DEBT MANAGEMENT FACILITY

DMF News

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This Newsletter highlights a summary of the DMF Stakeholders' Forum

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Background

The Debt Management Facility (DMF) held its 8th annual Stakeholders' Forum: "***Borrow without Sorrow***", May 22-23, 2017 in Vienna, Austria. The Forum was co-hosted by the Austrian Federal Ministry of Finance. The Forum program was targeted to policy-makers and debt managers from both developing and developed countries, international and regional technical assistance providers, representatives of civil society organizations, as well as donors and multilateral development banks.

The event saw active participation from over 120 debt managers from across 50 countries. The objective of the Forum was to facilitate a discussion on debt management challenges and opportunities in a changing global environment. This DMF Newsletter summarizes some of the insights shared at the Forum, under four headings: (i) Global Fiscal Challenges and their Impact on Debt Management; (ii) Recent Challenges and Successes with Debt Management Reforms; (iii) Innovations in Debt Management; and (iv) a regional focus session "*Can Africa Borrow Without Sorrow*?"

Opening and Keynote address: from left is Mr. A. Lejsek, Deputy Director General, Economic Policy, Financial Markets & Custom Duties, Ministry of Finance, Austria; Prof. Carmen Reinhart, Harvard University; Mr. Carlos F. Jaramillo, Sr. Director, Macroeconomics and Fiscal Management GP; Ms. Abha Prasad, DMF Program Manager, Macroeconomics and Fiscal Management GP, World Bank and Mr. K. Wappel, Director, Federal Academy of Finance, Austria.

I. Global Fiscal Challenges and their Impact on Debt Management

Keynote Speaker: Prof. Carmen M. Reinhart, Minos A. Zombanakis Professor of the International Financial System, Harvard University, Kennedy School of Government

The discussion started with a sharing of insights on how global challenges and domestic vulnerabilities are affecting public debt management. Challenges were viewed as particularly severe in emerging and frontier market economies. The double bonanza of high commodity prices and strong capital inflows had come to an end, and this 'fortuitous period' had since been replaced by more volatile and uncertain times, as highlighted by recent trends of increasing global and domestic vulnerabilities.

Emerging markets (EM) remained resilient during the 2008-09 global financial crisis – with relatively strong debt profiles consisting of high shares of domestic and long-term debt, unlike in previous episodes of global crises. Low global interest rates stimulated a search for yield by investors, leading to increased capital inflows to EMs. At the same time, there were some countries with a strong build-up of domestic debt at shorter tenors, showing signs of incipient distress.

In sum, global vulnerabilities faced by Frontier and EM debt managers are uncertainty on interest rates, commodity prices, and the policies in the United States. On the domestic side, vulnerabilities include: (i) rising twin deficits- current account and fiscal; (ii) an increase in 'hidden debt' in the form of contingent liabilities from private borrowing, sub-sovereign debt, and off-balance sheet borrowings; and (iii) an increased dollarization of borrowings and shortening of maturities.

Good Policies Today Can Reduce the "sorrow" faced in Tough Times

A positive message emanating from discussions was that despite many debt managers 'facing sorrow', good debt management policies today (plus an increase in countries debt carrying capacity) could lay the foundation to address future challenges. Key steps include the ability of policy makers to:

- Monitor, assess and manage financial risks;
- Closely coordinate fiscal and monetary policy activities;
- Commit to a fiscal anchor underpinned by a credible macro-fiscal path;
- Strengthen institutions and governance;
- Embrace reforms supporting growth (for example promoting better targeted investment or enhanced productivity); and
- Diligent use of macro-prudential regulation to promote health of the financial sector

II. Challenges and Successes in Debt Management Reforms

Debt management is an evolving practice and requires continuous learning, evolving skills, and institutions ready to adapt and react to market conditions and the use of new debt instruments. There is a need for continued innovation and capacity building. Support by the DMF has yielded positive results in enhancing debt management capacities in many developing countries, but challenges remain. The Forum provided valuable feedback to improve the quality and effectiveness of DMF technical assistance and support.

