



## 30<sup>th</sup> OECD Global Forum on Public Debt Management

*Under the aegis of the OECD Working Party on Public Debt Management, sponsored by the Government of Japan*

### AGENDA

**22-23 May 2023**

**OECD Conference Centre, Paris:**

- In the Auditorium – The launch of the *2023 OECD Sovereign Borrowing Outlook*
- In Room CC15 – All sessions of the Forum
- In Room Roger Ockrent – Cocktail reception

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**Day 1**  
**Monday, 22 May 2023**

<b>10:30 – 11:00</b>	<b>Registration and welcome coffee</b>
<b>11:00 – 12:00</b>	<b>The launch of the 2023 OECD Sovereign Borrowing Outlook</b>
	Mathias Cormann, Secretary-General, OECD Carmine Di Noia, Director for Financial and Enterprise Affairs, OECD
<b>12:00 – 13:30</b>	<i>Lunch break</i>
<b>13:30 – 14:00</b>	<b>Introductory Session</b>
	Welcome and overview of the program by Grahame Johnson, Chair of the Working Party on Debt Management (WPDM) and Advisor to the Governor, Bank of Canada
	Opening remarks by Yoshiki Takeuchi, Deputy Secretary-General, OECD
<b>14:00 – 16:00</b>	<b>Session 1: The outlook for sovereign borrowing and funding conditions</b>
	Panel discussion: France, Japan and the United States
	Interventions from selected countries: India, Indonesia and Ukraine
	General discussion and conclusions
<b>16:00 – 16:15</b>	<i>Coffee break</i>
<b>16:15 – 18:00</b>	<b>Session 2: Planning and coordination in government cash and debt management</b>
	Introduction and overview of main issues
	Panel discussion: Austria, Brazil, Israel and Italy
	General discussion and conclusions
<b>18:15 – 20:00</b>	<b>Cocktail reception hosted by the Government of Japan (Room Roger Ockrent)</b>

**Day 2**  
**Tuesday, 23 May 2023**

<b>09:30 – 12:00</b>	<b>Session 3: Importance of credible institutional frameworks for debt management</b>
	Introduction and overview of the main issues
	Panel discussion: ADB, the Philippines, and the United Kingdom
10:45 – 11:00	<i>Coffee break</i>
	Interventions from selected countries: Canada, Chile, and Finland
	General discussion and conclusions
12:00 – 13:30	<i>Lunch break</i>
<b>13:30 – 16:00</b>	<b>Session 4: Evolution of approaches to incorporating sustainability factors into public debt management</b>
	Introduction and overview of the main issues
	Market roundtable with industry representatives: Amundi, Credit Agricole, MSCI and PIMCO
14:45 – 15:00	<i>Coffee break</i>
	Panel discussion: France, the Netherlands, and Uruguay
	General discussion and conclusions
<b>16:00-17:30</b>	<b>Session 5: Leading practises in buyback and switch operations: purposes, costs and design features</b>
	Introduction and overview of main issues by the moderator Mr. Anthony Linehan Vice-Chair of the WPDM, Deputy Director, NTMA, Ireland
	Panel discussion: Brazil, Thailand, and the United States
	General discussion and conclusions
<b>17:30 – 17:45</b>	<b>Closing of the Forum</b>

## ANNOTATIONS

### *General Annotations*

In order to assure the timely circulation of the materials to the Forum delegates, documents (including country notes) must be made available **10 days prior to the meeting**. All documents will be uploaded on the [O.N.E. Community site of the Global Forum](#) ahead of the meeting and selected presentations will be available on the [OECD website](#) after the meeting.

The current policy of the WPDM is to initially treat all information provided by Delegates (via Surveys and others) as confidential. Authors of room documents will be consulted prior to putting these documents on the [O.N.E. Community site of the Global Forum](#) or when documents are made public to a wider audience via websites (such as [the OECD-Italian Treasury-WB PDM Network](#)) or OECD publications. Meanwhile, Delegates are requested not to circulate (room) documents outside the OECD Global Forum without prior permission. Requests can be sent to the OECD.

Agenda topics will in principle be discussed on the basis of the meeting schedule. Delegates are kindly requested to plan their attendance accordingly.

### *Specific Annotations*

#### *Session 1: The outlook for sovereign borrowing and funding conditions*

*Background document: Chapters 1 and 3 of the 2023 edition of the OECD Sovereign Borrowing Outlook.*

Sovereign issuers in several jurisdictions continue to face challenges from the debt legacy of 2008 financial crisis and the pandemic amid the considerable uncertainties with respect to the global macroeconomic and geopolitical environment. After providing extraordinary support in 2020 and 2021, fiscal policy is returning to normal in several jurisdictions as economies rebounded swiftly from the pandemic-related recession. In many countries, the borrowing needs of governments declined in 2022, and are expected to increase slightly in 2023. At the same time, in response to rapidly rising inflation, major central banks have moved to a tightening stance -including quantitative tightening- since late 2021. The combined effect of tightened global financial conditions and greater investor risk aversion amid an uncertain macroeconomic and geopolitical environment has had a significant impact on global sovereign debt markets.

