**Domestic Debt Management Concepts**

**Course Information Sheet**

This course will provide the learners with the basic knowledge and understanding needed to become a professional debt manager for domestic debt. In addition, this course will help learners to gain basic knowledge and understanding of domestic debt management required for an effectively use the CS-DRMS software. Learners need to have this debt management knowledge base in order to work in a debt management office.

Leaners will be supported by a tutor, who will provide feedback (electronically) on the progress, reply to the queries and suggest other learning activities to help develop the knowledge and understanding required to successfully complete this course. The course will be running over a six-week period.

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| PrerequisiteNo pre-course materials or knowledge is required. Learners are however expected to be working in a Debt Management Office or plan to work in a Debt Management Office. | Learning OutcomesOn completion of the course, learners will be able to:* demonstrate their understanding of the definition, purpose and different ways of issuance of domestic debt instruments;
* value standard debt instruments issued by sovereigns in the domestic bond market;
* understand how to promote a liquid domestic debt market;
* calculate and use various key performance indicators for the domestic debt portfolio;
* appreciate role of regulatory and tax environments in efficient functioning of the domestic debt market.
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| Supplementary Reading Users are encouraged to go through the Revised Guidelines for Public Debt Management (IMF, 2014) as well as the IMF - Public Sector Debt Guide (2013). |
| AssessmentThis course is concluded with a final assessment comprising a number of multiple choice questions. The assessment should take about 1 ½ hours to complete. In addition, small assessments are included at the end of each lesson. |
| Course SyllabusThe course is divided into six modules.Module 1: [Introduction to domestic debt](https://app.tessello.co.uk/TheCommonwealth/) This module deals with different types of Government borrowing instruments and various ways to issue them in the domestic market. It also describes the context in which domestic debt markets operate; for instance, the interplay with the central bank, on-lending and government guarantees.Module 2: Basic Bond mathematicsThis module provides methodology for pricing of the main types of domestic debt instruments. It also deals with the concepts yield curve as well as the methods to derive them. Module 3: Market DevelopmentThis module introduces the key features of an efficient bond market and deals with methods to promote a liquid bond market. It also covers such issues as (a) auction framework design (b) primary dealers’ system (c) benchmark issuance programme, (d) investor base (e) trading and settlement architecture and (f) debt market innovationsModule 4: Risk ManagementThis module covers the key risk indicators and risk based measures for assessing different types of risks on domestic debt portfolio. In particular, the module deals with identification and measurement of (a) refinancing risk (b) interest rate and foreign currency risk, (c) liquidity risk and (d) operational risk.  Module 5: Liability Management OperationThis module focuses on different types of debt management operations that aim to manage risk and cost of domestic debt portfolio. Specifically, the module covers: (a) buybacks and exchanges (b) use of call option and (c) sinking fund.Module 6: Regulations and Taxes This module covers issues relating to legal framework, market regulations, market surveillance, taxation and their role in functioning of domestic debt market.   |