



10<sup>th</sup> UNCTAD DEBT MANAGEMENT  
CONFERENCE

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## Managing the Debt: Competencies in Debt Management

by

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

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## Capacity Building in Debt Management: do we do enough ?

Lilia Razlog,  
Senior Debt Specialist

UNCTAD Debt  
Management Conference  
2015



# World Bank approach to Capacity Building

Integrated approach, continuous and sustained engagement over time

Medium to long term support for reforms

Partnerships with regional and international TA providers

Sequencing of activities tailored to country circumstances and designed as results-oriented milestones

Demand-driven approach -- precondition for country ownership and sustaining reform implementation

# How does the World Bank helps?

**Supplies global  
public goods**

**Customized  
advisory service**

**Provides grant-  
based technical  
assistance**

**Delivers technical  
knowledge  
(DEMPA, MTDS,  
DSA)**

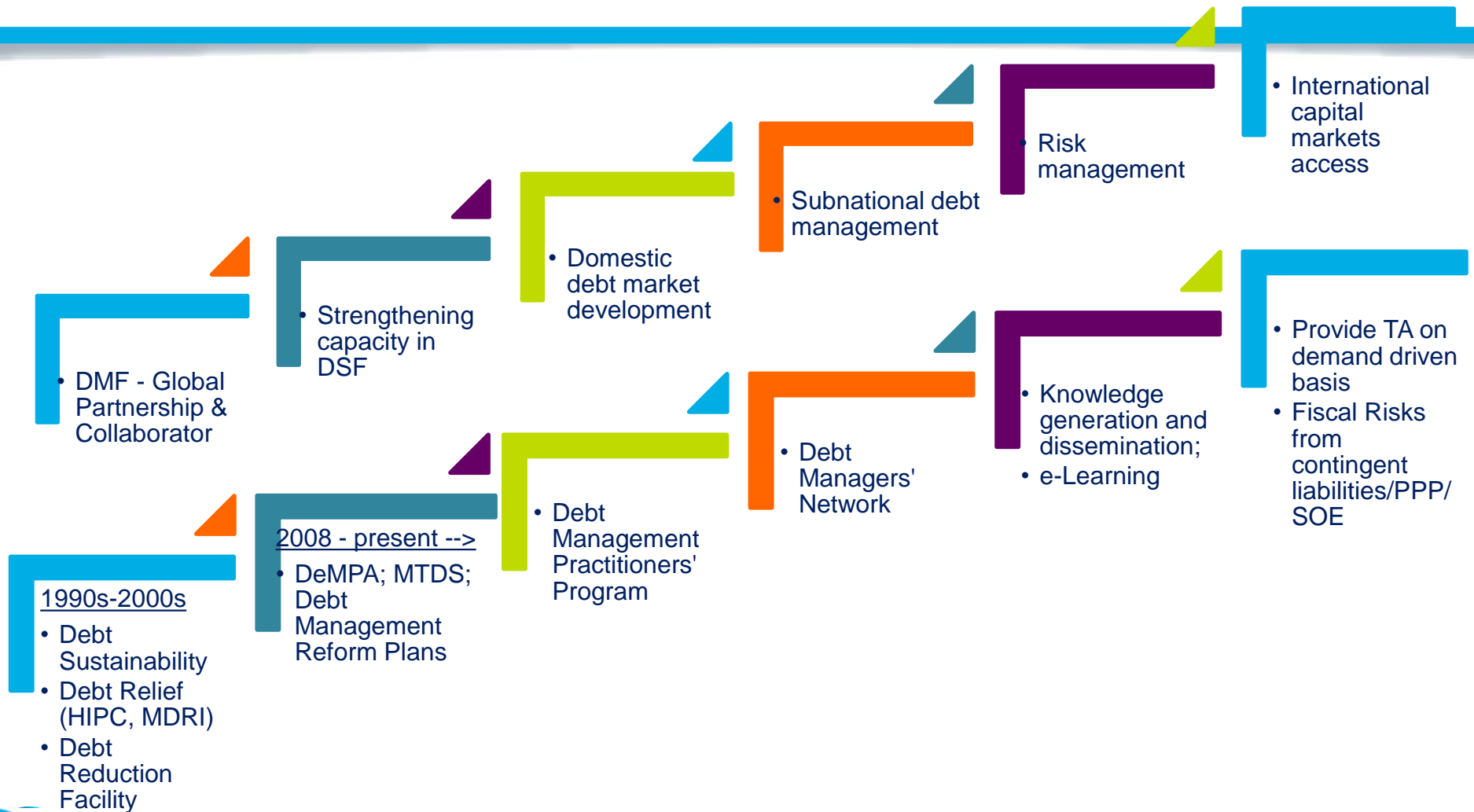
**Promotes  
knowledge  
sharing**

**Facilitates  
coordination  
among debt  
management  
providers**

# Inter-agency cooperation - our partners

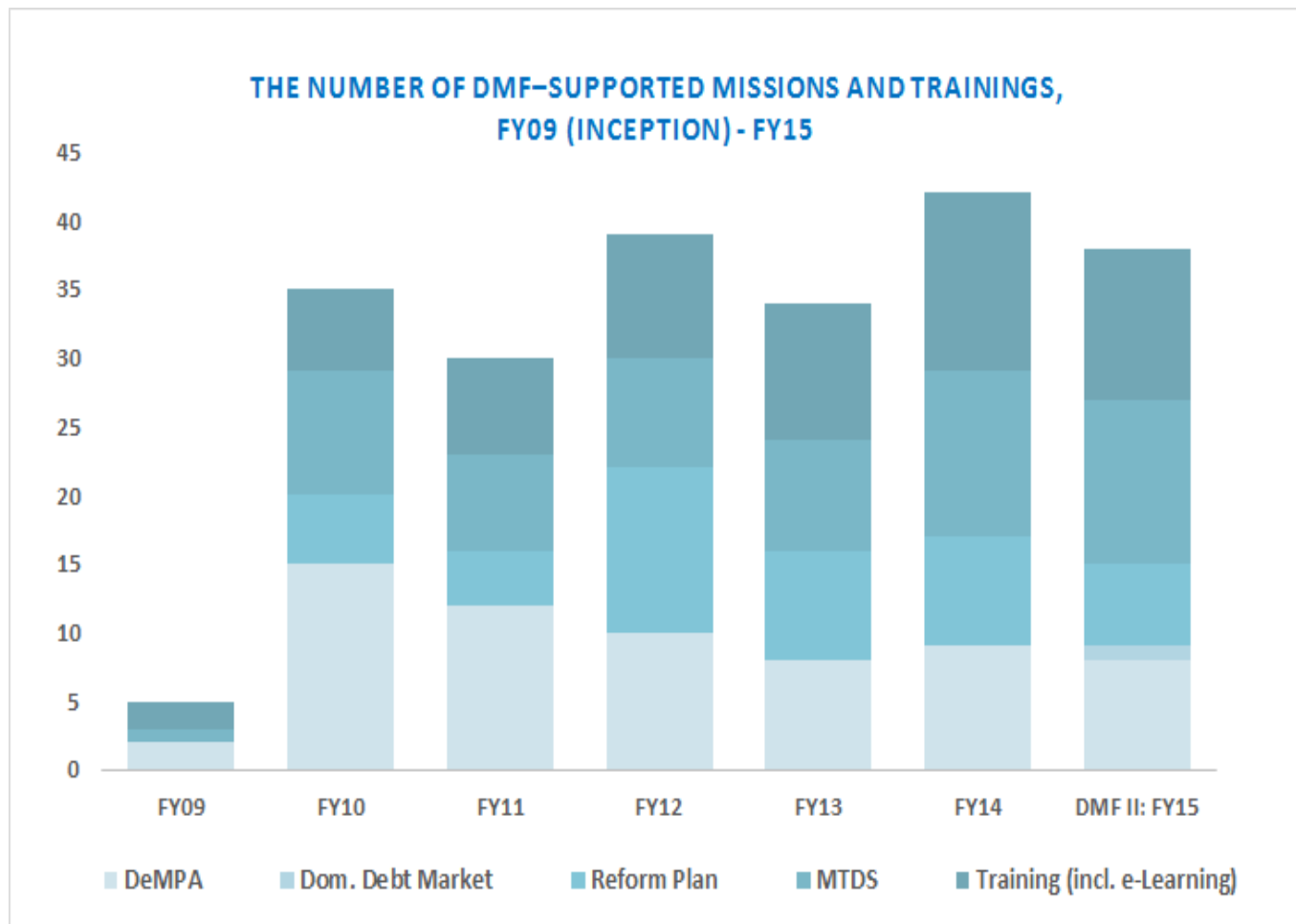


# Stepping-up Programmatic Approach: current and planned activities



# How DMF Program is Implemented ?

- ✓ From diagnostic towards reforms and debt strategy formulation
