



# Sovereign Debt Management Newsletter

Storkey & Co Limited  
WN/1111791

## What's New

The focus of activity over the past three months has been on delivering the third and final in-country training course in Hanoi for officials from the Government of Vietnam as well as delivering cash management training for government officials in Addis Ababa, Ethiopia.

This newsletter looks back over the first five years of the Company's operation and identifies some of the key achievements.

In this Newsletter, there are articles covering:

- The company's first five year's key achievements.
- ADB's Local Currency Loan product.

## Storkey & Co Update

Over the past 3 months, we have:

- continued to assist with the Debt Management and SOE Fiscal Risk component of the Public Financial Management Reform Project for the Ministry of Finance in Vietnam.
- assisted John F. Kennedy School of Government, Harvard University with a cash management review and training for

- Redesign of the company website.
- Cash management training in Ethiopia.

Over the past 2-3 months, we have undertaken significant research to identify new sovereign debt management websites and documents relating to government debt and cash management. In addition, we have identified debt management training providers, which are now listed on our website with their 2006 courses.

The past five years have passed quickly, but have certainly provided many key achievements and equally rewarding moments.

government officials under the Ethiopia Decentralization Support Activity Project funded by USAID, DCI and the Netherlands Government.

- provided the third 2-week training course on external debt management in Hanoi for officials from the Government of Vietnam under UNDP project VIE/01/010.

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### Special points of interest:

- IMF has approved 100% debt cancellation for 17 post-completion point HIPC countries and two non-HIPCs. This relief, to be implemented at end-January 2006, will cancel the debt stock outstanding as of end-2004 of HIPCs which have reached their completion point.
- Issue 25 of HIPC CBP newsletter, Strategies for Development Finance is available on the HIPC CBP website:  
[www.hipc-cbp.org](http://www.hipc-cbp.org)

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## The Company's First Five Year's Key Achievements

It is five years since the company was established and there have been many and varied consulting assignments and notable achievements since our inception.

The company has contracted 30 consulting assignments in 14 countries, and continues to contribute to the development of sovereign debt management across Asia-Pacific.

Some of the key achievements over this period include:

- assisting with the development of the domestic market for

government securities in PNG, with the re-introduction of longer-term bonds and switching from treasury bills to bonds to lengthen maturity

- delivery of training courses in government debt and cash management to officials in Vietnam and Ethiopia—courses with both theory and practice, incorporating international sound practices
- enabling ADB Treasury professional staff achieve an in depth understanding of all asset-liability management and sovereign debt management

related issues at the conceptual, practical and policy level

- assisting AusAID to design the Indonesian debt management project that was very successful implemented in the Ministry of Finance by ACIL Australia from December 2001 to 2004

There have been many memorable moments and many new relationships established, both with government debt management officials and with fellow consultants. We very much appreciate the assistance provided by our team of consultants as well as the institutions that we have assisted.



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## ADB's Local Currency Loan Product

The Asian Development Bank (ADB) has responded to borrowers' demand and introduced local currency loans for both private and public sector borrowers.

The ADB currently offers LIBOR-based loan (LBL) products to its borrowers exclusively in foreign currency (mainly in US dollars, Japanese yen and euro). In 2003, ADB introduced its first local cur-

rency loan (LCL) product in selected currencies, initially limited to private sector borrowers.

Local currency loans will assist in developing local financial markets and help developing member countries to reduce or eliminate currency mismatches in their debt portfolio and across their wider economy.

Before the LCL product is offered in a developing country, ADB needs to secure all relevant regulatory approvals on a range of treasury issues.

The LCL product brochure can be downloaded from the ADB website:

<http://www.adb.org/Finance/default.asp>



## Redesign of the Company Website

Over the past three months, we have undertaken significant research to identify new sovereign debt management websites and documents relating to government debt and cash management.

We have redesigned the **Library** section of the website and converted the **Tools** section into an extensive **Links** section, with 5 sub-sections for easier access and use.

