



Storkey & Co Limited

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What's New

The focus of this Newsletter is on sovereign debt management for developing countries. UNCTAD and the World Association of Debt Management Offices (WADMO) will be holding conferences in Geneva during November with a large number of participating countries. Also, DMFAS version 5.3 is due for release at the end of 2003.

There is also reference to two five-day risk modeling training courses conducted by the Public Debt Management Group of the World Bank—two courses are scheduled for November 2003.

In addition, there have been some important developments with some of the most advanced sovereign

debt offices, which are covered in "Significant Articles Published by Debt Offices".

The past quarter has been extremely busy on consulting assignments in India, Indonesia, Papua New Guinea, Philippines and the Solomon Islands. The key lessons that we have drawn from these and earlier consulting assignments are the need for:

- patience and empathy
- inclusivity and coaching of local counterparts
- counterparts to be committed to change and that ownership of change rests with them

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Special points of interest:

- *UNCTAD's Fourth Inter-regional Debt Management Conference is to be held in Geneva on 10-11 November 2003.*
- *The World Association of Debt Management Offices (WADMO) Third General Assembly / Conference is to be held at Palais des Nations in Geneva on 12 November 2003.*

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Storkey & Co Update

Over the past 3 months, we have:

- continued the ADB consulting assignment for the Ministry of Finance in India (with AF Ferguson & Co).
- continued to assist ACIL Australia with the AusAID Indonesian Debt Management Project in Jakarta.
- continued to assist SAGRIC In-

ternational under the PNG Advisory Support Facility with the debt management project for the Department of Treasury.

- contracted to AusAID to assist on the Budget Stabilisation Program over the next year for the Solomon Islands Government. A first mission was completed in late September.



World Association of Debt Management Offices

The World Association of Debt Management Offices (WADMO) was established by UNCTAD and held its First General Assembly in April 2000. WADMO seeks:

- to **promote and develop** understanding and cooperation amongst Debt Management Offices
- to **strengthen information** gathering systems and information exchange amongst Debt Management Offices
- to **share country and regional experiences** in effective debt management
- to **assist Debt Management Offices** to gain access to technical assistance and training through referrals to relevant agencies
- to **facilitate access** to funding and other assistance, through referrals to relevant bilateral and multilateral agencies, for the development and implementation of effective debt management programmes
- to **assist Debt Management Offices** in advising their respective governments in the formulation of appropriate debt policies and strategies

As at November 2002, WADMO had 41 full members and 2 associate members across developing countries. The current President is Eduardo Sergio Edeza, Treasurer of the Philippines.

WADMO released its first newsletter "WADMO Journal" in December 2002 to provide a venue for information sharing and help to draw out best practices in debt management. WADMO has also developed a comprehensive website with many links to debt offices and relevant debt management related institutions. The Third General Assembly will be held in Geneva on 12 November 2003.



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DMFAS Release of Version 5.3

UNCTAD are to officially release a new version, DMFAS 5.3, at the end of 2003 which will give increased emphasis to capital market instruments through its enhanced bond module. In addition, it contains new functionality for:

- enhanced reporting and producing statistics
- recording and processing local government debt
- recording and managing revolving credit facilities
- computing capitalised interest
- handling Asian Development Fund loans
- managing the debt re-organisation process within

the framework of the Paris Club

It also features a revised classification and coding system for debt instruments—a revision that allows compliance with international standards for the production of debt statistics. Refer to the DMFAS website:

www.unctad.org/dmfas



Significant Articles Published by Debt Offices

Over the past 6-12 months, there have been a number of articles published by debt offices as part of their annual or regular reporting or as one-off articles. We have reviewed a number of these and would recommend the following:

- **AOFM:** The 2002-03 Annual Report is very comprehensive on all aspects of AOFM's operations. In-

cluded is an outline of the new interest rate benchmark for the management of the Commonwealth's net debt portfolio.

- **SNDO:** "An analytical approximation of relative Cost-at-Risk" sets out a new measure and how it will be applied in the management of government debt.
- **SNDO:** "Central Govern-

ment Borrowing 2003:3" sets out models for pricing of state guarantees.