  - ✓ New Activities (Domestic Debt Market Development)
  - ✓ Diversify training activities
- Move towards e-Learning
- New DSA training
- ✓ Strong demand to TA from Subnational units



# Peer Learning and Outreach Activities

i. The Annual Stakeholders' Forum

ii. The Debt Management Practitioners' Program

iii. The Debt Managers' Network

iv. DMF Website Maintenance

v. Publication of a Quarterly Newsletter - DMF News

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## Debt Management Network Presentation on Status and Risks to Debt Sustainability in Africa

The Debt Management Network (DMN) seminar was held on September 10, 2015, featuring presentations made by two DMF implementing partners: **MEFMI**, represented by Raphael Otieno and **WAIFEM**, by Baba Musa — both Directors of their Institutions' Debt Management Programs — on the Status and Risks to Debt Sustainability in Africa. The seminar was broadcast through webex and attended by more than 40 people from different locations in Africa, Europe and Latin America. Countries and organizations participating, among others, were Malawi, Nigeria, Tanzania and Zambia; the Commonwealth Secretariat and the Eastern Caribbean Central Bank.

The presentations highlighted latest trends in African public debt, developments in debt sustainability and key risks associated with current debt trends. They also proposed national policies and global actions that might be required to ensure long-term debt sustainability in Africa. In particular, it was observed in the presentations:

- External debt burdens of most African countries declined sharply following the implementation of debt relief initiatives, particularly the Heavily Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI). But latest figures indicate that outstanding debt has reached pre-MDRI levels in nominal terms for many post-HIPCs in Africa.
- Traditional sources of credit are shrinking while new creditors with harder lending terms are emerging, including sovereign bonds, new bilateral creditors and commercial lenders. And the fiscal situation of most African countries remains vulnerable because of growing domestic debt.
- The key question facing the governments in Africa with regard to public debt is: how to meet development needs without accumulating debt to unsustainable levels? There are large infrastructure gaps; poverty levels are still high while health and education indicators are below required standards. Governments require significant amounts of resources in order to reduce poverty. And local resources are far less than financing requirements, implying continued reliance on external borrowing, and raising concerns about future debt sustainability.

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Missions, trainings and visits to help countries around the world resolve debt-related issues... p. 8-11