Governance

Presentation on the evaluation of governance systems in sovereign debt management focused on:

- **Legal framework**: several DMF-eligible countries recorded improvements in establishing legal frameworks with well-defined authorization to borrow and purposes for borrowing; however, performance has varied across countries. While Europe and Central Asia is an 'outlier' with sound legal frameworks, nearly half of all DMF-eligible countries still lack a solid legal foundation for managing government debt. At the same time, a study of West African countries highlighted that all, except Liberia, have made substantial improvements in setting up stronger legal frameworks, in collaboration with WAIFEM and the World Bank.
- **Debt management strategy (DMS)**: more DMF-eligible countries are developing DMSs, and the implementation of these strategies has improved. However, the quality and regular updating of strategies varies significantly across countries. Countries in Eastern Europe, such as Armenia and Romania, started preparing and implementing DMS in the 2000s, along with annual updates. Progress in many other countries has been less substantial.
- **Institutional setup**: several countries have forged ahead to consolidate and integrate debt management functions in recent years, to reverse the earlier trend of segregation either along borrowing instruments, and domestic/external. Compliance with sound practice has improved to roughly 70 percent, from about 50 percent in DMF-eligible countries (since first DeMPAs) – including in several Eastern European countries, where previously fragmented functions were consolidated into a single debt management office, with back- middle and front office functions. In contrast, almost all Western African countries continue to share debt management responsibilities between the Ministry of Finance, Central Bank and the Accountant General, although governed through formalized coordination mechanisms.
- **Accountability and transparency**: reporting to legislatures and the public on debt operations, as well as publication of debt statistics, remains weak. As with other indicators, Europe and Central Asia region recorded better results.

Across DMF-eligible countries, the use of sustained and programmatic advisory services, along with strong political leadership and support, played an important role in initiating and strengthening debt management governance. But high staff turnover in some countries, weaker implementation capacity, lack of resources to undertake comprehensive audits of debt management, and difficulties in political prioritization of debt management emerged as hurdles toward sustained improvement.

Contingent Liabilities

A prominent topic throughout the Forum was 'hidden debt' and contingent liabilities (relating to SOEs, the financial sector as well as disaster risks). When realized, they can be very costly and create a large burden on public finances. It was highlighted that it remains crucial not to forget implicit contingent liabilities, for example, risks associated with the government having to bail out commercial banks, legal claims of the government, and risks related to Public-Private Partnerships (PPP). A key takeaway, highlighted once again by the global financial crisis, is that private sector debt in good times can become public debt in bad times.

Debt managers have been building frameworks for the monitoring and management of risks, especially those related to government guarantees. This has required debt managers to seek input from across the government (including for example financial market regulators), and many guarantee issues are complex in nature and require significant coordination.

Plenary session in progress

A frequent and basic building block in the frameworks is internal scorecards that can provide a structured and standardized approach to risk assessment. A typical challenge highlighted was procuring data on the performance of guaranteed entities and making judgments about risk without any prior default history as input.

The manner in which the central government issues guarantees was deemed important to ensure that the right type of support (for example guarantee, on-lending, or direct financial support) was provided for the right organization. Charging fees for issuing support has been used as a means to build buffers and to make guarantees and other government support relatively less attractive.

Across DMF-eligible countries, the use of sustained and programmatic advisory services, along with strong political leadership and support, played an important role in initiating and strengthening debt management governance. But high staff turnover in some countries, weaker implementation capacity, lack of resources to undertake comprehensive audits of debt management, and difficulties in political prioritization of debt management emerged as hurdles toward sustained improvement.

