



**10th UNCTAD DEBT MANAGEMENT
CONFERENCE**
Geneva, 23th – 25th November 2015

Debt Management: Capacity-Building Needs

by

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD



DEBT MANAGEMENT: CAPACITY-BUILDING NEEDS

Public Debt Management Office

Dominican Republic

November 2015

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MINISTERIO DE HACIENDA
REPUBLICA DOMINICANA



Dirección General de
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CHALLENGES AND DEFIANCES OF THE PUBLIC DEBT OFFICES



Particularities of the Public Debt Offices

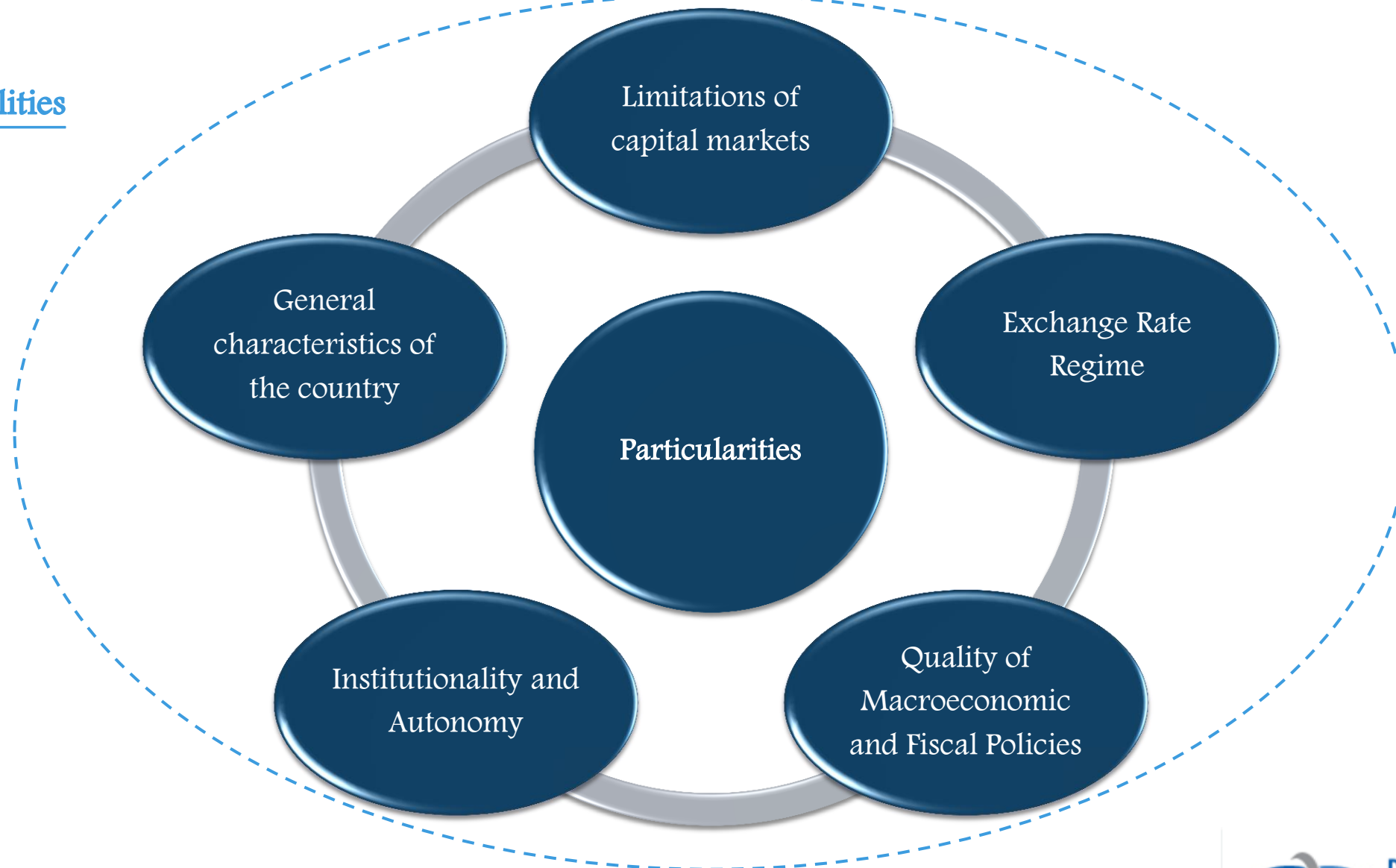
- Each Public Debt Management Office is different.



