



WORLD BANK GROUP

*COORDINATION OF DEBT
MANAGEMENT REFORMS AND
OVERSIGHT*

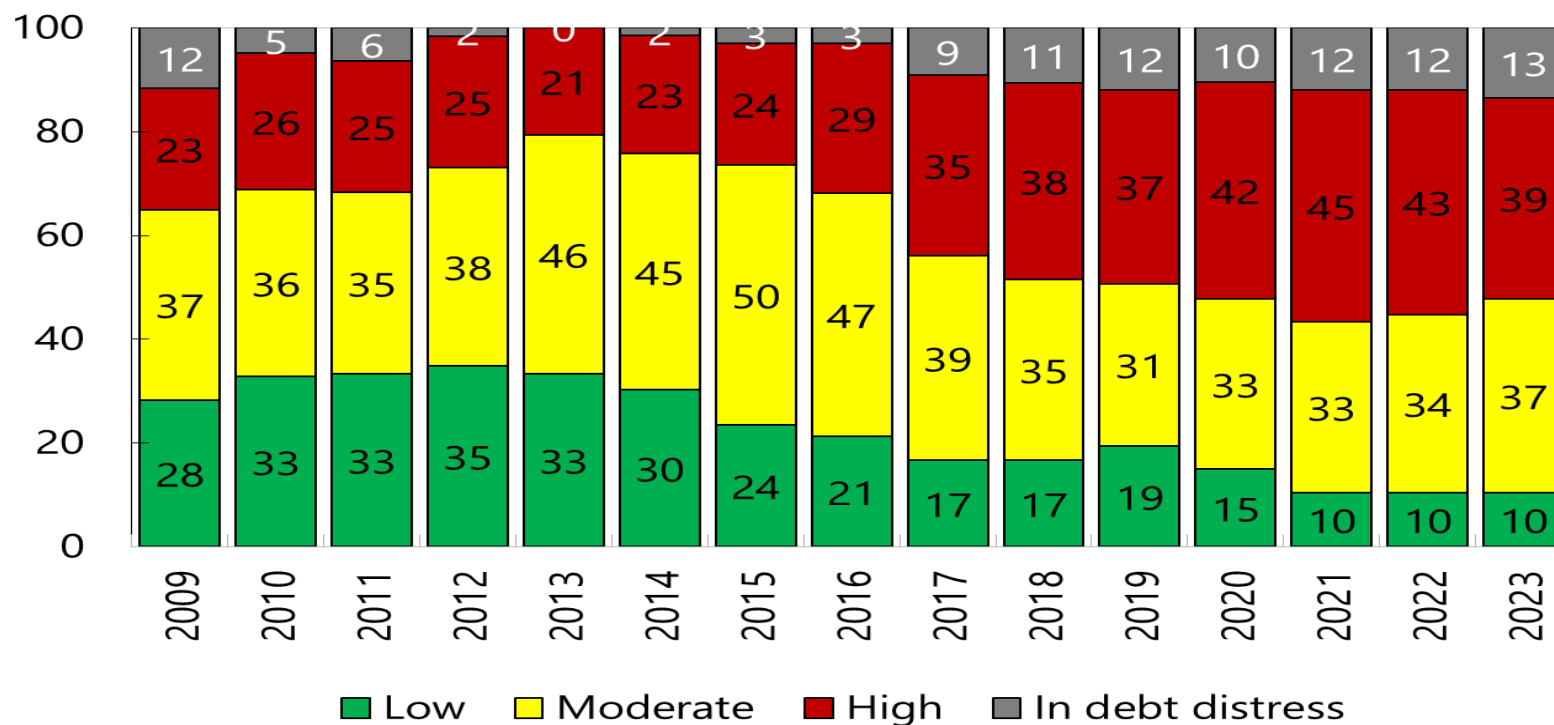
**ANNUAL MEETING OF THE INTOSAI
WORKING GROUP ON PUBLIC DEBT 2024
FREDERICO GIL SANDER, PRACTICE MANAGER,
MACROECONOMICS AND DEBT**

