



**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS  
Committee on Financial Markets**

English - Or. English

DAF/MC/DM/A(2006)2  
For Official Use

**Working Party on Debt Management**

**First OECD Forum on African Public Debt Management**

7-8 December 2006

*Agenda for meeting of 1st OECD Forum on African Public Debt Management, held in Amsterdam on 7-8 December 2006.*

For further information please contact Mr. Hans Blommestein [Tel: +33 1 45 24 79 90; Fax: +33 1 44 30 63 08; Email: [hans.blommestein@oecd.org](mailto:hans.blommestein@oecd.org)]

JT03219944



Organisation for Economic Co-Operation and Development



The Swedish International Development Cooperation Agency

## **AGENDA**

### **First OECD Forum on African Public Debt Management**

*7 and 8 December 2006*

*Amsterdam, The Netherlands*

**This meeting is organised under the aegis of  
the OECD Working Party on Public Debt Management (WPDM)  
and is sponsored by  
the Swedish International Development Cooperation Agency (SIDA)**

### **Venue:**

**Renaissance Amsterdam Hotel**

**Kattengat 1**

**1012 SZ Amsterdam, The Netherlands**

**Tel: +31 (0)20 6212223, Fax: +31 (0)20 6237742**

Questions concerning the agenda can be addressed to Hans J. Blommestein, OECD [<mailto:hans.blommestein@oecd.org>]. Questions concerning local organisation can be addressed to Jocelene Fouassier, OECD, (tel.: +33-45247831) <mailto:Jocelene.FOUASSIER@oecd.org>

*Forum Chairman: Mr. Ove Sten Jensen  
(Chairman of the OECD Working Party on Public Debt Management)*

**Day 1: Thursday, December 7**

09:00 - 14:00 Registration

**DAY 1 (afternoon) 7 December 2006**

**14:15-14:45 Opening session**

- *Bo Lundgren (Director General, Swedish National Debt Office)*
- *Phakamani Hadebe (Deputy Director-General, National Treasury, South Africa)*
- *Eric Wilders (CEO Dutch Debt Management Agency)*
- *Hans J. Blommestein (Programme Manager OECD Africa Project on Public Debt Management)*

**14:45-16:45 Session II. Main-issues-for-discussion A: General**

**14:45 -15:05** Overview of suggested main issues by OECD Secretariat

**15:05 -16:45** Panel Discussion with debt managers from:

- *South Africa (Johan Krynauw, Director, Debt Operations, National Treasury)*
- *Nigeria (Funmi Ialah, Director Portfolio Strategy and Risk Management, DMO, MoF)*
- *Kenya (Haron Sirima, Deputy Director, Debt Management Department, MoF)*
- *Uganda (Wasswa Kajubi, Deputy Director, Domestic Financial Markets, Bank of Uganda)*
- *MEFMI<sup>1</sup> (Anna Msutze, Director - Debt Management Programme)*

**Moderator: Udaibir Das, Division Chief (IMF)**

---

<sup>1</sup> MEFMI: Macroeconomic and Financial Management Institute for Eastern and Southern Africa

**16:45-17:00 Coffee Break**

**17:00-18:30 Session III. Main-issues-for-discussion B: The role and coordination of different agencies in the debt strategy and the development of government securities markets, with an emphasis on the role of central banks**

**17:00 -18:00** Presentations by a panel of African central bankers from

- *Mauritius (Vandraduth Googoolye, First Deputy Governor, Bank of Mauritius )*
- *Uganda (Kajubi Wasswa, Deputy Director, Domestic Financial Markets, Bank of Uganda)*
- *Tanzania (Ms. Judith Ndissi, Deputy Director Domestic Financial Markets, Bank of Tanzania)*

**18:00 -18:30** Comments by OECD debt managers from

- *Hungary (András Réz, General Manager Debt Management Agency),*
- *Germany (Gerhard Schleif, Managing Director, German Finance Agency)*
- *Poland (Marek Szczerbak, Head of the Public Debt Strategy, MoF)*

