

Public Debt Management Conference 2024

Talking Points for Jean Pesme

Closing remarks

October 4, 2024 at 16:40pm (15 minutes)

Dear colleagues,

- The past two days have been fascinating and exciting as we heard from the best specialists, academics and practitioners, about the current debates and questions on public debt management. It is a fascinating topic at the core of the World Bank's mission to end extreme poverty and boost shared prosperity on a livable planet. It contributes to sovereign debt sustainability, supports sound fiscal policy, helps develop domestic capital markets and climate finance, amongst many dimensions.
- While traveling on mission, I joined several sessions and my colleagues have told me how rich and exciting the presentations and discussions were during the past two days.

1. Value added of the conference

- I'm really impressed by what was achieved in creating a regular forum to discuss the latest topics on public debt development from both theoretical and operational angles. A key value added of the PDM conference for me is its ability to combine the results of very thorough research, backed by quantitative analysis, with hands on experience of practitioners. When you look at the authors of the papers presented, universities still represent the majority [48%]. While the presentation of practitioners from Ministries of Finance and Central Banks was somewhat lower compared to the previous conference (28% to 13%), their valuable insights were an essential component of the conference. I also hope we'll see more contributions from private sector experts in the future as they are important stakeholders in public debt management and government securities markets.
- This exchange between academics and practitioners is also a testimony of the success of the PDM network led by the Italian Treasury that allows the public debt management community to stay up-to-date and debate ideas.
- I hope that the practitioners benefited from better understanding of rationale for their action and can expand their toolkit to address problems, new or old. Equally I hope that the

academics and researchers benefited from the reality check to confirm their assumptions and open new paths for their work.

2. How the conference contributes to FCI agenda

- Turning to the issues covered over the past two days, it is interesting to see how new topics are emerging or gaining visibility while traditional questions remain relevant. We had to speak about inflation in the current interest rate context, but it was so interesting to listen to analytical work leveraging 50 years or more of history of inflation-linked bonds and looping in the angles of monetary policy, fiscal sustainability, and bond market development. Another topic is climate: the ESG dimension is continuing to gain traction since the first event in 2019, which is not a surprise.
- What I noticed is how it is not about adding new instruments such as green bonds or Sustainability-linked loans anymore, but the climate agenda is now permeating almost all dimensions of the discussion on public debt management, which is reflected in the agenda of this year.
- Strengthening the financial sector's role in climate and sustainable finance is a priority in my department in the World Bank. As mentioned during the conference, addressing the externalities associated with climate change is crucial. We are committed to supporting developing economies in their efforts to green financial sector and being the catalyst for green economy, such as carbon market development. We are committed to supporting developing countries in their efforts to enhance their financial resilience, including from pre-and post-natural disaster financing and insurance. This goes hand in hand with ESG or green budgeting.
- In addition, sound and deep domestic government bond market is an important topic in the discussion of public debt management. It is a key pillar that contributes to the development of domestic capital markets in general – corporate bonds, equity, derivatives – and improve the long-term financing of the economy, in particular for emerging and medium-income countries.
- As global director for the Finance, Competitiveness and Innovation Global Practice, this question is dear to me. With the International Monetary Fund, we have been involved in diagnostics and reforms for many years and more recently synthesized our approach into a Local Currency Bond Market (LCBM) framework which aims at covering all the dimensions of sound government securities market.

- We are also engaged with the International Finance Corporation, our sister institution, in a joint program to develop capital markets in a select but growing number of countries, through technical assistance and innovative transactions. It is called Joint Capital Market Program (JCAP) and covers many instruments and markets. In every country JCAP includes substantial technical assistance on government securities markets, because they contribute to pricing risk of government securities appropriately, expanding the domestic investor base, setting the stage for private sector issuances, to mention only a few of their benefits.
- To complement this work, analytical research would be extremely useful to focus the support to government bond market development on the most effective mechanisms, to identify and quantify related risks, to assess its impact. I encourage all of you to explore and study these topics and hope that we could discuss them in detail in the next PDM conference.

3. Thanks

- To conclude, let me thank the organizers from the three institutions – the Italian Treasury, the OECD and the World Bank. It was the first time we hosted the PDM conference, and we benefited immensely from the experience of the other two institutions.
- This is an honor but also represent a lot of work for colleagues from the two units, Economic Policy and Finance, Competitiveness and Innovation global practices, in particular Oumi Himid who managed most of the logistics.
- I would like to thank the moderators, the discussants, the presenters and their co-authors, the speakers, as well as those who connected virtually, and all the participants. I would also like to thank Professor Ugo Panizza for his insightful keynote speech on the link between public debt and climate change.
- Thanks to all of you and see you all for the next PDM conference!