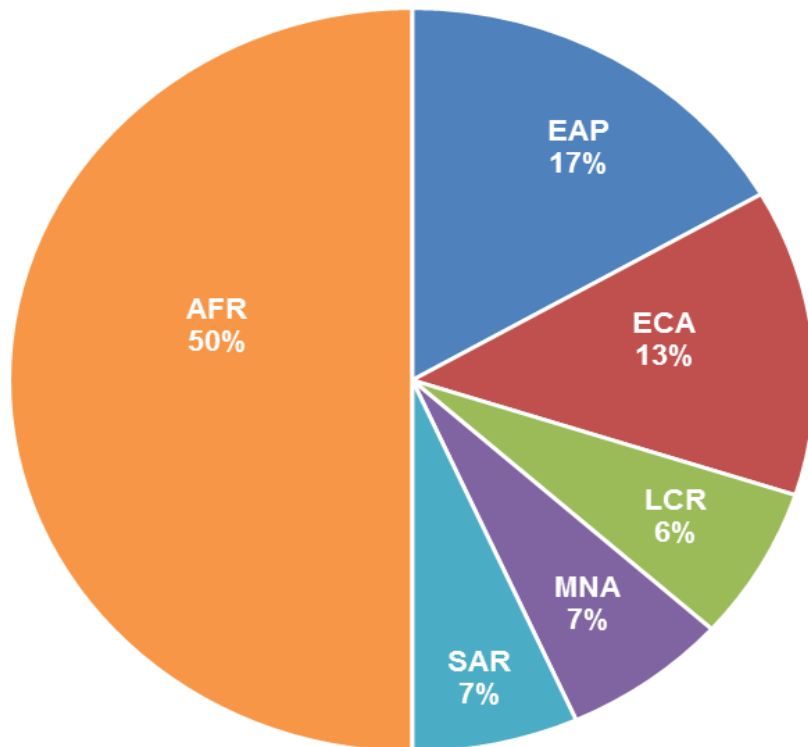
Forthcoming missions and trainings... p. 11





# Debt Manager's Practitioner's Program (DMPP)

To date, 30 officials participated in the DMPP program\*



\*This total includes 4 VSPs

**Ms. Cristina Americo Dimande** (Mozambique): "...I had the opportunity to enhance my knowledge and skills as a debt manager, through leaning and sharing of knowledge with WBG economists and participation in various conferences, courses and meetings on issues related to debt management tools (MTDS, DSA and DeMPA) and international bond markets."

**Mr. Riyadh Farea Rajab** (Yemen). "I attended a variety of training sessions, conferences and meetings related to debt management in DeMPA, DSA, Reform Plans and I had a chance to participate in MTDS training in Vienna, Austria, which helped me to design and create a prototype MTDS report for my country, Yemen."



# Debt Managers' Network (DMN)

**DMN**

Since 2012, provides a virtual meeting space to exchange experience and share best practice via meetings organized by the WBG using internet technologies

Promotes of peer learning & knowledge sharing to strengthen capacity in member countries

Speakers presented experiences from: Kenya, Rwanda, Nigeria, Nicaragua, Jamaica, Uganda, Bhutan, Pakistan, India, Moldova, Ghana, Tanzania, Georgia, Sierra-Leone, Malawi, Poland

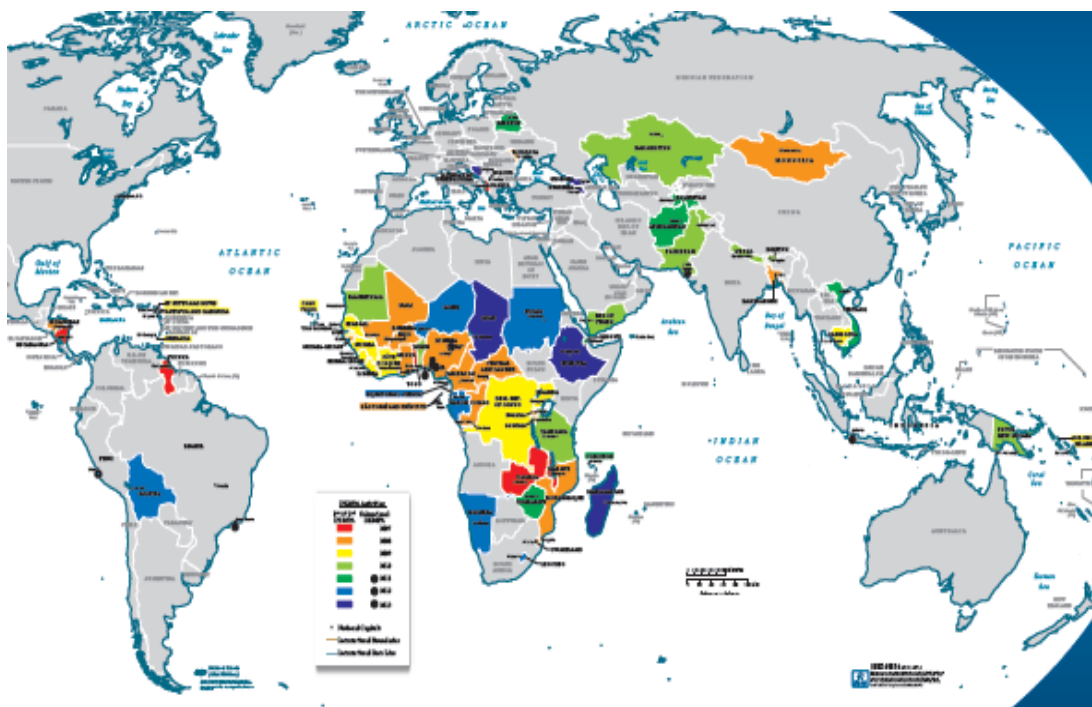
Expert opinions shared by the staff of the UNCTAD, MEFMI IMF, the Commonwealth Secretariat, S&P, WAIFEM, the ECCB

