



STORKEY & Co
MANAGEMENT CONSULTANTS

Governance Arrangements for Public Debt Management

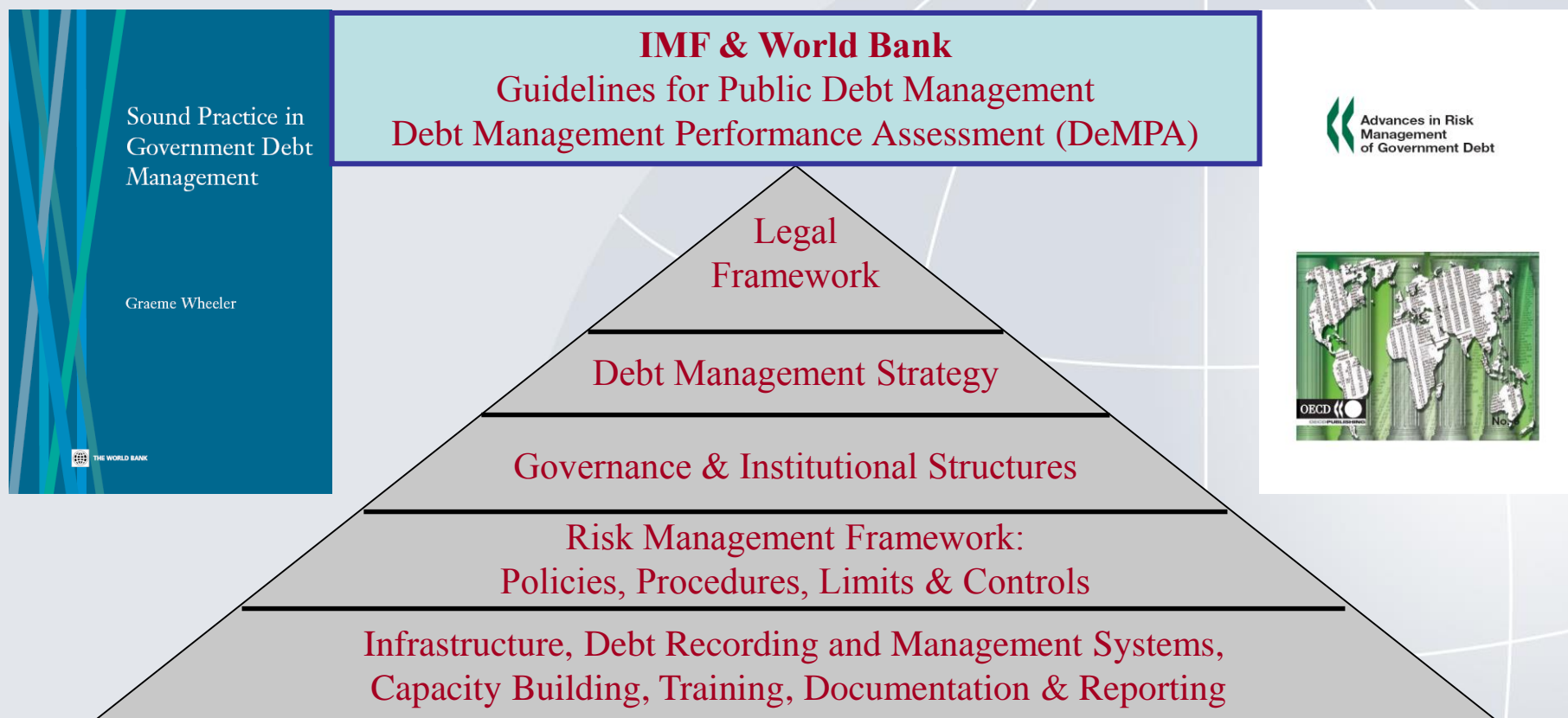
Presentation by Ian Storkey
April 2017



2017 Asian Regional
Public Debt Management Forum
4-6 April 2017 | Siem Reap, Cambodia



Sound Practice Debt Management



Governance Framework

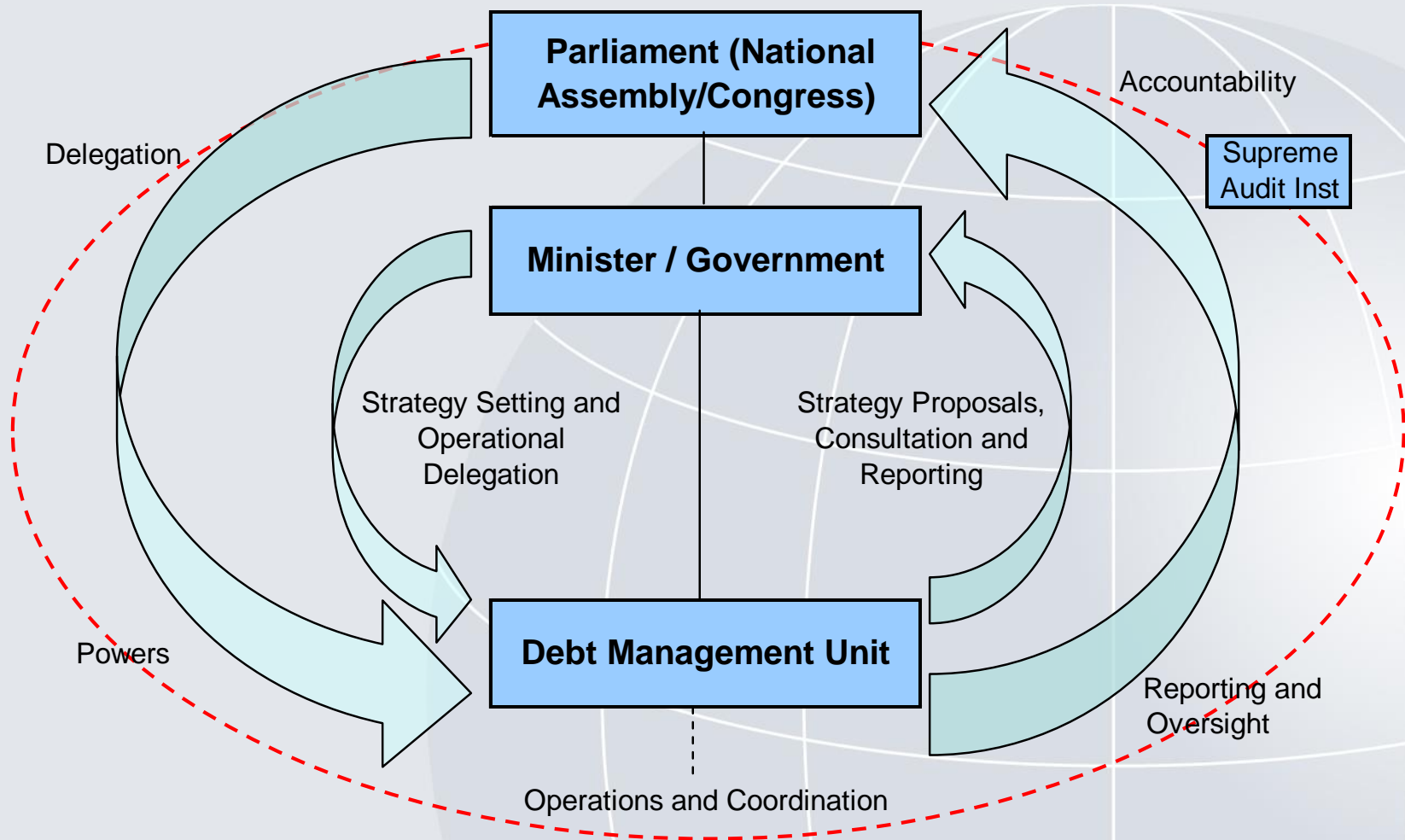


Chart Adapted from: World Bank Debt Management Performance Acceptance Tool

Oversight of Debt Management

Advisory Board

- Provides oversight, advice and/or endorsement of the DMO's business activities and operations
- Oversight helps ensure that DMO complies with its governance framework and operates in line with sound debt management standards - provides Minister of Finance with these assurances
- Comprised of government and non-government members with financial and/or debt management expertise