Against this backdrop, this session identifies the main policy challenges posed by the global economic and geopolitical environment for sovereign issuers and the potential policy responses by *exploring the following questions*:

- What are the policy challenges in the current environment? How do sovereign issuers respond to these challenges -including intraday volatility?
- What are the downside risks to the funding outlook?
- What are the implications of monetary policy developments on sovereign debt markets?
- What are the major trends that sovereign issuers are observing related to the composition of investor demand? Is attracting domestic and foreign funds a source of concern in this environment?

## ***Session 2: Planning and coordination in government cash and debt management***

Effective planning of cash inflows and outflows is essential to achieve the objective of cash management, which is to ensure that the government has sufficient cash available at all times to meet its operating requirements. Since cash forecasting informs the short-term borrowing requirement, the accuracy of cash flow forecasting is important for debt managers to avoid funding risk (avoid over/under borrowing and minimise the cost of carry).

In recent years, planning of cash inflows and outflows and preparation have become more complex, due to the effect of the COVID-19 pandemic in 2020, Russia's invasion of Ukraine in 2022, and ongoing fiscal and monetary normalisation efforts since 2022 amid high inflation and fragile global economic recovery. In this environment, effective planning and coordination in government cash and debt management are of paramount importance.

To this end, this session will discuss the key challenges of effective cash and debt management in view of *the following discussion points:*

- Main challenges of cash management, such as volatility in revenue collections and expenditures, and higher interest costs
- Management of pandemic-related overborrowing (i.e. additional liquidity buffers) in the aftermath of the of the pandemic
- Institutional arrangements to support coordination between cash and debt management
- Integration of uncertainties in the outlook into cash management
- Measures to support flexibility to adapt to changes in cash needs and market conditions while being predictable with the issuance calendar

## ***Session 3: Importance of credible institutional frameworks for debt management***

Monetary policy normalisation, elevated sovereign financing requirements, and high and volatile inflation have created a new and complex environment, where investors become more sensitive to policy changes. In this environment, the presence of fiscal institutions, including debt management offices, with a long-term track record and high quality of the institutional set-up is especially vital. Fiscal and funding planning have become more complex not only because of uncertainty regarding prices and interest rates but also because of the changes in fiscal policies. If not well-managed, these challenges, in turn, potentially undermine the credibility of the relevant institutions and of the fiscal framework and lead investors to charge higher risk premiums. This session will draw on the experience of the speakers to elaborate on the role of credible institutional frameworks for debt management.

*Key issues for discussion are the following:*

- Clarity in the roles and objectives for government debt management
- Accountability and delegation of responsibilities among the different institutions (debt management offices, fiscal and monetary policy authorities)
- A degree of operational independence and decision-making in managing public debt
- Ability to attract and retain skilled debt management staff

#### ***Session 4: Evolution of approaches to incorporating sustainability factors into public debt management***

Background document: Chapter 2 of the 2023 edition of the *OECD Sovereign Borrowing Outlook*

Sustainable investing is growing rapidly as more investors (and issuers) utilize environmental and social related information to support their investment decision-making (their issuance strategies), alongside traditional financial analysis. While the viability of sustainable bonds has been tested under different market conditions, DMOs have become more active in communicating government ESG activities with investors. Yet, the practice around the incorporation of sustainability factors into public debt management (e.g. Frameworks, reporting standards and taxonomies of ESG-labelled bonds) as well as investors' perspective in sustainable investing (e.g. Assessment of ESG score of issuers, use of ESG ratings; disclosure standards, investor preference) are still evolving.

*Key issues for discussion for the Market Roundtable with industry representatives on investor demand for and key features of sustainable investing and ESG ratings:*

- What are the common motivations of investors when investing in sustainable bonds (e.g. ethical considerations, financial materiality)?
- To what extent do ESG-sensitive investors rely on ESG ratings in their portfolio management? Would climate change risk trigger more rating changes as the effects become clearer, closer and more material in the future?
- What are the key challenges in ESG investing and ESG ratings? Is there a role for sovereign DMOs to help investors to make informed and independent investment decisions?

*Key issues for discussion for country practices on different approaches to incorporating sustainability factors:*

- How do DMOs see the trends in sustainable investing in sovereign debt (e.g. sustainable issuer vs issuer of sustainable bonds)?
- What are the benefits and challenges of incorporating sustainability factors in debt management?
- What do country practices suggest in terms of the key features of successful sustainable bond issuance?

#### ***Session 5: Leading practices in buyback and switch operations: purposes, costs, and design features***

Background document: Chapter 4 of the 2023 edition of the *OECD Sovereign Borrowing Outlook*

The goal of this session is to have a broad, practical, and informative discussion on the buyback and switch operations, in terms of their purposes, costs, and design features.

Exchanges and buybacks are often used by sovereign DMOs to enhance market liquidity, efficiently manage cash flows ahead of large bond maturities, and reduce debt service costs. Given the recent large increases in the level of global sovereign debt as well as concerns over market liquidity of government securities, it is important to develop a better understanding of the prevalence of and motivation for DMO's current use of buybacks and exchanges, as well as the various processes and considerations associated with the use of these tools.

*Key issues for discussion are the following:*

- Costs and benefits of buyback and switch operations
- Design features of buy-back and switch operations (e.g. selection of securities, offering size and pricing)
- Communication of these operations with primary dealers, and a broader investor base
- Metrics measuring the success of liability management operations.