

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

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Agenda**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

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Agenda**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

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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

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| 12:30 p.m. | LUNCH (participants' own arrangements) |
| 1:30 p.m. | Institutional Arrangements for Effective Debt Management
<i>Rodrigo Cabral, Senior Financial Officer, World Bank Treasury</i> |
| 2:15 p.m. | Managing Risks Related to Contingent Liabilities
<i>Fritz Bachmair, Financial Officer, World Bank Treasury</i> <ul style="list-style-type: none">• 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 |

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Agenda**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