**Moderator: Bo Lundgren (Director General, Swedish National Debt Office)**

**19h30 – 21h00: Reception hosted by the OECD (held at the conference venue)**

**DAY 2 (morning) 8 December 2006**

**09.00–10:30 Session IV. Policy Issue I: Development, formulation and implementation of debt management strategy**

**Session IV. A Insights from experiences in the OECD area**

**09:00 - 09:45 Panel of OECD debt managers**

- **Turkey (Emre Tekmen, Head of Section, Undersecretariat of Treasury, MoF),**
- **Denmark (Ove Jensen, Head of Government Debt Management, Danish National Bank)**
- **Slovak Republic (Tomas Kapusta, Head of Department Debt Management, MoF)**

**09:45 -10:30 Question and Answer**

**Moderator: Gerhard Schleif, Managing Director, German Finance Agency (Germany)**

**10:30-11:00 Coffee Break**

**11:00-13:00 Session IV. B: What are the extra (development) challenges, complexities and obstacles faced by African debt managers? What are the key factors behind African countries that have successfully reformed their debt markets?**

**Panel discussion with African debt managers**

**11:00 -12:00 Interventions**

- **Tanzania (Msafiri Nampesya, Principal Economist, Bank of Tanzania)**
- **South Africa (Garth Greubel, CEO Bond Exchange)**
- **BCEAO/BEAC<sup>2</sup> (Georges Dikko Nigtiopop, Responsable du Pôle Régional de Formation en gestion de dette en Afrique du Centre et de l'Ouest)**
- **Kenya (Jackson Kitili, Director, Monetary Operations and Debt Management Department, Central Bank of Kenya)**

---

<sup>2</sup> BCEAO: Banque Centrale des Etats de l'Afrique de l'Ouest

BEAC : Banque Centrale des Etats d'Afrique Centrale

**12:00 -12:30** **Comments by Anne-Maria Gulde-Wolf (Assistant Director, African Department, IMF) and Philip Anderson (Principal Financial Officer/Sovereign Debt, World Bank)**

**12:30 -13:00** **Question and Answer**

**Moderator: Hans Blommestein**

**13:00 – 14:30: Lunch (hosted by the OECD)**

### **DAY 2 (afternoon) 8 December 2006**

**14:30-16:00** **Session V. Policy issue II: The management of contingent liabilities**

**Session V.A. : The role of debt managers in managing contingent liabilities**

**14:30 -14:50** **Hans J. Blommestein (OECD), The perspective of the OECD Working Party on Debt Management on Guarantees**

**14:50 -15:35** **Panel of African debt managers**

- ***South Africa (Mr. Phakamani Hadebe, Deputy Director-General, National Treasury, MoF)***

**15:35 -16:30** **Question and Answer**

**Moderator: Lars Kalderen**

**16:00-16:30** **Coffee Break**

**16:30-18:15** **Session VI. Policy recommendations and wrap-up**  
**Key policy challenges, including debt strategy, contingent liabilities and market development:**

**16:30 -16:50** **Main conclusions from discussions (presentation by OECD rapporteur)**

16:50 -17:20

**What are the priorities for African debt managers? With contributions by IMF (Anne-Maria Gulde-Wolf and Udaibir Das) World Bank (Abha Prasad) and OECD (Hans Blommestein)**

17:20 -17:50

**Reactions and feed-back from African debt managers**

17:50 -18:15

**Overview of next steps in the OECD project. Assessment of the first forum and suggestions for the agenda of the next African forum meeting to be held in 2007**

**Close of forum**

## ANNOTATIONS

### *General*

The current policy of the African Forum on Public Debt Management is to treat all information provided by Delegates (via Surveys and otherwise) as confidential. In some cases, mostly at the request of Delegates, individual country information is not disclosed in the room document. Delegates are requested not to circulate (room) documents without contacting the OECD.

#### **Day 1: Session II. Main-issues-for-discussion A: General**

The purpose of this session is to review the main issues and conditions concerning the development of public debt management and government securities markets in African countries. This will be done using statistics and descriptive information on (i) the debt stock, (ii) debt issuance and secondary market activity, (iii) institutional frameworks, (iv) debt strategies, and (v) the wider monetary, fiscal, and macroeconomic environment.

Against this backdrop, the panel of African debt managers will highlight the problems they are facing. In this context, the forum could be an opportunity to advance the capacity building agenda in this area and emphasise that technical assistance (TA) is urgently needed. The final session VI will return to this issue and also include a discussion of: (1) the role of past TA in developing capacity, in particular what has worked and what has not and why? (2) what would be the priorities for the way forward and how to address them?