In FY15, discussion topics included: international bond issuance; cash management; contingent liabilities' management

**What are the results to date ?**



# Results - DeMPA



**Examples of published reports: Armenia, Ethiopia, Madagascar, Central African Republic, Nigeria, Mali, Sao Tome and Principe, Comoros, Kazakhstan, Mauritania, Burkina Faso, Djibouti, Papua New Guinea, Togo, Gambia, Guinea, Sierra Leone, Maldives, Solomon Islands**

## Assessments 2007–2014

The Debt Management Performance Assessment (DeMPA) is a standardized evaluation of the strengths and weaknesses in government debt management. It looks at a number of indicators of healthy performance, including how a government coordinates debt management with macroeconomic policies, forecasts its cash flow, and conducts debt management transactions.

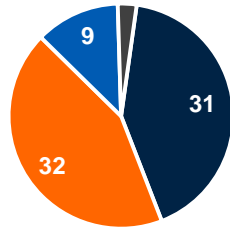
A DeMPA evaluation helps establish priorities and design further reform programs. Importantly, it is often used to facilitate monitoring of performance over time through repeated assessments.

<b>2007</b>	The Gambia Albania Malawi Guyana Nicaragua Togo Zambia	<b>2011</b>	Comoros Nigeria, Lagos Brazil, Rio de Janeiro Tajikistan Belarus Afghanistan Zimbabwe Vietnam Zambia	<b>2014</b>	Cross River, Nigeria Fiji Bhutan Haiti Gambia Angol Nepal Vanuatu Kenya
<b>2008</b>	Bangladesh São Tomé and Príncipe Ghana Mozambique Mongolia Moldova Honduras Burkina Faso Mali Swaziland Congo RoC Cameroon	<b>2012</b>	Sudan Namibia Nigeria, Ondo State Niger Jakarta Gabon Bolivia Peru, Lima Lesotho Equatorial Guinea Kosovo Nigeria Burundi Ghana	<b>2013</b>	Madagascar Chad Ethiopia Georgia Pakistan, Punjab Pakistan, Sindh Bosnia, FBiH Nigeria, Edo State Uganda, Kampala Bangladesh Armenia Bosnia Honduras Bosnia, R. Srbska
<b>2009</b>	Cape Verde Solomon Islands St. Kitts and Nevis Uganda Burundi Congo DRC Grenada Antigua and Barbuda Côte d'Ivoire Sierra Leone Senegal Guinea Bissau Liberia Maldives Cambodia Malawi	<b>2010</b>	Samoa Nepal Pakistan Djibouti Tanzania Mauritania Benin Kazakhstan Yemen Papua New Guinea Bhutan The Gambia Albania Nicaragua Togo Mongolia		

# Results – clients

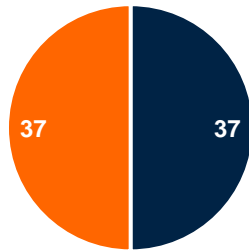
The **74 countries** exhibit different economic characteristics and debt management capacities:

