



Strengthening Public Debt Management Through Institutional Reforms



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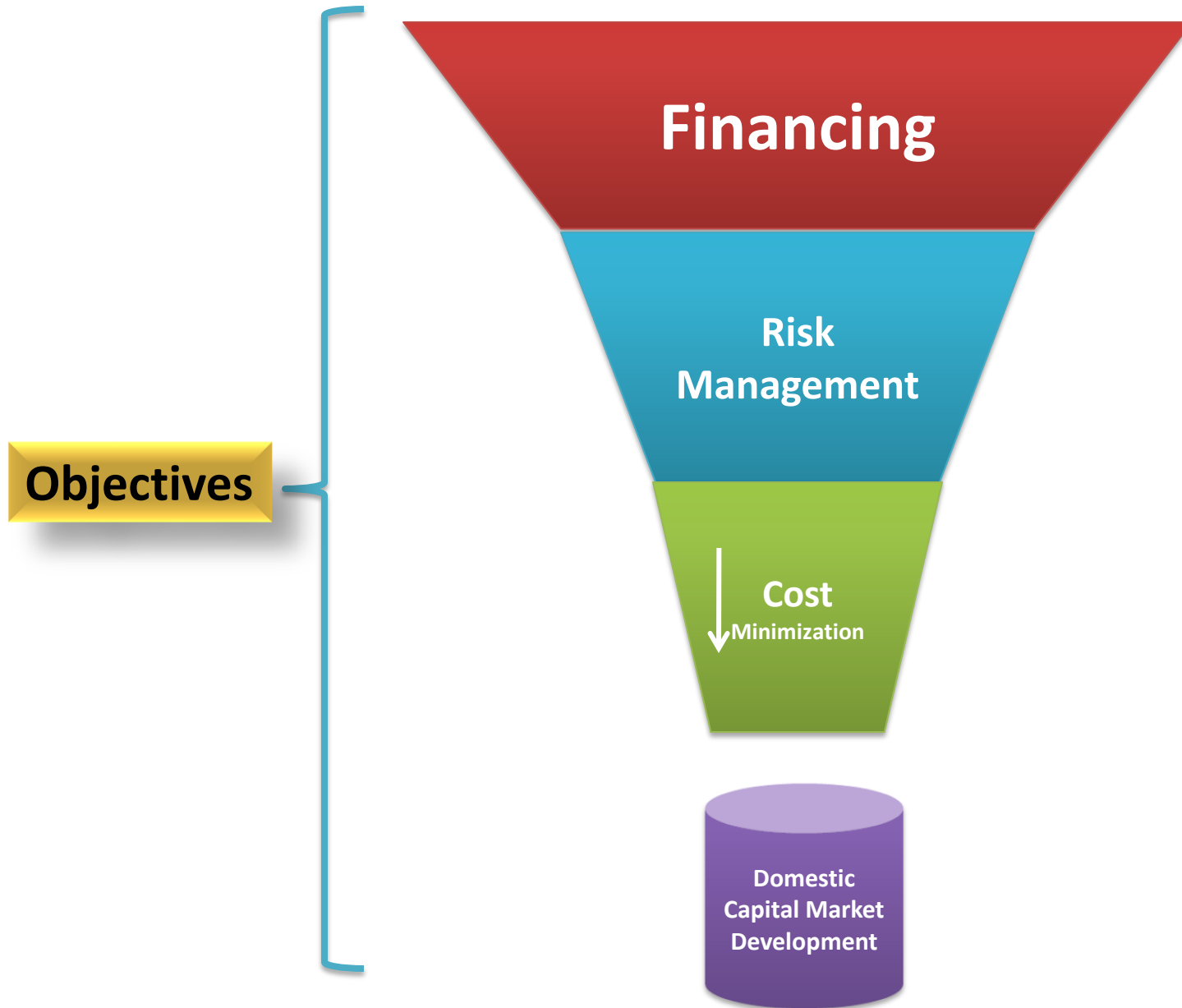
**“Effective debt management is
essential for economic development”**

Oxford Policy Management(undated)

- **THE DEBT MANAGEMENT OFFICE**
- **PRIOR TO RESTRUCTURING**
- **INSTITUTIONAL CHANGES**
- **GOVERNANCE STRUCTURE AND LEGAL FRAMEWORK**
- **APPENDIX**

