

I. Issuing International Bonds

A Guidance Note

Since the financial crisis, developing countries have taken advantage of investors' search for yield in the international bond market, and widened the range of debt instruments used for implementing debt management strategies. This trend elevated the risk profile of public debt portfolios across many low-income countries. The Guidance Note on Issuing International Bonds discusses the process of issuing international bonds. Lars Jessen, the task team lead gives insights on the purpose and sequencing of the steps in issuing bonds.

If you were asked to share three main points on the Guidance Note for those who have not read it yet, what would they be?

The first point is that issuing international bonds can be a long and quite complicated process, where debt managers often feel sidelined. The size of the issuances tends to be very large and imply a substantial change in the risk exposure of the debt

market debt compared to concessional debt. And observing how international bond issuance often works, we thought there was a need to help put the issuer rather than the investment banks in the driver's seat.

Who, in your view, will be the primary audience of this Guidance Note?

The primary audience is the debt managers in developing countries. But, hopefully, the



"THERE WAS A NEED TO HELP PUT THE ISSUER IN THE DRIVER'S SEAT."



portfolio. Therefore, countries should never undertake such transactions without a well-designed and published debt management strategy. Second, it is important to be clear that the Note is about the process of issuing international bonds. We don't discuss whether it is a good idea to issue such bonds or not. And finally, though the Note has a focus on Low Income Developing countries, it could be relevant for all new or infrequent issuers, disregarding the level of economic development.

What motivated you to spearhead this project? Why now?

Now, because we have observed a substantial increase in international bond issuances from developing countries, and a gradual shift towards a higher share of

note will also be useful for policy makers and all entities involved in the bond issuance process. The Note collects and structures existing information in a step-by-step approach.

What do you expect will the Guidance Note achieve going forward?

I hope the Note will be used actively as a framework and checklist for countries that are preparing and going through the process of issuing international bonds.

Now that the Note is finalized, what are the next steps?

The Note was published on April 9th and is available on the DMF [website](#). We stand ready to support DMF eligible countries in this area or answer any questions on this matter.

IN THIS ISSUE

Issuing International Bonds
A Guidance Note

Staff Corner

Debt Managers Practitioners' Program

Country Engagements

Debt Management Network Webinars

Debt Management Publications and Events



10th Debt Management Facility Stakeholders' Forum 2019

13–14 May, 2019
Dakar, Senegal

Register [here](#)

II. Staff Corner

Meet the Team

Thor Jonasson has worked on debt management and debt market development in over 50 countries since 2002. Mr. Jonasson is a Deputy Division Chief in the IMF's Monetary and Capital Markets Department. Prior to joining the IMF, he was a Senior Securities Markets Specialist and Senior Debt Specialist at the World Bank working on developing public and private debt markets and participating in the Financial Sector Assessment Program. His professional experience also includes at the National Debt Management Agency in Iceland where he worked for 12 years in different capacities until appointed Chief Executive where he worked on the establishment of the DMO, domestic and external issuance, domestic market reforms (including primary dealers, dematerialization of securities and retail distribution), established a front- middle and back office organization, as well as managing the guarantee and on-lending portfolios. He has also worked as an advisor to municipalities and state-owned corporations on debt management, treasury issues and international funding and has co-authored various publications on debt management and capital market development.



Thor Jonasson

III. Debt Management Practitioners' Program

Under the Debt Management Practitioners' Program (DMPP), officials from DMF-eligible countries are given an opportunity to receive an in-depth training on the debt management tools (DeMPA, DSA, MTDS) in Washington D.C. The program is a three-month long assignment and officials from all LICs are eligible to apply. The selection criteria is pertinent to official's debt management responsibility, level of seniority, and academic credentials. In March 2019, two debt management officers from Dominica and Ethiopia completed their DMPP assignment at the World Bank in Washington D.C.

Muriel Princess Stuart is from the small island of the Commonwealth of Dominica, where she has been working in the Debt Unit of the Ministry of Finance for the past 11 years. Muriel is currently assigned to the middle office and is responsible for debt analysis and reporting. She joined the program to learn how to effectively perform middle office duties and prepare key reports, such as a debt management strategy.



Muriel Princess Stuart



"I was delighted to join the WB team who delivered a fruitful debt management reform plan mission for Nepal. The mission was timely and gave me an opportunity to not only establish contacts with colleagues from the Nepal's debt office, but also to share my experience from Dominica and suggest actions that proved to be successful to support debt management function. Upon my return, I will share the knowledge gained over the past three months and propose how to better manage debt."

