

## SUMMARY RECORD OF THE SECOND OECD FORUM ON AFRICAN PUBLIC DEBT MANAGEMENT

12-13 December 2007, Amsterdam

### **I. Introduction**

The *Second OECD Forum on African Public Debt Management* was held on 12-13 December 2007, in Amsterdam. The meeting was chaired by Mr. Ove Sten Jensen, chairman of the OECD Working Party on Debt Management and head of government debt management at the Danish Central Bank.

The OECD Forum on African Public Debt Management aims to develop a policy dialogue with, and among, debt managers, central bankers, and other financial officials involved in public debt management and government securities markets in both sub-Saharan Africa and North Africa. Through the policy dialogue, African debt managers and policymakers can enhance their understanding of sound policies and practices in modern and professional public debt management, as well as the development of robust local government securities markets. These activities assume greater importance, in particular, as many countries take advantage of debt reduction initiatives and seek to avoid falling back into positions of unsustainable debt. The forum has been sponsored to-date by the Swedish International Development Co-operation Agency.

The forum was organised under the aegis of the OECD Working Party on Debt Management, a platform for senior government debt managers from OECD member countries to exchange views, experiences, and policies in the field of government debt management and the development of government securities markets. With its unique and up-to-date pool of knowledge in this specialised field of government policy and operations, the working party has achieved singular international status in the global community of public debt managers and financial policymakers more generally. Through the forum, African debt managers and policymakers get efficient and well-structured access to the worldwide OECD-led global knowledge network of debt managers.

The objectives of the OECD Forum on African Public Debt Management relate to policy areas where the OECD already plays a leading and complementary international role. The policy dialogue is structured so as to complement the technical assistance activities of the IMF, World Bank, and other agencies, and be in line with the latest G8 communiqués on developing local bond markets. To that end, the forum also functions as an efficient clearinghouse to share and exchange information on the activities by the various international and regional organisations involved in different aspects of debt management in Africa. Notably, across all the organisations doing work in this important field of government financial management, there exists no other international forum of this nature held on an annual basis devoted to government debt management and securities markets in Africa.

## **II. Agenda and participants**

The forum included three principal discussions (refer to annotation 1, agenda): (i) the integration of African government bond markets into the world financial landscape and the additional challenges that this creates for African debt managers and financial policymakers; (ii) the costs, risks, and likely trend of non-market funding, as well as the problems that an ongoing reliance on non-market funding poses for developing the local-currency bond market and, more generally, moving toward more market-based funding practices; and (iii) the linkages between the objectives, roles, instruments, and accountabilities of debt management, monetary policy, and fiscal policy.

The OECD, IMF, World Bank, and African Development Bank identified priorities in these policy areas, which were supported by the African officials in attendance. In addition, during the forum, representatives from the principal international organisations involved in various aspects of supporting African debt managers and other financial policymakers provided information on their work programmes in the area of government debt management and securities markets.

The forum was attended by over 50 participants (refer to annotation 2, participants). Of them, 19 were officials directly involved in debt management activities in 10 African countries: Cameroon, Malawi, Mauritius, Morocco, Nigeria, Sierra Leone, South Africa, Tanzania, Uganda, and Zambia. Officials from several other countries had expressed an interest in attending but were unable due to timing conflicts (including delivery of the government's budget, high-level ministerial meetings, and bond auctions) and visa problems. Around 20 officials from eight OECD and five non-member countries outside Africa also attended, as well as representatives from the IMF, World Bank, African Development Bank, Commonwealth Secretariat, UNITAR, BCEAO/BEAC Pole-Dette, and MEFMI.

## **III. Highlights of the policy dialogue**

Opening remarks were provided by Mr. Phakamani Hadebe (South Africa), Ms. Funmi Iamah (Nigeria), and Mr. Erik Wilders (Netherlands). Mr. Hans Blommestein provided an overview of the agenda, as well as an update on the wider OECD project with African debt managers (refer to annotation 3, OECD opening remarks).