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Debt Management Jamaica



Debt Management Office Functions



Public
Financing

*Compliance
function*

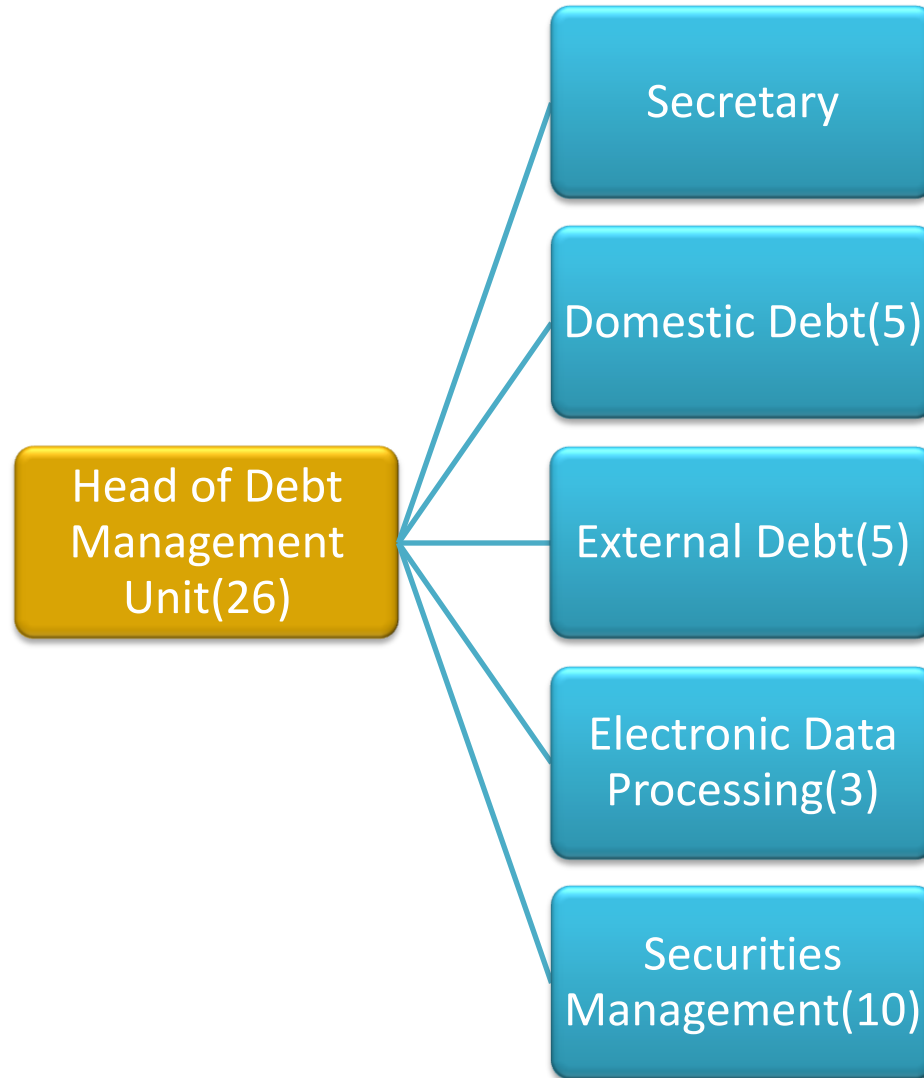
*Data
dissemination*

*Analytical
function*

*Recording
function*

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Creditor-oriented organization