PRESENTATION OUTLINE

- ADDRESSING DEBT VULNERABILITIES: WB'S ADVISORY AND CAPACITY DEVELOPMENT FOR DEBT MANAGEMENT
- DMF SUPPORT FOR DEBT MANAGEMENT REFORMS' IMPLEMENTATION
- THE ROLE OF AUDITS IN REFORM IMPLEMENTATION AND OVERSIGHT

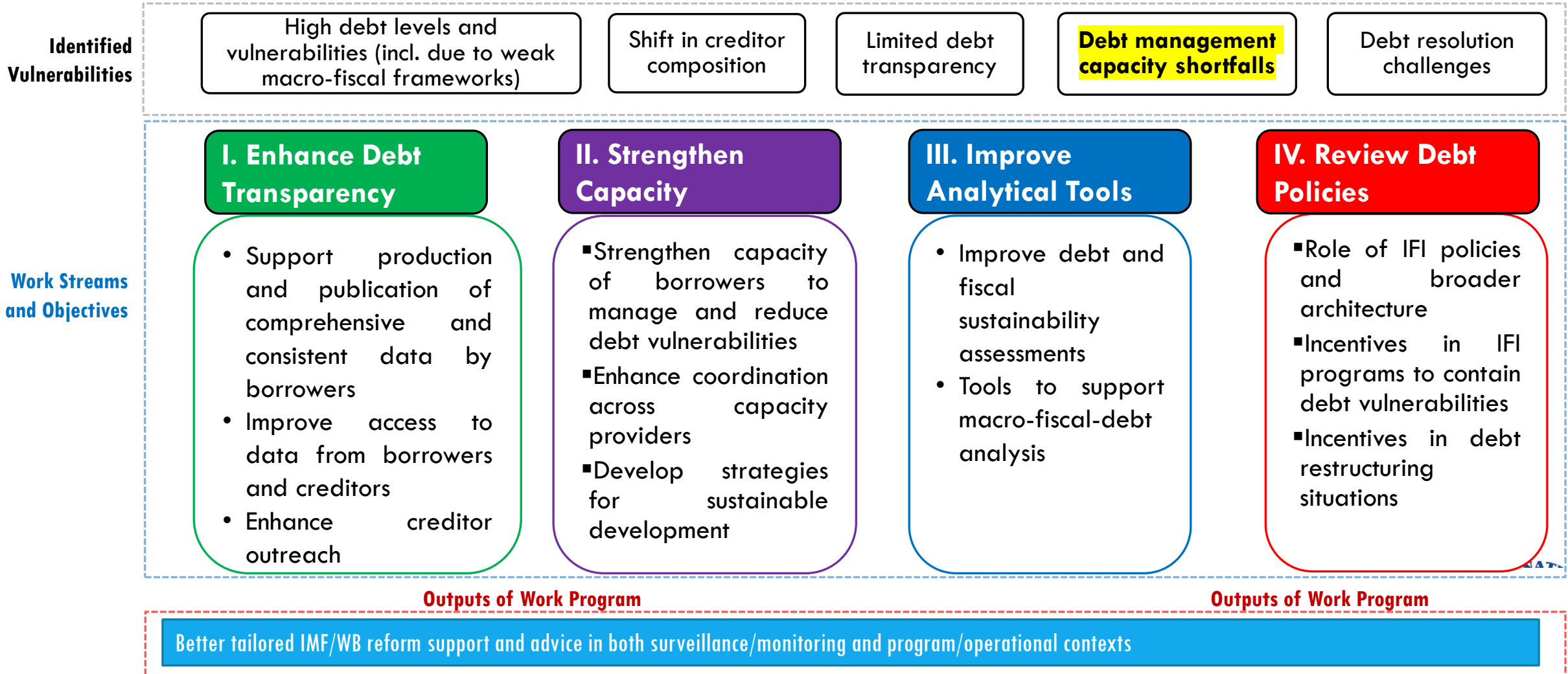
ELEVATED DEBT VULNERABILITIES – MORE THAN HALF OF LOW-INCOME COUNTRIES AT HIGH RISK OR IN DEBT DISTRESS

Evolution of the Risk of External Debt Distress
(in percent of CF-eligible countries with LIC DSAs)