Income status



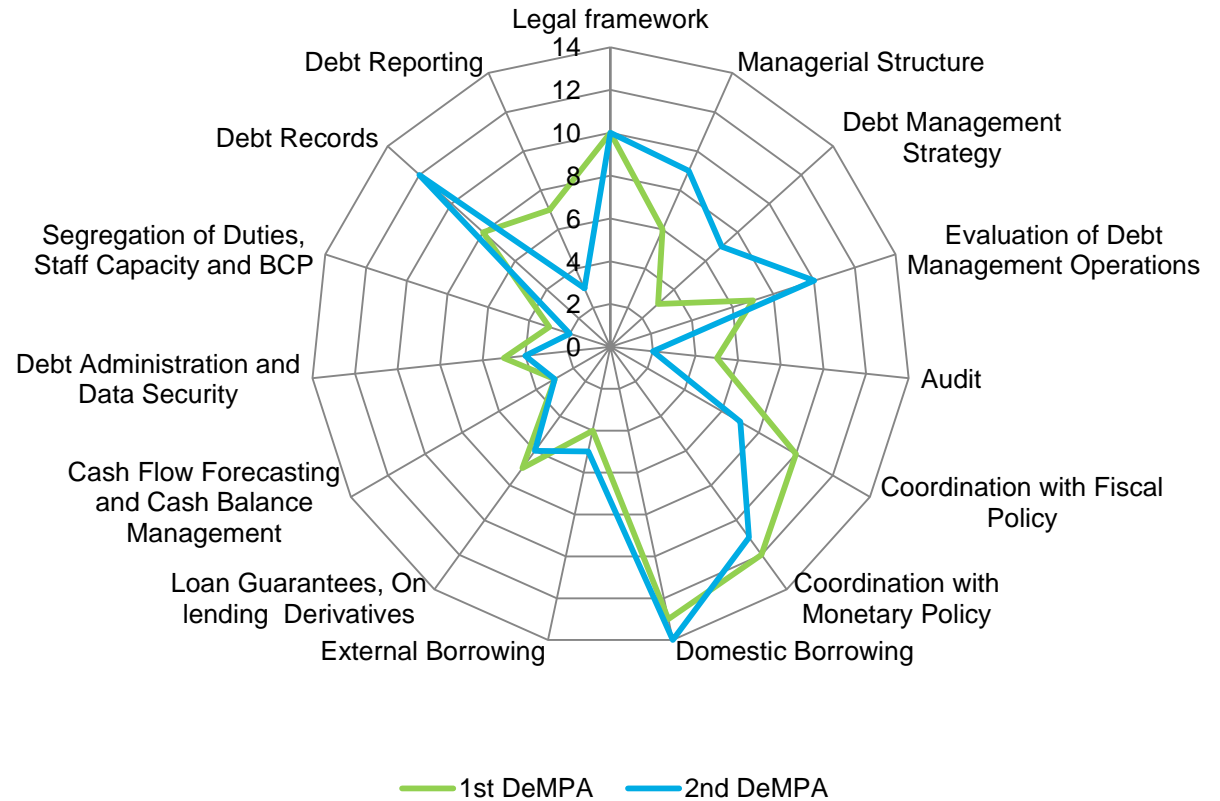
- Low income
- Lower middle income
- Upper middle income
- High income