We have added links to a number of U.S.A. State government debt management operations as well as international institutions involved in sovereign debt management.

We will be adding more references to the **Library** section which has now been split into two sub-sections.

Finally, we have identified debt management training providers, which are now listed

along with the courses they will be providing in 2006.

This redesign, along with updating the **Services** and **Capability** sections, is part of the recognition of five year's operations of the company and our key objective to contribute to the understanding and development of sovereign debt management internationally. For details, refer to:

[www.storkeyandco.com](http://www.storkeyandco.com)

## Cash Management Training in Ethiopia

Cash management training was provided to an audience of 40-50 federal and regional government officials in Addis Ababa, Ethiopia, from 1-3 February, where participants gained an understanding of efficient and sound practice government cash management.

Day 1 focussed on the framework for government cash management covering an overview of cash management and why it is an important component of government financial management.

Day 2 focussed on cash management operations covering forecasting of government cash flows at federal and regional levels, government banking arrangements, and procedures for efficient, secure and timely disbursements and revenue collection.

Day 3 focussed on integrating cash and debt management covering how government debt can be used to assist in managing government liquidity and

*"Participants attending the cash management training gained an understanding of efficient and sound practice government cash management."*

monetary policy. This was followed by an assessment of current cash management practices in Ethiopia and areas for reform in the short, medium and long-term.

## Recent Developments or Announcements

UNITAR has released two new best practices on Management and Governance of External Debt that are essential reading:

- **Best Practices Series 9:** *Management of External Debt: International Experiences and Best Practices*
- **Best Practices Series 10:** *Governance of External Debt: In-*

*ternational Experiences and Best Practices*

A copy of both series, which have been written by Dr Tarun Das, UNITAR Expert, can be obtained from the UNITAR website:

<http://www.unitar.org/dfm/>

MEFMI has released Volume I of Public Debt Management Procedures Manual, with four parts.

Part 1 covers "Legal and Institutional Framework of Debt Management." Parts 2-4 cover "Back, Middle and Front Office Procedures" respectively.

A copy of the Procedures Manual can be downloaded from the MEFMI website:

<http://www.mefmi.org/publications.html>

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Storkey & Co Limited is an international management consultancy providing independent specialist advice on debt and risk management to central, state/regional & local governments, government enterprises, & 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 and cash 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 ADB, AusAID, ComSec, DCI, DFID, IMF, NZAID, UNDP, USAID and World Bank technical assistance projects internationally.

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

## Debt Management Unit Publications & Websites

There are no new DMO websites. One new website for a DMU within a Ministry of Finance was found over the past 3 months:

**Bulgaria:** [www.minfin.government.bg](http://www.minfin.government.bg)

Key publications released by DMUs over the past 3 months:

- **Australia** AOFM Annual Report 2004-05
- **Belgium** Review 2004 Outlook 2005
- **Brazil** Annual Borrowing Plan 2006
- **Canada** Debt Management Report 2004-05
- **Canada** Government Securities Jan 2006
- **Czech Republic** Financing and Debt Strategy 2006
- **Czech Republic** Quarterly Review Dec 2005
- **Germany** Newsletter Jan 2006
- **Greece** Public Debt Bulletin Sep 2005
- **Iceland** Prospectus 2006
- **Italy** Guidelines for Debt Management 2006
- **Japan** Debt Management Report 2005
- **Japan** JGBs Newsletter Jan 2006
- **Jordan** Quarterly Bulletin Sep 2005
- **Netherlands** Annual Outlook 2006
- **Poland** Debt Management Strategy 2006-08
- **Slovenia** Bulletin of Public Finance Dec 2005
- **Spain** Issuance Strategy 2006
- **Sweden** Guidelines for Central Government Debt Management in 2006
- **UK** DMO Gilts Quarterly Review Oct-Dec 2005

The full list of DMO/DMU websites is on our website at:

[www.storkeyandco.com/Links/links.html](http://www.storkeyandco.com/Links/links.html)