Daniel Tilahun Wolde is the Head of the Debt Analysis Team of the Debt Management Directorate in the Ministry of Finance of Ethiopia. He was nominated to join the DMPP program to enhance his knowledge on the preparation and implementation of a debt management strategy. Over the course of three months, Daniel was engaged in discussions on debt recording and reporting and he participated in various seminars and events at the World Bank.



Daniel Tilahun Wolde



"It was a great privilege and honor for me to be part of the DMPP. The knowledge sharing and daily collaboration with the WB debt management experts and colleagues from the office are an invaluable experience. An opportunity to share Ethiopia's experience during a debt management reform plan in Nepal made me realize that knowledge sharing, and small, but well-planned steps to strengthen debt management function are the key to establishing a debt unit that strives to continuous learning and produces excellent outputs."

IV. DMF Activities January–March 2019

6

TECHNICAL ASSISTANCE MISSIONS

7

REGIONAL TRAINING WORKSHOPS

140

PUBLIC OFFICIALS TRAINED

Examples of beneficiary countries from DMF training and TA activities

AFGHANISTAN
 ANGOLA
 BANGLADESH
 BURKINA FASO
 CAMBODIA
 CENTRAL AFRICAN REPUBLIC
 CHAD
 DEMOCRATIC REPUBLIC
 OF THE CONGO
 ETHIOPIA
 GHANA
 GUINEA
 GUINEA BISSAU
 HAITI
 INDIA

IVORY COAST
 KENYA
 KOSOVO
 KYRGYZ REPUBLIC
 LAO PDR
 LESOTHO
 LIBERIA
 MADAGASCAR
 MALAWI
 MALDIVES
 MAURITANIA
 MOLDOVA
 MONGOLIA
 MOZAMBIQUE

NEPAL
 NIGERIA
 PHILIPPINES
 REPUBLIC OF THE CONGO
 RWANDA
 SENEGAL
 SIERRA LEONE
 SRI LANKA
 TAJIKISTAN
 TANZANIA
 TOGO
 UGANDA
 UZBEKISTAN
 VIETNAM
 ZAMBIA

7 Regional Workshops
 3 MTDS I 2 DSA
 2 Cash Management/Borrowing Plan



2 MTDS Mission



1 Combined Domestic
 Debt Market Development
 (DDMD) and Borrowing
 Plan Mission



1 Combined DeMPA
 and Reform Plan
 Mission



1 Debt Reform
 Plan



1 Domestic Debt Market
 Development Mission



Country Engagements

Debt Management Performance Assessment (DeMPA) and Reform Plan (DMRP)

OBJECTIVES	Deliver technical assistance in evaluating the legal, institutional and regulatory framework in government debt management, using the 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. Click here for more information. 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	Male, Maldives March 20–24, 2019
ORGANIZERS	World Bank
MAIN COUNTERPARTS	MoF, DMO
HIGHLIGHTS	The mission was organized to: (i) assess the debt management practices, functions and policies in the Maldives through DeMPA and the debt management reform plan pillars (March 20–24, 2019), (ii) define the log-frame and identify areas for reforms in debt management (March 25–29, 2019) and (iii) pilot a framework for guarantees. The team worked closely with the Ministry of Finance, Central Bank and Debt Management Office.

Debt Management Reform Plan

OBJECTIVES	Deliver technical assistance to draft a debt management reform plan, jointly with the newly created Public Debt Management Office (PDMO).
COUNTRY	Kathmandu, Nepal March 12–19, 2019
ORGANIZERS	World Bank
MAIN COUNTERPARTS	MoF, PDMO
HIGHLIGHTS	The team assisted the authorities to consolidate debt management functions under the newly created Public Debt Management Office (PDMO). The components highlighted in the draft plan are; (i) Legal Framework; (ii) Managerial Structure; (iii) Debt Recording and Reporting; (iv) Domestic Market. The authorities showed interest in a programmatic engagement to support the newly established PDMO.

