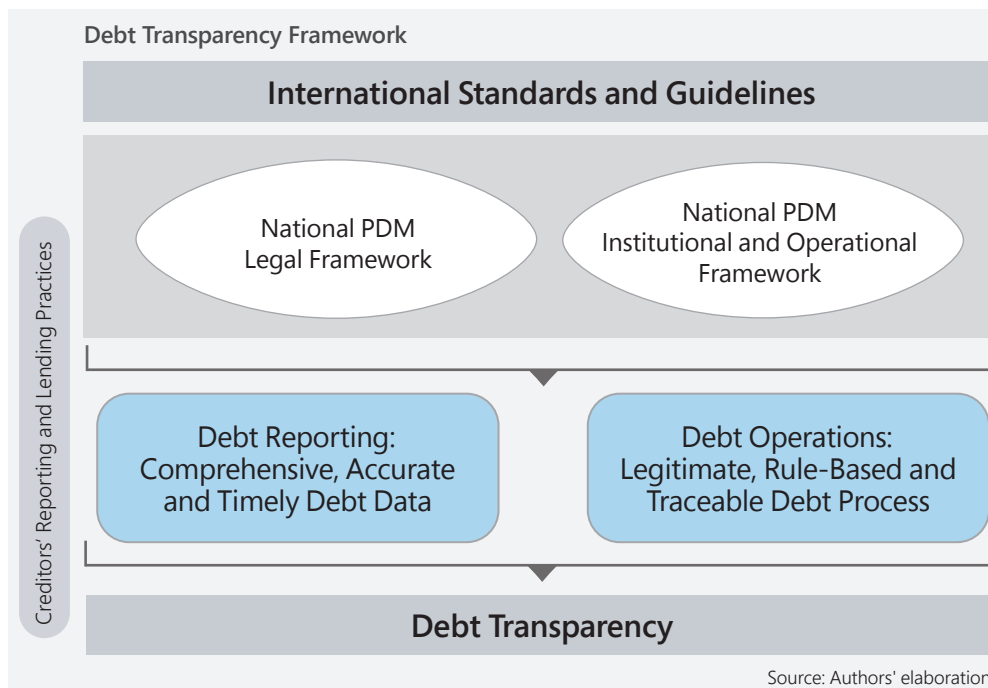


I. Debt Transparency in Developing Economies

In November 2021, the World Bank Published the [Debt Transparency in Developing Economies report](#). It is the first comprehensive assessment of debt transparency in low-income developing countries (LIDCs). It presents a complete picture of the current challenges and the pending policy agenda for all stakeholders.



The report draws upon new databases and surveys which evaluate key gaps in debt reporting, borrowing practices and legal frameworks, offering a detailed and timely view on the current state of debt transparency in LIDCs. It also synthesizes recent studies and policy discussions on debt transparency and offers practical policy recommendations required to further improve debt transparency in LIDCs. More information [here](#).

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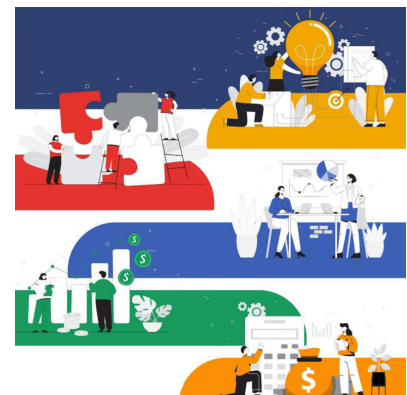
[Recent Debt Publications](#)

II. Debt Management Performance Assessment Methodology: 2021 Edition

Just as debt is critical for development, it is vital for governments to track spending, measure progress, and have an idea of the debt landscape to maintain macroeconomic stability, and make sound financial decisions.

To support countries in this effort, the World Bank updated the Debt Management Performance Assessment (DeMPA), a unique diagnostic tool which allows governments to take stock of their debt management practices.

The amended DeMPA was published in January 2022 to assist government authorities with debt management monitoring through the scoring of broad set of debt management indicators.



New elements of the methodology include, among others, assessment of broader public debt issues, such as:

- Enabling conditions within the country government are taken into consideration by extending the legal framework to inform central governments about borrowing from other public entities.
- Coordination aspects are enhanced to capture to which degree there is collaboration among government levels and state-owned enterprises and off-budget entities. [More information here.](#)

III. Piloting the DeMPA 2021 in Liberia

At the request of the Minister of Finance and Development Planning of Liberia, a joint World Bank and West African Institute for Financial and Economic Management (WAIFEM) team conducted a virtual DeMPA mission to Liberia, Monrovia, during November 8–19, 2021.