*The **challenges** are similar in all Debt Offices; the **defiances** are subjective, they depend on the particularities of each Debt Office.*

Particularities of the Public Debt Offices

Staff Capabilities



Creation of the Public Debt Management Office of Dominican Republic

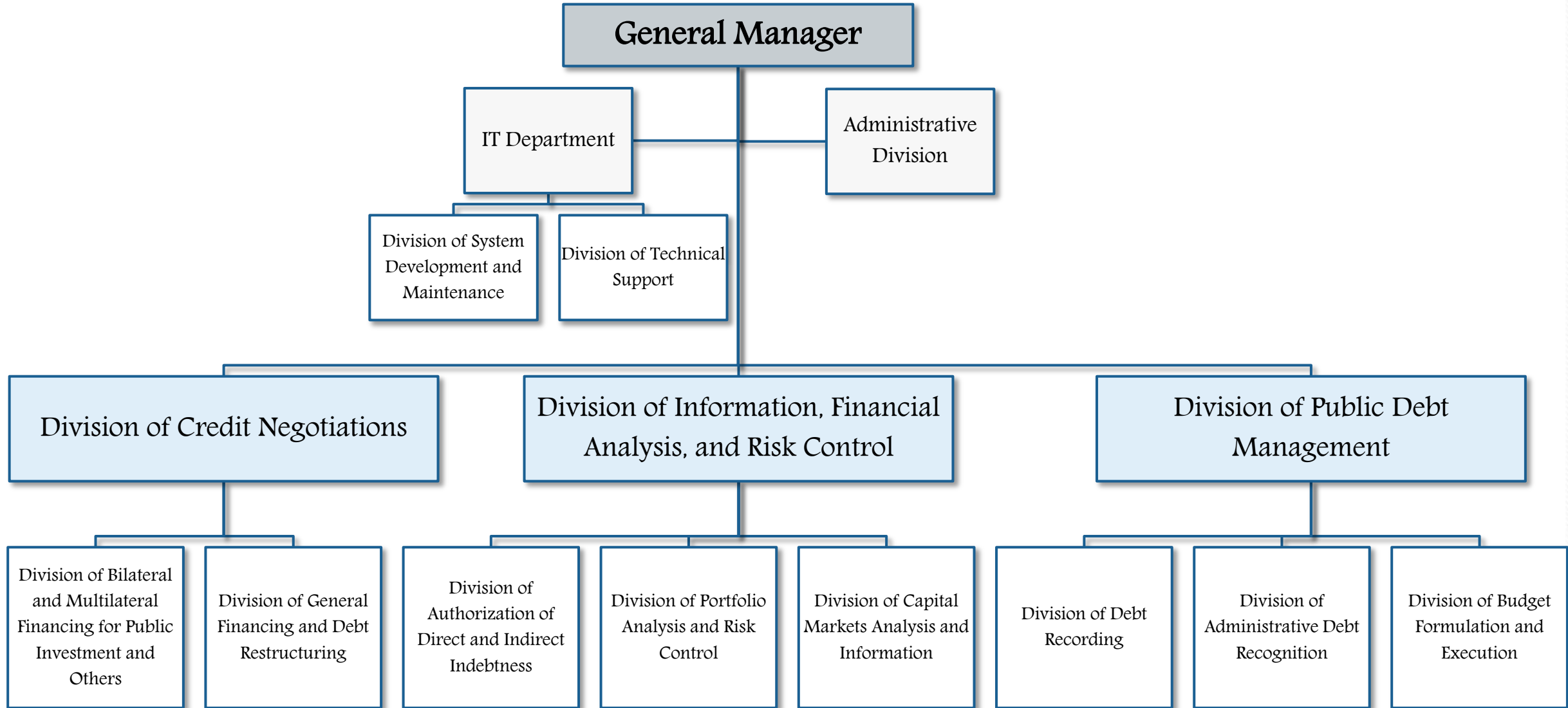
- Management of public debt successfully transferred from the Central Bank of the Dominican Republic to the Public Debt Management Office in 2006
- Officially recognized as the governing body of the Public Credit System