The Need for a New Structure



Duplication of functions

fragmentation of roles on external financing

Multilateral institutions conditionality

International best practice

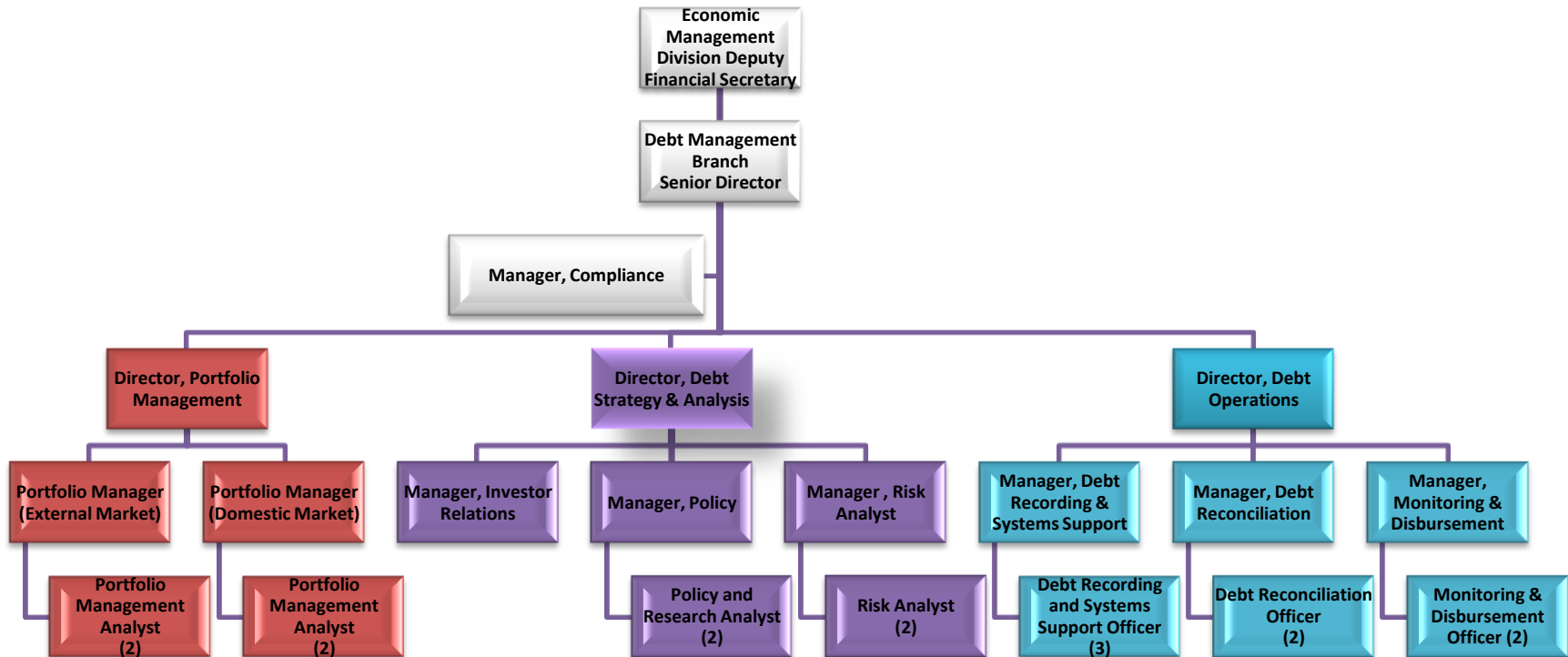
Loan Administration and Disbursement Unit and DMU