Active Cash management

Findings from Debt Management Performance Assessments (DeMPAs) reveal that despite efforts, many developing countries still face challenges in cash flow forecasting and cash management. These include deficiencies in the flow of information and coordination, a lack of specialized forecasting functions, and constrained ability to borrow and lend short-term in domestic money markets.

There is a clear need for further capacity building to modernize cash management practices in developing countries. Efficient cash management would not only improve budget execution and reduce cost-of-carry related to having to have large cash holdings, but also provide for better management of risks by giving debt managers more flexibility in implementing their borrowing plans, which in turn would help to build investor confidence.

Debt Data

The quality and coverage of public debt data have improved over recent years. However, gaps in data quality/coverage continue as an issue (several DMF countries have challenges reporting and recording external debt and related data).

Challenges raised with ensuring quality debt data are related to: (i) underreporting or partial reporting of publicly guaranteed debt; (ii) lack of adherence to methodology, resulting in inconsistencies between stock and flow estimates, (iii) misclassification of loan creditors or debtors, (iv) frequent changes in international definitions in a complex and dynamic debt environment, making it difficult for countries to keep up, (v) weak and fragmented debt management entities, (vi) weak integration with other public finance systems (e.g. TSA) and (vii) existing operational risks with respect to data storage.

A new tool developed jointly by UNCTAD and ComSec – Data Quality Assessment Methodology, allows for self-assessment of the quality of databases in recording systems on four criteria- completeness, timeliness, accuracy and consistency – thereby allowing countries to monitor and strengthen its debt records and identify specific gaps for technical assistance.

III. Innovations in Debt Management

During the Forum insights were provided on two emerging instruments for finance: Climate Bonds and Sukuk financing.

Climate Bonds

Climate bonds, or green bonds (blue when linked to water infrastructure) are created to finance projects that have a positive environmental or climate benefit. Participants highlighted how climate bonds have become mainstream, with most investment banks today either being involved in transactions or building the capacity to do so.

While there has been a significant uptick recently in the market for green bonds, the original concept is not new (for example The Netherlands has undertaken financing for investment against flooding risk for a long period). These historical examples can provide lessons to guide the development of the financial capacity to manage increasing climate risks by funding adaptation appropriately and at sufficient scale.

A challenge for climate bonds in many emerging markets is finding a sufficient quantity of projects with similar characteristics to be bundled into a bond issuance. A recent example is the World Bank and the Global Environment Facility providing guarantees for debt issued to finance improvements in the value-creation and sustainable management of the Seychelles fisheries sector.

The Forum also presented a new initiative called the 'Climate Action Peer Exchange of Finance Ministries' or CAPE. This initiative supports interested finance ministries with a platform for exchanging experience and questions regarding environmental and debt policies.

Sukuk as a public debt instrument

Sukuk commonly refers to the equivalent of bonds in Islamic Finance. Over the last decade, the Sukuk market has grown and emerged as a viable asset class. Growth in sovereign Sukuk issuance was initially driven by Malaysia, concentrating on domestic markets, followed by international issuances by the Gulf Cooperation Council region. Recently, other countries with predominantly Muslim populations, such as Indonesia and Turkey, became regular issuers. Inaugural sovereign issues from countries that do not have majority Muslim populations, including Hong Kong (China), Luxembourg, South Africa and the United Kingdom, underline the significance of the market. Cote d'Ivoire, Senegal and Togo are among the latest issuers in Africa, with their issues denominated in the regional currency, the CFA franc.

Malaysia's recent Global Sukuk offerings using the Wakalah (Agency) structure, marks a major breakthrough in sovereign issuance. This is the first sovereign Sukuk issued without utilizing physical assets (such as land and buildings) or commodities. Recently, Indonesia launched a retail-oriented 'Saving Sukuk' as an effort to diversify the investor base; while Turkey issued an Inflation-Linked Sukuk (Lease certificate) in the domestic market.