Session 1 examined the integration of African government securities markets into the world financial landscape. Debt managers and financial policymakers from emerging market countries, including in Africa, increasingly face challenges similar to those of their counterparts from advanced market countries due to competitive pressures from global finance. There is an ongoing process toward more integrated financial markets, in terms of between advanced and emerging market countries, as well as among emerging market countries themselves.

The session was chaired by Mr. Stefan Nalletamby (African Development Bank). Mr. Greg Horman (OECD) presented an introduction to the main policy issues, complemented by reflections on the Swedish experience of integrating with world financial markets by Mr. Lars Kalderen (OECD external consultant). This was followed by a panel discussion with Mr. Johan Krynauw (South Africa), Ms. Funmi Iamah (Nigeria), Mr. El Hassane Ennasr (Morocco), Ms. Anna Mstutze (MEFMI), and Mr. Garth Greubel (South Africa).

Issues considered during this session included the following: (i) How did African markets fare during the recent financial market turmoil? (ii) What are the implications and likely trend of participation by non-residents (for instance, as investors, intermediaries, and primary dealers) in local government securities markets in Africa? (iii) What are the implications and likely trend of offshore trading of African government securities? (iv) What are the implications and likely trend of issuance of local-currency bonds

by supranationals for the integration of local government securities markets in Africa into the wider global landscape? (v) What are the transmission channels for financial market contagion in Africa? (vi) What are the prospects for greater regional financial market integration, especially in terms of government securities markets, within Africa? (vii) What are the additional challenges for African debt managers, central bankers, and financial policymakers brought about by greater global and regional financial market integration?

**Main conclusions regarding the integration of African government securities markets into the world financial landscape**

Africa is at the heart of the latest surge of enthusiasm to hit emerging markets. Although country risk generally remains high, there are incentives for international investors to participate in African debt markets. A challenge for African policymakers will be to ensure a balanced path toward greater integration with global financial markets.

African countries have made substantial macroeconomic progress in recent years, driven by improvements in policy, fuelled by a boom in commodities prices, and helped by widespread debt relief.

With some exceptions, the government debt of African countries is largely denominated in foreign currency, but local debt markets as a funding source are developing. High aid inflows in some countries have also necessitated the issuance of local-currency debt for monetary sterilisation purposes. The importance of market-based borrowing in international markets by African countries is growing.

Active non-resident participation has not been a characteristic of the local government securities market in most African countries, but it is becoming more important. Non-resident participation can help broaden the diversity of the investor base for trading and holding local government securities, but it will pose challenges for African policymakers.

A number of African countries now have sovereign credit ratings. Improved information flow and policy settings should stimulate investor demand for the debt of African governments.

Expanding local government securities markets in Africa requires the simultaneous development of market width, depth, and infrastructure. Among other factors, a concern for investors in most local bond markets is low liquidity.

Through its debt issues denominated in African currencies, the African Development Bank is encouraging the development of the continent's local bond markets. Likewise, the World Bank's Gemloc initiative has the potential to stimulate investor interest in African local bond markets.

Sensible policies must be in place so that capital inflows to African bond markets do not endanger near-term fiscal discipline and long-term debt sustainability.

Session 2 examined the costs and risks of non-market funding, as well as its likely trend. Many African countries continue to rely heavily on non-market funding, including from multilateral and bilateral sources. Some countries, however, now have good access to the international capital markets, and many have made significant progress in developing their local government securities markets.

The session was chaired by Mr. Phakamani Hadebe (South Africa). Mr. Udaibir Das (IMF) presented an introduction to the main policy issues. This was followed by a panel discussion with Ms. Funmi Iamah (Nigeria), Mr. Sahr Jusu (Sierra Leone), and Mr. Carilus Odumbe (Commonwealth Secretariat).

Issues considered during this session included the following: (i) Is the “headline” cost advantage of some non-market funding, such as foreign currency-denominated concessional loans, sufficient to compensate for the risks that it may entail? (ii) What problems does an ongoing reliance on non-market funding pose for developing the local government securities market and the local financial market more widely? (iii) What impediments or inertia does an ongoing reliance on non-market funding impose for moving toward more market-based funding practices? (iv) What are the trade-offs between, and the optimal sequencing for, developing wholesale and retail funding sources in local government securities markets? (v) How does non-market funding, which is often tied to specific projects, complicate the development of sound practice in debt strategy formulation and risk management of government debt? (vi) What additional challenges do African debt managers, central bankers, and other financial policymakers face in respect of the costs, risks, and operational modalities of non-market funding?