Medium-Term Debt Management Strategy (MTDS)

OBJECTIVES	<p>The World Bank and the IMF have developed a framework to guide country authorities in the process of developing a Debt Management Strategy (DMS). The Medium-Term Debt Management Strategy (MTDS) framework consists of a methodology and analytical tool (AT) to facilitate sound debt management. The framework seeks to help countries develop a DMS that explicitly recognizes the relative costs and risks of alternative financing choices; takes into account the linkages with other key macroeconomic policies; is consistent with maintaining debt sustainability; and facilitates domestic debt market development.</p> <p>The objectives of the MTDS missions are:</p> <ul style="list-style-type: none"> • Improve the capacity to monitor and manage risks of the debt portfolio. • Improve the capacity to formulate a DMS consistent with acceptable costs and risks. • Improve the capacity to prepare an annual borrowing plan. <p>Click here for more information.</p>	
COUNTRY	<p>Luanda, Angola February 19–26, 2019</p>	<p>Freetown, Sierra Leone March 20–April 1, 2019</p>
ORGANIZERS	<p>World Bank and IMF</p> <p>IMF, World Bank¹</p>	
MAIN COUNTERPARTS	<p>Debt Management Office from the MoF</p> <p>Ministry of Finance: Public Debt Management Division (PDMD), Accountant General's Department, Budget Bureau</p>	
HIGHLIGHTS	<p>The mission was organized to: (1) to support the Debt Management Office (UGD–Unidade de Gestão da Dívida) in the formulation of a Debt Management Strategy (DMS) and in the preparation of the underlying document; (2) to advise on improving the institutional framework for debt management; and (3) to evaluate the debt recording processes. A previous IMF/WB mission (April 2018) provided training on the Medium-Term Debt Strategy analytical tool and advised local staff on the necessary steps to produce a DMS.</p> <p>This was a follow-up MTDS mission (partially funded by the DMF) focused on enhancing the strategy previously developed by the PDMD. The mission assessed debt recording and reporting practices among other facets of debt management, and provided recommendations for improved monitoring of disbursements from project loans. Cash management practices were also reviewed.</p>	

¹The mission was partially funded by DMF

Domestic Debt Market Development (DDMD)

OBJECTIVE	Support countries with the development of their domestic debt markets.
COUNTRY	Tbilisi, Georgia January 28–February 1, 2019
ORGANIZERS	World Bank ¹ , IMF
MAIN COUNTERPARTS	Ministry of Finance, Debt Management Unit
HIGHLIGHTS	The workshop supported authorities in achieving four key objectives: (i) increase awareness on the Primary Dealers (PD) System, (ii) build consensus on an optimal government securities market development model, (iii) design a development strategy for the government securities' investor base, and (iv) provide technical assistance on liability management operations (LMO). The team met market participants and other stakeholders to gauge the needs and identify constraints for market development. The team also developed a roadmap for implementing an intermediate market-making arrangement for government securities. This workshop was part of a broader work program for developing the local currency debt securities market in Georgia.

¹The mission was Bank funded.

Domestic Debt Market Development (DDMD) and Borrowing Plan (BP)

OBJECTIVE	Support countries with the development of their domestic debt markets.
COUNTRY	Addis Ababa, Ethiopia January 20–25, 2019
ORGANIZERS	World Bank
MAIN COUNTERPARTS	Debt Management Office, Ministry of Finance (MoF); National Bank of Ethiopia (NBE)
HIGHLIGHTS	The workshop allowed participants to learn about the benefits of developing domestic government bond markets, the steps needed to move towards market-based placements of government debt, including placement process, credible market communication, how to reach out to the investor base, and settlement. Debt managers were trained in how to develop an issuance strategy through the use of the Issuance Planning Analytical Tool (IPAT), which aims to help debt managers simulate and compare issuance plans, and monitor progress in implementation of an issuance plan.