Several other countries, with or without majority Muslim populations, are now considering to expand the instrument set available to public debt managers by including Sukuk with a view to enlarge and diversify the investor base. Today, Sukuk markets link issuers, sovereigns and corporations to the wide pool of investors around the world, seeking to diversify their holdings beyond traditional asset classes.

A strong legal framework that forms the basis for the activities of debt managers is crucial for enabling an effective public debt management function, and sovereigns that envision issuing Sukuk should design a careful legal framework, which not only complies with relevant Islamic principles, but also has to reflect the distinctive features of Sukuk from an operational perspective. Drawing on the cases of recent sovereign issuers, these begin with a clear provision of mandate to issue and employ public assets in the execution of underlying transactions, as well as to establish-engage with and administer the Special Purpose Vehicles used in structuring the issuance. Another aspect that needs to be addressed is the treatment of proceeds and the assurance of investors with regard to debt service. The enabling environment could be complemented by facilitating changes in the taxation regime and financial market regulations.

Click here for more information on Sukuk

Plenary session in progress

IV. Can Africa Borrow without Sorrow?

Since the mid-2000s the story of Sub-Saharan Africa rising has been widely repeated. The period of high commodity prices and large capital inflows led to an increase in economic growth and debt. Countries from across the region issued bonds in international capital markets, many for the first time. Investment banks arrived, offering support to issue, without the supervision that is an integrated element in borrowing from traditional bilateral and multilateral sources. Added to this has been increasing options for infrastructure finance from some bilateral countries. The result has been both an increase in opportunities to finance development, and an accumulation in debt.

Access to markets has been celebrated by many, but it was stressed that "…one hasn't established themselves in the financial markets when they have issued their first international bond, but rather when they have repaid their first international bond".

This is not the first time debt levels have ramped up quickly on the continent. From the early 1980s to mid-1990s debt levels soared in most African economies. By 1995, many countries were facing unsustainable levels of debt. As debt servicing increased, it crowded out development expenditure which was subsequently met with debt forgiveness via the HIPC and MDRI initiatives. In exchange for policy reforms and implementing strategies to reduce poverty, countries could access this relief if debt levels exceeded 100 percent of GDP. What followed was better macroeconomic policies and substantially lower debt levels, and despite flight in the search for yield (briefly in 2007 before the global financial crisis and from 2012-14), African economies were consequently well placed to borrow.

But as commodity prices fell and many currencies depreciated, debt burdens increased substantially for many sovereigns. Capital flows slowed and very few African countries issued in international debt markets in 2016. There has been some recovery on both fronts in 2017, but huge challenges remain following the recent build-up of mostly U.S.-dollar denominated debt.

In addition to currency risk, African economies also face refinancing risk. For example, the Eurobonds issued up until 2015 are of a bullet structure, amortizing on a single day in five or ten years' time. This creates a pressing need to adapt strategies to cope with higher levels of debt and on how repayments are to be made as the bonds mature (2022 will be the start of this process for many African sovereigns). Savings facilities have been highlighted, including resource funds or sinking funds, but to date only a few countries, for example Gabon, have established sinking funds. Recently, bonds with amortizing repayment schedules have not been more common.

Participants at the Forum warned of the fickle nature of financial markets, and that investors' willingness to lend may not be a reflection of their approval of good economic fundamentals. A good portion of global investors follow a ‘search for yield’ path, and several of these market-savvy investors will be quick to turn their backs when prospects for returns and profits erode.

The recent decline in global commodity prices has highlighted that the cost of debt accumulated in foreign currency can rise quickly. This reinforced the view of how critical is the careful monitoring of risk exposures and debt sustainability. The good news is that many African countries will likely grow faster in 2017.