HIPC status

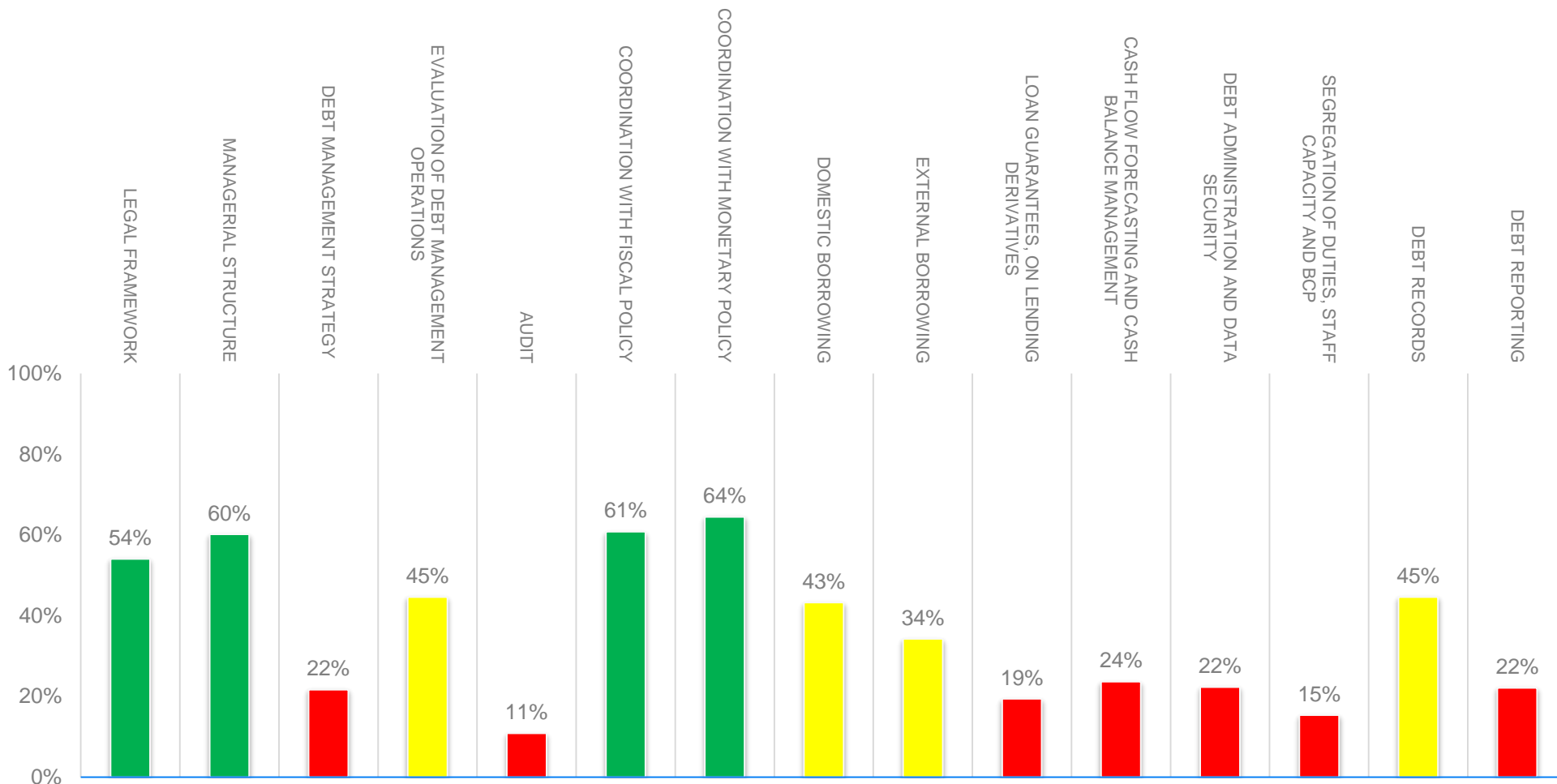


- Non HIPC
- HIPC

# Countries scoring “C” and above

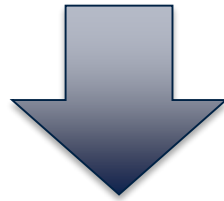


# Performance-tracking reveals remaining challenges



# Lessons Learned

- ➔ Programmatic approach is critical
- ➔ Strong partnership with international providers of technical
- ➔ Maintaining integrity and quality of upstream work
- ➔ Initial diagnostic and reforms' design are strong triggers of institutional reforms and capacity building



**COUNTRY OWNERSHIP WILL REMAIN THE KEY ELEMENT OF SUCCESS**

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What you spend years building may  
be destroyed overnight.  
Build anyway.

- Mother Theresa

Thank you

