and only a selected few have managed it.

## Other events

### 25th OECD Global Forum on Public Debt Management

The Global Forum was held in Paris, France on February 22-23, 2018. The OECD Global Forum is a roundtable meeting, where public debt managers from the OECD area (as well as central bankers, other financial policy makers and, on occasion, private sector participants) discuss best practices, experiences, and policies in the field of government debt management and securities markets with their counterparts from non-OECD countries.

Click [here](#) for more information about the event

### G-24 Technical Group Meeting (TGM)

The 2018 TGM meeting took place in Colombo, Sri Lanka, on February 27-28. It covered as its first theme debt management and sustainability. In this regard, the discussions focused on key debt management and sustainability challenges faced, and strategies used, by policymakers, both in terms of addressing macroeconomic linkages and improving liability management. The second and related theme was mobilizing external sources of capital in light of current, tightening global and market conditions. The discussions in the TGM focused on the challenges faced by policy makers in these areas and the multilateral actions necessary to support domestic policy efforts.

Click [here](#) for more information about the event

## X. Recent Publications

Why are more sovereigns issuing in Euros? Choosing between USD and EUR-denominated bonds. Policy Research working paper; No. WPS 8324. Washington, D.C.: World Bank Group. This paper presents and discusses the arguments offered by several sovereigns that have joined a trend starting in 2013 whereby sovereign and corporate issuers, especially in Latin America, have gradually replaced a portion of the funding raised in U.S. dollars with euros.

Click [here](#) to access the paper

World Bank Blog: What Does the Global Economic Outlook tell debt Managers. Over the last decade debt managers, like the central bankers, fiscal policy managers and regulators, had to deal with the global financial crisis. During this period, while debt levels were increasing in many countries, thanks to the unconventional monetary policies, interest rates went down, maturities lengthen up to 100 years, and portfolio capital flows moved across markets. In the end, those were very unusual times. Now the question is: *Is this the end of the global crisis? Are we back to the "normal" times?*

Click [here](#) to access the blog

## The Donors

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## Debt Management Facility

Newsletter  
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The DMF Newsletter is published quarterly by the World Bank and 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, as well as news and developments related to debt management.