#### **Main conclusions regarding the costs and risks of non-market funding**

The role of non-market funding is a hot issue, especially in light of the debt relief that many African countries have benefited from and also Ghana’s recent issuance of a benchmark bond in the international bond markets. Increasingly, investors are viewing Africa as a new asset class, and the search for yield and portfolio diversification is expanding the investor base for African government debt.

Debt funding decisions should be appropriate for the country’s general macroeconomic framework. In particular, the medium-term debt strategy and associated borrowing plans need to be consistent with maintaining debt sustainability. This is analogous to the standard debt management objective of minimising cost subject to a prudent degree of risk. Where relevant, funding decisions should also be consistent with objectives for developing the local financial market.

Debt funding options for African governments involve a number of choices, including concessional versus non-concessional, market versus non-market, and external sourcing versus local sourcing. Non-market funding, therefore, cuts across issues of concessionality and source.

Non-market funding will continue to remain important in coming years for most African countries, especially funding on concessional terms from multilateral and bilateral sources. Funding decisions need to be determined on the basis of a sound evaluation of costs and risks.

At the same time, the international capital markets are expected to provide a growing source of external funding for African countries. It is important, however, for countries to proceed cautiously and avoid some common problems with external issuance. These include a rush to the market resulting in expensive issuance and inappropriate issue sizes, poor selection of lead managers, insufficient choice of proposals, a weak investor base, inconsistency with debt strategy, insufficient capacity to manage financial risks, and delayed use of proceeds.

The key impediment to more extensive funding in local markets is insufficient capacity and a low level of market development, not the use of non-market funding.

Session 3 examined the linkages between debt management, monetary policy, and fiscal policy. Debt management alone cannot solve macroeconomic imbalances or structural financial sector problems, but it is a key component of a correct policy mix. An appropriate level and structure of debt, sound debt management operations, and healthy local markets can contribute to reducing macroeconomic and financial vulnerabilities. Given the interdependencies between their different policy instruments, it is important that debt managers, central bankers, and fiscal policy advisers share an understanding of the objectives, roles, and accountabilities of debt management, monetary policy, and fiscal policy.

The session was chaired by Mr. Phillip Anderson (World Bank). Mr. Hans Blommestein (OECD) presented an analytical framework that included the objectives of the three policy areas, delineation, accountability, and also institutional and operational arrangements for the co-ordination of debt management and monetary policy. Ms. Allison Holland (IMF) provided a further perspective of the main policy issues. This was followed by a panel discussion with Ms. Judith Ndissi (Tanzania), Mr. Wasswa Kajubi (Uganda), Mr. Jean Claude Assoo Emame (Cameroon), and Mr. Jaywant Pandoo (Mauritius).

Issues considered during this session included the following: (i) What are the objectives of debt management, monetary policy, and fiscal policy in African countries, and how are they established? (ii) What have been successful practices for ensuring delineation among, transparency around, and accountability for these three policy areas in African countries? (iii) Where should operational responsibility for government cash management lie? (iv) What are important sources of fiscal risk that impact on debt management, especially local currency-denominated debt, in African countries? (v) How does an environment of fiscal instability, challenges in monetary policy implementation, and early-stage financial sector development impact on debt management objectives, strategy, and operations? (vi) What are practical mechanisms for ensuring that, especially at earlier stages of local market development and internal institutional capacity, monetary policy considerations do not undermine debt portfolio management decisions (such as around the currency of denomination, tenors issued, the investor base and funding sources, and the timing of issuance)? (vii) What are the implications of belonging to a regional monetary union for debt management objectives, operations, and accountabilities? (viii) What additional challenges do African debt managers, central bankers, and other financial policymakers face in respect of the linkages between debt management, monetary policy, and fiscal policy?

