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
Capacity Building in Debt Management: do we do enough?

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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 help?

- 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

- Joint Implementation of the Program
- Co-hosting DMF Forum 2015
- Led MTDS Mission - Gambia
- Co-led DeMPA Mission – Zimbabwe
- Led MTDS Mission – District of Brcko
- Co-led DSF Training, Mexico
- Joined Reform Plan follow-up – Sudan
- Activities in Franco-phone Africa

A Global Partnership in Action
Stepping-up Programmatic Approach: current and planned activities

1990s-2000s
- Debt Sustainability
- Debt Relief (HIPC, MDRI)
- Debt Reduction Facility

2008 - present -->
- DeMPA; MTDS; Debt Management Practitioners' Program

- Strengthening capacity in DSF
- Domestic debt market development
- Debt Managers' Network
- Risk management
- Knowledge generation and dissemination; e-Learning
- Provide TA on demand driven basis
- Fiscal Risks from contingent liabilities/PPP/SOE

- DMF - Global Partnership & Collaborator
- Subnational debt management
- International capital markets access

- World Bank Group
  Macroeconomics & Fiscal Management
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
Debt Manager’s Practitioner’s Program (DMPP)

To date, 30 officials participated in the DMPP program*

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.”

*This total includes 4 VSPs
Debt Managers’ Network (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.

2007
- The Gambia
- Albania
- Malawi
- Guyana
- Nicaragua
- Togo
- Zambia

2008
- Bangladesh
- São Tomé and Principe
- Ghana
- Mozambique
- Mongolia
- Moldova
- Honduras
- Burkina Faso
- Mali
- Swaziland
- Congo RoC
- Cameroon

2009
- 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

2010
- Samoa
- Nepal
- Pakistan
- Djibouti
- Tanzania
- Mauritania
- Benin
- Kazakhstan
- Yemen
- Papua New Guinea
- Bhutan
- The Gambia
- Albania
- Nicaragua
- Togo
- Mongolia

2011
- Comoros
- Nigeria
- Laos
- Brazil, Rio de Janeiro
- Tajikistan
- Belarus
- Afghanistan
- Zimbabwe
- Vietnam
- Zambia

2012
- Sudan
- Namibia
- Nigeria, Ondo State
- Niger
- Jakarta
- Gabon
- Bolivia
- Peru, Lima
- Lesotho
- Equatorial Guinea
- Kosovo
- Nigeria
- Botswana
- Ghana

2013
- Madagascar
- Chad
- Ethiopia
- Georgia
- Pakistan, Punjab
- Pakistan, Sindh
- Bosnia, FBiH
- Nigeria, Edo State
- Uganda, Kampala
- Bangladesh
- Armenia
- Bosnia
- Honduras
- Bosnia, R. Srbska

2014
- Cross River, Nigeria
- Fiji
- Bhutan
- Haiti
- Gambia
- Angola
- Nepal
- Vanuatu
- Kenya
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

- Debt Reporting
- Managerial Structure
- Legal framework
- Coordination with Fiscal Policy
- External Borrowing
- Cash Flow Forecasting and Cash Balance Management
- Coordination with Monetary Policy
- Loan Guarantees, On-lending, Derivatives
- Debt Administration and Data Security
- DeMPA
- Debt Management Strategy
- Evaluation of Debt Management Operations
- Segregation of Duties, Staff Capacity and BCP

1st DeMPA
2nd DeMPA
Performance-tracking reveals remaining challenges

Breakdown of scores C and higher by Debt Management categories
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
Thank you

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

– Mother Theresa

Thank you