Source: LIC DSA database. As of April 30, 2024

JOINT IMF-WB MULTIPRONGED APPROACH TO ADDRESS DEBT VULNERABILITIES



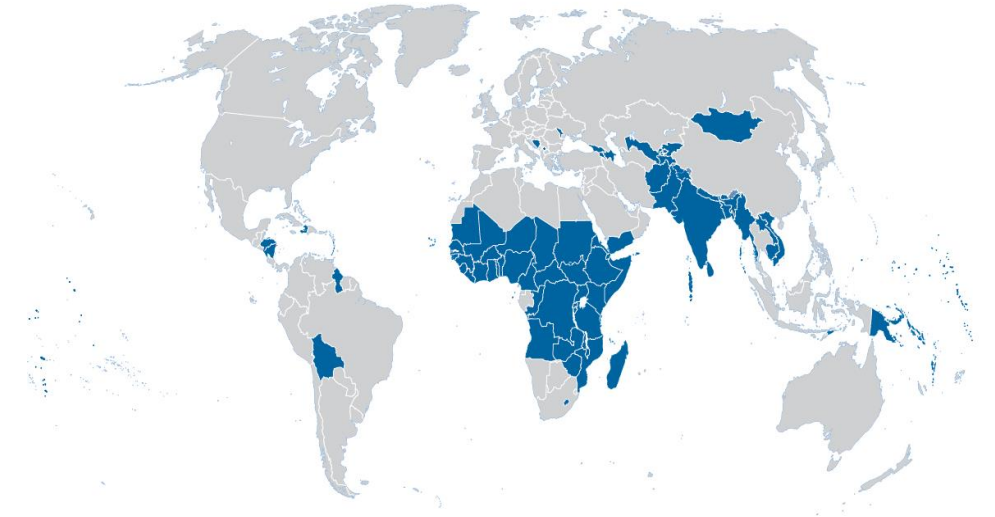


The Debt Management Facility (DMF)

The DMF is a multi-donor trust fund, launched by the World Bank in 2008, and administered in partnership with the International Monetary Fund since 2014 which aims at assistance on debt management.

The objective of the DMF is to strengthen debt management to reduce debt-related vulnerabilities and improve debt transparency.

DMF III launched in 2019. It covers IDA eligible countries as of 2008 (= 86 countries)



The DMF offers several capacity development areas to enhance debt management and transparency

Improving governance and institutions	Enhancing Strategy and Policy	Developing debt markets	Boosting debt transparency
DeMPA <ul style="list-style-type: none"> • TA • Training Subnational DeMPA <ul style="list-style-type: none"> • TA • Training <div style="border: 2px solid red; padding: 2px;">Reform Plans</div> Debt Management Institutions ²⁸ <ul style="list-style-type: none"> • Institutional set-up • Legal frameworks • Operational arrangements 	MTDS <ul style="list-style-type: none"> • TA on MTDS analysis and strategy development • Training (in-country, regional and online) Debt Management Strategy implementation ²⁸ <ul style="list-style-type: none"> • Annual borrowing plan • Asset-liability management • Training (in-country, regional and online) Cash Management <ul style="list-style-type: none"> • Institutional set-up • Legal frameworks • Operational arrangements • Cash flow forecasting and liquidity management 	Domestic debt market <ul style="list-style-type: none"> • Diagnosis • Plan • Capacity Building incl. training (in-country and regional) International markets <ul style="list-style-type: none"> • Issuance and refinancing • Training (regional) 	Debt recording, reporting and monitoring (DRRM) <ul style="list-style-type: none"> • Back office procedures and processes • Debt reporting and monitoring • Training (in-country, regional) Debt-related contingent liabilities and other relevant fiscal risks (incl. subnational level) <ul style="list-style-type: none"> • Guarantees and on-lending tools • DEDAM • Debt-related fiscal risk assessment Debt sustainability analysis <ul style="list-style-type: none"> • DSA implementation • Training (in-country, regional and online) Subnational debt sustainability analysis

Creating and sharing knowledge

DMN, Debt Managers Event, DMPP, Knowledge Products, Stakeholder Forum, Pilot Programs