**Main conclusions regarding the linkages between debt management,  
monetary policy, and fiscal policy**

Debt management is intrinsically linked to monetary policy and fiscal policy. Co-ordination between these areas is essential for avoiding policy inconsistency, supporting long-term fiscal sustainability, enhancing monetary policy credibility, improving market functioning, and achieving the preferred debt composition at reasonable cost and risk.

Potential conflicts between the objectives of debt management, monetary policy, and fiscal policy are the main reason to implement co-ordination arrangements. These include embedded institutional arrangements, superimposed (explicit) co-ordination arrangements, and operational arrangements.

A common practice at early stages of developing the monetary management framework and local bond market infrastructure involves the finance ministry being responsible for most executive debt management functions, with the central bank handling technical activities, such as auctions and trade settlement. In some cases, the central bank may have a bigger role, including carrying out the entire debt issuance programme.

As debt management and the local financial market become more sophisticated, a different institutional structure may be better suited to achieving debt management and monetary policy objectives. In particular, the focus of debt management can now rest squarely on cost and risk minimisation. At this stage, a better institutional set-up for achieving this objective involves execution of the debt programme by the finance ministry or an autonomous debt management office.

African countries face a number of challenges that give further impetus to the need to achieve effective co-ordination between debt management, monetary policy, and fiscal policy. These include the continuing use of central bank financing of the deficit, the prevalence of short-term local-currency debt, distorted domestic interest rates, the need to sterilise excess liquidity, continuing high levels of external vulnerability, weak cash management, medium-term fiscal

and expenditure frameworks that are not fully operational, and limited internal technical capacity.

Co-ordination requires significant political support.

#### **IV. Additional information**

Questions regarding this summary record may be directed to Mr. Greg Horman, Consultant, DAF/FIN (email: [greg.horman@oecd.org](mailto:greg.horman@oecd.org); telephone: +33 1 45 24 96 60).

## SECOND OECD FORUM ON AFRICAN PUBLIC DEBT MANAGEMENT

Amsterdam, 12-13 December 2007

*Held under the aegis of the OECD Working Party on Debt Management*  
[www.oecd.org/daf/publicdebtmanagement](http://www.oecd.org/daf/publicdebtmanagement)

*Sponsored by the Swedish International Development Co-operation Agency*

Forum chairman: Mr. Ove Jensen, Head of Government Debt Management, Danish Central Bank, and Chairman of the OECD Working Party on Debt Management

### Wednesday, 12 December 2007

- |                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 9 h 00 – 14 h 00  | Registration                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 14 h 30 – 15 h 00 | Opening remarks <ul style="list-style-type: none"><li>• Mr. Phakamani Hadebe, Deputy Director-General, National Treasury of South Africa</li><li>• Ms. Funmi Ilamah, Director of Portfolio Strategy and Risk Management, Nigerian Debt Management Office</li><li>• Mr. Erik Wilders, Chief Executive, Dutch State Treasury Agency</li><li>• Mr. Hans Blommestein, Head of Public Debt Management and Emerging Financial Markets Programmes, OECD</li></ul> |
| 15 h 00 – 18 h 00 | Session 1: Integration of African government securities markets into the world financial landscape <ul style="list-style-type: none"><li>• Moderator: Mr. Stefan Nalletamby, Adviser Vice President of Finance, African Development Bank</li></ul>                                                                                                                                                                                                         |
| 15 h 00 – 15 h 30 | Introduction to main issues <ul style="list-style-type: none"><li>• Mr. Greg Horman, Technical Expert, OECD Project on African Debt Management, and Mr. Lars Kalderen, Senior Adviser, OECD Project on African Debt Management</li></ul>                                                                                                                                                                                                                   |
| 15 h 30 – 16 h 00 | Coffee and tea break                                                                                                                                                                                                                                                                                                                                                                                                                                       |