Debt Policy Committee

- Main strategic policy-making committee – chaired by the most senior debt management official or the Minister of Finance
- Should include representatives of all functions with a policy interest and serviced by those with responsibility for generating strategic policy options
- Ensures the separation of the policy and execution functions of the DMO

Management, Risk Policy, Operational and Audit Committees

Public Debt Laws

Macedonia

Official Gazette of the Republic of Macedonia 62/05

REPUBLIC OF MACEDONIA
MINISTRY OF FINANCE

PUBLIC DEBT LAW

Skopje, June 2005

Thailand

Translation

PUBLIC DEBT MANAGEMENT ACT, B.E. 2548 (2005)

BHUMBOL ADULYADEJ, REX
Given on the 31st Day of January B.E. 2548;
Being the 60th Year of the Present Reign.

His Majesty King Bhumibol Adulyadej is graciously pleased to proclaim that:
Whereas it is expedient to have a law on public debt management;
Be it, therefore, enacted by the King, by and with the advice and consent of the National Assembly, as follows:

Section 1. This Act is called the "Public Debt Management Act, B.E. 2548".

Section 2. This Act shall come into force as from the day following the date of its publication in the Government Gazette.

Section 3. The following shall be repealed:

- (1) Treasury Bill Act, B.E. 2487 (1944);
- (2) Act Determining the Power of the Ministry of Finance to Guarantee Loan, B.E. 2510 (1967), Announcement of the Revolutionary Council No. 110 dated 31st March B.E. 2515 (1972), Act Determining the Power of the Ministry of Finance to Guarantee Loan (No. 2), B.E. 2519 (1976), Announcement of the Revolutionary Council No. 17 dated 8th November B.E. 2520 (1977);
- (3) Loan for National Defence Act, B.E. 2519 (1976);
- (4) Act Authorising the Ministry of Finance to Raise Loan from Abroad, B.E. 2519 (1976);
- (5) Act Authorising the Ministry of Finance to Raise Loan from Foreign Government to Purchase Military Equipment, B.E. 2524 (1981);
- (6) Emergency Decree Authorising the Ministry of Finance to Restructure External Debt, B.E. 2528 (1985);
- (7) Emergency Decree Authorising the Ministry of Finance to Raise Loan from Abroad for Economic Rehabilitation, B.E. 2541 (1998).

Section 4. In this Act:

"Public debt" means any debt incurred by the Ministry of Finance, State agency or State enterprise through the raising or guaranteeing of loan by the Ministry of Finance, but does not include a debt incurred by a State enterprise which undertakes money lending business and such debt is not guaranteed by the Ministry of Finance;

"Public debt management" means an incurring of debt through the raising or guaranteeing of loan, debt repayment, debt restructuring and any act related to public debt;

¹Published in the Government Gazette, Vol. 122, Part 12c, dated 2nd February B.E. 2548 (2005).

²© 2005, Office of the Council of State (www.honkai.go.th, www.thelawsonline.co.th)
Remark: Reference to this legislation in any publication shall be made to this version only. This translation has been made so as to establish correct understanding about this Act to the foreigners.

