

**IMPLEMENTING GOVERNMENT DEBT MANAGEMENT STRATEGIES**  
**Collaborative Partnership of the Treasury and the Financial Private Sector VPU**  
**June 9-13, 2014**  
**Joint Vienna Institute (JVI)**  
**Draft Agenda**

**DAY 1 - MONDAY, JUNE 9**

8:30 a.m.                    **REGISTRATION AND ADMINISTRATIVE BRIEFING (JVI)**

8:45 a.m.                    **Opening Session on Implementation Issues in Participant Countries**  
*Anderson Caputo Silva, Lead Securities Market Specialist*  
*FPD Capital Markets Practice, WB- IFC*

This is the ice-breaker session where all participants introduce themselves and briefly (3 min. max) present the main issues of concern in strategy implementation and the current problems in debt management.

9:15 a.m.                    **Designing a Government Debt Management Strategy: A Summary**  
*Lars Jessen, Lead Financial Officer*  
*Financial Advisory and Banking, World Bank Treasury*

- Why is it important to have a debt management strategy?
- Review of the process for strategy design
- Cost and risk trade-offs
- Macroeconomic considerations
- Market development issues
- Trade-offs made in the formulation of a strategy
- Governance arrangements

10:00 a.m.                    **Implementing a Debt Management Strategy: Issues and Threats – Part 1**  
*Anderson Caputo Silva, Lead Securities Market Specialist*  
*FPD Capital Markets Practice, WB- IFC*

This session will cover the main topics and concept involved in the implementation of a debt strategy. It is intended to cover “the broad picture” of tactical decisions and specific issues entailed in the implementation of a debt strategy. It will also provide useful concepts to be applied during the hands-on sessions later in the course.

11:15 a.m.                    **COFFEE BREAK**

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11:30 a.m. **Implementing a Debt Management Strategy: Issues and Threats – Part 2***Anderson Caputo Silva, Lead Securities Market Specialist**FPD Capital Markets Practice, WB- IFC*

This session will cover the main topics and concept involved in the implementation of a debt strategy. It is intended to cover “the broad picture” of tactical decisions and specific issues entailed in the implementation of a debt strategy. It will also provide useful concepts to be applied during the hands-on sessions later in the course.

## 12:30 p.m. LUNCH (participants’ own arrangements)

1:30 p.m. **Implementing a Debt Management Strategy: The Case of Belgium***Jean-Luc Steylaers, Consultant**FPD Capital Markets Practice, WB- IFC*

- Background
- Front Office structure
- Designing the funding plan
- Execution: auctions, buybacks, exchanges and swaps
- Operational risk
- Performance evaluation
- Conclusions

2:30 p.m. **Hands-on Exercise on Implementing a Debt Management Strategy***Indhu Raghavan, Securities Market Specialist**FPD Capital Markets Practice, WB-IFC*

This is a 3-day exercise. On this first day, participants are given the government funding requirements spread over the year, estimates of the market absorptive capacity, the previous year funding plan and broad guidelines on the objectives of the issuance program. On this basis, participants are requested to present a funding plan for the year. This implies deciding the timing, size and instrument type of issuance.

- Explanation of the exercise and the mechanics
- Class divided in groups
- Small group discussion
- Small group presentation
- Overall discussion

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3:15 p.m. COFFEE BREAK

3:30 P.M. **Using IBRD Financial Products to Implement a Debt Management Strategy**  
*John Balafoutis, Lead Financial Officer*  
*Financial Advisory and Banking, World Bank Treasury*

4:30 p.m. **Hands-on Exercise on Implementing a Debt Management Strategy (cont'd)**  
*Indhu Raghavan, Securities Market Specialist*  
*FPD Capital Markets Practice, WB-IFC*

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- Explanation of the exercise and the mechanics
- Class divided in groups
- Small group discussion
- Small group presentation
- Overall discussion

5:25 p.m. **5 minutes for course evaluation**

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**DAY 2 - TUESDAY, JUNE 10**

- 8:45 a.m.                   **Summary of Day 1**
- 9:00 a.m.                   **Instrument Choice in the Implementation of the Debt Management Strategy**  
*Anderson Caputo Silva, Lead Securities Market Specialist*  
*Jean-Luc Steylaers, Consultant*  
*FPD Capital Markets Practice, WB- IFC*
- Assessing demand opportunities, constraints and risks
  - Instrument choice
  - Discount and coupons
  - Plain vanilla vs. structured
  - Indexed instruments
  - Fungibility vs. fragmentation
  - Benchmark issues
  - Differences and similarities in the foreign and domestic markets
- 10:00 a.m.                   **Issuance Mechanisms for Government Securities**  
*Anderson Caputo Silva, Lead Securities Market Specialist*  
*FPD Capital Markets Practice, WB- IFC*
- Selling techniques: auctions, fixed-price, private placements, syndication retail distribution through conventional channels (commercial banks/central banks/post offices), direct sales using “new” technology, and tap sales
  - Auction theory in brief and practice (What does empirical evidence tells us?)
- 11:00 a.m.                   COFFEE BREAK
- 11:15 a.m.                   **Primary Dealers for Government Securities**  
*Jean-Luc Steylaers, Consultant*  
*FPD Capital Markets Practice, WB- IFC*
- Primary dealer systems
- 12:30 p.m.                   GROUP PHOTO

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1:00 p.m. LUNCH (participants' own arrangements)

2:00 p.m. **Demand Dynamics for Domestic Government Securities**  
*Indhu Raghavan, Securities Market Specialist*  
*FPD Capital Markets Practice, WB-IFC*

- Public sector investors
- Foreign investor participation
- Institutional and retail investors

3:00 p.m. COFFEE BREAK

3:15 p.m. **Hands-on Exercise on Implementing a Debt Management Strategy (cont'd)**  
*Indhu Raghavan, Securities Market Specialist*  
*FPD Capital Markets Practice, WB-IFC*

This is a 3-day exercise. On this second day, participants will be provided with additional information to continue the exercise. Preparation of funding plan and liability management transactions to meet goals established in the first day of the exercise.