DMF SUPPORT FOR DEBT MANAGEMENT REFORMS' IMPLEMENTATION

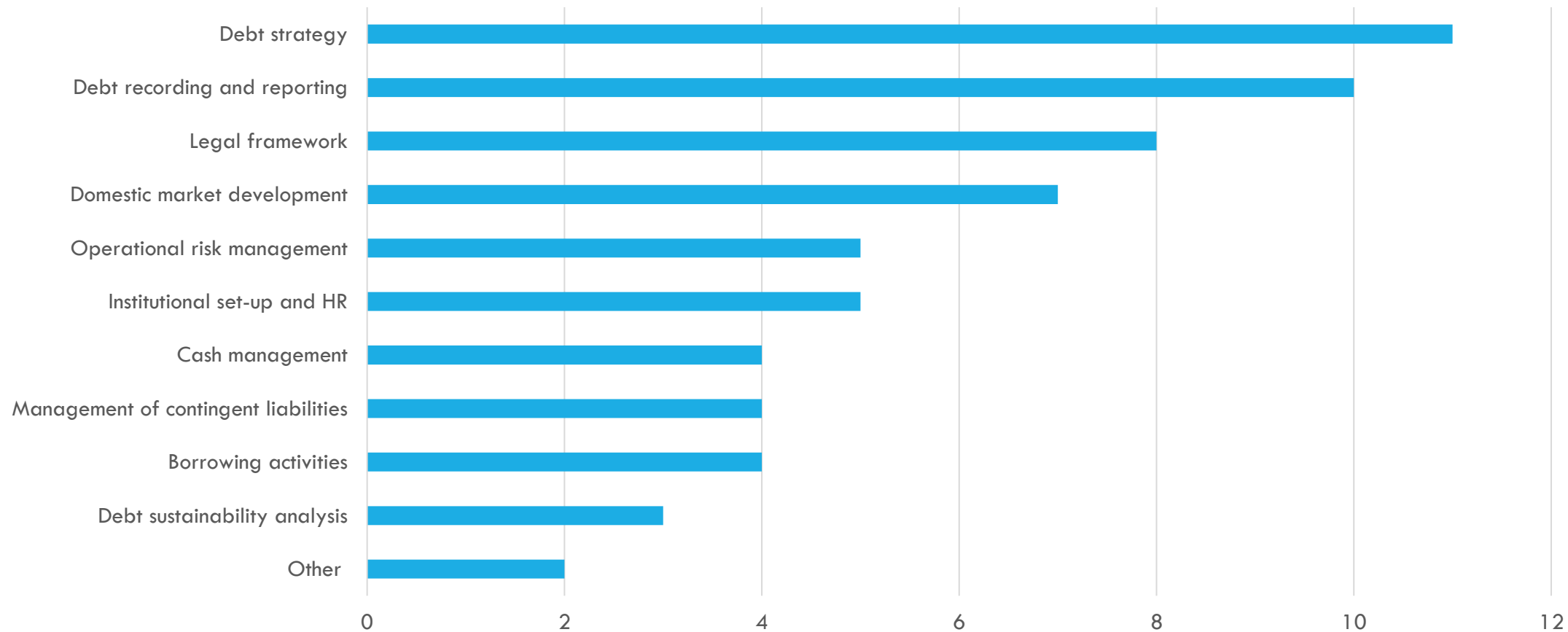
Reform Plans aim to help alleviate weaknesses in government debt management

- A reform plan is often preceded by a DeMPA
- It sets forth a detailed and sequenced actions plan to be implemented in 2 to 3-year horizon.
- The priorities and sequence of the actions are country specific
- New: Implementation of the reform plan supported by the DMF MDTF.

