



MONETARY AND CAPITAL MARKETS

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 authorities to develop a formal [Reform Plan for debt management](#), as well as on CD in sovereign asset and liability 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 88 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 a country-specific governance and policy framework for debt management in line with best practice

Improving co-ordination in debt management, and with other authorities

- Effective coordination between institutions with debt management responsibilities
- Coordination 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

Developing & implementing debt management strategy

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
- Assessing & 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 and provides a framework 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 LCBM template & tool
- developing and implementing a reform plan for the LCBM based on the results of the benchmarking exercise

For specific areas of the market, TA/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 bonds
- 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

CD is also provided on facilitating international issuance and on debt capital market development

It is often 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

CD from MCM 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 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 and other liabilities across the debt management entity (from front to back office), and across the debt life cycle: from issuance or disbursement, 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 & Institutional Framework for Debt Management

Training on sound practices in debt management governance, including the legal framework and institutional arrangements.

MTDS and ABP

Training on the MTDS framework and AT, as well as Annual Borrowing Plan preparation and the ABP Analytical Tool.

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 for debt managers, including for 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 (Continued)

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 Sovereign Debt Restructuring

Addressing debt sustainability analysis, debt management, and debt restructuring, including the role of the Fund.

Debt Sustainability Framework for LICs (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:

Medium-term Debt Management Strategy Framework

Building capacity in developing and implementing a sound medium-term debt management strategy (MTDS). Available in English and French.

Debt Management, Debt Reporting and Investor Relations

Capacity development to improve debt reporting and investor relations practices for better public debt transparency.

Additional courses are currently being developed, including on Local Currency Bond Market (LCBM) development.

Training (Continued)

Online Learning Program (Continued)

In addition, the IMF offers a range of debt-related courses, including:

- Debt Sustainability Framework for Low Income Countries
- Public Debt Dynamics Under Uncertainty
- Projecting Public Debt – The Public Debt Dynamics Tool
- Public Sector Debt Statistics

MCM also have a range of micro-learning videos on fundamental debt management topics. These videos are designed for consumption by anyone, at any time, and are available on the IMF YouTube channel:

Basic Concepts in Public Debt Management

TA playlist to build capacity in some fundamental concepts of debt management, including why is public debt management important, what do debt managers do, and in which environments and frameworks do they operate.

Debt: Basic Definitions and Algebra

A playlist on some fundamental public debt management acronyms and definitions, as well as providing an introduction to basic bond algebra like price, yield, and the time value of money.

Local Currency Bond Markets (LCBM)

TA playlist introducing basic concepts of the local currency bond markets (LCBM) framework, including enabling conditions and the 6 main building blocks.

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 at 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, institutional arrangements, auditing, operational risk, and business continuity.

Regional Advisors

MCM also has regional debt management advisors delivering 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.



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Regional Technical Assistance Centers with DM Advisors:

AFC	Central Africa*
AFW	Western Africa*
CARTAC	Caribbean
SARTTAC	Southern Asia
PFTAC	Pacific
AFE	Eastern Africa
AFS	Southern Africa

*French language

Partners

CD is made possible through a range of donors and partners, including:





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For questions or suggestions on material in this guide,
please contact mcmdm-mgt@imf.org.