This mission was one of the pilots for the updated DeMPA methodology. The mission's objectives were to assess the current debt management performance in Liberia; evaluate progress since the last DeMPA was conducted in 2016; and provide a new baseline for reforms.

The main outcomes of the mission included assessment of core five areas of sovereign debt management, including legal framework, borrowing practices, coordination with fiscal and monetary policy, coordination with cash management, and operational risk management. The DeMPA report will include updated scores and a summary of archiving process and pending areas for further reforms.



IV. Staff Corner

Meet the Team



H. Hakan Yavuz ,
Senior Debt Specialist

Hakan Yavuz joined the World Bank in 2021 as a Senior Debt Specialist with over 18 years of experience in sovereign debt and risk management. Prior to joining the Bank, he was the Head of Risk Management Unit in the Turkish Ministry of Treasury and Finance. He has practical knowledge and experience in financial risk management, liability management operations, medium-term debt management strategies, operational risk management and business continuity planning.

Hakan holds an MSc Degree in Applied Economics and Finance from University of California and has the Financial Risk Manager (FRM) designation certified by the Global Association of Risk Professionals.



Guilherme Pedras, Senior Financial
Sector Specialist

Guilherme Pedras joined the International Monetary Fund (IMF) in 2009, where he has since worked in the Monetary and Capital Markets Department as a Senior Financial Sector Specialist. In this capacity he has led several technical assistance missions on debt management. Before joining the IMF, Mr. Pedras worked for 12 years in the Ministry of Finance of Brazil, where he became the Head of the Debt Management Operations Department.

In this position, he was responsible for carrying out all debt management transactions in the domestic and international markets. He holds a master's degree in Economics from the Escola de Pos-Graduação em Economia (EPGE/FGV).

V. DMF Technical Assistance and Training

During this period, all missions were conducted remotely due to COVID-19

Debt Management Performance Assessment (DeMPA)			
OBJECTIVE	The missions undertook a Debt Management Performance Assessment (DeMPA) and provided a baseline for debt management reforms over the coming years. These missions also piloted the new DeMPA 2021 tool to facilitate the revision of the DeMPA methodology.		
COUNTRY	Congo (RoC), October 4–15, 2021	Nicaragua, October 19–28, 2021	Guinee Bissau, Nov 1–15, 2021
ORGANIZERS	World Bank	World Bank	World Bank
HIGHLIGHTS	The mission piloted the new DeMPA methodology to assess public debt management practices.	The team took stock of the evolution of debt management capacities and institutions based on the latest version of the DeMPA methodology, updated in 2021.	The main counterpart for the mission was the Debt Management Office. The mission also interacted with the Macro-Fiscal and Treasury Offices, External Auditors, IT support team, and the UMOA-Titres.
OBJECTIVE	The mission undertook a Debt Management Performance Assessment (DeMPA) and provided a baseline for debt management reforms over the coming years. These missions also piloted the new DeMPA 2021 tool to facilitate the revision of the DeMPA methodology.		
COUNTRY	Liberia, November 8–19, 2021	Chad, December 8–21, 2021	
ORGANIZERS	World Bank	World Bank	
HIGHLIGHTS	This mission was one of the pilots for the updated DeMPA methodology to help Liberia Ministry of Finance in undertaking a performance assessment of debt management functions.	The mission discussed the DeMPA indicators with experts in the Ministry of Planning, the Ministry of Finance, the Court of Account, the representatives of the Regional Central Bank (BEAC), and commercial banks.	

Debt Management Legal Framework – Debt Law

COUNTRY	Maldives , December 6–15, 2021	Kosovo , November 15–23, 2021
ORGANIZERS	IMF	World Bank
OBJECTIVE	Assist the authorities in drafting a public debt management law that provides a framework to manage the country's increasingly sophisticated debt portfolio. An aide memoire was prepared highlighting key elements of the updated draft law, identifying deviations from existing practices, and discussing the various policy tradeoffs, including issues that require further resolution.	The mission aimed at advising authorities on the amendment of debt management legislation and assist the Treasury in preparing final draft of the debt law.
HIGHLIGHTS	The draft clarifies the mandate, authority and responsibilities for debt management and debt reporting. It provides a robust legal framework while leaving more granular elements to subsequent regulations.	The mission provided technical assistance to design the draft debt management legislation.