5:55 p.m. 5 minutes for course evaluation

6:30 p.m. WELCOME DINNER

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**DAY 3 - WEDNESDAY, JUNE 11**

- 8:45 a.m.                   **Summary of Day 2**
- 9:00 a.m.                   **Overview of Derivatives**  
*Randy Ewell, Financial Officer/Debt Capital Markets & CBP  
World Bank Treasury*
- General overview of derivatives
  - Purpose of derivatives
  - Over-the-Counter vs. Exchange-Traded derivatives
  - Forward contracts vs. futures
  - Focus on Swaps
    - Interest rate swap
    - Cross currency swap
- 10:15 a.m.                   **COFFEE BREAK**
- 10:30 a.m.                   **Roundtable on Use of Derivatives by DMOs**  
*Randy Ewell, Financial Officer/Debt Capital Markets & CBP  
World Bank Treasury*
- Examples of derivatives transactions by DMOs
  - DMO plans to use derivatives
  - Challenges faced in using derivatives
- 11:30 a.m.                   **Liability Management Operations**  
*Indhu Raghavan, Securities Market Specialist  
Jean-Luc Steylaers, Consultant  
FPD Capital Markets Practice, WB- IFC*
- Why DMOs buy-back their paper
  - Preparing a buy-back operation
  - Design and execution of debt exchanges
  - Execution issues in external versus the domestic markets
- 12:45 p.m.                   **LUNCH (participants' own arrangements)**

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1:45 p.m.

**Execution Issues in the Domestic Market**

*Anderson Caputo Silva, Lead Securities Market Specialist*

*FPD Capital Markets Practice, WB- IFC*

- Issuance frequency
- Execution risks (wrong timing and investor base, collusion, lack of motivation of market participants)
- Promoting transparency (auction calendar, reports and investor relations)

2:45 p.m.

COFFEE BREAK

3:00 p.m.

**Hands-on Exercise on Implementing a Debt Management Strategy (cont'd)**

*Indhu Raghavan, Securities Market Specialist*

*FPD Capital Markets Practice, WB-IFC*

This is a 3-day exercise. On this third day, groups will present their final results/implementation strategy. Followed by overall discussion.

5:25 p.m.

5 minutes for course evaluation

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**DAY 4 - THURSDAY, JUNE 12**

- 8:45 a.m.                    **Summary of Day 3**
- 9:00 a.m.                    **Funding Mechanisms of External Debt and Insights on External Bond Issuance**  
*Andrea Dore, Lead Financial Officer/Debt Capital Markets & CBP*  
*World Bank Treasury*
- Funding sources: IFIs, banks, international capital markets
  - Marketable vs. non-marketable debt
  - Assessing demand opportunities, constraints and risks
  - Issuing mechanism: auction, direct placement, underwriting
  - Choosing lead bank
  - Book building
  - Deciding the right volume
  - Price vs. secondary market performance
  - Promoting transparency in execution
  - Targeting investors (marketing)
- 10:45 a.m.                    COFFEE BREAK
- 11:00 a.m.                    **Operational Risk Issues in the Implementation of Debt Management Strategies**  
*Andrea Dore, Lead Financial Officer/Debt Capital Markets & CBP*  
*World Bank Treasury*
- Sources of operational risk
  - Managing operations risk in the bond execution process
  - Fraud and key person risk
- 12:00 p.m.                    LUNCH (participants' own arrangements)
- 1:00 p.m.                    **Roundtable and Open Discussion among Participants**  
*Anderson Caputo Silva, Lead Securities Market Specialist*  
*FPD Capital Markets Practice, WB- IFC*

This facilitated discussion will review participating countries' experiences with topics covered thus far.



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- 2:00 p.m.            **Case Study on the Implementation of a Debt Management Strategy**  
*Anderson Caputo Silva, Lead Securities Market Specialist*  
*FPD Capital Markets Practice, WB- IFC*
- Presentation and free time to prepare proposals
- 3:30 p.m.            COFFEE BREAK
- 3:45 p.m.            **Case Study on the Implementation of a Debt Management Strategy (cont'd)**  
*Anderson Caputo Silva, Lead Securities Market Specialist*  
*FPD Capital Markets Practice, WB- IFC*
- Presentation and free time to prepare proposals

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**DAY 5 - FRIDAY, JUNE 13**

- 8:45 a.m.                    **Summary of Day 3**
- 9:00 a.m.                    **Discussion of Proposal for Implementing Debt management Strategies**  
*Anderson Caputo Silva, Lead Securities Market Specialist*  
*FPD Capital Markets Practice, WB- IFC*
- Summary of the debt management strategy: implications for funding and liability management operations
- Brief description of execution capacity: staffing and infrastructure
  - Issues on implementation
  - Preliminary plan to improve the capacity for execution
- 10:15 a.m.                    COFFEE BREAK
- 10: 30 a.m.                    **Discussion of Proposal for Implementing Debt management Strategies (cont'd)**  
*Anderson Caputo Silva, Lead Securities Market Specialist*  
*FPD Capital Markets Practice, WB- IFC*
- Summary of the debt management strategy: implications for funding and liability management operations
- Brief description of execution capacity: staffing and infrastructure
  - Issues on implementation
  - Preliminary plan to improve the capacity for execution
- 12:25 p.m.                    5 minutes for course evaluation.
- 12:30 p.m.                    **Workshop Wrap-up & Awarding of Certificates**