



Sovereign Debt Management Newsletter

Storkey & Co Limited
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What's New

The main focus of activity over the past three months has been on-going consulting assignments and debt management performance assessments.

In this Newsletter, there are articles covering:

- Two high performing emerging market debt management offices (DMOs).
- Recently introduced nine government debt management audio-visual online seminars by Henry Stewart Talks.
- Asian Regional Public Debt Management Forum arranged by the Asian Development Bank and hosted by Bank Negara Malaysia to be held in Kuala Lumpur from 3-5 November, 2009.

- UNCTAD's Seventh Debt Management Conference to take place in Geneva from 9 to 11 November 2009, followed by the 7th DMFAS Advisory Group from 12 to 13 November 2009.

We have been assisting the Commonwealth Secretariat Debt Management Section to document generic public debt management processes and workflows. This has involved information from desktop studies and field visits, which have been particularly insightful in demonstrating the practical hands-on operational processes of several debt management offices. The output is expected to be a Public Debt Management Procedure Manual to assist debt managers in establishing sound practice procedures for their debt management operations.

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Special points of interest:

Storkey & Co will be providing a 2-week training course in Wellington, NZ in October 2009 for 15 officials from the Government of Vietnam. The training will include many prominent speakers and focus on sound practice government debt management and developing a medium term debt management program.

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Storkey & Co Update

Over the past 3 months, we have:

- continued to assist with the Debt Management and Fiscal Risk component of the World Bank and DFID Public Financial Management Reform Project (PFMRP) for the Ministry of Finance in Vietnam.
- continued to assist the World Bank in implementing the debt management performance assessment (DeMPA) tool across low-income countries.
- continued to assist the Government of Samoa, through World Wide Project Management Services in Adelaide, funded by AusAID/NZAID.
- contracted to the ADB to assist with the Asian Regional Public Debt Management Forum.
- contracted to Commonwealth Secretariat to document public debt management business processes and workflows.



High Performing Emerging Market DMOs

As part of the Commonwealth Secretariat assignment to document public debt management business processes/workflows, we visited the Nigerian DMO and Brazilian National Treasury to understand more about their debt management operations.

This highlighted the progress both institutions have made in developing their capability in public debt management and the reputation they have now established. It also demonstrated the benefits of significant external assistance provided by DFID through Crown Agents in the case of Nigeria and the World

Bank in the case of Brazil. This assistance has been instrumental in setting up a DMO with sound practice governance structures, institutional arrangements, debt management policies and procedures, and effective/efficient debt management operations.

Both DMOs publish a comprehensive debt strategy, annual report, and comprehensive investor material. In the case of Brazil, the Institute of International Finance—a global association that brings together the world's major financial institutions—released its second update on the Investor Relations and Transparency Prac-

tices ranking of the most active emerging market economies on the debt market. Brazil continued in first position in the ranking and was the only country to obtain the maximum grade of 38 points.

Both DMOs are well resourced with high quality people, have a very professional approach to managing their DMOs, and have developed a strong culture and ethos to reflect their status as a sovereign debt manager. They should be seen as a high performing DMO and a good role model for other DMOs in emerging market economies to follow and seek to emulate over time.



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Government Debt Management Online Seminars

Henry Stewart Talks, a UK based online seminar provider, has recently added a series on Government Debt Management, edited by Dr Andreas Pick, Sinopia Research Fellow at the University of Cambridge, UK.

There are nine audio-visual seminars covering recent developments in government debt management, economics of debt

management, sound practice, recent developments, government debt and emerging markets, organisation of DMOs, and government securities modeling, issuance and market.

Speakers include Andreas Pick, Mike Williams, Hans Blommestein and Mark Deacon (UK DMO). Each seminar runs from between 30 minutes and 90 minutes.

These are available on an individual user license for US\$999 (£599, €699) and on a site license for US\$1,999 (£1,199, €1,399) giving unlimited access for all members of an organisation within a single country.

More details on the series and speakers can be obtained from:

www.hstalks.com/r/govdebt/



Asian Regional Public Debt Management Forum

The Asian Development Bank (ADB) will hold the inaugural Asian Regional Public Debt Management Forum to be hosted by Bank Negara Malaysia in Kuala Lumpur from 3 to 5 November 2009. The Forum is by invitation only.

