DESIGNING GOVERNMENT DEBT MANAGEMENT STRATEGIES
July 17-21, 2017

JOINT VIENNA INSTITUTE

Agenda

DAY 1 - MONDAY, JULY 17

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

9:00 a.m. Welcoming Remarks and Introduction to Topics of Day 1

9:10 a.m. Introductions/Ice-breaker
Rodrigo Cabral, Senior Financial Officer, World Bank Treasury

9:40 a.m. Introduction to Debt Management Strategy Design:
Case Study: Presentation and Discussion of Scenario 1
Group #1: Antonio Velandia-Rubiano, Lead Financial Officer, World Bank Treasury
Group #2: Rodrigo Cabral, Senior Financial Officer, World Bank Treasury
Fritz Bachmair, Financial Officer, World Bank Treasury

11:00 a.m. COFFEE BREAK

11:15 a.m. Case Study: Presentation and Discussion of Scenario 2
Group #1: Antonio Velandia-Rubiano, Lead Financial Officer, World Bank Treasury
Group #2: Rodrigo Cabral, Senior Financial Officer, World Bank Treasury
Fritz Bachmair, Financial Officer, World Bank Treasury

Presentation synthesizing key concepts
Antonio Velandia-Rubiano, Lead Financial Officer, World Bank Treasury
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12:45 p.m.                LUNCH (participants’ own arrangements)

2:00 p.m.                 Debt Management Strategies of Four to Five Participant Countries (20 minutes each)

3:45 P.M.                 COFFEE BREAK

4:00 p.m.                 Debt Management Strategies of Five Participant Countries (cont’d)

4:55 p.m.                Course Evaluation

6:30 p.m.                WELCOME DINNER
DAY 2- TUESDAY, JULY 18

8:45 a.m.  INTRODUCTION TO TOPICS OF DAY 2

9:00 a.m.  Measuring Cost and Market Risk  
*Antonio Velandia, Lead Financial Officer, World Bank Treasury*

- Notions of cost and risk
- Time horizon and currency considerations
- General approach to risk measurement of a public debt portfolio
- Defining and measuring interest rate, refinancing and currency risk
- Risk indicators as strategic targets

10:15 a.m.  COFFEE BREAK

10:30 a.m.  Measuring and Managing Refinancing Risk  
*Rodrigo Cabral, Senior Financial Officer, World Bank Treasury*

- Issues in measuring and managing refinancing risk
- Country examples
- Lessons learned

11:30 a.m.  Measuring and Managing Interest Rate Risk  
*Antonio Velandia-Rubiano, Lead Financial Officer, World Bank Treasury*

- Issues in measuring and managing interest rate risk
- Measuring and managing interest rate risk in OECD countries
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- Lessons learned

12:45 p.m. LUNCH (participants’ own arrangements)

2:00 p.m. Hands-on Exercise: the Calculation of Risk Indicators
            Fritz Bachmair, Financial Officer, World Bank Treasury

            - Deriving the cash flows
            - Indicators of interest rate risk
            - Indicators of refinancing risk

3:00 p.m. COFFEE BREAK

3:15 p.m. Hands-on Exercise: the Calculation of Risk Indicators (cont’d)

5:00 p.m. Discussion with Participants on Financial Risk Management in their Countries and Use of Risk Indicators
            Fritz Bachmair, Financial Officer, World Bank Treasury

5:25 p.m. Course Evaluation
DAY 3 - WEDNSDAY, JULY 19

8:45 a.m. INTRODUCTION TO TOPICS OF DAY 3

9:00 a.m. Links Between Debt Management and Debt Market Development
Fritz Bachmair, Financial Officer, World Bank Treasury

- Issuance strategy
- Money and repo markets
- Institutional investors
- Market infrastructure
- Regulation

10:30 a.m. COFFEE BREAK

10:45 a.m. A Primer on Cash Flow Modeling and Scenario Analysis
Rodrigo Cabral, Senior Financial Officer, World Bank Treasury

- What is a risk model? Why is it useful?
- The structure of a simple scenario analysis model
  - Model input, engine and output
  - Description of the simulation process
- Implementation issues:
  - How are scenario models used in practice?
  - Off-the-shelf or in-house developed model?
  - Scenario analysis vs. stochastic modeling
- Summary
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11:30 a.m.  Projecting Financial Variables for Scenario Analysis
Antonio Velandia, Lead Financial Officer, World Bank Treasury

- What is scenario analysis?
- How to use scenario analysis; why is it useful?
- How to develop baseline scenario?
- How can risk scenarios be constructed?

12:45 p.m.  GROUP PHOTO

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

2:00 p.m.  Hands-on Exercise: Scenario Analysis
Fritz Bachmair, Financial Officer, World Bank Treasury

- Projection of the borrowing requirements
- Generation of future debt servicing flows
- Alternative market scenarios
- Comparing different borrowing strategies

3:30 p.m.  COFFEE BREAK

3:45 p.m.  Hands-on Exercise: Scenario Analysis (cont’d)
Conclusions and discussion
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5:25 p.m. Course Evaluation
DAY 4- THURSDAY, JULY 20

8:45 a.m. INTRODUCTION TO TOPICS OF DAY 4

9:00 a.m. Measuring and Managing Foreign Currency Risk
Antonio Velandia, Lead Financial Officer, World Bank Treasury

- Why do governments borrow in foreign currencies?
- Risks related to debt in foreign currencies
- Quantification of foreign currency risks
- Implications for debt management strategies
- Choosing between USD and EUR denominated bonds

10:15 a.m. Links Between Debt Management and Macroeconomic Policies
Fritz Bachmair, Financial Officer, World Bank Treasury

- Policy objectives and instruments
- Asset and liability management (ALM) framework for analysis
- Linkages between debt management, fiscal policy and monetary policy
- Application of the framework

11:30 a.m. COFFEE BREAK

11:45 a.m. An Integrated Perspective: Framework for a Medium-Term Debt Management Strategy (MTDS)
Rodrigo Cabral, Senior Financial Officer, World Bank Treasury

- Framework for an MTDS: 8 step process
- Main elements in the strategy document
- Example of a strategy document
12:30 p.m. LUNCH (participants’ own arrangements)

1:30 p.m. Institutional Arrangements for Effective Debt Management
Rodrigo Cabral, Senior Financial Officer, World Bank Treasury

2:15 p.m. Managing Risks Related to Contingent Liabilities
Fritz Bachmair, Financial Officer, World Bank Treasury

- Defining and categorizing different types of contingent liabilities
- Framework for contingent liabilities risk management
- Country example of managing risks related to government guarantees

3:00 p.m. COFFEE BREAK

3:15 p.m. Case Study Preparation

Each group prepares a review of one (of a total of three) case studies for presentations on Friday morning

6:30 p.m. Course Evaluation
DAY 5 - FRIDAY, JULY 21

8:45 a.m.  INTRODUCTION TO TOPICS OF DAY 5

9:00 a.m.  EXERCISE:  
Presentation and Discussion of three case studies:

- Present the case to the group: (i) summary of background and (ii) questions to respond to
- Present and substantiate your position
- Open the discussion to the plenary after presentation

10:45 p.m.  COFFEE BREAK

11:00 a.m.  EXERCISE:  
Presentation and Discussion of three case studies (cont’d)

12:15 a.m.  Final Course Evaluation

12:30 p.m.  Workshop Wrap-up & Awarding of Certificates  
Rodrigo Cabral, Senior Financial Officer, World Bank Treasury