Improve analytical capacity

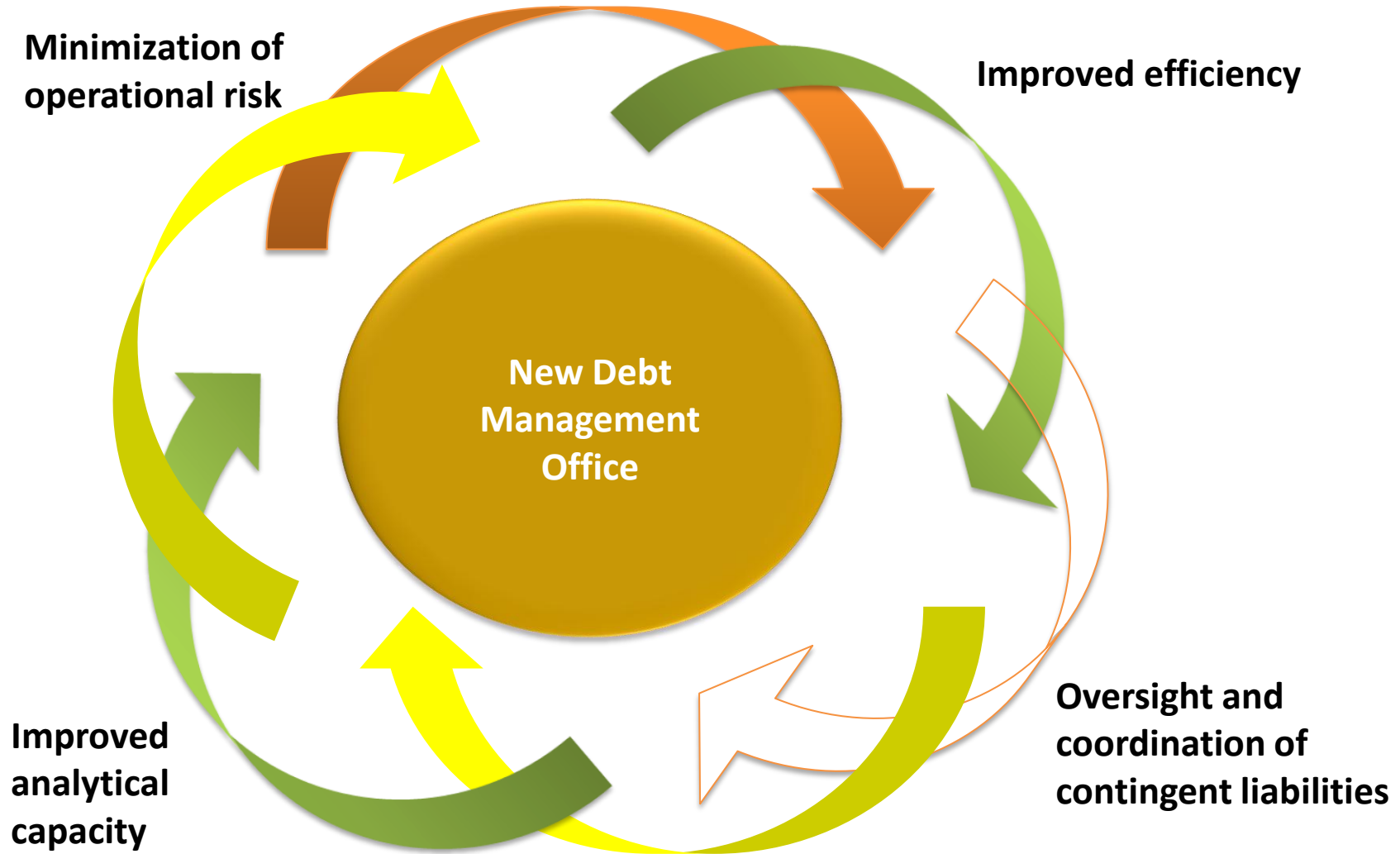
Improved management of operational risk

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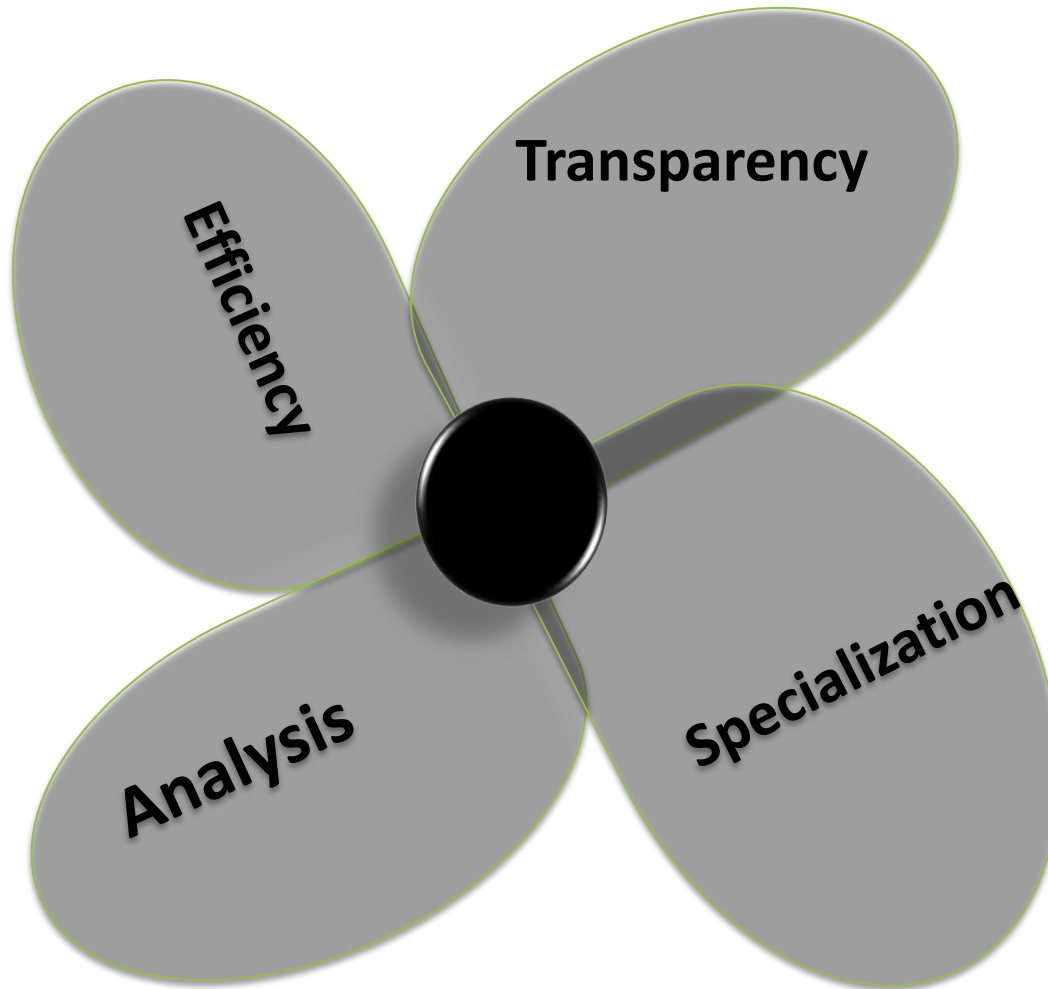
Functionally Structured Organization