> *“…one hasn’t established themselves in the financial markets when they have issued their first international bond, but rather when they have repaid their first international bond”.*

To avoid another round of “sorrow”, the Forum raised ideas on what policies should be targeted and what reforms may be required. First, to implement prudent and sound macroeconomic frameworks. Second, to ensure continuation of reforms for productivity and growth—reinforcing gains in the “denominator” (debt/GDP)—keeping the debt burden manageable. Third, to develop and strengthen domestic debt markets, reducing gradually the exposure of the portfolio to foreign currency risk. And fourth, achieve progress on governance reforms, and improving the quality of debt management (slipping institutional and governance standards provoked many rating agency downgrades in recent years). Debt mangers may wish to reflect on their recent DeMPAs and Reform Plans, and consider doubling-up efforts where progress has been slow. In addition, capacity and skill development of debt offices can help facilitate monitoring of market conditions and improving communication with the markets.

Plenary session in progress

Acknowledgements

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DMF Activities for the period April – June, 2017

DMF Technical Assistance Missions

Debt Management Performance Assessments (DeMPA)

>>Djibouti. A World Bank team in conjunction with UNCTAD, visited Djibouti during April 23—27, 2017, to support the government in the area of debt management through a programmatic technical assistance (TA). The objectives of the mission were (i) to assess the strengths and areas in need of development through the application of the 2015 DeMPA methodology; (ii) to discuss with the authority's immediate needs for TA and follow-up reform plan activities. The first DeMPA assessment for Djibouti was conducted by the WB in 2010.

Djibouti's public debt increased significantly from 2014 to 2016, with public and publicly guaranteed (PPG) debt rising from a level of 48 percent of GDP to 85 percent as a result of newly contracted loans for investment projects. Managing this high level of debt, around two-thirds of which is in the form of government guaranteed or on-lent debt to public enterprises, poses challenges for public debt management. The recent institutional reform that resulted in the creation of the Ministry of Budget (MB) with several departments relocated from Ministry of Finance, Economy and Industry (MEFI), appears not to have helped as it led to the fragmentation of debt management functions between the two ministries. Overall, while the technical and analytical skills of the debt management team have been improving, the institutional and operational framework have deteriorated since the previous assessment.

The authorities are conscious of some of the current issues and have drafted a proposal of a Public Debt Management Law (Loi portant gestion de la dette publique). The proposed legal framework would include the purposes and objectives of borrowing, the requirements for elaboration of a debt management strategy and reporting to the parliament. The law would also include the policy guidelines for issuing and monitoring loan guarantees and on-lending. The authorities also envisage the formation of a national debt committee that would serve for better coordination.

Moments after the wrap up session of the Benin DeMPA mission

>>Benin. A World Bank mission including a representative from UNCTAD, visited Cotonou, Benin, during May 10—17, 2017, to support the government in the area of debt management through a programmatic technical assistance. The mission assessed the debt management performance of the government to manage central government debt by applying the 2015 DeMPA methodology. This is the second evaluation of the government debt performance for the country. The first DeMPA assessment was conducted by the WB in 2010. The objectives of the mission were (i) to assess the strengths and areas of development; (ii) to discuss with the authorities' immediate needs for TA and follow-up reform plan activities.

Benin's public debt has been constantly increasing in the past years, reaching 50.3 percent of GDP at end-first quarter (Q1) 2017. This represents an increase of almost nine percentage points of GDP since end-2015. This trend should continue as the government elected in 2016 unveiled an ambitious 5-year action plan to develop infrastructure, amounting to 170 percent of GDP, two- thirds of which to be financed through public private partnerships (PPPs). Assessing and monitoring the risks for the public finances of these investments will pose challenges for public debt management, and the authorities are appropriately exploring advisory support and TA on this.

Overall, it has been noted that, since 2010, debt management practices in Benin have achieved notable progress: improvement in the governance of debt functions and in the quality of debt / macroeconomic data, more proactive approach to collect information (e.g. on disbursement of loans), better understanding of the use of analytical tools (MTDS and DSA), which has improved the quality of the reports and exchanges of information while facilitating the implementation of robust processes.

