Debt Management Capacity Development
A guide for country authorities
Introduction

The Debt Capital Markets (DM) division in the Monetary and Capital Markets (MCM) department of the IMF provides Capacity Development (CD) across a range of topics to ensure that you are well placed to meet debt management challenges, with a focus on four core areas:

Core areas of Debt Capacity Development

- Improving institutional arrangements for debt management
- Developing and implementing debt management strategy
- Developing local currency bond markets
- Improving debt recording, reporting and monitoring

In addition to these four areas, DM also works with country authorities to develop a formal Reform Plan for debt management.

All CD is tailored specifically to country needs, in coordination with the IMF’s country teams, as well as the Fiscal Affairs Department (FAD), Legal Department (LEG), Strategy, Policy and Review Department (SPR), and the Institute for Capacity Development (ICD), and through regional debt management advisors. See pages 10 and 11 for further information.

CD is made possible through the support of a number of donors, including through the Debt Management Facility (DMF) to 86 eligible countries, where TA and training are regularly delivered in conjunction with the World Bank.
Improving institutional arrangements

Sound institutional arrangements and policy frameworks are foundations for effective debt management.

MCM offers a range of TA and training in this area:

**Governance and Policy framework for debt management**
- Developing the governance and policy framework for debt management.

**Improving co-ordination in debt management, and with other authorities**
- Effective co-ordination between institutions with debt management responsibilities
- Co-ordination with fiscal and monetary authorities

**Improving the institutional structure for debt management**
- Creating a debt management office
- Developing a front–middle–back office structure for the debt management unit/office

**Improving operational aspects of debt management**
- Developing internal procedures manuals to guide debt management processes
- Improving operational risk management
- Improving debt management audit practices
At the heart of debt management is a debt management objective, typically to borrow at the lowest possible cost, taking account of risk. The IMF–World Bank medium-term debt management strategy (MTDS) framework is a systematic and comprehensive approach to help countries develop and implement their debt management strategy. MCM delivers TA and training, including in conjunction with the World Bank on:

**DEVELOPING**
- A debt management strategy – preparation and publication
- An Annual Borrowing Plan (ABP)
- Regular issuance calendars
- A debt portfolio risk management framework

**IMPLEMENTING**
- Liability Management Operations (LMOs)
- Cash and debt management integration
- Approaches to assessing and negotiating commercial loans
- Investor Relations practices

To support capacity development in developing and implementing a debt management strategy, two key IMF-WB tools are used in debt management strategy design and implementation, for which TA and training are provided:

- MTDS Analytical Tool (AT)
- Annual Borrowing Plan Tool (ABPT)

An online course (MOOC) is now available on the MTDS framework and AT.
Developing debt markets

In 2021, the IMF and World Bank published a Guidance Note for developing government local currency bond markets (LCBM). That Note underpins the TA that DM provides in this area. The Guidance Note provides a framework and a tool for debt managers to benchmark their local currency bond market, and identify areas for development.

Using the framework set out in the Guidance Note, CD is provided on:

- benchmarking using the IMF–WB template for LCBM
- developing and implementing a reform plan for the LCBM based on the results of the benchmarking exercise

Focusing on specific areas of market development, both TA and training is available on:

- introducing new market–based borrowing instruments
- improving and developing mechanisms, policies, and procedures for securities issuance
- developing the secondary market for government securities
- developing/implementing primary dealer systems, when appropriate
- improving the diversification of the investor base
- developing and improving the domestic money market
- supporting the development of related markets and broader market infrastructure

In addition to developing domestic markets, CD is also provided on international issuance and broader capital market development

CD on capital market development is also delivered in collaboration with other divisions in MCM (e.g. on financial regulation, and central banking), as well as with other partners, including the World Bank.
Improving debt recording, reporting and monitoring

In recent years, there has been significant focus on improving debt transparency, recognizing the importance that transparency and good governance have for debt management. CD to improve debt transparency is provided in three areas:

**Recording**
This CD focuses on improving back office procedures and processes, and operational manuals for debt recording. Specific CD on debt recording systems is provided by the respective agencies responsible, UNCTAD for DMFAS, and the Commonwealth for CS-DRMS and Meridian.

**Reporting**
CD on debt reporting is targeted at the range of publications that a debt manager might produce. This can start with a simple debt bulletin, focusing on key debt management data and indicators, through to annual reporting on debt management performance.