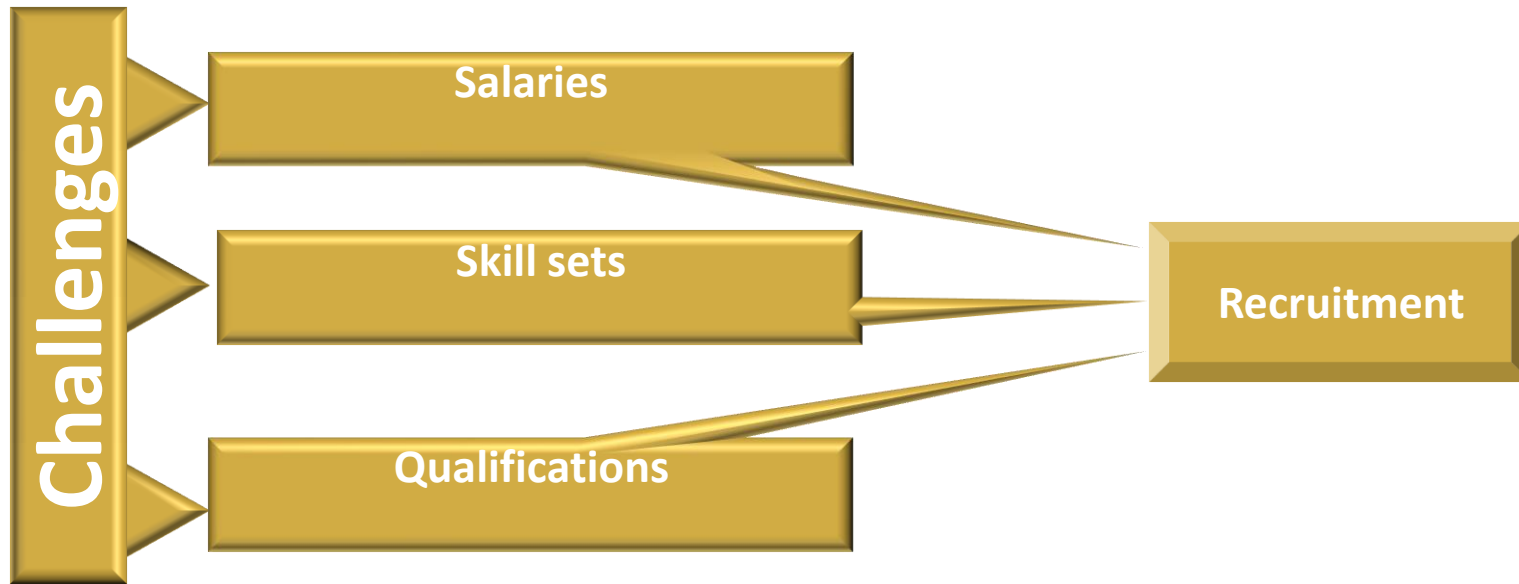
New structure will achieve...