Debt Management Reform Plan

>>Bosnia and Herzegovina. A World Bank mission visited Sarajevo, Bosnia and Herzegovina (BiH) between May 15—19, 2017. The main objective of the mission was to draft a reform plan for debt management jointly with the Ministry of Finance and Treasury (MoFT) i.e. the State level ministry. Within the MoFT, the team worked closely with staff of the Financial Institutions Relations Department (FIRD), which acts as the front office for contracting external debt and issuing sovereign guarantees. Other departments met within MoFT include the State Debt Management Department (SDMD) which fulfills middle and back-office functions; as well as the departments for Information Technologies (IT), Legal Affairs, Internal Audit and Human Resources. Outside the MoFT, the mission met with officials of the Central Bank of BiH (CBBiH), the Audit Office of the Institutions of BiH, the Civil Service Agency and the representatives of the subnational Ministries of Finance in the Federation of Bosnia and Herzegovina (FBiH), Republika Srpska (RS), and the District of Brčko (DB), i.e. the entities and the district. To evaluate the guarantee issuance framework, meetings were held with the European Bank for Reconstruction and Development (EBRD), as the main creditor and two guarantee beneficiaries—the RS Motorways Company and the Municipality of Bijeljina.

The mission noted the important steps taken by the authorities since the DeMPA in 2013. The areas that registered progress cover mainly middle and back office functions, such as the preparation and publication of a consolidated debt management strategy, upgrading of the debt recording systems and drafting of manuals for debt service processes. The authorities are now focusing on the procedures for external debt and guarantee issuance. External borrowing is mainly conducted by the MoFT and onlent to the entities and DB.

While the country has a comprehensive BiH-level debt management law that governs these processes, this is yet to be complemented with secondary legislation, and there are important bottlenecks in implementation, especially regarding the exchange of information between relevant parties, that lead to significant delays in the finalization of loan and guarantee contracts.

Domestic Market Development

>>Guyana. At the request of the Ministry of Finance, a technical assistance mission from the IMF visited Georgetown during June 12—22, 2017, to provide technical advice and recommendations on the development of the domestic government securities market. The mission comprised a diagnostic assessment, and the design of a reform roadmap leading to a new system of domestic government securities issuance. The diagnostic assessment established that there is considerable scope for enhancing public debt operations, particularly by making a cleaner demarcation between instruments issued for monetary policy purposes and those used for fiscal policy purposes. Additional recommendations aimed at strengthening other elements of public debt management—including the primary market, legal, institutional, and infrastructure arrangements. The mission prepared a sequenced reform agenda covering the next 12 months, which is envisaged to culminate in a system of issuing domestic government debt securities that will be more efficient and reliable in itself, and that will contribute to the overall financial development of the country.

DMF Training Activities

Debt Sustainability Analysis (DSA)

>>Mauritius. The World Bank and IMF held a seminar on debt sustainability analysis over April 24—28, 2017. The event was hosted by the IMF's Regional Technical Training Center (AFRITAC South) in Mauritius.

The seminar brought together government officials from Comoros, Lesotho, Madagascar, Mozambique, Zambia and Zimbabwe. It focused on the main principles of debt sustainability and the link to IMF Debt Limits Policy and World Bank Non-Concessional Borrowing Policy. Experts from the IMF and WB worked with seminar participants on understanding and using the IMF-WB Debt Sustainability Framework (DSF) for Low-Income Countries (LICs). The DSF is a standardized framework for conducting public and external debt sustainability analysis in LICs. It aims to help guide the borrowing decisions of LICs, provide guidance for creditors' lending and grant allocation decisions, and improve World Bank and IMF assessments and policy advice.

The experts provided hands on training on how to develop baseline stress-test scenarios by using the DSF and how to interpret the results from the debt sustainability analysis. Specific attention was given to practical application of the framework by engaging participants to use the analytical tool and interpret results. Participants discussed the importance of individual country contexts and macroeconomic and technical challenges they face in using the DSF as a tool for guiding their borrowing decisions.