Medium-Term Debt Management Strategy (MTDS) and Annual Borrowing Plan (ABP)

COUNTRY	Congo DRC , October 18– 29, 2021
ORGANIZERS	IMF
OBJECTIVE	The mission provided advice on a clearance strategy for legacy reconciled arrears and support in developing an implementation plan for the regularization strategy of the Central Bank of Congo's (BCC) claims on the government proposed in July 2020.
HIGHLIGHTS	The mission built capacity for the authorities to select a strategy which provides flexibility to adjust annual repayments of arrears to available fiscal space, fairness to creditors, and would allow for public scrutiny of arrears repayment. It also provided guidance on an operational plan for converting BCC's claims into a mix of a non-negotiable long-term loan and floating-rate marketable bonds.

Domestic Debt Market Development (DDMD)

TYPE	Domestic Debt Market Development	Investor Base Diversification	Domestic Issuance Plan Implementation
COUNTRY	Cambodia, October 11–14, 2021	Cameroon, November 8–19, 2021	Republic of Congo, December 6–22, 2021
ORGANIZERS	World Bank	IMF	IMF
OBJECTIVE	The mission assisted the authorities in developing a Policy Framework on Development of Government Securities.	The mission provided support in identifying avenues to diversify the investor base for Government Securities.	The mission strengthened the authorities' capacity regarding issuance calendar preparation and execution, design, and execution of government securities buyback operations.
HIGHLIGHTS	The Temporary Policy Framework for the Development of Government Securities was finalized. Also, the Ministry of Economy and Finance submitted the first draft of the Budget Law, which includes the issuance of local currency government securities first time after 16 years.	Mission recommendations included to continue improving the predictability of securities issuance and investor relations practices to optimize existing savings. The team also provided guidance on initiatives to develop savings which would be channeled through the non-banking sector.	The mission addressed the authorities' knowledge gaps on issuance calendar preparation, on the importance of aligning bond coupon rates to market yields, on re-opening existing issues and on execution of securities buyback operations and provided guidance on the design of an investor relations program.

Debt Reporting and Monitoring

TYPE	Improving Transparency in Zimbabwe — Debt Reporting and Domestic Issuances
COUNTRY	Zimbabwe, October 15–30, 2021
ORGANIZER	World Bank
OBJECTIVE	The mission aimed to evaluate the transparency-related outputs regarding debt reporting, and domestic debt issuances.
HIGHLIGHTS	The mission provided an assessment of Zimbabwe's debt reporting and provided recommendations on how to increase the quality of reporting standards.

Debt-Related Contingent Liabilities and Fiscal Risks

TYPE	SOE related Fiscal Risk and Contingent Liabilities	Debt Related Fiscal Risks	Debt Related Fiscal Risks
COUNTRY	Honduras, October 13–27, 2021	Honduras, September 23–December 6, 2021	Nicaragua, October 25–29, 2021
ORGANIZERS	IMF	IMF	World Bank
OBJECTIVE	Provide hands-on support to improve the disclosure of fiscal risks from state-owned enterprises (SOEs) in the fiscal risk statement.	Build capacity at the Ministry of Finance (SEFIN) in fiscal risks analysis using the IMF's Fiscal Risks Assessment Tool (FRAT).	The mission aimed to enhance the existing governance framework for managing debt-related contingent liabilities, including government guarantees and on-lending.
HIGHLIGHTS	Support was provided to the authorities via an expert over a period of three months to strengthen their 2021 contingencies report. The mission was conducted remotely.	This virtual workshop focused on the fundamentals of fiscal risk management and assisted the authorities to identify, quantify and evaluate fiscal risks from macroeconomic uncertainties, public corporations, risks to assets and liabilities as well as those related to public investment and governance weaknesses.	The legal and institutional frameworks surrounding the issuance of debt by government entities, government guarantees, and on-lending are established, but adjustments can be considered to improve the transparent reporting of all debt-related contingent liabilities, including from subnational entities and the process to assess risks from SOEs and other government institutions.

TYPE	Debt Related Fiscal Risks	Guarantees and On-Lending
COUNTRY	Burkina Faso, November 2–15, 2021	Zimbabwe, November 29–December 7, 2021
ORGANIZERS	IMF/World Bank	World Bank
OBJECTIVE	The mission aimed to: (i) undertake an assessment of Burkina Faso's framework for the management of debt-related fiscal risks and (ii) provide recommendations on the framework including the preparation of Burkina Faso's Fiscal Risks Statement.	The mission aimed to support the implementation of the guarantees and on-lending framework published in late 2020.
HIGHLIGHTS	The mission provided recommendations on the framework for the management of debt-related fiscal risks and priority actions for the preparation of Burkina Faso's Fiscal Risk Statement.	The regulation provides guidance on how guarantees and on-lending operations should be undertaken, and the authorities requested advice on the implementation side.