Turkey

LAW ON REGULATING PUBLIC FINANCE AND DEBT MANAGEMENT
(Law on Regulating Public Finance and Debt Management and Law on Amending the Law on Duties and Organization of the Undersecretariat of Treasury and Undersecretariat of Foreign Trade and Law on Allocating Share from the General Budget Tax Revenues to Provincial Special Administrations)

Law No. 4749
Accepted On: 28.3.2002

PART ONE Purpose, Scope and Definitions

Purpose

Article 1- The purpose of this Law is to set the procedures and principles related with domestic and external borrowing, receipt of grants, lending and extension of grant and debts, cash management in a coordinated manner with fiscal and monetary policies, effective management and monitoring of the guarantees to be extended by the Treasury, the financial claims and State External and Domestic Debt arising from such borrowing and guarantees, arrangement of financial relations between the Treasury and institutions mentioned in Article 2 below and reimbursing all kinds of financial liabilities, budgeting and accounting of all kinds of obligations assumed by the Treasury, taking into consideration development targets of the country and maintaining confidence and stability of the markets and macroeconomic balances.

Scope

Article 2- This Law covers the institutions and establishments included in the general, annexed and autonomous budget, establishments subject to provisions of private law with more than 50% of their capital belonging to the state, funds, state banks, investment and development banks, metropolitan municipalities, municipalities and establishments affiliated to municipalities, and other local government agencies, the establishments whose payment obligations have been guaranteed by the Undersecretariat of Treasury under the projects foreseen to be realized under such financing models as build-operate-transfer, build-operate, transfer of operational right and similar financing models and non-governmental organizations to be limited with grants.

Definitions

Article 3- In this law, the following terms have the meanings stated below:

Minister: The Minister, in charge of the Undersecretariat of Treasury.

Role of the Debt Management Strategy

GUIDELINES FOR
CENTRAL GOVERNMENT
DEBT MANAGEMENT 2017
Decision taken at the Cabinet meeting
November 10 2016

2017



Government Offices of Sweden

Annual
Borrowing Plan 2017

Federal
Public
Debt



Parliament/National Assembly/Congress
Cabinet/Council of Ministers

Debt Policy Committee
or Advisory Board

HM Treasury

Debt management report
2017-18

March 2017

ANALYSIS

DANMARKS
NATIONALBANK

22 DECEMBER 2016

STRATEGY ANNOUNCEMENT

Strategy for Danish central
government borrowing and
risk management in 2017



Unchanged
targets
for sales

The target for sales of
government bonds and
Cds in 2017 is to: 65
billion and to 10 billion,
respectively, which is
unchanged from 2016.



Focus on
2-year and 10-year
bonds

The central government
maintains a broad list
of callable bonds but
liquidity in 2017 will pre-
dominantly be in 2-year
and 10-year bonds. In 2017, a new
10-year bond maturing
in 2027 and a new 2-year
bond maturing in 2019
will be issued.



Policy is still
focused on support-
ing liquidity

The government debt
policy is still focused
on supporting liquidity
by being active in the
secondary market.

CONTACT

Lene Rasmussen
Head of Monetary Policy,
Operations and Government Debt
Operations and Government Debt
Operations and Government Debt
Operations and Government Debt

Medium Term Fiscal and Expenditure Framework

Budget Preparation

National Debt Strategy
Debt Sustainability
External Vulnerability
Debt Levels / Costs
Fiscal Risks
Government Guarantees
Contingent Liabilities