Debt Market Training

>>Tanzania. A joint IMF-World Bank Technical Assistance (TA) Mission visited Dar es Salaam, Tanzania to conduct a workshop on the Government Securities Market (GSM) during the period May 2—5, 2017. The workshop disseminated the findings of the December 2015 joint IMF-World Bank TA report on developing the GSM.

There were over 35 participants drawn mostly from the Bank of Tanzania (BOT), Capital Market and Securities Authority (CMSA), commercial banks, pension funds, stock exchange, insurances and other financial market participants.

Most of the presentations drew directly from the TA report in line with the set objectives. Exceptions were presentations on the: macroeconomic picture; monetary policy framework; and three presentations on the EAC experience as was requested by the authorities. Three presentations on the EAC regional experience were highly appreciated, especially in the context of ongoing harmonization initiatives. With a view to diversifying the investor base, the Tanzanians conceded that their strictures on capital movements warranted further review. The potential contributions of hedging instruments and new financial instruments were noted.

DeMPA Training

>>Gambia. The World Bank and WAIFEM delivered a regional Debt Management Performance Assessment (DeMPA) training on the application of the revised 2015 DeMPA methodology during May 8—12, 2017, in Banjul, The Gambia.

The course was attended by debt management practitioners from all the WAIFEM member countries. It: (i) familiarized participants with the main areas of performance measurement while evaluating the government debt activities, according to revised performance criteria as per 2015 DeMPA (ii) informed participants about the scope and methodology for the application of the DeMPA, and about the available tools and techniques for improving debt management practices at the central government level, and (iii) trained participants in the application of the scoring methodology and formulation of the priorities for reform plans. By the end of the course, participants were able to use the debt performance indicators and evidence-based data for assessing the quality of government debt management.

Participants for the Debt Market Training, Tanzania

The course format included presentations, discussions of country specific issues and hands-on case studies with discussions on operational application. A group exercise was designed to promote knowledge exchange of the existing modalities of debt management in the region and international sound practices in this area. The course evaluation and comments by the participants revealed a strong demand for such training opportunities in the region, as well as high relevance of the course.

>>Senegal. From May 15—19, 2017 a seminar was held in Somone, Republic of Senegal, to strengthen the capacities of the National Treasures (WN) executives of WAEMU member countries on the theme "*Good Debt Management Practices".*

Organized by the UMOA-Securities Agency (AUT) in collaboration with the World Bank, this seminar was attended by fourteen (14) executives from the National Treasures of WAEMU member states and three (3) AUT. The work took place in the form of presentations, exchanges and a practical case study. The presentations focused on an introduction to the general framework for assessing the performance of debt management (DeMPA) and the performance indicators that stem from good international debt management practices.

The DeMPA methodology, was presented to the participants who reviewed the fourteen (14) performance indicators and thirty-three (33) dimensions of the DeMPA, grouped under five (5) main themes covering all activities and functions of debt management. A practical exercise based on the use of information on the management of the debt of a fictitious country, allowed the participants to become familiar with the analytical approach.

E-Learning Course on Debt Management Performance Assessment (DeMPA), April 03 - May 05, 2017

The second e-learning course on Debt Management Performance Assessment (DeMPA) was delivered from April 3 to May 5, 2017 in collaboration with the World Bank's Open Learning Campus (OLC) with funding provided by the DMF and the Korean Trust Fund. The online course comprised core readings, as well as multimedia presentations, summarizing key messages, a set of interactive quizzes, series of hypothetical case-based assignments and a final assignment that builds on these cases. For this offering, 143 applicants were accepted in order to open the course to wider audiences in line with OLC's approach to democratize learning. The participants' country representation was diverse and included: Bangladesh, Chad, Dominican Republic, Guyana, India, Indonesia, Maldives, Moldova, Mongolia, Namibia, Niger, Nigeria, Papua New Guinea, Rwanda, Samoa, Sierra Leone, Tanzania, United Kingdom, and Zimbabwe.