Conducted Virtually

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Training Opportunities



605

Trained Participants

Debt Sustainability Analysis (DSA) and Debt Sustainability Framework for Low Income Countries (LIC-DSF)

OBJECTIVE	The workshop familiarized participants with the LIC-DSF, and introduced participants to (i) standardized forward-looking analysis of the debt and debt service dynamics under a baseline scenario and in the face of plausible shocks; (ii) the new tailored stress tests and realism tools introduced by the revised framework; (iii) the assessment of debt sustainability in relation to indicative country-specific debt burden thresholds; and (iv) the use of judgement to arrive at the final assessment of the risk of debt distress.		
DATE	October 18–22, 2021	November 1–4, 2021	November 15–19, 2021
SCOPE	Regional	Bilateral	Regional
COUNTRY	Central and West Africa (Francophone Countries)	Bhutan	East Africa/ECA Region
ORGANIZERS	World Bank/IMF	World Bank	World Bank
PARTICIPANTS	36 participants from nine countries including Burundi, Cameroon, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Republic of Congo, Equatorial Guinea, and Madagascar completed the workshop.	18 participants from the Ministry of Finance (Department of Public Accounts, Department of Macroeconomic Affairs) and the Central Bank completed the workshop.	20 participants completed the workshop, including from Kenya, Malawi, Mozambique, Rwanda, South Sudan, and Uganda.

Massive Open Online Courses (MOOCs)

DATE	ORGANIZER	TRAINING ACTIVITY	OBJECTIVE	PARTICIPANTS
September 1–December 31, 2021	World Bank IMF	Medium Term Debt Strategy (MTDSx) Online Course	This Massive Open Online Course (MOOCs) strengthened capacity in analyzing the characteristics of a government debt portfolio and developing a medium-term debt management strategy. It explains the joint World Bank-IMF MTDS framework and provides comprehensive training on the accompanying analytical tool.	21
September 1–December 31, 2021	World Bank IMF	Debt Sustainability Framework for Low Income Countries (LIC–DSFx) Online Course	This Massive Open Online Course (MOOCs) provided an overview of the World Bank–IMF LIC DSF, to help low-income countries achieve their development goals while minimizing the risk of debt distress. It also familiarized the participants with the LIC DSF tool, and the steps involved in its application.	45
September 1–December 31, 2021	IMF	Public Debt, Investment, and Growth: The DIG and DIG-NAR Models (DIGx) – MOOC	This online course explains how to analyze the relation between public investment, growth, and public debt dynamics, using two dynamic structural models: the Debt, Investment, and Growth (DIG) model and the Debt, Investment, Growth and Natural Resources (DIGNAR) model.	79
September 1–December 31, 2021	IMF	Public Debt Dynamics Under Uncertainty (DDUx) Online Course	This online course provides an overview of how to assess public debt dynamics under uncertainty. That is, the course discusses how to think about public debt projections when we acknowledge uncertainty about the key variables that underlie debt projections (GDP growth, interest and exchange rates, and primary balances).	77
October 6–November 3 (1st run, for government officials only)	IMF	NEW - Projecting Public Debt- The Public Debt Dynamics Tool (DDTx) Online Course	This two-module online course explains how to project the evolution of public debt (i.e., government debt) over time, for a given set of projections of the relevant macro-fiscal variables.	190

Assessing and Managing Debt-Related Contingent Liabilities

COUNTRY	Regional, November 8–12, 2021	Regional, November 15–19, 2021
ORGANIZERS	World Bank and JICA	World Bank and JICA
OBJECTIVE	The virtual workshops, jointly organized by the World Bank and JICA, provided participants with a framework for contingent liabilities risk management, focusing on the assessment and management of credit risk from the debt of public sector entities. In addition, the workshops enhanced the participants' ability to assess the government's credit risk exposure from debt-related fiscal risks, with an implementation on government guarantees and on-lending.	
PARTICIPANTS	20 participants from Angola, Cameroon, Egypt, Ghana, Malawi, Mozambique, Nigeria, Palestinian Authority, Sierra Leone, and Zambia have participated in the workshop.	22 participants from Djibouti, Ethiopia, Indonesia, Kenya, Mongolia, Papua New Guinea, Samoa, Tanzania, Uganda, and Vanuatu have participated in the workshop.