Regional Events

TOPIC	Regional MTDS Training		
COUNTRY	Manila, Philippines February 11–15, 2019	Dakar, Senegal February 21– 25, 2019	Tokyo, Japan February 25–March 8, 2019
ORGANIZERS	World Bank, IMF and Asian Development Bank	World Bank, IMF, and WAIFEM	World Bank, IMF and JICA
PARTICIPANTS	18 participants from 5 countries including: Afghanistan, Cambodia, Mongolia, Philippines and Vietnam.	13 participants from 8 countries including: Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo.	15 participants from 5 countries including: Burkina Faso, Cameroon, Ivory Coast, Madagascar and Senegal.
OBJECTIVE	Enhance cost-risk analysis capacity by delivering a series of lectures on the MTDS framework; guided participants through the MTDS analytical tool; facilitated the sharing of country experiences and discussion on the MTDS and country-related debt management issues; and provided feedback on country presentations.	Strengthen the capacity in cost-risk analysis and develop an MTDS. The team discussed: (i) setting debt management objectives; (iii) understanding the concepts and measures of costs and risks; (iii) assessing the macroeconomic outlook and long-term structural factors, (iv) identifying strategies; (v) drafting and disseminating the MTDS document; and (vi) learning to navigate the MTDS analytical tool.	Provide a refresher of the MTDS framework and familiarize participants with the features of the enhanced MTDS tool: cash buffers, liability management operations, and state-contingent debt instruments. The course format included presentations in the mornings and hands-on exercises in the afternoons. Participants were asked to populate the MTDS tool with their country data before the workshop to facilitate analysis and discussions.
TOPIC	Regional Workshops on Debt Sustainability Analysis in Low-Income Countries		
COUNTRY	Nadi, Fiji January 14–18, 2019	Banjul, The Gambia March 11–15, 2019	
ORGANIZERS	IMF, Pac-Technical Advisory Center/World Bank	World Bank, IMF, WAIFEM	
PARTICIPANTS	20 officials from Kiribati, Marshall Islands, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.	25 officials from Ghana, The Gambia, Liberia, Nigeria and Sierra Leone.	
OBJECTIVE	Familiarize Pacific Island Ministries of Finance with the revised LIC-DSF through series of interactive sessions on key elements of the revised framework. Participants worked on customized case studies by using the revised DSF template and presented their findings at the end of the training. They also discussed challenges that small islands are facing in conducting and implementing the analysis.	The training provided an overview of reforms adopted in the revised LIC DSF. Training focused on the new features of the LIC DSF, including realism tools, composite indicators, new thresholds, and tailored scenario stress tests. Vulnerabilities and risks common to countries represented in the group were highlighted, with a view to sharing perspectives and alternative approaches to these challenges.	

TOPIC	Regional Workshop on Accelerating Cash Management Reforms
COUNTRY	Hanoi, Vietnam February 26–March 1, 2019
ORGANIZERS	IMF
PARTICIPANTS	41 participants from Cambodia, Lao, Myanmar, Indonesia, Malaysia, Mongolia, Philippines, Thailand, Papua New Guinea, Samoa, Solomon Islands, Vietnam.
OBJECTIVE	This workshop was co-hosted with the Vietnamese State Treasury (VST) and explored the impediments to furthering cash management reforms in selected Asian countries. Focusing on skill development and peer-to-peer exchange the workshop disseminated good practice in areas such as, consolidating government cash resources in a treasury single account, cash forecasting, cash buffer determination, and active management of cash balance.
TOPIC	Regional Workshop on Cash Management and Design of an Annual Borrowing Plan
COUNTRY	Dakar, Senegal March 25–29, 2019
ORGANIZERS	World Bank
PARTICIPANTS	16 participants from Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, Togo.
OBJECTIVE	The workshop objectives were twofold: (i) sharing best practices in cash management operations, and (ii) building capacity in the design of an effective ABP, consistent with the objectives set by the medium term debt strategy (MTDS). The training comprised of a series of theoretical sessions and practical exercises on the use of the Issuance Planning Analytical Tool (IPAT). The IPAT is an Excel-based tool developed by FCI that simulates the impact of different issuance strategies (in terms of instrument, size and timing) thus allowing to refine the ABP for domestic securities, and monitor its implementation.

V. 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.

Upcoming Webinars:

The Debt Management Facility III: Strengthening Debt Management and Debt Transparency
July 3, 2019

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

Discussant: Baba Musa, Director General of the Debt Management Department at the West African Institute for Financial and Economic Management (WAIFEM).

Past Webinars:

International Bond Issuance for Debut Issuers

January 8, 2019

Many lower income countries tapped international capital markets for the first time in recent years. Debut Eurobond issues tend to make future issues more likely. This webinar presented a new guidance note on “Financing through International Bonds” which outlines the issuance process and provides practical advice for debt managers, especially in lower income countries, who plan to issue international bonds. It also discussed Mongolia’s experience in accessing international capital markets.

Presenters: **Lars Jessen**, Lead Debt Specialist, Global Macro and Debt Analytics, MTI Global Practice

Patrick van der Wansem, International Capital Markets Expert.

Discussant: **Sonor Luvsandoj**, Director of Financial Markets and Insurance, Ministry of Finance, Mongolia.