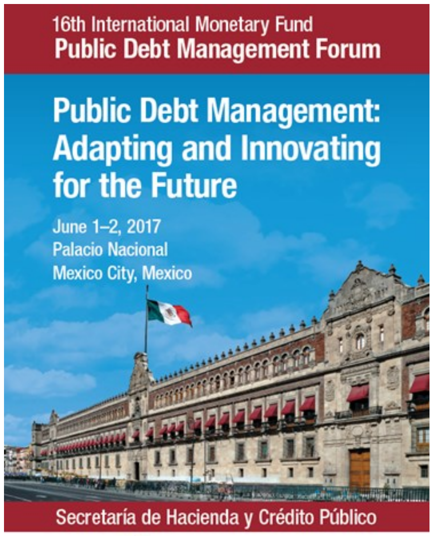
New DMF Website: Please avail yourselves of the updated and improved DMF site. Your comments and suggestions are much appreciated.

Other Recent Activities and Events

IMF Mexico 16th PDM Forum:

More than 100 representatives from 30 countries, international financial institutions, and private sector firms gathered on June 1-2 in Mexico City for the 16th IMF Public Debt Management Forum, co-hosted by the IMF and Mexico's Ministry of Finance.

The central theme of this year's event was how best to adapt sovereign debt management approaches to cope with recent and anticipated macroeconomic shifts, new risk factors, as well as structural and regulatory changes. Political risk and the normalization of monetary conditions in advanced economies, as well as structural shifts (e.g. in demographic trends) were among the issues discussed. Another session addressed the experience of several countries that are innovating in the adoption of an integrated approach towards sovereign asset-liability management.



Such a coordinated approach can improve the cost-risk trade-off, but may be technically demanding and require enhanced financial governance across the public sector. Other issues discussed included the emerging risks from climate change and its importance for sovereign debt, as well as the debate on whether the time is ripe for large-scale use of state-contingent debt instruments, such as commodity or GDP-linked bonds.

The next IMF Public Debt Management Forum will take place in 2019. Click here for the press release on the Forum.

Joint World Bank/IMF Board Paper on Medium-Term Debt Strategy (MTDS):

Over the course of FY17, the joint board paper *The Medium-Term Debt Management Strategy: An Assessment of Recent Capacity Building* was prepared jointly by staff from the Bank and the IMF. The report was discussed by the World Bank Board on July 20, 2017, and Executive Directors expressed their appreciation and support of MTDS technical assistance. The current review did not only evaluate progress achieved over the past years on the Medium-Term Debt Management Strategies, but also discusses further enhancements to the MTDS toolkit and work program, based on the lessons learned.

Click here for more information on the paper.

Forthcoming Mission Activities

(August 2017 onwards)

- Sri Lanka, MTDS mission, Sept. 21—29, 2017
- Mozambique Reform Plan mission, Sept. 27—Oct. 5, 2017
- Uganda Reform Plan follow up mission, Oct. 2—6, 2017

Forthcoming Training Events

(August 2017 onwards)

- DeMPA training for Auditors, JVI, Vienna, Aug. 7—11, 2017
- MTDS Training, AUT (Fr.), Sept. 11—15, 2017
- Regional MTDS Training (Sp.) , Mexico, Sept. 25—Oct. 10, 2017
- LIC-DSF Workshop (Regional - Asia), Kuala Lumpur, Malaysia or Tokyo, Japan, Nov. 6—10, 2017
- Regional DeMPA Training (LAC region), Nov. 6—10, 2017
- LIC-DSF Workshop (Regional East and Southern Africa), Kenya or Zimbabwe, Feb. 5—9, 2018

DMF News

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The DMF Newsletter is published quarterly 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, and news and developments related to debt management.

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