Debt Management and Investor Relations (DMIR)

COUNTRY	Regional (JVI), October 4–15, 2021
ORGANIZERS	IMF
OBJECTIVE	This one-week course, presented by the IMF's Monetary and Capital Markets Department, provided capacity building for the authorities on sound practices in debt management, debt reporting, and investor relations to support debt management operations and improve public debt transparency.
PARTICIPANTS	13 participants from 8 DMF countries (Armenia, Georgia, Kosovo, Kyrgyz Republic, Moldova, Tajikistan and Uzbekistan).

Legal and Institutional Arrangements

COUNTRY	Regional MEFMI Countries, November 8–12, 2021
ORGANIZERS	IMF
OBJECTIVE	A joint IMF/MEFMI team delivered a virtual one-week training workshop on legal and institutional framework for public debt management. The training course examined sound governance practices shaping the legal framework and institutional arrangements for public debt management, especially where debt management functions are fragmented across institutions. The event also focused on legal and institutional issues related to debt transparency.
PARTICIPANTS	64 participants from 14 countries (DMF countries - Angola, Botswana, Burundi, Kenya, Lesotho, Malawi, Mozambique, Namibia, Rwanda, Eswatini, Tanzania, Uganda, Zambia and Zimbabwe; Non-DMF countries - Botswana, Eswatini and Namibia).

VI. Future Debt Events

12th DMF Stakeholders' Forum, March 14–16, 2022



Upcoming Missions, January–March 2022

COUNTRY	ACTIVITY	NAME	DATES
Pakistan	Technical Assistance	DeMPA TA	February 2022
Fiji	Technical Assistance	MTDS and Annual Borrowing Plan	February 2022
Georgia	Technical Assistance	Legal Issues in Govt. Debt Management	March 2022
Niger	Technical Assistance	DeMPA TA	March 2022
Cabo Verde	Technical Assistance	DeMPA TA	March–April 2022

Upcoming Training, January–March, 2022

COUNTRY	ACTIVITY	NAME	DATES
E-Learning	Regional Training	LIC DSFx (MOOC French)	January–April 2022
E-Learning	Regional Training	MTDSx (MOOC)	January–April 2022
E-Learning	Regional Training	DIGx (MOOC) Public Debt, Investment and Growth (DiG and DIGNAR Models)	January–April 2022
E-Learning	Regional Training	DDUx (MOOC) Public Debt Dynamics under Uncertainty	January–April 2022
E-Learning	Regional Training	DDTx Project Public Debt (Govt Officials) (French)	January–April, 2022

COUNTRY	ACTIVITY	NAME	DATES
Regional (JVI)	Regional Training	Guarantees and on-lending	Jan–Feb 2022
Chad/Congo	Regional Training	Cash Management	January 2022
Regional (JVI)	Regional Training	Management Framework for Government Guarantees and Credit Risk Assessment Tool FY22	January 2022
West Africa (Anglophone)	Regional Training	Debt Sustainability Analysis-LIC DSF	February 2022
MEFMI countries	Regional Training	Joint Local Currency Bond Market Development	Feb–March 2022
Mozambique	Bilateral Training	Debt Sustainability Analysis-LIC DSF	March 2022
Primarily West Africa (Francophone countries)	Regional Training	Debt Sustainability Analysis-LIC DSF (French)	March 2022
MEFMI countries	Regional Training	Contingent Liabilities	March 2022
AFW countries/WAEMU	Regional Training	Joint MTDS strategy development and ABP	March 2022

VII. Recent Debt Publications

The 'Fiscal Presource Curse': Giant Discoveries and Debt Sustainability

IMF Working Paper



The Lethaba Power Station outside Sasolburg in the Free State
Photo: John Hogg / World Bank

This paper investigates the dynamic impact of natural resource discoveries on government debt sustainability. We use a 'natural experiment' framework in which the timing of discoveries is treated as an exogenous source of within-country variation. It combines data on government debt, fiscal stress and debt distress episodes on a large panel of countries over 1970-2012, with a global repository of giant oil, gas, and mineral discoveries. It finds strong and robust evidence of a 'fiscal presource curse', i.e., natural resources can jeopardize fiscal sustainability even before 'the first drop of oil is pumped'. This evidence suggest that the curse can be mitigated and even prevented by pursuing prudent fiscal policies and borrowing strategies, strengthening fiscal governance, and implementing transparent and robust fiscal frameworks for resource management. More about the paper [here](#).