In addition, the annual reports from Belgium, France (AFT), Iceland (NDMA), Ireland (NTMA), Israel (GDMU), Portugal (IGCP), Spain, and UK (DMO) provide very useful reviews of portfolio/risk management issues. These can be accessed from the websites which are set out on page 4.

World Bank Risk Modeling Training Courses

The Public Debt Management Group of the World Bank runs two five-day courses in **Introduction to Risk Modeling for Public Debt Management (RM101)** and **Risk Modeling and Scenario Analysis for Public Debt Management (RM201)**.

The primary objective of these courses is to build capacity in assessing and managing the financial risks for a sovereign debt portfolio.

These courses are based on an asset and liability management framework with the objective of reducing the overall risk to the government.

The courses discuss various concepts related to sovereign debt management and illustrate them with country examples and simple scenario analysis and simulation models. They provide practical solutions for the identification

RM 101 and RM 201 Risk Management Courses are to be conducted by the PDM Group on November 10-14 and 17-21, 2003 in Washington D.C.

and quantification of risk as the basis for a more informed decision making process in formulation a debt management policy.

www.worldbank.org/pdm/services_risk.htm

Recent Publications

Publications released by Sovereign Debt Management Offices over the past 3 months:

- **Australia** Annual Report 2002-03
- **Germany** October 2003 Newsletter
- **Greece** Public Debt Management Bulletin No.30, June 2003
- **Israel** Annual Report 2002
- **Japan** JGB Quarterly Newsletter Octo-

ber 2003

- **Lithuania** State Debt 2002
- **Lithuania** Government Securities Annual Report 2002
- **Poland** Annual Report 2002
- **Slovenia** Bulletin of Government Finance, October 2003
- **Sweden** Proposed Guidelines for Central Government Debt Management in 2004

- **Sweden** Report on Cost-at-Risk
- **Sweden** Central Government Borrowing Report 2003:3

Other relevant publications released recently:

- **WADMO** Annual Report 2002-03
- **WADMO** Journal, December 2002
- **NSW TCorp, NITC, QTC, Tascorp & TCV** Annual Reports for 2002-03

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

The company employs or works in partnership with 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.

Since the company was established in early 2001, assignments have been undertaken in Australia, Fiji, India, Indonesia, Lithuania, Mauritius, New Zealand, Papua New Guinea, Solomon Islands and Thailand.

Sovereign Debt Management Websites

The Sovereign Debt Management Office websites include:

Argentina: www.mecon.gov.ar/finanzas

Australia: www.aofm.gov.au

Austria: www.oebfa.co.at

Belgium: www.treasury.fgov.be/interdette

Brazil: www.tesouro.fazenda.gov.br

Canada: www.fin.gc.ca

Colombia: www.minhacienda.gov.co

Denmark: www.nationalbanken.dk

Finland: www.valtiokonttori.fi

France: www.francetresor.gouv.fr

Germany: www.deutsche-finanzagentur.de

Greece: www.mof-glk.gr

Hungary: www.allampapir.hu

Iceland: www.lanasysla.is

India: www.finmin.nic.in/caaa

Indonesia: www.dmo.or.id

Ireland: www.ntma.ie

Israel: www.mof.gov.il/debt

Italy: www.tesoro.it

Jamaica: www.mof.gov.jm/dmu

Japan: www.mof.go.jp/english

Lithuania: www.finmin.lt/finmin

Luxembourg: www.etat.lu/TS

Mexico: www.shcp.gob.mx

Morocco: www.finances.gov.ma

Netherlands: www.dutchstate.nl

New Zealand: www.nzdmo.govt.nz

Nigeria: www.dmonigeria.com

Peru: www.mef.gob.pe/DGCP/index.htm

Philippines: www.dof.gov.ph

Poland: www.mofnet.gov.pl

Portugal: www.igcp.pt

Slovenia: www.gov.si/mf/angl

South Africa: www.finance.gov.za

Spain: www.mineco.es/tesoro

Sweden: www.rgk.se

Switzerland: www.efv.admin.ch

Thailand: www.pdmo.gov.go.th

Turkey: www.treasury.gov.tr/indexe.htm

United Kingdom: www.dmo.gov.uk

United States: www.publicdebt.treas.gov