The Forum will provide the opportunity for government debt managers from ADB member countries to meet either annually or biennially. The Asia-Pacific region does not have a regular forum for government debt managers.

The forum will feature prominent speakers and facilitators from the region and cover topics such as:

- Meeting government financing needs in turbulent times
- Planning/implementing a debt strategy
- Developing domestic government securities market
- Accessing international capital markets

In addition, there will be four sessions with two streams that will cover Islamic finance, DSA, DeMPA, domestic bond market

liquidity, investors' perspectives of Asian sovereign credits, debt recording and analysis, and ADB products and Asian bond market initiatives. Finally, there will be a keynote address from Bank Negara Malaysia and speech on the impact on Asia of the global financial crisis.

This is a welcome addition to the Asia-Pacific debt managers' calendar and should provide a much needed opportunity to meet periodically and ultimately build a regional network.

UNCTAD Debt Management Conference

UNCTAD's Seventh Debt Management Conference will take place in Geneva from 9 to 11 November 2009, followed by the 7th DMFAS Advisory Group from 12 to 13 November 2009. Past conferences—organised by UNCTAD every two years—have attracted more than 250 participants from over 70 countries.

The agenda for the conference is extensive and there will be many prominent speakers and panelists.

Topical issues to be covered over the 3 days include:

- The impact of the current financial crisis on debt and debt management
- The use and limitations of risk indicators in debt management
- Debt defaults and debt crises
- Illegitimate debt
- Roles and responsibilities of debt managers
- Transparency in debt management
- The auditor and debt management

The 7th UNCTAD Debt Management Conference and DMFAS Advisory Group Meeting will take place in Geneva from the 9th to 13th November 2009

- The challenges of implementing debt strategies and impact measurement in debt management

For Conference and Advisory Group Meeting details refer:

www.unctad.org/dmfas

Recent Developments or Announcements

The Brazilian National Treasury, in partnership with the World Bank Group, launched on August 17th, the book: "*Public Debt: The Brazilian Experience*". The book provides a comprehensive coverage of the Brazilian public debt management experience.

The book has three parts to provide the history of Brazilian public debt, Brazilian public debt man-

agement, and the Brazilian public debt market. The National Treasury hopes the lessons learned and described in the book will help guide other countries to build solid practices in public debt management and the development of a securities market.

While the publication is in Portuguese, an English version will be available soon.

The book was written by professionals with first-hand experience in debt management, mainly National Treasury staff, and authors from the World Bank, other Brazilian Federal government institutions and the academy.

To download a copy, go to:

www.tesouro.fazenda.gov.br/english/public_debt/ok_divida.asp

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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, 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** Debt Management Annual Review 2008
- **Belgium** Federal Government Debt Annual Report 2008
- **Czech Republic** Quarterly Review Jun 2009
- **Greece** Public Debt Bulletin No 53
- **Hungary** Government Securities Report 2nd Qtr 2009
- **Ireland** NTMA Annual Report 2008
- **Israel** Government Debt Management Unit Annual Report 2008
- **Japan** Debt Management Report 2009
- **Japan** Japanese Government Bonds Jul 2009
- **Netherlands** DSTA Quarterly Outlook Jul 2009
- **Nigeria** DMO Annual Report 2008
- **Poland** Annual Report of Public Debt 2008
- **South Africa** 2009 Budget Chapter 5 Asset and Liability Management
- **Spain** Annual Report Financial Markets and Public Debt 2008
- **Sweden** SNDO Annual Report 2008
- **Sweden** Central Government Borrowing 2009:2
- **Sweden** SNDO Financial and Risk Policy for 2009
- **Turkey** Public Debt Management Reports May, Jun, Jul 2009
- **UK** DMO Annual Report 2008-09
- **UK** DMO Quarterly Review Apr-Jun 2009
- **UK** DMO Guide to Gilts version 7

Also Released:

- **ComSec** Debt Management Section Newsletter Mar 2009
- **DRI** Strategies for Financing Development #39
- **MEFMI** 2008 Annual Report

