

GOVERNMENT DEBT MANAGEMENT WORKSHOPS

Implementing Government Debt Management Strategies

June 10-14, 2019 | Joint Vienna Institute

AGENDA

Day 1 Implementation Issues

June 10, 2019

8:30 a.m. *Registration and Administrative Briefing (JVI)*

9:00 a.m. **Opening Session on Implementation Issues in Participant Countries**

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.

Jose Antonio Gragnani
Zsolt Bango
Cindy Elizabeth Paladines
Antonio Velandia

9:15 a.m. **Designing a Government Debt Management Strategy: A Summary**

- 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

Antonio Velandia

10:00 a.m. **Implementing a Debt Management Strategy: Issues and Threats – Part 1**

This session will cover the main topics and concepts 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.

Jose Antonio Gragnani

11:15 a.m. *Coffee Break*

11:30 a.m. **Implementing a Debt Management Strategy: Issues and Threats – Part 2**

Jose Antonio Gragnani

12:30 p.m. *Lunch (participants' own arrangements)*

2:00 p.m. **Implementing a Debt Management Strategy: Country Case – Poland**

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

Maciej Wysocki

3:00 p.m. **Using IBRD Financial Products to Implement a Debt Management Strategy**

Luis de la Plaza (via VC)

GOVERNMENT DEBT MANAGEMENT WORKSHOPS

Implementing Government Debt Management Strategies

June 10-14, 2019 | Joint Vienna Institute

AGENDA

Day 1 Implementation Issues (continued)

June 10, 2019

4:00 p.m. *Coffee Break*

4:00 p.m. **Hands-on Exercise on Developing an Issuance Plan**

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, followed by group work
- Small group discussion followed by group presentation

Overall discussion

Jose Antonio Gragnani
Zsolt Bango
Cindy Elizabeth Paladines

5:25 p.m. **Daily Course Evaluation**

7:00 p.m. **Welcome Dinner**

GOVERNMENT DEBT MANAGEMENT WORKSHOPS

Implementing Government Debt Management Strategies

June 10-14, 2019 | Joint Vienna Institute

AGENDA

Day 2 Issuance (Choices, Plan and Implementation)

June 11, 2019

8:45 a.m. **Summary of Day 1**

9:00 a.m. **Instrument Choice in the Implementation of the Debt Management Strategy**

Zsolt Bango

- 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**

Cindy Elizabeth Paladines

- 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. **Buybacks and Exchanges**

Zsolt Bango

- Why DMOs buy-back their paper
- Preparing a buy-back operation
- Design and execution of debt exchanges

12:30 p.m. *Group Photo*

12:45 p.m. *Lunch (participants' own arrangements)*

1:45 p.m. **Primary Dealers for Government Securities**

Jose Antonio Gragnani

- Primary Dealers Systems

3:15 p.m. *Coffee Break*

3:30 p.m. **Hands-on Exercise: Developing an Issuance Plan**

Jose Antonio Gragnani

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.

Zsolt Bango

Cindy Elizabeth Paladines

6:00 p.m. **Daily Course Evaluation**

GOVERNMENT DEBT MANAGEMENT WORKSHOPS

Implementing Government Debt Management Strategies

June 10-14, 2019 | Joint Vienna Institute

AGENDA

Day 3 Hot Topics (Investors/Operational Risk/Derivatives) June 12, 2019

8:45 a.m. **Summary of Day 2**

9:00 a.m. **Investor Base for Government Securities**

Cindy Elizabeth Paladines

- Domestic investors
- Foreign investor participation
- Investor base diversification

10:15 a.m. *Coffee Break*

10:30 a.m. **Operational Risk Management in the Implementation of Debt Management**

Antonio Velandia

- Sources of operational risk
- Managing operations risk in the bond execution process
- Fraud and key person risk

11:30 a.m. **Overview of Derivatives and their Use by DMOs**

Antonio Velandia

- Purpose of derivatives
- Over-the-Counter vs. Exchange-Traded derivatives
- Forward contracts vs. futures
- Focus on Swaps
 - Interest rate swap
 - Cross currency swap
- Examples of derivatives transactions by DMOs

12:45 p.m. *Lunch (participants' own arrangements)*

1:45 p.m. **Hands-on Exercise: Developing an Issuance Plan**

Jose Antonio Gragnani

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

Zsolt Bango

Cindy Elizabeth Paladines

3:00 p.m. *Coffee Break*

3:15 p.m. **Hands-on Exercise: Developing an Issuance Plan (cont')**

Jose Antonio Gragnani

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

Zsolt Bango

Cindy Elizabeth Paladines

5:25 p.m. **Daily Course Evaluation**

GOVERNMENT DEBT MANAGEMENT WORKSHOPS

Implementing Government Debt Management Strategies

June 10-14, 2019 | Joint Vienna Institute

AGENDA

Day 4 Open Discussion and Case Study

June 13, 2019

8:45 a.m. **Summary of Day 3**

9:00 a.m. **Funding Mechanisms of External Debt and Insights on External Bond**

Antonio Velandia

- 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. **Open Discussion: Implementing Debt Management Strategies**

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

Jose Antonio Gragnani
Zsolt Bango
Cindy Elizabeth Paladines

12:30 p.m. *Lunch (participants' own arrangements)*

1:30 p.m. **Case Study on the Implementation of a Debt Management Strategy**

Presentation and time to prepare proposals

Jose Antonio Gragnani
Zsolt Bango
Cindy Elizabeth Paladines

3:30 p.m. *Coffee Break*

3:45 p.m. **Case Study on the Implementation of a Debt Management Strategy (cont'd)**

Presentation and time to prepare proposals

Jose Antonio Gragnani
Zsolt Bango
Cindy Elizabeth Paladines

5:30 p.m. **Daily Course Evaluation**

GOVERNMENT DEBT MANAGEMENT WORKSHOPS

Implementing Government Debt Management Strategies

June 10-14, 2019 | Joint Vienna Institute

AGENDA

Day 5 Proposal Presentation and Wrap-Up

June 14, 2019

8:45 a.m. **Summary of Day 3**

9:00 a.m. **Discussion of Proposals for Implementing Debt Management Strategies**

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

Jose Antonio Gragnani
Zsolt Bango
Cindy Elizabeth Paladines
Antonio Velandia

10:15 a.m. *Coffee Break*

10:30 a.m. **Discussion of Proposals for Implementing Debt Management Strategies (cont'd)**

Jose Antonio Gragnani
Zsolt Bango
Cindy Elizabeth Paladines
Antonio Velandia

12:25 p.m. **Final Course Evaluation**

12:30 p.m. **Workshop Wrap-up & Awarding of Certificates**