Medium Term
Fiscal
Framework

Medium Term
Expenditure
Framework

Debt
Management
Strategy

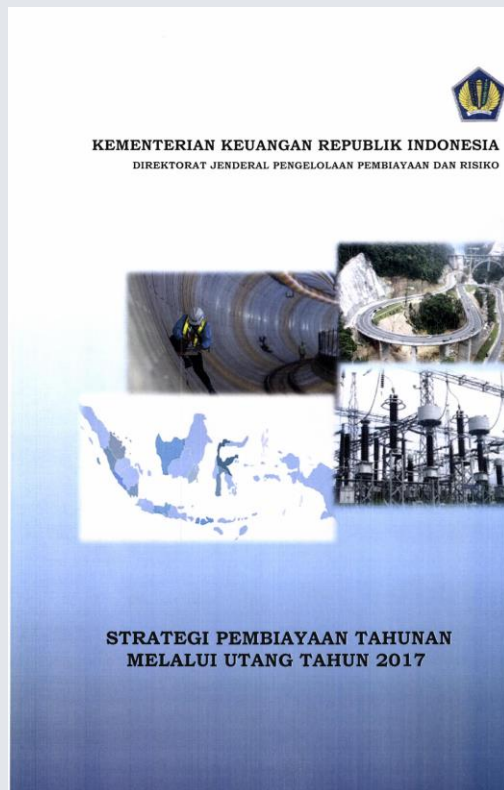
Revenue &
Disbursements
On-lending

Budget Implementation

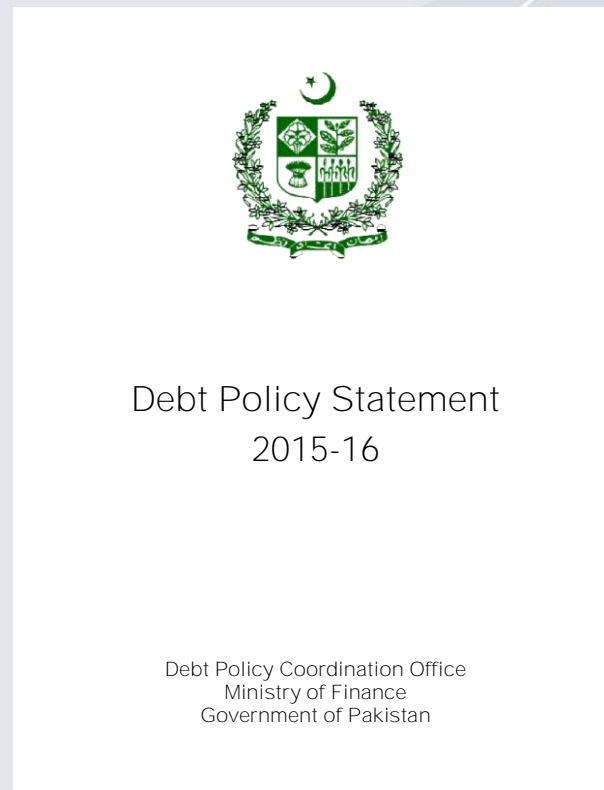
Debt Management
and Debt Issuance

Cash Management

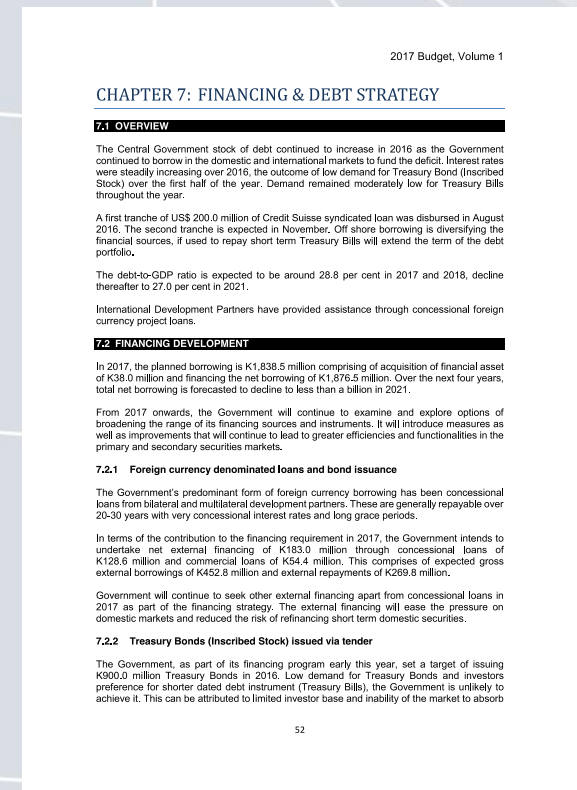
Debt Management Strategy Examples



Indonesia



Pakistan



Papua New Guinea

Annual Debt Reports

VII PUBLIC DEBT MANAGEMENT

The expansionary counter-cyclical fiscal policy stance adopted by the Government, in the face of emerging ramifications of the global economic crisis for growth and aggregate demand, resulted in a sharp increase in both the borrowings of the Central and State Governments during 2008-09 over their respective budget estimates. The key challenge for the Reserve Bank in its debt management operations for 2008-09, therefore, was to manage this vastly expanded government market borrowing programme without creating any disruptive pressures on the government securities market. The Reserve Bank employed a combination of measures involving monetary easing and use of innovative debt management tools such as synchronising the Market Stabilisation Scheme (MSS) buyback auctions and open market purchases with the Government's normal market borrowings and de-sequestering of MSS balances. By appropriately timing the release of liquidity to the financial system to coincide with the auctions of government securities, the Reserve Bank ensured a relatively smooth conduct of the Governments' market borrowing programme, resulting in the decline in the cost of borrowings during 2008-09 for the first time in the last five years. Reflecting the continued need for fiscal stimulus in 2009-10, the combined net market borrowing programme of the Centre and the State Governments (dated securities and 364-day Treasury Bills) is estimated to be Rs.5,37,957 crore as against Rs.3,46,083 crore in 2008-09. This calls for continuance of the active debt management strategy by the Reserve Bank so as to mitigate pressures on interest rates and avert possible crowding-out of private sector demand for credit.

