



Storkey & Co Limited

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What's New

This Newsletter is dedicated to a friend and former consulting colleague, Paul Spencer, who passed away on January 30th at age 42, following a massive brain haemorrhage the previous weekend. Paul transferred with his family to Singapore at the same time Storkey & Co was set up, to take responsibility for CSFB's Global Market Data Services for Asia-Pacific. Before the move, Paul assisted financial institutions including the AOFM and RBNZ on market data services during the period when he worked as a consultant with Ian from 1998 to 2000.

Ian spent time with Paul and his family during several stop-overs and was planning to stay with them

in March. Ian was able to pass on condolences to his wife Jackie when he called on the family during a transit stop in Singapore on January 31st. Our thoughts are with Jackie and their three children as they have to deal and cope with this very untimely and unexpected passing.

It is three years since the company was established and there have been many and varied consulting assignments and notable achievements over the past three years. The company has contracted 23 consulting assignments in 12 countries, and contributes to the development of sovereign debt management across Asia-Pacific.

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Special points of interest:

- *The FTA Public Sector Finance and Treasury Management Conference is to be held in Canberra from 7-9 June 2004.*
- *The ADB has approved US\$200 million for a peso swap & financing facility for the Philippines. The 15-year facility will provide long-term peso-denominated loans to selected banks for onlending to a variety of businesses dependent on peso revenues.*

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Storkey & Co Update

Over the past 3 months, we have:

- completed the 2-year ADB consulting assignment for the Ministry of Finance in India (with AF Ferguson & Co).
- continued to assist ACIL Australia with the AusAID Indonesia Debt Management Project in Jakarta.
- continued to assist SAGRIC In-

ternational under the PNG Advisory Support Facility with the debt management project.

- continued to assist AusAID on the Budget Stabilisation Program for the Solomon Islands Government.
- Contracted to the ADB Treasury to develop a seminar series on SDM within an ALM Framework.



International Agencies in Debt Management

International agencies such as the ADB, BIS, Commonwealth Secretariat, IMF, OECD, UNC-TAD and World Bank have provided much of the research and information on public debt management and government debt markets. During recent research, we have identified a number of other international agencies that include public debt management among their services and expertise. These agencies are mainly covering the developing, HIPC and emerging market economies.

The following lists these agencies and their respective web-site:

- West African Institute for Financial and Economic Management (WAIFEM) www.waifem.org
- Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) www.mefmi.org
- United Nations Institute for Training and Research (UNITAR) www.unitar.org

- Debt Relief International (DRI) www.dri.org.uk
- World Bank Highly Indebted Poor Countries (HIPC) www.worldbank.org/hipc
- World Association of Debt Management Offices (WADMO) www.wadmo.net

There is a vast amount of public debt information on these websites and many links to other public debt related sites. We have now added them to our links page:

www.storkeyandco.com/library/links/links.html



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UNITAR Best Practices Series

The United Nations Institute for Training and Research (UNITAR) has developed a Best Practices Series written by experts in their field. The first four in the series have a debt management focus:

- Best Practices in the field of External Borrowing (August 2001) - Vinod Agarwal
- Best Practices in External Debt Management (August 2001) - Bolaji Owasanoye, Frank Mwine & Akin Arikawe
- Best Practices in Drafting Techniques of a Loan Agreement (October 2002) - Vinod Agarwal
- Best Practices and Key Issues to be addressed in a

Regulatory Framework for Public Debt Management (May 2003) - Daniel Bradlow

Copies can be obtained through sending a request directly to UNITAR. Information on how to obtain copies is shown on the UNITAR website:

www.unitar.org



Amendments to IMF/World Bank Guidelines

On November 25, 2003 the IMF and World Bank released "Amendments to the Guidelines for Public Debt Management." The Amendment states "Although the Guidelines cover a broad range of debt management activities, issues of public debt sustainability and legal features were not discussed. Now that a broad consensus is beginning to emerge on the appropriate

framework to guide debt sustainability discussions and on some of the legal features of debt instruments, IMF and World Bank Staffs would like to propose two new guidelines that would address these issues so that the Guidelines remain current and reflect sound practice in the public debt management field."

The two new guidelines are:

- Debt managers should inform the government on a timely basis of any emerging debt sustainability problems.
- Debt managers should make sure that they have received appropriate legal advice and that the transactions they undertake incorporate sound legal features.

A copy of these Amendments can be downloaded from:

www.worldbank.org/pdm/guidelines.htm

Collective Action Clauses

There has been an increasing use of Collective Action Clauses (CACs) by emerging market countries, with Brazil, Mexico, South Korea and South Africa including CACs in recent international bond issues governed by New York law.

CACs enable a qualified majority of bondholders to take decisions that become binding on all creditors of a particular bond issue, thereby helping to

bring about a more orderly and prompt restructuring. They could also help governments avoid the large macro-economic costs that might ensue if they are unable to restructure unsustainable debts in an orderly and predictable fashion.

One of the most important features of CACs is the majority restructuring provision, which enables a qualified su-

*"One of the most important features of CACs is the **majority restructuring provision**"*

per-majority of bondholders to bind all bondholders within the same issue to the terms of a restructuring agreement, either before or after a default.

The IMF website has further information on CACs.

Recent Publications

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

- **Belgium** Borrowing Requirements 2004
- **Canada** Debt Management Strategy 2003-2004
- **Greece** Public Debt Management Bulletin No.31, September 2003
- **Hungary** Financing in 2004
- **Iceland** Government Debt Prospect 2004
- **Ireland** NTMA Bond Issuance Plans for 2004 and Results for 2003
- **Italy** Guidelines for Public Debt Management in 2004-2005
- **Japan** Planned Bond Issuance FY2004
- **Mexico** Quarterly Report on Public Finances and Public Debt
- **Netherlands** Dutch Annual Outlook 2004
- **Sweden** Proposed Guidelines for Central Government Debt Management in 2004
- **UK** Annual Report 2003, DMO Business Plan 2003-04 & Debt & Reserves Management Report 2003-04
- **USA** Strategic Plan 2003-2008

In addition, we have added links to the debt offices for the Czech Republic and South Korea — details are on page 4.

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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, Philippines, Solomon Islands and Thailand.

Sovereign Debt Management Websites

The Sovereign Debt Management Office websites include:

Argentina: www.mecon.gov.ar/finance

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

Czech Republic: www.mfcr.cz/index_en.php

Denmark: www.nationalbanken.dk

Finland: www.valtiokonttori.fi

France: www.francetresor.gouv.fr

Germany: www.deutsche-finanzagentur.de

Greece: www.mof-gl.k.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.nzdm.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

South Korea: english.mofe.go.kr/main.php

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

