

CHALLENGES ▶

Azerbaijan, Colombia, Indonesia, Macedonia, Serbia, Peru and South Africa wanted to improve the quality of their debt management strategies.

Vietnam and Macedonia wanted to improve their debt management legal framework to support more active and market-based borrowing and to make sure it aligned with international sound practices.

Serbia wanted to improve the functioning of the primary government securities market.

Peru wanted to assess exposure to contingent liabilities from government guarantees for public-private partnership infrastructure investments.

Serbia wanted to restructure its debt management office to strengthen its enabling environment.

Indonesia wanted to better manage risks from government loan guarantees to state-owned enterprises.

Vietnam wanted to expand its capacity to borrow in the international markets.

South Africa wanted to improve transparency and price discovery for secondary market trading of government securities.

Albania wanted to develop its domestic market for government securities.

Indonesia wanted to have a broader risk management strategy by looking at risks on both sides of the balance sheet (assets and liabilities).

SOLUTIONS

These countries are using analytical tools to regularly analyze the cost and risk trade-offs of alternative borrowing strategies under a range of macroeconomic and market scenarios.

Vietnam revised its public debt management law with the national assembly's approval and is now revising secondary legislation. Macedonia will submit the revised law to the parliament until the end of the year. Revising the budget law simultaneously with the debt management law, they are aiming to streamline and harmonize both laws.

The debt management office developed an annual borrowing plan consistent with the latest debt management strategy to increase transparency and reduce uncertainty for investors.

Peru improved valuation tools to better assess and account for contingent liabilities from public-private partnerships.

Serbia reorganized the public debt administration and now benefits from improved internal structure.

Indonesia introduced a credit rating methodology to assess credit risk and improve risk monitoring and reporting.

Vietnam launched a successful and modern (switch tender offer) international market operation. Vietnam had just-in-time support of debt management experts from lead emerging markets, and a workshop on the topic supported the authorities in increasing the team's capacity.

South Africa established an electronic trading platform for secondary market trading that will improve the functioning of secondary market trading overall.

A market making arrangement with select benchmark securities is being piloted as a first step for boosting secondary market trading. Depending on the success of the pilot, a broader primary market dealership to support primary and secondary markets might be envisaged.

Indonesia is in the process of setting up an asset and liability management (ALM) framework.



THE GOVERNMENT DEBT AND RISK MANAGEMENT (GDRM) PROGRAM



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THE GOVERNMENT DEBT AND RISK MANAGEMENT (GDRM) PROGRAM

The Government Debt and Risk Management (GDRM) Program provides customized technical advisory services to middle-income countries (MIC) in a programmatic approach. The Program assists countries in developing robust debt and risk management frameworks to reduce vulnerability to financial shocks.

Focus on Middle Income Countries

The GDRM Program focuses on middle-income countries (MICs), which are home to 75% of the world's poor. MICs face a unique set of fiscal challenges: governments must finance the budget at the lowest possible cost, deepen the domestic market, borrow internationally, and develop capacity to handle more complex financial instruments, often with limited human and technical resources. Most current debt and risk management technical assistance for MICs focuses mainly on upstream diagnostic work and developing reform plans, while assistance for targeted, downstream implementation work is limited. The GDRM Program is designed to fill this gap.

Partner Countries

ALBANIA, AZERBAIJAN, COLOMBIA, EGYPT, GHANA, INDONESIA, MACEDONIA, MOROCCO, SOUTH AFRICA, SERBIA, PERU, TUNISIA, UKRAINE AND VIETNAM.

The World Bank-Swiss Partnership

Switzerland is a valued, active partner of the World Bank Group. The GDRM Program is a trust fund under the World Bank Treasury, funded by the Swiss State Secretariat for Economic Affairs (SECO).

OUR APPROACH

Programmatic

Designed for the medium term, the GDRM Program supports partner countries from upstream, diagnostic work and developing reform plans, to downstream implementation of the plans.

The right expertise

The core team consists of public debt management professionals who have held positions in public debt offices in emerging and developed countries. They share the World Bank Treasury's asset management expertise, market transactions and banking solutions know-how, as well as reserves advisory and management capability. As seasoned practitioners, speaking the same technical language as their country partners, they provide pragmatic solutions in advanced areas.

Know your partners

Once a country becomes part of the GDRM Program, dedicated debt managers build and manage long-term relationships with partner countries' management and technical teams. They support their counterparts in all debt management related issues, giving trusted advice, becoming a sounding board, and providing much needed continuity. As they develop a deep understanding of the country's context, they recommend tailor-made solutions, specific to countries needs and national priorities.

Sustainable outcomes

The GDRM Program is focused on sustainable outcomes. The programs supports the client through implementation, achieving change within the partner country and seeing the reform plans take root.

CUSTOMIZED ADVISORY SERVICES FROM DIAGNOSTIC TO IMPLEMENTATION

Institutional Strengthening

Governance

Focuses on the legal framework, institutional arrangements, accountability and transparency mechanisms that shape and direct the operations of government debt and risk managers.

Policy coordination

Focuses on establishing efficient coordination mechanisms between debt management and monetary policy, fiscal and budget planning processes and cash management.

Strengthening debt and cash management relations

Aims to improve the implementation of the debt management strategy and supporting domestic market development.

Capacity and management of internal operations

Includes analysis of organizational structures, development of strategies for recruiting and training staff, and evaluation of information technology systems for debt management transactions.

Technical Capacity Development

Debt management strategy development

Covers formulation of debt management strategies based on sound analysis of costs and risks, considering a country's macroeconomic framework and level of domestic debt market development.

Debt management strategy implementation

Covers the development of an annual borrowing plan, access to the capital markets, hedging and the functioning of the primary and secondary markets.

Contingent liability management

Focuses on developing models to identify, measure and manage risks from sovereign loan guarantees, guarantees issued to public private partnerships, legal claims against the government, and catastrophic and other risks.

Asset and liability management

Management of the balance sheet risks from an asset and liability management perspective where market-based mitigation is possible.

OUR EXTENSIVE LEARNING AND EVENT PROGRAM

Through an extensive program of on-site technical assistance, workshops, in person and virtual peer-to-peer events which connect countries facing similar issues, the GDRM Program supports members in strengthening their capacity to manage debt.

Workshops

Cash Management Workshop

This five-day workshop focuses on cash flow forecasting and cash management by central governments. Its goal is to increase awareness of cash and debt managers about the importance of accurate cash flow forecasting and their knowledge on sound cash management practices.

Asset and Liability Management Workshop

This five-day workshop will present the main concepts related to sovereign asset and liability management (SALM) through practical examples of countries that have implemented SALM frameworks, hands-on exercises and case studies.

Assessing and Managing Credit Risk from Contingent Liabilities Workshop

This five-day workshop aims to contribute to increased awareness about the risks governments are exposed to from contingent liabilities arising from sovereign guarantees frameworks and tools in identifying, measuring, and managing these risks.

Peer learning

The GDRM Program connects countries facing similar issues, providing a platform for an in-depth exchange of ideas and experiences. Peer Group Dialogues provide a cost-effective way to discuss challenges and policy actions on a virtual platform.

GDRM Events

Once countries become part of the GDRM Program, they have access to bi-annual events that bring government debt managers together to share experiences and sound practices with fellow debt managers. The topics include currency choice, using cross-currency swaps, innovative financial instruments, international settlement of local currency bonds, managing relations with non-resident investors, country cases, etc.

The secondment program

The Program's objective is to give a debt manager from a member country the possibility to broaden and deepen the understanding of government debt management practices by participating in the GDRM Program's operational work for one to three months.