VII.1 Management of large government borrowing programme in a manner supporting the expansionary counter-cyclical fiscal policy stance of the Government without creating any disruptive pressures on the government securities market was a key challenge for the Reserve Bank in 2008-09. To deal with the growth dampening moderation in private consumption and investment demand, some deviation from the fiscal consolidation path and introduction of adequate fiscal stimulus became essential, which concomitantly escalated the size of the borrowing programme significantly. In 2008-09, larger recourse to market borrowing and flight to safety were the common trends across countries around the world; while the cost of borrowings declined in general, reflecting the low policy interest rates and quantitative easing stance of the central banks, significant increase in risk aversion and resultant preference for government securities led to a larger demand for these securities.

276

India

Debt Management Report 2016

The Government Debt Management and the State of Public Debts

Financial Bureau, Ministry of Finance

Japan

2015

Public Debt Management in Sri Lanka

Performance in 2015 and
Strategies for 2016 and beyond



Public Debt Department
Central Bank of Sri Lanka

Sri Lanka

Performance & Market Reporting

DMO Annual Report

Australian Office of
Financial Management

Annual Report
2015-16

Australia

Market Report

JAPANESE GOVERNMENT BONDS

Monthly Newsletter of the Ministry of Finance, Japan

This Month's Special!

What's New ⇒ Central Government Debt (As of December 31, 2016)
Monthly Topic ⇒ 1 Quarterly Estimates of GDP Oct-Dec, 2016
2 Real Wages Grew by 0.7% in 2016

WHAT'S NEW

Central Government Debt (As of December 31, 2016)

On February 10, the MOF released the update on central government debt. Debt outstanding and composition as of the end of December 2016 are as follows.

	The end of December 2016 (Actual)	The end of March 2017 (Estimate)
1. Outstanding Government Bonds and Borrowings		
① General Bonds	826.4	845.3
② Fixed-Rate and Loan Program Bonds (FLP Bonds)	94.1	96.2
③ Borrowings, Subsidy Bonds, etc.	62.7	62.7
④ Financing Bills (FBs)	83.2	112.2
Total	1,066.4	1,116.4
2. Outstanding Government-Guaranteed Debts		
Government-Guaranteed Debts	41.0	-

Notes:

- Figures may not sum up to the total because of rounding.
- Above "Outstanding Government Bonds and Borrowings" includes government bonds and borrowings held by government.
- Figures are total of the general account and all special accounts, and the coverage is different from the central government defined in SNA.
- The data as of March 31, 2017 will be released on May 10, 2017.
- Figures for "Outstanding Government-Guaranteed Debts" are blank, because these are not estimated in formulating the budget.

