



***NATIONAL TREASURY LAUNCHES THE BOOK:
"PUBLIC DEBT: THE BRAZILIAN EXPERIENCE"***

The Brazilian National Treasury, in partnership with the World Bank Group, launches today, on August 17th, the book: "*Public Debt: The Brazilian Experience*". The book provides a comprehensive coverage of the Brazilian public debt, describing and analyzing it under several different facets, including its history since the earliest registers – in Imperial Brazil, and technical aspects related to the management of the public debt and the functioning of the government securities market.

The publication aims to facilitate and foster a broader understanding on the topic, presented by professionals with first-hand experience on debt management, mainly National Treasury staff, and authors from the World Bank, other Brazilian Federal government institutions and the academy. It also serves as vehicle to disseminate and account for a rich set of measures to improve Brazilian public debt management and to develop its government securities market. As such, "*Public Debt: the Brazilian Experience*" may be of special interest to investors, financial analysts, credit-rating agencies, academics and journalists.

Brazilian public debt management has evolved considerably during the past decade. Following international best practices, the institutional framework was remodeled and the Brazilian National Treasury built strong staff and technological capacity. These developments were instrumental to better reap the benefits brought by improved fiscal and monetary policies, and are behind the successful attempt to reduce the cost and risk of the Brazilian public debt in the period. While progress is a continuous effort, and much is to be done, several are the lessons

Brazilian National Treasury: <http://www.tesouro.fazenda.gov.br/english/index.asp>

Book release: *Public Debt: the Brazilian Experience*

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learned throughout these years. It is exactly in this context that the idea of compiling this story emerged.

It is important to hail the partnership with the World Bank, institution that has, as one of its guidelines, the continuous dissemination of good international practices. This joint effort enhances the book's reach to countries that are examining similar issues, contributing to the current literature and debate on possible solutions to improve public debt management and develop the government securities markets.

The book is organized in three parts (see diagram below): Part 1 – Understanding the Brazilian public debt, Part 2 – The Brazilian public debt management, and Part 3 – The public debt market in Brazil. Each part is composed by several chapters that bring a detailed overview of various aspects that stream the Brazilian public debt experience.

Part 1 presents a historical and conceptual analysis on the public debt, while describing the main statistics and documents regularly published about it. It also brings a specific chapter shedding some light on the theoretical and empirical debates about public debt sustainability.

Part 2 describes the Federal Public Debt management in its main aspects, including the developments in the institutional structure, the process to design debt financing strategies and manage risks against economic shocks. It also covers the preparation and monitoring of the public debt budget and the regulatory and auditing structure that ensure transparency and accountability to the Brazilian society.

Part 3 guides the reader to better understand the Brazilian public debt market. It comprises seven chapters, unfolding the recent evolution of the public debt market, describing the organization of the Brazilian financial market and presenting the characteristics of the public securities commonly used for financing purposes and their pricing techniques. It also introduces primary and secondary debt market features, analyses the main segments of investors on government securities and presents the Brazilian internet based retail sales program – the Treasury Direct.

The following table presents the book structure. The Portuguese content of the book is available for download at http://www.tesouro.fazenda.gov.br/divida_publica/livro_divida.asp. The English version will be released soon.

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The book's comprehensive structure has been designed with the intent of demystifying the topic, increase transparency and hopefully contribute to widen the audience that follow the progress Brazil has been making on this field. The chapters were carefully prepared aiming at a good balance between descriptive, technical and analytical contents. While it provides a detailed account of the institutional evolution the Brazilian National Treasury has reached to deal with the topic, the book points toward forthcoming challenges, including those related to the consolidation of a few institutional steps, the development of secondary market and the increase and diversification of the investors' base. These challenges, when overcome, will ensure the path of continued improvement of debt management paving the way to further reductions in the cost and risk of the public debt, and contributing to sustainable growth of the Brazilian economy.

Finally, the National Treasury hopes the lessons learned and described on this book will help guiding other countries in the attempt to build solid practices on public debt management and the development of a securities market, generating positive externalities for far beyond the Brazilian society.