Fiscal Risk Assessment of Public Private Partnerships

February 27, 2019

Public investments have played a key role in fostering economic growth in developing countries. Public-Private Partnerships (PPP) contribute towards financing countries’ large investment needs. Managing fiscal risks of individual PPP transactions and establishing a robust monitoring and management framework in Ministries of Finance is important to reduce fiscal risks arising from PPPs. Focusing on risk assessments of PPPs, this webinar discusses why fiscal risk assessments are important how such assessments can inform debt management decisions. The presenters introduced the World Bank – IMF Public-Private Partnerships Fiscal Risk Assessment Model (PFRAM), an analytical tool to assist governments in assessing potential fiscal costs and risks arising from an individual PPP project.

Presenters: **Sudarshan (Shan) Goptu**, Global Lead for Fiscal Policy, Macroeconomics, Trade and Investment Global Practice and **David Duarte**, Senior Public Private Partnerships Specialist, Infrastructure Analytics & Knowledge Global Themes Department.

Discussant: **Alonso Segura**, Director of the Finance Program and Professor at the Economics Department, Catholic University of Peru, former Minister of Finance, Peru.

From Debt Recording to Debt Statistics: The Life of Debt in a Recording System

March 26, 2019

Debt recording systems (DRS) are important for sound debt management and debt transparency. The Commonwealth Secretariat (COMSEC) and the United Nations Conference on Trade and Development (UNCTAD) are two major providers of DRS software. With a simplified debt portfolio consisting of an external loan and a domestic bond instrument, presenters demonstrated the process from debt recording to generating debt statistics, using their software systems. COMSEC demonstrated its new software Meridien, and UNCTAD presented the DMFAS software. The discussant will speak about Brazil’s experience in developing an in-house DRS. Participants will learn about core features of sound debt recording systems, challenges in producing comprehensive, consistent and timely debt statistics, and the role of debt recording systems in sound debt management.

Presenters: **Mac Banda**, Acting Adviser and Head IT Systems Economic, Youth & Sustainable Development Directorate, Commonwealth Secretariat, **Roula Katergi**, Quality Assurance and User Support Team Leader, United Nations Conference on Trade and Development.

Discussant: **Frederico Batista**, Deputy Head of the Bank Office, Debt Management Office, Brazil.

VI. Debt Management Publications and Events

10th DMF Stakeholders' Forum "The Future of Debt Management"

May 13-14, 2019, Dakar, Senegal

Marking the 10th anniversary of the DMF, this year's forum seeks to reflect on the past decade of debt, development and debt management; expose looming challenges related to rising debt vulnerabilities and debt management reforms; and identify emerging opportunities - from innovative financing to applications of nascent technologies - to address debt management challenges. The audience comprises high-level policy makers and government officials, debt management experts, multilateral and bilateral donors, providers of technical assistance, and Civil Society Organizations representatives. Agenda and Registration [here](#).

Tackling the Next Wave of Sovereign Debt Crises

April 10, 2019, Washington, D.C.

Debt is at record levels in advanced and emerging market economies. 40 percent of low-income countries are wrestling with debt distress or high-risk debt levels. If measures are not put in place to reduce risk, a new and broad-based wave of debt crises could emerge as a major threat for the UN 2030 Agenda for Sustainable Development. In a few countries, a debt crisis has already materialized. Can the current international financial architecture provide prevention and resolution of debt and financial crises? Or does it need to be reformed? More information [here](#).



Tackling the Next Wave of Sovereign Debt Crises

Debt Vulnerabilities and Development Needs in Low-Income Countries

April 12, 2019, Washington, D.C.

Rapid increases in public debt have emerged recently in low-income countries while development needs remain large. The drivers of rising debt vary greatly across countries: for some, it has been driven by scaling-up of public investment; for others, adverse commodity price shocks are to blame, while a third group of countries have followed still imprudent fiscal policies. Flat—if not falling—official development assistance and an increasingly diverse group of multilateral, bilateral, and private lenders have accompanied the debt escalation.

This seminar panel will discuss (1) various debt drivers across countries; (2) financing needs for development; and (3) how national authorities, multilateral and bilateral partners, and private creditors can strike the right balance between development spending and containing debt vulnerability. More information [here](#).



Debt Vulnerabilities and Development Needs in Low-Income Countries

The Donors

- ◆ African Development Bank Group
- ◆ Austrian Federal Ministry of Finance
- ◆ European Commission
- ◆ German Federal Ministry for Economic Cooperation and Development
- ◆ Netherlands Ministry of Foreign Affairs
- ◆ Norway Ministry of Foreign Affairs
- ◆ Ministry of Finance of Russian Federation
- ◆ Switzerland State Secretariat for Economic Affairs

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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.