Success



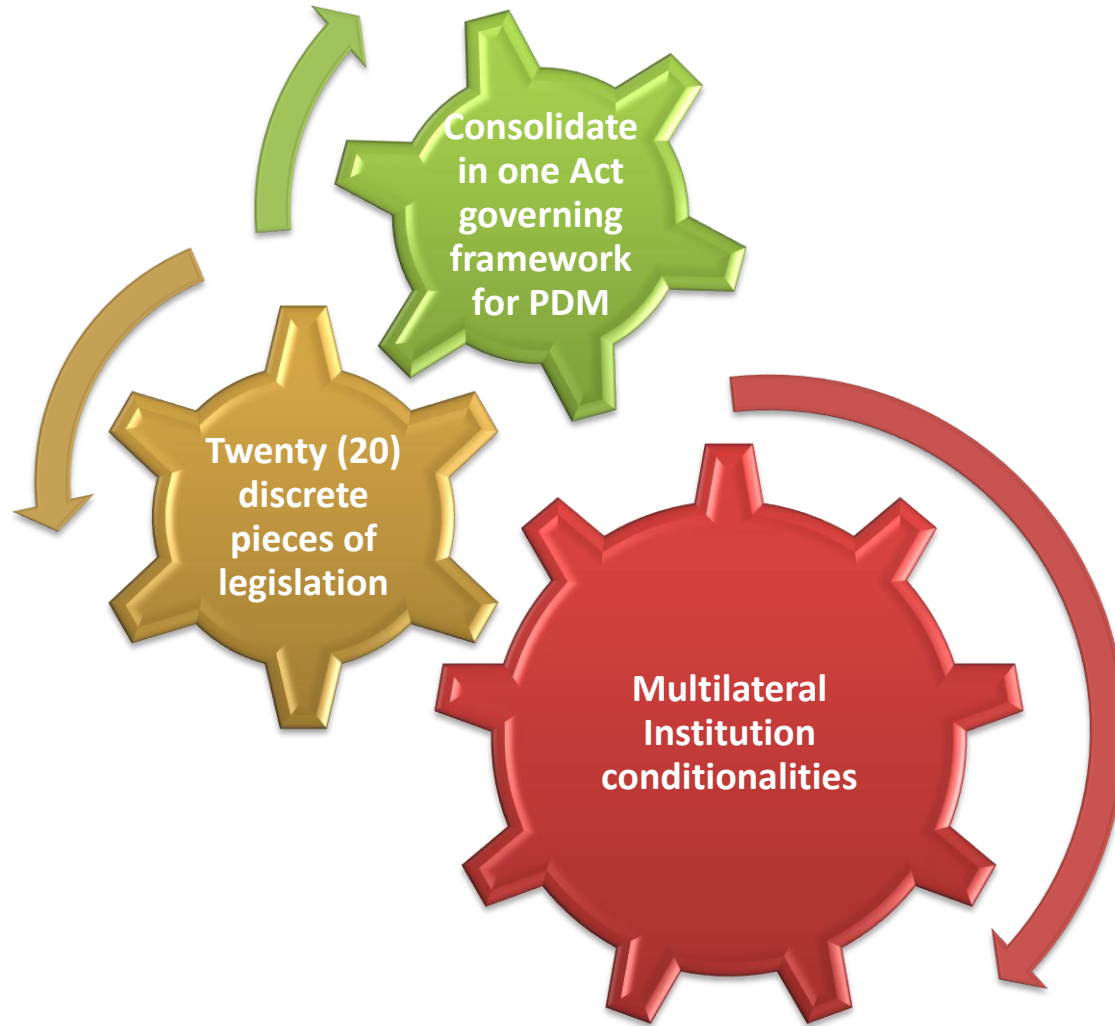
Challenges



Position	Number of DMB Positions	Number Positions Filled	% of Posts Filled
Head, DMB	1	1	100%
Compliance	1	0	0%
Portfolio Management (Front Office)	7	5	71%
Debt Strategy and Analysis (Middle Office)	8	2	25%
Debt Operations (Back Office)	11	11	100%
Total	28	19	70.4%

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Why Public Debt Management Act?



Saving
Clauses



Assure the
preservation of

**Prior Loans given
under the
Repealed Acts**

rights and
obligations

obligations
rights and

The Public Debt Management Act(PDMA)



Objectives

- 1. Authorizes the Minister to borrow money and issue guarantees;**
- 2. Makes explicit the purposes of borrowing and the objectives of debt management;**
- 3. Mandates the preparation of a public debt management strategy;**
- 4. Prescribes provisions aimed at strengthening the existing public debt governance framework and clarifying the respective roles of key agencies in public debt management;**
- 5. Speaks to the establishment of public debt management committees.**

Committees



Public Debt Management Committee

- Financial Secretary
- Deputy Financial Secretary
- Governor of the Bank
- Accountant-General
- Director-General of the Planning Institute of Jamaica
- Head of the unit in charge of debt management in the Ministry responsible for finance.