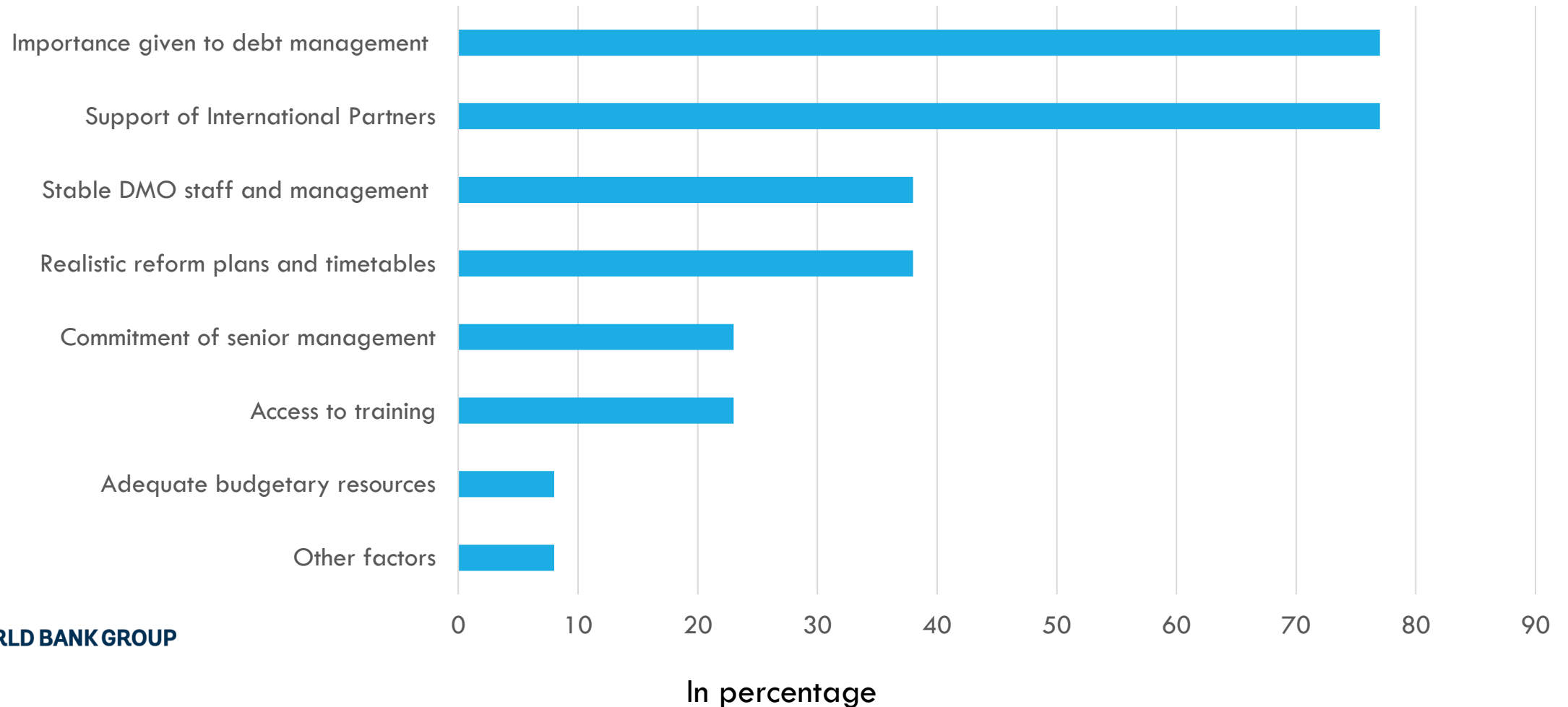
EACH DEBT MANAGEMENT REFORM PLAN HAS FOLLOWING KEY ELEMENTS:

- Identifies gaps and weaknesses in public debt management institutions, functions, and operations, informed by a recent and comprehensive debt management assessment.
- Sets a specific timeframe for achieving steps toward effective debt management
- Establishes a prioritized and sequenced action plan to address areas of debt management that require improvement.

