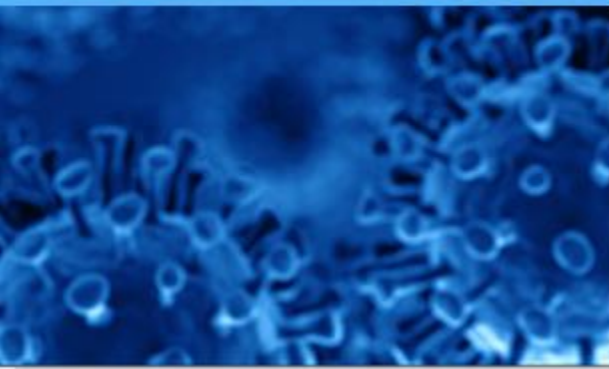


COVID-19

Debt Management Crisis Response



WORLD BANK GROUP
Equitable Growth, Finance & Institutions

THE WORLD TODAY

Besides its impact on human life, the COVID-19 outbreak has already caused unprecedented global economic and financial turmoil.

COUNTRIES SHOULD EXPECT:



Significant **DOWNTURN** of the global economy



INCREASED EXPENDITURES on health care and alleviating measures



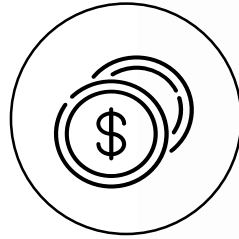
Dramatic dislocation of **FINANCIAL MARKETS**



Continued **UNCERTAINTY** on the duration and depth of the crisis

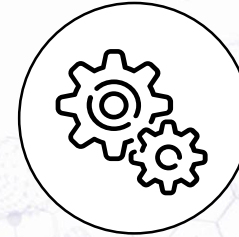


IMMEDIATE CHALLENGES FOR DEBT MANAGERS



FUNDING

Meeting increasing funding needs under challenging financing conditions



OPERATIONAL RISK

Ensuring funding and payment can be executed during lockdowns



INVESTOR CONFIDENCE

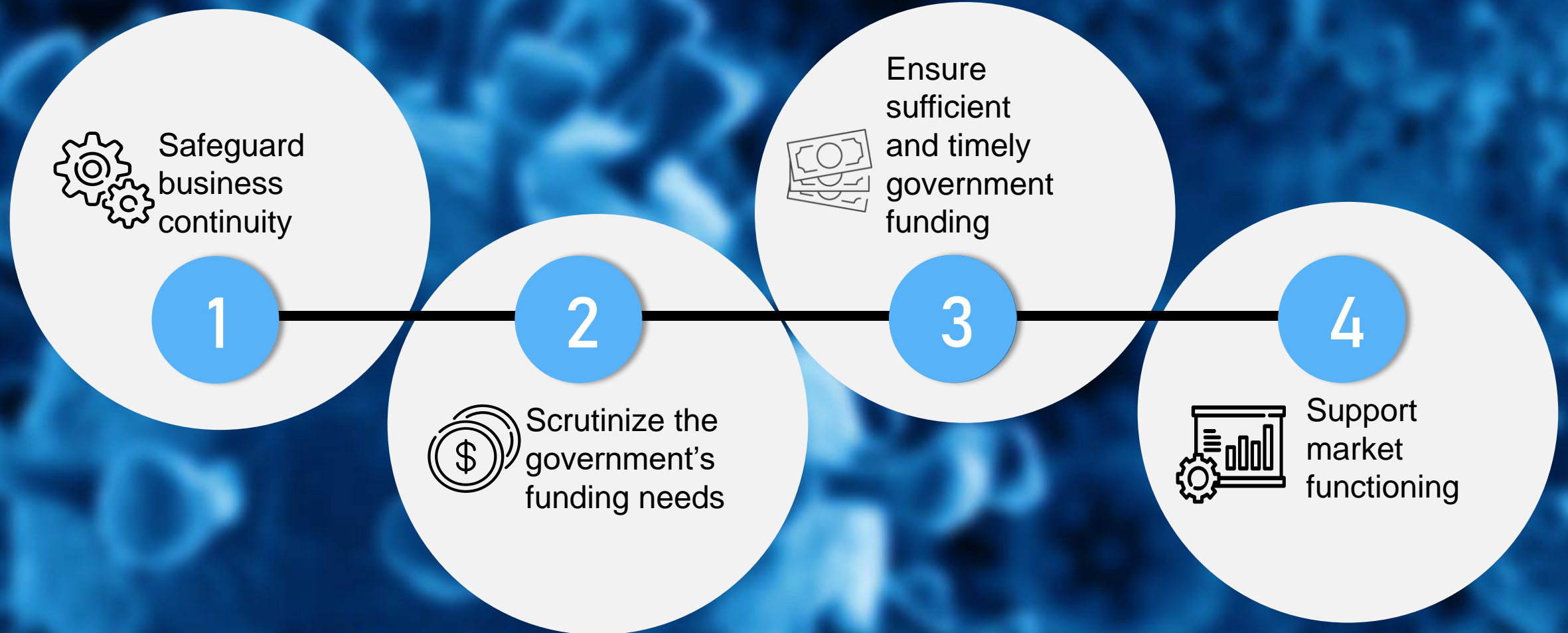
Establishing crisis-response communication to maintain investor confidence