Details: <http://www.mof.go.jp/english/jgbs/reference/jgbb/e201612.htm>

<Main Points>

- Outstanding government bonds and borrowings increased by 3.8 trillion yen to 1,066.4 trillion yen from the end of September (1,062.6 trillion yen). This is because the total outstanding of FLP bonds increased by 2.2 trillion yen.

The Ministry of Finance

www.mof.go.jp

Japan

Monthly/Quarterly Report



REPUBLIC OF TURKEY
PRIME MINISTRY

Undersecretariat of Treasury



No: 139

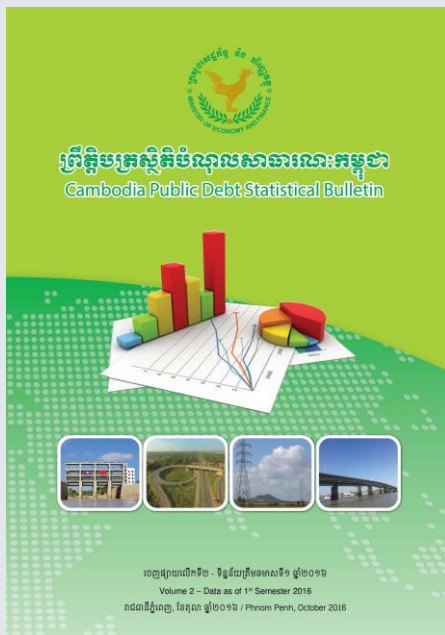
FEBRUARY 2017

PUBLIC DEBT MANAGEMENT REPORT

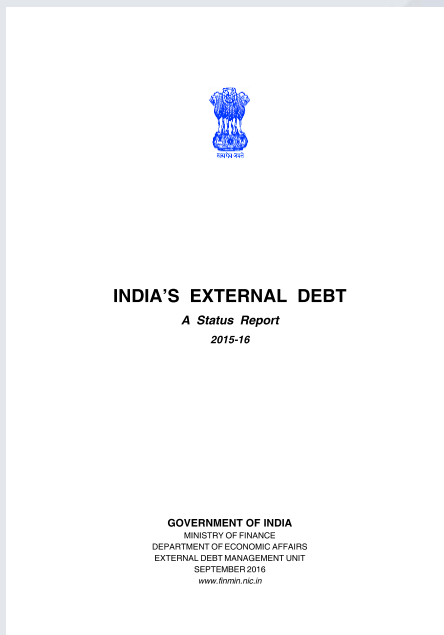
2017 Financing Program	1
Budget Realizations	2
Treasury Cash Balance	4
Domestic Debt	5
External Debt	9
Debt Stock	13
Treasury Guaranteed External Debt	18
Treasury Non-Guaranteed External Debt	22
Treasury Receivables	22
Developments in the Credit Rating of Turkey	25
Domestic Borrowing Calendar	26
Data Dissemination Calendar	27
ANNEX	28

Turkey

Debt Statistical Bulletins



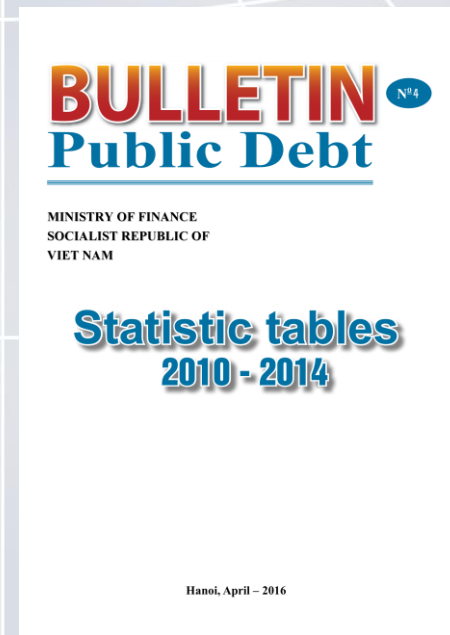
Cambodia



India



Indonesia



Vietnam

Example of an Effectiveness Audit Report

New Zealand

