



Storkey & Co Limited

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Introduction to the First Newsletter

Welcome to the first Storkey & Co newsletter. The company has recently been established to enhance the understanding of sovereign (public) debt management across the Asia-Pacific region. This area of public sector management is not that well understood by many countries in this region. There is certainly not the same level of knowledge and understanding as in Europe and North America where sovereign debt managers have been regularly meeting over the past 12-14 years at the annual Government Borrowers Forum and OECD Working Party on Government Debt Management meetings.

In addition, the IMF, World Bank, OECD and other European Union bodies have facilitated workshops and conferences to assist many European countries to enhance and develop their sovereign debt management capability.



Ian Storkey, Director

Storkey & Co Website

There are very few websites that have information on sovereign debt management. The only site that we are aware of with comprehensive information is the World Bank Financial Services and Products Group:

www.worldbank.org/fps.

Therefore, the company website has been established to create a library of information on sovereign

debt management and to provide a comprehensive set of links to relevant websites.

If the reader of this newsletter would like to have any reference material or website link incorporated, please email us with the relevant details. Also, articles to be added to the library are most welcome. Our website is:

www.storkeyandco.com

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Special points of interest:

- *The IMF/World Bank Guidelines for Public Debt Management have just been released. A copy can be downloaded from: www.worldbank.org/fps/guidelines*
- *A World Bank publication "A Manual on Sound Practice in Sovereign Debt Management 2000" is due for release soon.*
- *The Government Borrowers Forum 2001 Spring Meeting is to be held in Paris on 14/15 May.*

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Traditional Approach → Sovereign Debt Management

While a number of countries are in the process of changing their public debt management practices, most government's focus can still be characterised as:

- debt issuance and servicing payments
- monitoring and controlling Government Budget debt service costs
- process and control

The primary task of the Debt Management Office is therefore to ensure that there is

enough cash at hand in the Government account to make timely debt service payments (external and domestic) and to meet the budget financing requirements. Unfortunately, this should not be seen as sound debt or risk management.

Governments are now looking to follow international trends and increasingly focus attention on risk management within an asset-liability management framework.

Cross-country experiences in

setting up a fully functioning debt/risk management capacity show that it is time consuming and will require dedicated resources with skills in change management along with continuous skills development throughout this process.

It is our view that a debt/risk management framework should be established along the following lines:

Strategy of Debt Management

To cover Government & Parliamentary Requirements



Debt Management Objectives

For the DMO/MoF as Approved by the Minister of Finance



Debt/Risk Management Policy Manual

For DMO Internal Use

"...it is time consuming and will require dedicated resources with skills in change management..."

World Association of Debt Management Offices

In response to a proposal originated from the Bureau of the Treasury of the Philippines, UNCTAD facilitated the establishment of the World Association of Debt Management Offices (WADMO).

The first general meeting was held in Geneva on 6 April 2000 and as at January 2001 has 34 full members. The main objective of WADMO is to offer debt management professionals a forum to discuss technical matters of common interest at the international level.

The President of WADMO is:

Ms. Leonor Magiolis Briones
Treasurer of the Philippines

The Secretariat can be contacted at:

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NTMA Assigned New Functions

The National Treasury Management Agency of Ireland (NTMA) has recently been assigned three new functions.

1. State Claims Agency

The mandate is to ensure that the State's liability and associated legal and other expenses are contained at the lowest achievable level.

2. Central Treasury Service

A Central Treasury Service will be offered to Local Authorities, Health Boards, Vocational Education Committees and other public bodies. This follows best practice in the private sector.

3. Fund Investment Services

An investment service will be made available to Ministers who have funds under their management or control.

The NTMA has already been mandated to manage the National Pensions Reserve Fund.

Public Sector Debt Management Conference 2001

It was disappointing that the Conference scheduled for 27th February to 1st March in Canberra was deferred, as there was an impressive list of key note speakers and presenters.

The Finance and Treasury Association of Australia (FTA) is planning to reschedule the Conference for the first half of 2002.

The primary objective of the Conference is to increase awareness and understanding in Australasia of Public Sector Debt Management and to provide a forum for participants from the Asia—Pacific region to attend.

Details of the Conference will be made available by the FTA later in the year, or you can check out their web site:

“The Finance and Treasury Association is planning to reschedule the Public Sector Debt Management Conference for the first half of 2002”

www.fta.asn.au

Recent Publications

A number of Sovereign Debt Offices have released publications which can be obtained from their respective websites.

Canada: www.fin.gc.ca

- Debt Management Strategy 2001-2002

Ireland: www.ntma.ie

- Results for the Year 2000

- Ireland Information Memorandum Year 2001

Netherlands: www.dutchstate.nl

- Dutch Government Securities 2001

Sweden: www.rgk.se

- Annual Report to the Ministry of Finance

United Kingdom: www.dmo.gov.uk

- DMO Business Plan 2001-2002

- Debt & Reserves Management Report 2001-2002

Also worth reading:

Denmark: www.nationalbanken.dk

- Danish Government Borrowing and Debt 2000
- The interest and refinancing risk on domestic Government Debt—Cost at Risk

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Storkey & Co Limited is an international management consultancy providing independent specialist advice on financial and debt management to central governments, state/regional and local government, government enterprises, financial institutions and corporate treasuries.

The company employs recognised experts who have considerable international experience in the finance markets and in public sector debt 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 Asian Development Bank, AusAID, International Monetary Fund and World Bank technical assistance projects internationally.

Recommended Websites

The Sovereign Debt Management Office websites most recommended are:

Austria: www.oebfa.co.at

Belgium: www.treasury.fgov.be/interdette

Canada: www.fin.gc.ca

Denmark: www.nationalbanken.dk

Hungary: www.akk.hu

Ireland: www.ntma.ie

Netherlands: www.dutchstate.nl

New Zealand: www.nzdmo.govt.nz

Portugal: www.igcp.pt

Spain: www.mineco.es/tesoro

Sweden: www.rgk.se

United Kingdom: www.dmo.gov.uk

Other recommended Sovereign Debt Management related websites are:

Commonwealth Secretariat, Debt Recording and Management System (CS-DRMS): www.csdrms.org

UNCTAD, Debt Management and Financial Analysis System (DMFAS): www.unctad.org/en/subsites/dmfas

World Bank Financial Products and Services Group: www.worldbank.org/fps/

The Second Sovereign Debt Management Forum held at the World Bank in Washington D.C. on November 1-3, 1999: www.worldbank.org/fps/sdm/sdm_pubs.htm

NB. A highly recommended collection of presentations from a wide range of participants.