Public Debt Finance Committee

- Head of the unit in charge of debt management in the Ministry responsible for finance
- Director of Portfolio Management in the unit in charge of debt
- Director of Research and Analysis in the unit in charge of debt management in the Ministry responsible for finance
- Director of Debt Operations in the unit in charge of debt management in the Ministry responsible for finance.

Terms of Reference



The Minister

To ensure that financing needs and payments are met at the lowest possible cost.

- To develop and maintain an efficient market for government securities.
- To ensure that management of the debt is consistent with fiscal sustainability.
- To promote and develop the domestic market
- To ensure that the Medium Term Debt Strategy is compatible with the macroeconomic objectives of the Government.

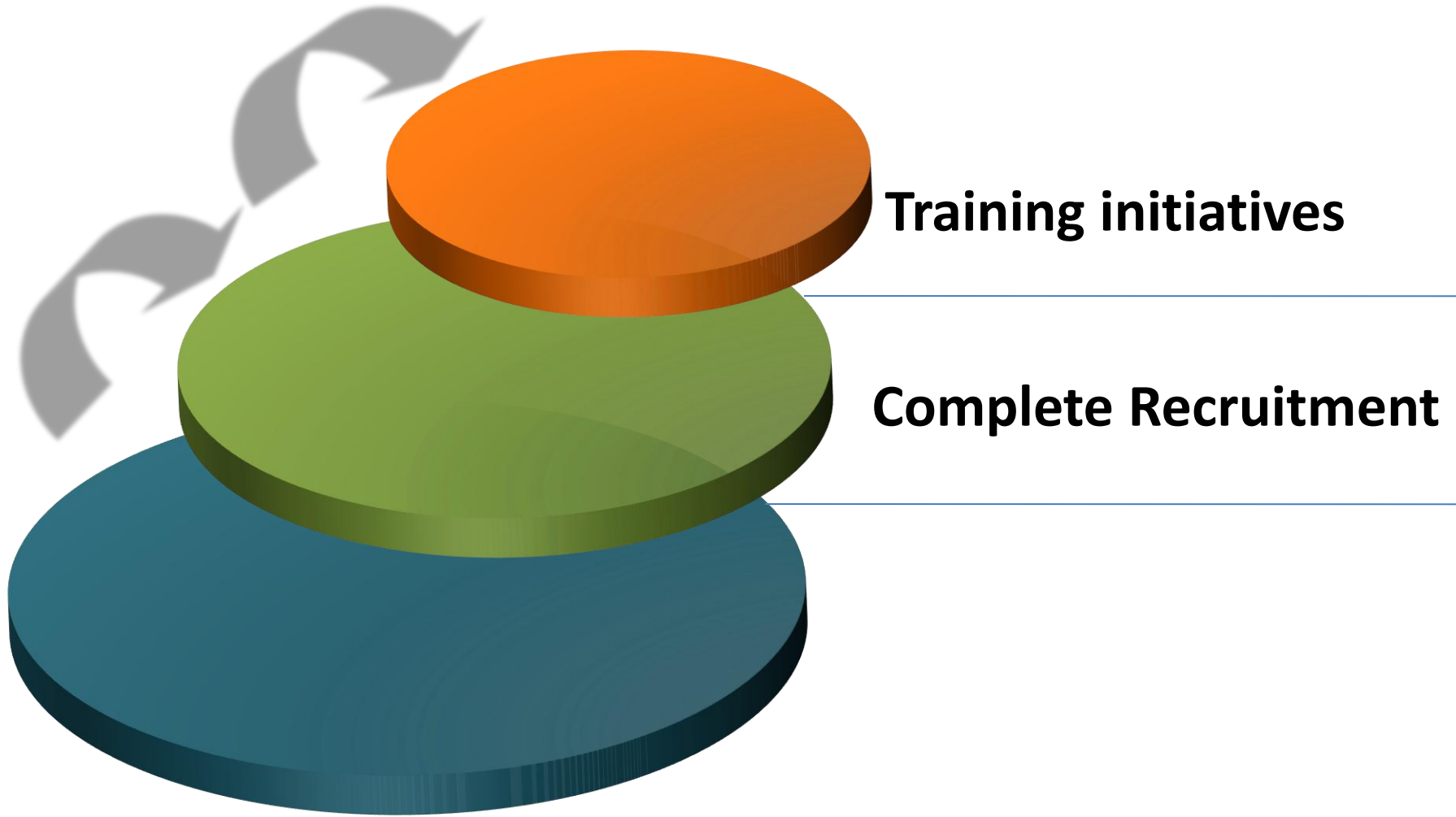
Public Debt Management Committee

- To monitor implementation of the PDM Act and the Medium Term Debt Strategy.
- To assess debt strategies, the operations of debt management and the management of contingent liabilities.

