



Sovereign Debt Management Newsletter

Storkey & Co Limited
WN/1111791

What's New

The main focus of activity over the past three months has been on-going consulting assignments in Africa and Asia. Also, our attendance as a presenter at the Latin American Seminar on Treasury Management, hosted by the Ministry of Economy and Finance of Peru, IMF, Inter-American Development Bank and the World Bank, in Lima.

In this Newsletter, there are articles covering:

- Latin American Seminar on Treasury Management held in Lima, Peru from 15 to 16 April 2010.
- Two recent OECD publications on responses of OECD governments to the crisis and increased borrowing.
- Guidance for Operational Risk Management in Government Debt Management published by World Bank.

Storkey & Co Update

Over the past 3 months, we have:

- continued to assist the World Bank with the Public Financial Management Reform Project for the Ministry of Finance in Vietnam.
- continued to assist the World Bank in implementing the DeMPA tool.
- continued to assist the People's Republic of China with Local Government Treasury Cash Management under an ADB TA.

- Debt Management Facility Stakeholders' Meeting held in Tunis, Tunisia from 29 to 30 March 2010.

Over the past 3 months, we have also been researching treasury cash management practices of central and local governments. The practices in Australia, Brazil, Canada, France, India, New Zealand, South Africa, UK and the US have been documented as a contribution to the ADB TA for the People's Republic of China. A follow up Workshop to the Sanya International Conference in December 2009 is to be held in Guilin, Guangxi Province from 13-14 May 2010. Discussions are to be held with the ADB on how best to have these treasury cash management practices published so that they are available to government cash and debt managers.

Volume 10, Issue 1
April 2010

Special points of interest:

The biennial Sovereign Debt Management Forum that is hosted by the World Bank in Washington DC is expected to be held from 25 to 27 October, 2010. Details when these become available will be posted to the World Bank website:

<http://treasury.worldbank.org/bdm/htm/ConferenceWorkshopProgram.html>

Inside this issue:

<i>Latin American Seminar on Treasury Management</i>	2
<i>Recent OECD Publications</i>	2
<i>Guidance for Operational Risk Management</i>	3
<i>Debt Management Facility Stakeholders' Forum</i>	3
<i>Recent Developments or Announcements</i>	3
<i>Storkey & Co Limited—Company Profile</i>	4
<i>Debt Management Unit Publications & Websites</i>	4



Latin American Seminar on Treasury Management

The Peruvian government hosted a seminar on Treasury Management in Latin America in Lima from 15-16 April 2010. The seminar was co-organized and supported by the IMF, the World Bank, and the Inter-American Development Bank. The seminar was opened by the Peruvian Finance Minister Mercedes Araoz.

Treasury officials from seventeen countries attended. There were presentations from the international organisations on various aspects of treasury management, and from State Treasurers on ongoing reforms in their respective countries.

Two presentations were delivered by company director Ian Storkey covering "Modern Practice of Cash Management" and "Cash Balance Targeting and Coordination with Debt Management."

The results of a survey of "Treasury Management Practices in Latin America" were presented by Holger van Eden from the IMF and Fanny Weiner from the World Bank. The survey highlighted the significant progress made by most countries in reforming treasury management practices.

A paper on "Government Cash Management: Its Interaction With

Other Financial Policies", written by Mike Williams as a Discussion Paper for the Inter-American Development Bank, was distributed to participants.

At the end of the seminar, the participants decided to set up an International Professional Association for State Treasurers to enhance the exchange of expertise and experiences.

Further information on the seminar, including a selection of photographs, can be accessed on the webpage (in Spanish):

http://www.mef.gob.pe/DNTP/gestion_DNTP/index.html



At the end of the seminar, participants decided to set up an International Professional Association for State Treasurers to enhance the exchange of expertise and experiences.

Recent OECD Publications

The Bond Market and Public Debt Management Unit in the Fiscal Affairs Division of the OECD has recently published two papers:

- The Surge in Borrowing Needs of OECD Governments: Revised Estimates for 2009 and 2010 Outlook by Han J. Blommestein and Arzu Gok
- Responding to the Crisis: Changes in OECD Market Procedures and

Portfolio Risk Management by Hans J. Blommestein

The former examines the challenges that OECD governments are facing in raising smoothly large volumes of funds at lowest possible cost (estimated to total around US\$16 trillion in 2010) while balancing refinancing, repricing and interest rate risks. So far, most have been successful.

The latter reviews the changes that DMOs have implemented to existing issuance policies and procedures in response to tougher issuance conditions and strategies and indicators for the management of the debt portfolio.

For copies of these papers, refer:

<http://www.oecd.org/daf/publicdebtmanagement>



Guidance for Operational Risk Management

The World Bank has published *Guidance for Operational Risk Management in Government Debt Management* written by Tomas Magnusson, Abha Prasad and Ian Storkey.

The paper introduces the concepts of operational risk as applied to government debt management and attempts to present a framework for debt managers to manage operational risks while undertaking public debt management operations. It draws on existing literature for

operational risk management principles and practices that have been formulated by the Bank for International Settlements (BIS) Basel Committee on Banking Supervision and the Committee of Sponsoring Organisations (COSO).