Centralizing the negotiation, analysis, data recording, and monitoring of the public debt, is very important to keep a “healthy” debt portfolio, mitigate risks, and control surprises.

In this sense, the high technical level of employees, along with the successful structuring and organization of functions and divisions of the Debt Office, laid the groundwork that allowed us to accomplish the objectives achieved in subsequent years.

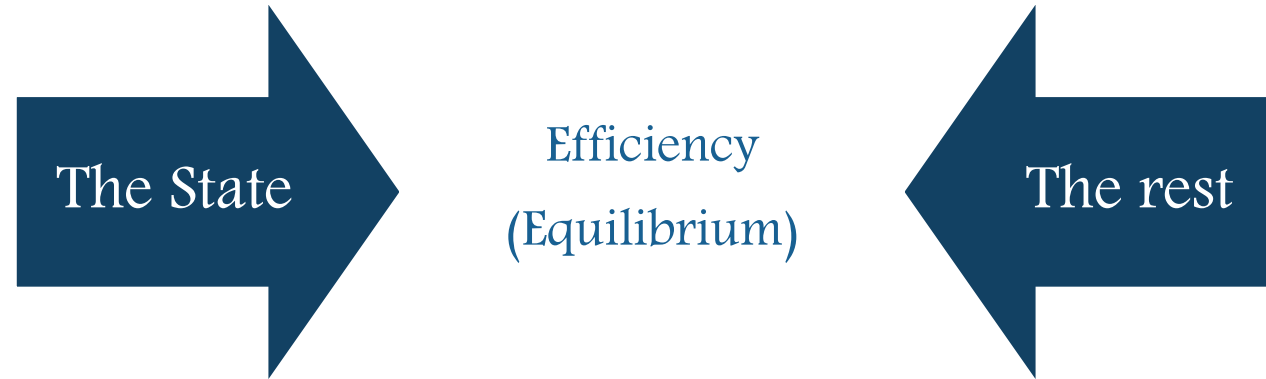


Current Structure of the Public Debt Management Office of Dominican Republic



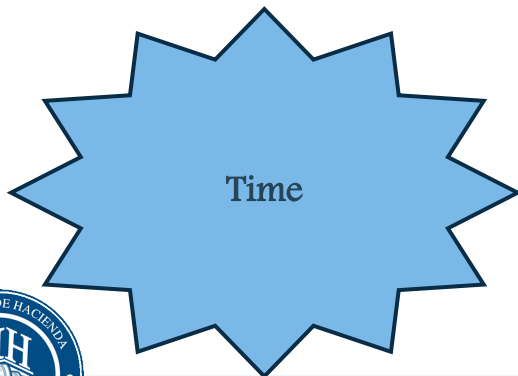
Challenges and Defiances for Public Debt Managers

- How do we prepare our staff in order to accomplish our objectives?
- Which capabilities should we develop?



In a Public Debt Management Office one must develop the skills to analyze, innovate, negotiate, and solve problems.

In order to develop the skills of our staff, we may need institutional, legal, and operational changes.