**Monitoring**
In addition to recording and reporting, CD can help a debt manager to create appropriate frameworks for monitoring debt across the debt management entity (from front to back office) and across the debt life cycle – from issuance or disbursement, through to redemption or repayment.
Training

MCM offers a range of in-person and virtual training workshops, delivered in conjunction with ICD, FAD, LEG and SPR at the IMF, and the World Bank. These workshops are facilitated by regional training centers (JVI, STI, CEF, ATI), or via partners (e.g., MEFMI and WAIFEM in Africa.)

Legal and Institutional Framework for Public Debt Management
Trains authorities on sound governance practices for debt management, including the legal framework and institutional arrangements.

MTDS and ABP
Training on the MTDS framework and AT. The ABP course focuses on Annual Borrowing Plan preparation and the ABP Analytical Tool (ABP-AT).

Debt and Cash Management
Addresses the integration of cash and debt management and interaction with fiscal and monetary policies, given market and macro risks.

Quantitative Techniques for Debt Management
Aims to build capacity on key quantitative concepts in fixed income for debt managers, and for undertaking debt management operations.

Local Currency Bond Market Development
Training in the building blocks for local debt market development and the sequencing of policies for developing local debt markets.

Fundamentals of Debt Reporting and Monitoring
Capacity building on sound practices of debt reporting and monitoring to support debt management operations and debt transparency.
Training

**Debt Management, Debt Reporting and Investor Relations**
Training based on the guidelines for public debt management to improve debt reporting and lay the foundations for effective investor relations.

**Debt Sustainability and Debt Restructuring**
Addressing debt sustainability analysis, debt management, and sovereign debt restructuring, including the role of the Fund.

**Debt Sustainability Framework - LIC-DSF (via Regional Advisors)**
Training on the Debt Sustainability Framework for Low Income Countries, and the accompanying template.

Online Learning Program

MCM is developing and delivering online courses as part of the IMF’s Online Learning Program managed by ICD, in the format of massive open online courses (MOOCs) via edX. The current course offered is:

**Medium-term Debt Management Strategy Framework (MTDSx)**
Building capacity in developing and implementing a sound medium-term debt management strategy (MTDS).

Additional courses are currently being developed, including a version of MTDSx in French, and an online version of the course Debt Management, Debt Reporting and Investor Relations (DMIR).

In addition, the IMF offers a range of debt-related courses, including:
- Debt Sustainability Framework for Low Income Countries (LIC DSFx)
- Public Debt Dynamics Under Uncertainty (DDUx)
- Projecting Public Debt – The Public Debt Dynamics Tool (DDTx)
- Public Sector Debt Statistics (PSDSx)
CD Delivery

In delivering debt management CD, MCM’s DM division provides both in-country TA and training, as well as CD delivered virtually, using staff based at the IMF’s HQ in Washington DC, in conjunction with a roster of debt management experts. If you have an interest in CD on debt management, or have specific questions about what is available, please reach out to James Knight to discuss your needs – he would be happy to help you before you make a formal request. Formal CD requests can be sent to mcmdm-mgt@imf.org

CD by other IMF Departments

Other IMF departments also deliver CD on debt-related topics:

**Legal (LEG)**

LEG advises on legal and regulatory frameworks for debt management, including objectives and scope of public debt, authority, purposes and constraints to borrow, borrowing by public entities and monitoring arrangements, financial market infrastructure law, legal framework governing contingent liabilities, reporting and disclosure requirements of public debt data and debt management operations, accountability arrangements and sanctions regimes.

**Fiscal Affairs (FAD)**

Through its focus on public financial management and fiscal risks, FAD provides a range of CD relevant for debt management, including CD on guarantees, cash forecasting and cash balance management, coordination with fiscal authorities, auditing, and operational risk, and business continuity.
Regional Advisors

MCM also has regional debt management advisors covering Francophone West and Central Africa, East and Southern Africa, the Caribbean, and the Pacific. These advisors deliver TA and training to countries in their respective regions, focusing on developing long-term CD workplans with country authorities.

For countries in these regions, please reach out to them directly with questions on CD delivery.

Regional Technical Assistance Centers with Debt Management Advisors:
AFC - Afritac Central | AFW - Afritac West | CARTAC - Caribbean
PFTAC - Pacific | AFE - Afritac East & AFS - Afritac South
Partners

CD is made possible through a range of donors and partners, including:
For questions or suggestions on material in this guide, please contact mcmm-mgt@imf.org.