Public Debt Finance Committee

- To make recommendations to the Financial Secretary in respect of debt instruments.
- To review debt related transactions.
- To review and recommend the monthly schedule of market instruments.
- To review the evaluations of funding requests by public bodies.
- To review and monitor issues relating to contingent liabilities.
- To provide periodic reports to facilitate the work of the PDMC.

Next Steps



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FRONT

Middle

Back

**Designing and executing
funding transactions**

**Offering advice on
possible market reaction
to new fiscal information**

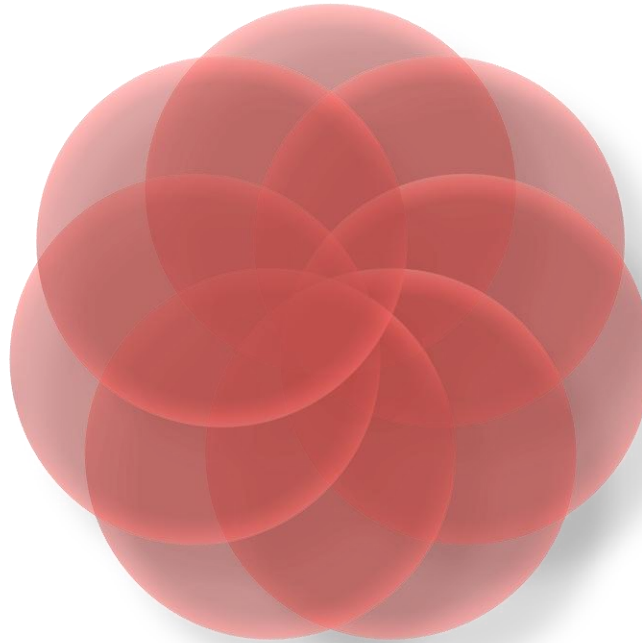
**Designing and executing
trading and hedging
transactions**

**Offering advice on
government policy
initiatives**

**Monitoring and
reporting of market
conditions**

**Providing input on the
design of the funding
strategy**

**Analyzing projections of
funding needs**



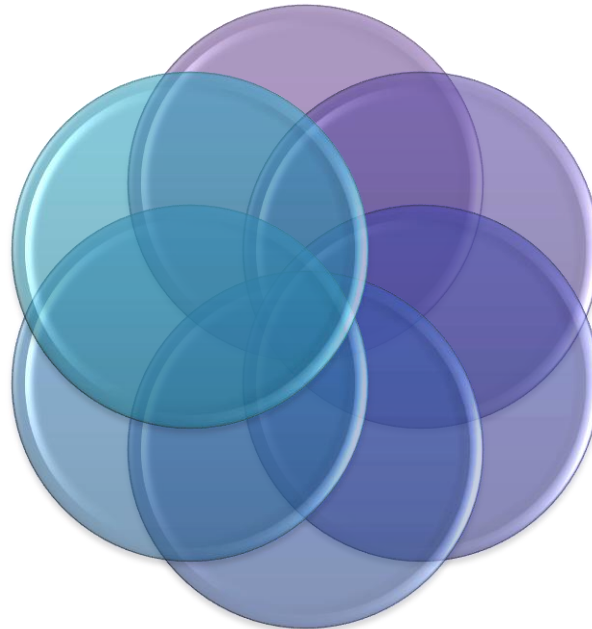
Front

MIDDLE

Back

**Modelling the risk of
aggregate debt portfolio**

**Analysing potential
constraints on debt
portfolio management
(macroeconomic, financial
market, etc.) and their
influence on debt strategy;**



**Monitoring compliance
with the established
portfolio and risk
management policies
including regular reports
monitoring market and
credit risk.**

**Formulating and designing
debt strategies**

**Managing investor relations,
both domestic and
international; and**



Front

Middle

BACK

Settling transactions once they have been confirmed, i.e. issuing/receiving payment instructions to/from counterparties

Managing the relationships with external and internal stakeholders

Reconciliation of creditor statements to ensure consistency with the DMB's records

Managing operational risk

Registering and managing the debt data base

Meeting external reporting requirements (together with the middle office, but at a minimum providing basic statistics)

Monitoring and disbursement of external loan proceeds