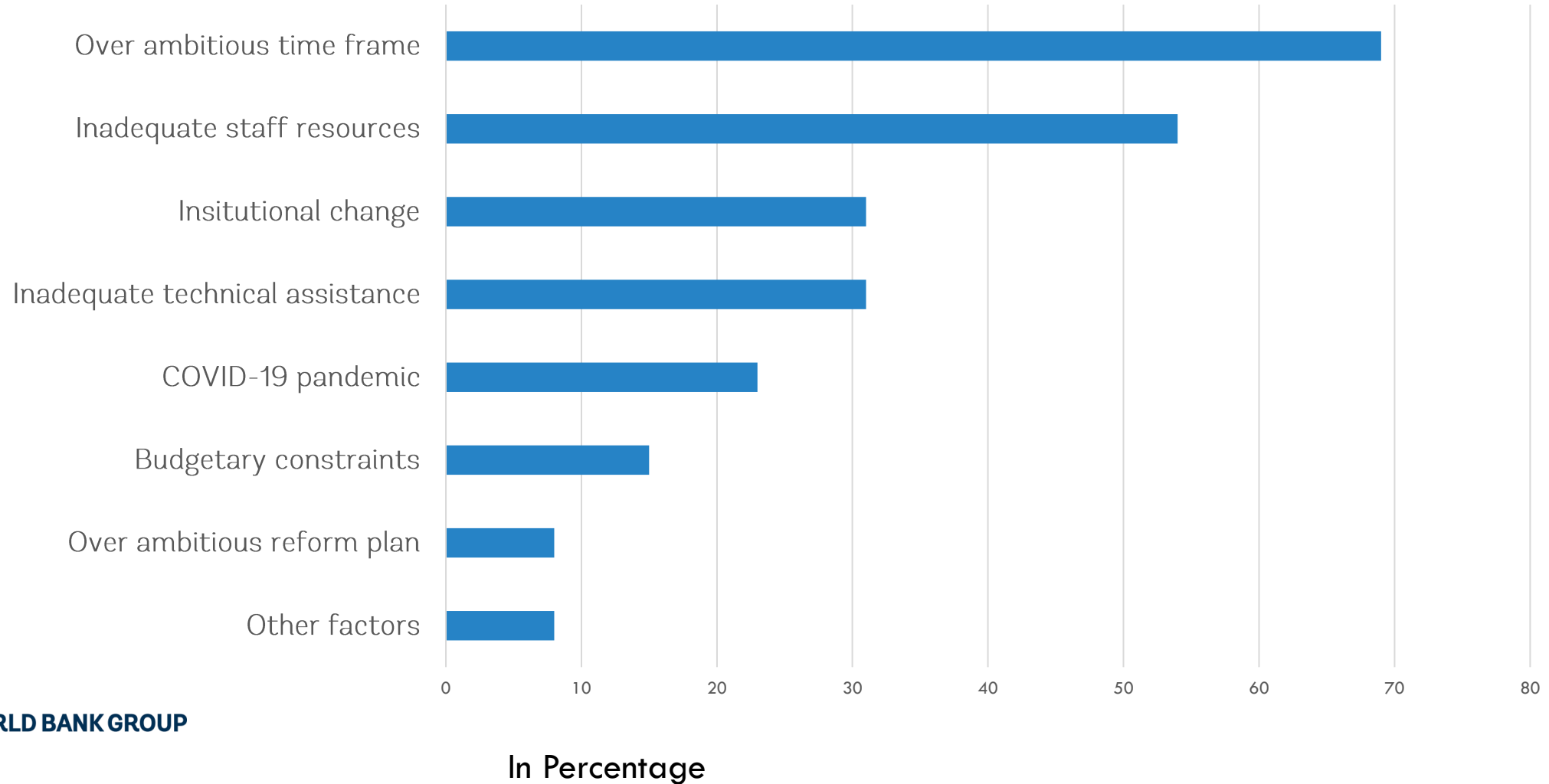
REFORM PLAN SURVEY: AREAS OF DEBT MANAGEMENT REFORMS



KEY FACTORS THAT FACILITATED THE IMPLEMENTATION OF REFORMS



FACTORS THAT IMPEDED REFORMS



THE ROLE OF AUDITS IN REFORM IMPLEMENTATION AND OVERSIGHT

The role of Supreme Audit Institutions is critical in:

- monitoring the quality of government debt management and support reforms,
- monitoring compliance with DMS and Annual borrowing plans,
- promoting debt transparency, jointly with DMOs.