Debt Transparency: Debt Reporting Heat Map—2021

Website

How transparent are IDA countries in their debt reporting practices? The first update for the Debt Transparency Heatmap is now published. The heat map presents an assessment based on the availability, completeness, and timeliness of public debt statistics and debt management documents posted on national authorities' websites. The assessment will be updated annually. In 2020, World Bank has published the first Heat Map. The publication now reflects the 2021 figures. More information [here](#).



Business Continuity Planning for Government Cash and Debt Management

IMF Technical Guidance Note

Cash and debt management operations are part of the "transactional" functions of public financial management. It is critical that these functions are resilient to external disruptions, ranging from information and communication technology (ICT) system outages to natural disasters. This technical manual aims to provide guidance on the steps that government cash and debt management units can follow to develop and implement a practical business continuity plan that economizes the resources used. It also discusses the evolving nature of business disruption risks faced by cash and debt management over the last decade, including the COVID-19 pandemic, as well as risk mitigation solutions that have emerged. More information [here](#).



How Fiscal Policies Could Help Keep the 1.5-degree Paris Goal Alive

Blog

While many countries are now recovering from the COVID-19 crisis, others are still in the grip of the pandemic, and most find themselves debt-ridden and facing an uncertain future with new waves of infections, rising economic challenges, and mounting concern over how to tackle the impending climate crisis. Limited fiscal resources should therefore be used in the most efficient way possible to support a sustainable recovery. Fiscal policy has several tools to achieve these goals; carbon taxes, green incentives, and public green investment are the most notable. Which is most effective in supporting a recovery that is both fiscally and environmentally sustainable? More information [here](#).

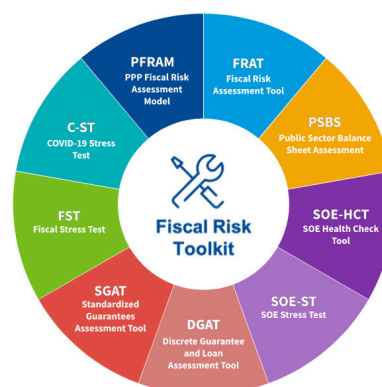


Glaciers, Chile. Photo: Curt Carnemark World Bank

IMF's Fiscal Affairs Department's New Portal Dedicated to Fiscal Risk Management

Data Portal

Understanding the sources and scale of fiscal risks and better managing them is essential to ensuring credible and sustainable public finances. This new portal demonstrates how the IMF supports its member countries to strengthen fiscal risk management with its assessment tools, publications, and seminars. It brings together new fiscal risk assessment tools and guidance materials to help countries strengthen their ability to identify, assess, quantify, manage and disclose fiscal risks. [More here.](#)



Can Fiscal Instruments Turn a Crisis into an Opportunity?

Paper

More than a year since the beginning of the COVID-19 pandemic, the global economy is recovering from a deep economic crisis that significantly shrank global GDP, disrupted global supply chains, and plunged 100 million people into extreme poverty worldwide. A reduction in global carbon emissions in 2020, the one bright spot in the COVID crisis, has proved short-lived as projections by the International Energy Agency anticipate that carbon emissions will record the largest annual rise in 2021.

Is there still a possibility to turn this crisis into an opportunity by using fiscal policy instruments? Besides green investment, which fiscal instruments can engender a process of structural change leading to a more sustainable growth model? [More information here.](#)



Issues in Restructuring of Sovereign Domestic Debt

Report

As emerging and developing economies accumulate more domestic sovereign debt, it is likely to play a larger role in the resolution of future sovereign debt crises. This paper analyzes when and how to restructure sovereign domestic debt in unsustainable debt cases while minimizing economic and financial disruptions. Key to determining whether or not domestic debt should be part of a sovereign restructuring is weighing the benefits of the lower debt burden against the fiscal and broader economic costs of achieving that debt relief. [More information here.](#)



Sri Lanka Debt Restructuring Possible Paths

Interview



With many countries either in debt distress or approaching distress, here is a welcome primer to all of us who may have to deal with debt restructuring or discuss these issues with government officials. This engaging on-camera interview with Lee Buchheit, the top debt restructuring lawyer since the 1980s, covers general debt restructuring issues, with a focus on the Sri Lanka case. [Recording here.](#)

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The newsletter aims to share DMF work plans, lessons learned, and news and developments related to debt management.



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