THE DOMINICAN REPUBLIC CASE:
Results that reflect the competencies of our staff



Trainings offered in the Public Debt Management Office of Dominican Republic



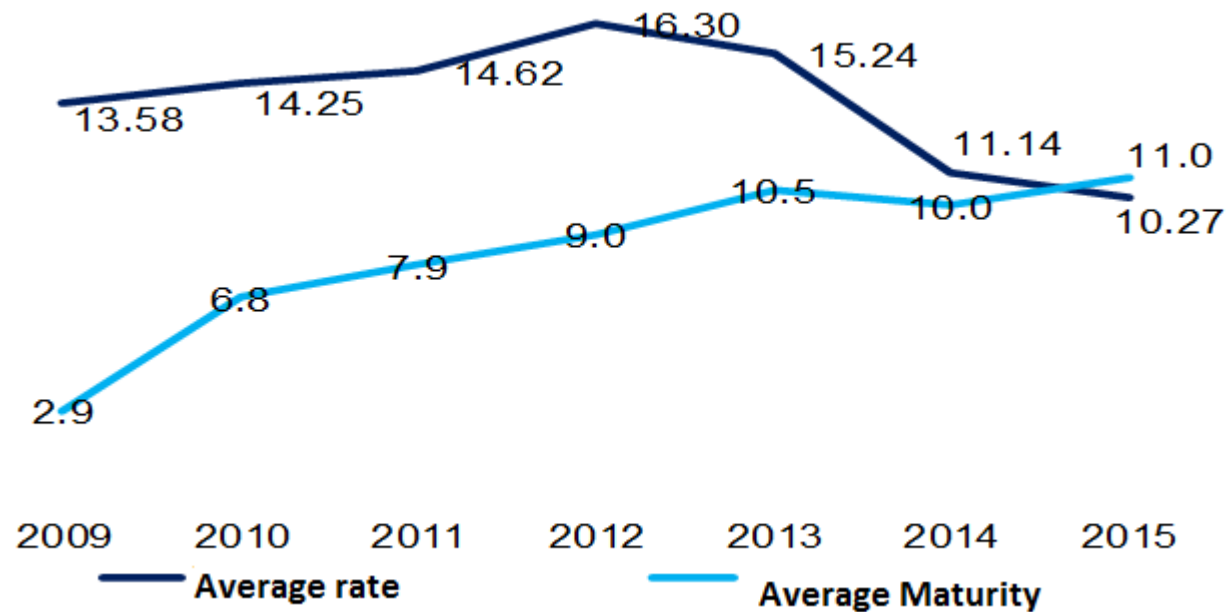
Results of the Capabilities built in the Public Debt Management Office of Dominican Republic

- **Public Debt Securities Auction Program and Market Makers Program**
 - ✓ Standardization of local emissions, domestic market development, and increased transparency with local creditors.
- **Successful international issuances of bonds**
 - ✓ Improved financial conditions and extension of the yield curve.
- **Debt Restructuring Operations: PDVSA Debt Buyback**
 - ✓ Reduction of Public Debt.
- **Update of the Medium Term Debt Management Strategy, creation of the Interinstitutional Commission, new transparency website, and start of operations of the Treasury Single Account**
 - ✓ Institutional progress.



Improvement in the Debt Portfolio Indicators

- Good debt trajectory and credit ratings upgrade



The high technical level of the staff in charge of structuring the issuances of bonds, and the good relationship with creditors to properly manage their expectations in terms of maturities and interest rates, have contributed to fulfill these accomplishments.

Projects in Progress and Goals to Accomplish

- Review of **contingencies** and management of forfeited guarantees.
- Improved business continuity.
- Creation of two new Divisions:
 - **Legal Affairs Division** within the Public Debt Office → important expedite the legal processes of debt management.
 - **Investors Relations Office** → formal development of an investors relations strategy and the investors web subportal, improving transparency and increasing the confidence of creditors.
- Look for opportunities to:
 - New **debt restructuring** operations and unification of the curve.
 - Staff **trainings** needed to accomplish the outstanding goals.
- Enhancement of the inter-institutional coordination between the Central Bank and the Ministry of Finance.
- Update the rules of the Market Makers Program.
- Motivate the demand of foreign investors in the local debt market.



If we had to distinguish one skill to be successful in sovereign debt management, we would dare to point out that constant innovation in all aspects of debt management is the key to achieving the goals of the Debt Office.



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