THE ROLE OF AUDITS IN REFORM IMPLEMENTATION AND OVERSIGHT

Independent Audits of Public Debt

- Financial compliance audits to assess reliability of debt reporting
- Compliance audits to ensure adherence to laws and regulations
- Performance audits to evaluate debt management activities

Strengthening Accountability

- SAI reports presented to the legislature and public
- Audited annual financial statements on public debt

Collaboration with Other Oversight Bodies

- Parliament's review of SAI reports on debt management, jointly with DMOs
- Civil society engagement with SAI and parliament for enhanced scrutiny

DMF CONTRIBUTION TO ENHANCING THE OVERSIGHT OF GOVERNMENT DEBT MANAGEMENT ACTIVITIES

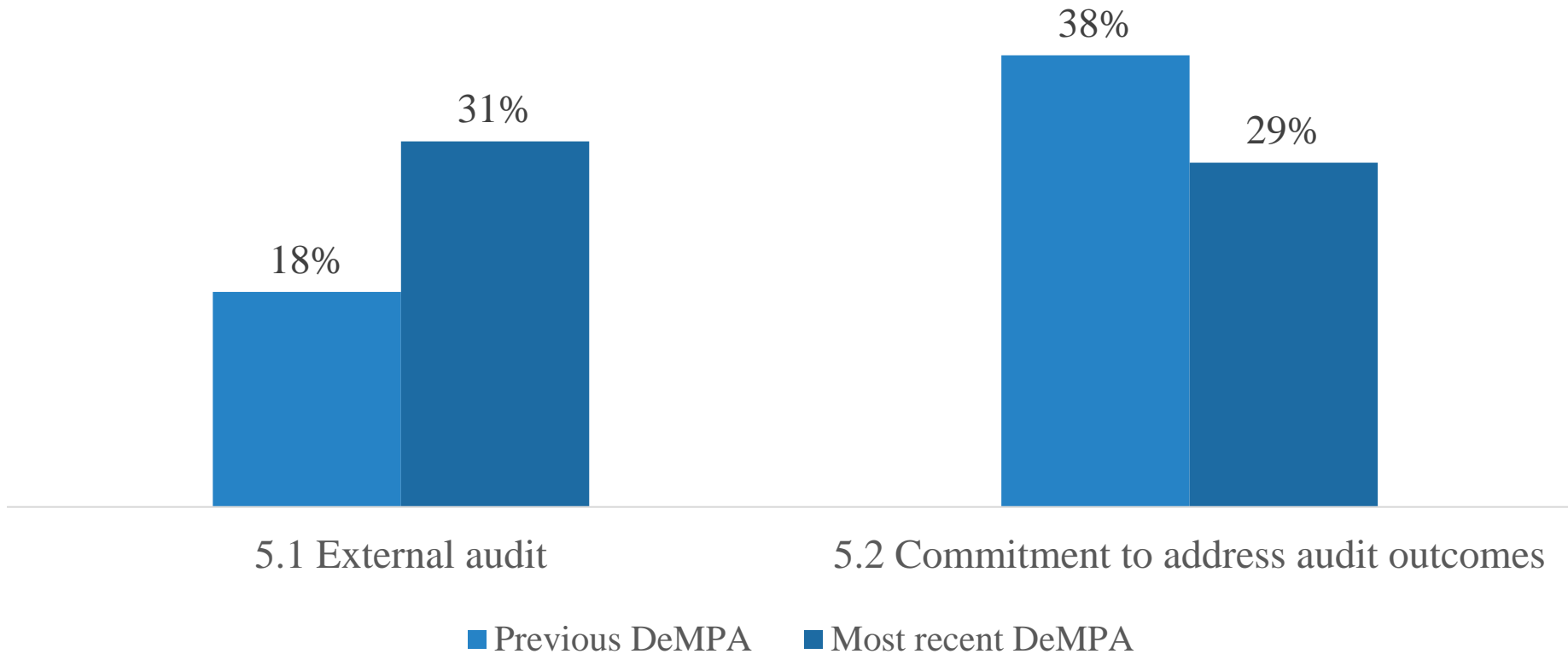
Application of the DeMPA methodology (DPI 5)

- types of external audit
- frequency
- quality and transparency
- commitment to address the audit outcomes

Regional capacity building activities /trainings (DMO and external auditors)

...LIMITED PROGRESS IN CONDUCTING COMPLIANCE AND PERFORMANCE AUDITS SO FAR

% of Countries Meet the Minimum Requirement



AREAS TO BE IMPROVED GOING FORWARD

SAls and DMOs in many LICs face serious constraints in capacity to implement debt reforms:

- Lack of resources at country level
- Need for debt management training of auditors
- Further enforcement of auditors' recommendations
- Further development of performance audit capacities

THANK YOU