The paper provides guidance on developing a framework for assessing risk exposures from incidents or events that can adversely impact on reputation, financial cost, outputs and/or budget variance.

Developing an operational risk management framework can be an evolutionary process as it will take time and effort to not only identify and understand the risks but also the mitigation techniques in an environment that is constantly changing. The paper provides a six step process for developing and maintaining an operational risk management framework. A copy can be obtained from the website:

<http://go.worldbank.org/XUSCSNC9C0>

Debt Management Facility Stakeholders' Forum

The World Bank's Economic Policy and Debt Department, in cooperation with the African Development Bank, held the Debt Management Facility (DMF) Stakeholders' Forum on "Sovereign Debt and the Financial Crisis: Will This Time Be Different?" in Tunis from 29-30 March 2010.

The Forum was structured with seven sessions as follows:

1. A New Wave of Sovereign Defaults
2. Debate on Sovereign Defaults and Mechanisms to Address Debt Restructuring
3. Lessons from Past Crises and New Approaches in Debt Restructuring
4. Can Effective Debt Management Help Financial Stability?
5. Managing Public Debt in Crisis: How Experiences Differ?
6. Experiences Managing Public Debt in Crisis: The Case of LICs

The Debt Management Facility (DMF) Stakeholders' Forum was held in Tunis, Tunisia from 29-30 March 2010

7. Going Forward

A copy of all the presentations can be downloaded from the World Bank website:

<http://go.worldbank.org/082IPOO2H0>

Recent Developments or Announcements

Central Banking Publications (CBP) will hold their annual course on "Government Debt Management: New Trends and Challenges" at Clare College in Cambridge, UK from 31 August to 3 September 2010.

The 2010 course will be again be chaired by company director, Ian Storkey. The course program including registration details has

just been published and is available from the CBP website:

<http://web.incisive-events.com/rma/2008/11/central-banking/DM.html>

A new e-learning package, called the 'CS-DRMS eLearning Course', has been developed by the Commonwealth of Learning's e-learning for international or-

ganisations team in collaboration with the Secretariat to provide training in both general debt management practices and how to use the CS-DRMS software. Further details can be obtained from the Commonwealth Secretariat website:

<http://www.thecommonwealth.org/news/34580/222770/210410csdrmsonline.htm>

Storkey & Co Limited

WN/1111791

Ian Storkey
Director
90 Larsen Crescent
PO Box 51096
Tawa
Wellington 5249, New Zealand
Phone: +64 (04) 232-4594
Fax: +64 (04) 232-9465
Mobile: +64 (021) 414-510
Email: contactus@storkeyandco.com
Web: www.storkeyandco.com



Storkey & Co Limited is an international management consultancy providing independent specialist advice on government debt management to central and sub-national governments.

The company employs or works in partnership with recognised experts who have considerable international experience in the finance markets and in public sector debt, cash and risk management. With their extensive project and change management expertise, they have developed an international reputation for delivering the highest quality practical solutions.

These experts have gained practical experience from working in a government debt office and on technical assistance projects internationally for all the major donor agencies.

Since the company was established in early 2001, assignments have been undertaken in Australia, Brazil, Canada, Cambodia, China, Ethiopia, Fiji, Ghana, Guyana, Hungary, India, Indonesia, Laos, Lithuania, Malaysia, Malawi, Mauritius, Mongolia, Nauru, New Zealand, Nicaragua, Nigeria, Papua New Guinea, Philippines, Samoa, Solomon Islands, Thailand, The Gambia, Uzbekistan and Vietnam.

Debt Management Unit Publications & Websites

Key publications released by DMUs over the past 3 months:

- **Austria** Annual Review 2009
- **Colombia** Financial Plan for 2010
- **Czech Republic** Quarterly Review Mar 2010
- **Finland** Debt Management Annual Review 2009
- **Greece** Public Debt Bulletin No 57
- **Hungary** Government Securities Report 1st Qtr 2010
- **Iceland** Emphases in Government Debt Management 2010
- **Ireland** Information Memorandum 2010
- **Israel** Quarterly Report Q1-2010
- **Japan** Japanese Government Bonds Apr 2010
- **Jordan** Public Debt Bulletin Mar 2010
- **Latvia** Quarterly Bulletin Q1 2010
- **Latvia** Report on Central Government Debt Management 2009
- **Netherlands** DSTA Quarterly Outlook Mar 2010
- **Portugal** Financing Program for 2010
- **Slovakia** Monthly Reports Feb, Mar, Apr 2010
- **Spain** Issuance Strategy for 2010
- **Sweden** SNDO Annual Report 2009
- **Sweden** Central Government Borrowing 2010-1
- **Turkey** Public Debt Management Reports Feb, Mar, Apr 2010
- **Turkey** Public Debt Management Report 2009

- **UK DMO** Quarterly Review Jan-Mar 2010
- **UK** Debt and Reserves Management Report 2010-11
- **Vietnam** External Debt Bulletin #4

Also Released:

- **ComSec** Newsletter Mar 2010
- **PDM Network** Monthly Newsletters Feb, Mar, Apr 2010