#### **Day 1: Session III. Main-issues-for-discussion B: The role and coordination of different agencies in the debt strategy and the development of government securities markets, with an emphasis on the role of central banks**

This session will identify the roles of (and coordination needs among) the various agencies (ministry of finance, DMO and central bank) at various development stages. In many countries central banks have played (or is still playing) an important role in various aspects of debt management. The session will therefore begin with presentations of experiences in Africa from the perspective of central bankers. The session will then continue with comments by OECD debt managers by discussing the recent experience of a few OECD DMOs with major institutional changes in the (re-)organisation of the debt management function (Hungary, Poland, Germany), including the changing role of the CB. Specific discussion topics include: whether to merge the management of foreign and domestic debt in one unit; the pros/cons of locating DM in CB, MOF or separate agency; how the issues of co-ordination and co-operation between CB, MOF and/or separate agency were resolved (and how long that took); what basic legal arrangements were implemented; the experience with these arrangements; etc.

<p><b>Day 2: Session IV. Policy Issue I: Development, formulation and implementation of debt management strategy</b></p>
--

A *debt management strategy* involves setting policy objectives and developing and using instruments and institutions for the efficient management of government debt. Debt management strategies in OECD countries have developed and changed importantly since the 1970s-1980s. The role of market principles in government debt management strengthened considerably by improving primary and secondary market arrangements. A shared view on the principles of sound debt management emerged. The debt strategy will normally deal with issues such as the composition of the debt portfolio (including the choice between domestic and foreign currency debt, maturity structure, the role of inflation-indexed instruments, etc); the development of appropriate measures for managing the trade-off between costs and risk; the relevance of the exchange rate regime and other macro conditions (fiscal control, inflation management) for the debt strategy (e.g. a fixed rate regime increases the risk of short-term domestic currency debt); etc.

In parallel to a shared view on the principles of sound debt management, the following best or leading practices emerged in OECD countries on primary and secondary government securities markets. Efficient and liquid *primary markets* are characterised by: (a) issuing strategy based on regular auctions; (b) the issuance of benchmarks; (c) abolition of privileged access by governments; (d) a transparent debt management framework; (e) a primary dealer framework with the capacity to develop markets. Efficient *secondary* government securities markets are characterised by the following features: (a) liquid markets with a large stock of outstanding benchmark issues and repo market financing; (b) safe and sound clearing and settlement systems; (c) transparent and equitable regulatory and supervisory framework; (d) a market-making structure based on primary dealers; (e) liquid futures markets; (f) good access by foreign investors to domestic debt markets.

The first part of this session will review the reasons behind key strategic shifts in OECD debt policies with a view to identify important lessons or insights that are relevant for African debt managers in developing a strategic framework based on sound principles (best practices), taking into account the roles of (and coordination needs among) the various agencies (ministry and finance, DMO and central banks) at various development stages.

The second part of this session will discuss the key components of the (implementation of the) annual debt management strategy, while highlighting the extra challenges, complexities and obstacles faced by African debt managers in formulating and implementing the annual debt management strategy (including strategic guidelines). In addition to a discussion of obstacles and constraints, the session also identifies and presents good practices from African countries that have successfully reformed their debt markets. For example, a key issue facing many African debt managers is how to lengthen the maturity structure of domestic debt and here Tanzania and Kenya have successfully managed to introduce longer-term bonds.

<p><b>Day 2: Session V. Policy issue II: The management of contingent liabilities</b></p>
---

The session will first review a recent report prepared by an ad hoc experts' group of the OECD Working Party on Debt Management focusing on (1) the issuance and (2) management of explicit contingent liabilities (guarantees). The report outlines how to devise a sound governance system for government guarantees. Contingent debts are in many ways similar to conventional government debt instruments. The experts group's mandate was to formulate a set of best practices in managing explicit contingent liabilities (guarantees) from the perspective of debt managers including the use of explicit fees, adequate rules for reporting of guarantees, valuation principles for guarantees, methods to price guarantees and the role of debt managers in the issuance and management of guarantees. Debt managers have a key

role in risk management involving guarantees, as contingent debt is effectively a latent form of government debt. The main conclusion is thus that it is essential to have a central risk management function, responsible for the entire government debt portfolio.

The second part of the session focuses on the management of explicit contingent liabilities in African jurisdictions and discuss the involvement in, or role of, the DMO. This will be done on the basis of country experiences. Practical obstacles are identified and recommendations reviewed.