FISCAL RISKS

Uncertain funding impact of economic downturn, support packages and contingent liabilities

A CRISIS-RESPONSE FRAMEWORK FOR DEBT MANAGERS



1

SAFEGUARD BUSINESS CONTINUITY

UNDER EXTREME CIRCUMSTANCES

1.1 CRISIS-COMMITTEE

Establish a crisis-coordination committee comprising the debt office, ministry of finance and central bank

1.2 DEBT SERVICE

Ensure that extended emergency operational procedures for debt service are in place

1.3 BORROWING OPERATIONS

Ensure that emergency operational procedures for borrowing operations are in place



2

SCRUTINIZE GOVERNMENT'S FUNDING NEEDS

UNDER HIGHTENED UNCERTAINTY

2.1 SHORT-TERM NEEDS

Revise domestic and external short-term needs to reflect the economic slowdown, new fiscal measures and materialization of contingent liabilities

2.2 CASH FORECASTS

Produce cash forecasts at least 3-6 months ahead on a rolling basis

2.3 CONTINGENCY PLANNING

Develop worst-case scenarios for contingency planning



ENSURE SUFFICIENT AND TIMELY GOVERNMENT FUNDING

BY EXPLORING ALL FUNDING SOURCES

3.1 CENTRAL BANK

Increase coordination with the Central Bank on policy responses

3.3 NON-CAPITAL MARKET FUNDING STRATEGY

Investigate scope for commercial, multilateral and bilateral loans

3.2 AVAILABLE LIQUIDITY

Identify liquidity available within the public sector

3.4 CAPITAL MARKET FUNDING STRATEGY

Adjust the market-based funding strategy: markets, maturities and type of securities taking the investor base into account



4

SUPPORT DOMESTIC MARKET FUNCTIONING

THROUGH PROACTIVE OPERATIONS

4.1 AUCTION PLAN

Adjust issuance mechanisms and auction characteristics in the domestic market

4.3 BUYBACKS & EXCHANGES

Intervene in the market through buybacks and exchanges

4.2 PD COMMUNICATION

Strengthen communication with primary dealers and consider adjustments to the requirements

4.4 SECONDARY MARKET OPS.

Intervene in the market through secondary market sales and purchases conducted by the Central Bank and/or DMO



IMMEDIATE, JUST-IN-TIME WORLD BANK SUPPORT

AVAILABLE TO COUNTRIES



Review of the operational **RISK MANAGEMENT** framework



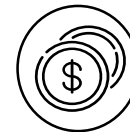
Temporary adjustments in the **DEBT MANAGEMENT STRATEGY**



Deployment of a toolkit for the assessment of **FISCAL RISKS**



Review of **MARKET ISSUANCE PROGRAM** with the support of the IPAT



Improvements to **CASH FLOW** forecasting and cash management



Scale up of **INVESTOR RELATIONS** activities



Adoption of new **DOMESTIC MARKET** tools to adapt to the new environment

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