## Annotation 1, agenda

- 16 h 00 – 17 h 00      Panel discussion
- Mr. Johan Krynauw, Director of Debt Operations, National Treasury of South Africa
  - Ms. Funmi Ilamah, Director of Portfolio Strategy and Risk Management, Nigerian Debt Management Office
  - Mr. El Hassane Ennasr, Division Chief for Debt Restructuring and International Financial Markets, Department of the Treasury and External Finance of Morocco
  - Ms. Anna Msutze, Director of the Debt Management Programme, MEFMI
  - Mr. Garth Greubel, Chief Executive, Bond Exchange of South Africa
- 17 h 00 – 18 h 00      General discussion
- 18 h 00 – 19 h 00      Co-operation and information-sharing
- 18 h 00 – 18 h 50      Overview of work programmes
- Mr. Greg Horman, Technical Expert, OECD Project on African Debt Management
  - Mr. Udaibir Das, Division Chief for Sovereign Asset-Liability Management, IMF
  - Mr. Stefan Nalletamby, Adviser Vice President of Finance, African Development Bank
  - Mr. Carilus Odumbe, Debt Management Adviser, Commonwealth Secretariat
  - Mr. Francis Rowe, Economist, World Bank
  - Ms. Anna Msutze, Director of the Debt Management Programme, MEFMI
  - Mr. Gabriel Ngakoumda, Regional Expert, Pole Dette
  - Mr. Babar Kamal, Senior Programme Co-ordinator, UNITAR
- 18 h 50 – 19 h 00      Questions from delegates

## **Thursday, 13 December 2007**

- 9 h 00 – 12 h 00      Session 2: Costs and risks of non-market funding
- Moderator: Mr. Phakamani Hadebe, Deputy Director-General, National Treasury of South Africa
- 9 h 00 – 9 h 30      Introduction to main issues
- Mr. Udaibir Das, Division Chief for Sovereign Asset-Liability Management, IMF
- 9 h 30 – 10 h 30      Panel discussion
- Ms. Funmi Ilamah, Director of Portfolio Strategy and Risk Management, Nigerian Debt Management Office

## Annotation 1, agenda

- Mr. Sahr Jusu, Head of Public Debt Management, Ministry of Finance of Sierra Leone
  - Mr. Carilus Odumbe, Debt Management Adviser, Commonwealth Secretariat
- 10 h 30 – 11 h 00      Coffee and tea break
- 11 h 00 – 12 h 00      General discussion
- 12 h 00 – 13 h 30      Lunch
- 13 h 30 – 16 h 00      Session 3: Linkages between debt management, monetary policy, and fiscal policy
- Moderator: Mr. Phillip Anderson, Head of Public Debt Management Advisory Services, World Bank
- 13 h 30 – 14 h 00      Introduction to main issues
- Mr. Hans Blommestein, Head of Public Debt Management and Emerging Financial Markets Programmes, OECD
  - Ms. Allison Holland, Debt Management Adviser, IMF
- 14 h 00 – 15 h 00      Panel discussion
- Ms. Judith Ndissi, Deputy Director for Domestic Financial Markets, Bank of Tanzania
  - Mr. Wasswa Kajubi, Director of Trade and External Debt, Bank of Uganda
  - Mr. Jean Claude Assoo Emame, Management Controller, Caisse Autonome d'Amortissement of Cameroon
  - Mr. Jaywant Pandoo, Head of Financial Market Operations, Bank of Mauritius
- 15 h 00 – 15 h 45      General discussion
- 15 h 45 – 16 h 00      Coffee and tea break
- 16 h 00 – 16 h 45      Session 4: Policy conclusions and recommendations
- 16 h 00 – 16 h 10      Main conclusions from discussions and the upcoming OECD study on public debt management and bond markets in Africa
- Rapporteur: Mr. Greg Horman, Technical Expert, OECD Project on African Debt Management
- 16 h 10 – 16 h 30      Suggested priorities for African debt managers
- Mr. Stefan Nalletamby, Adviser Vice President of Finance, African Development Bank
  - Mr. Udaibir Das, Division Chief for Sovereign Asset-Liability Management, IMF

Annotation 1, agenda

- Mr. Phillip Anderson, Head of Public Debt Management Advisory Services, World Bank
- Mr. Hans Blommestein, Head of Public Debt Management and Emerging Financial Markets Programmes, OECD

16 h 30 – 16 h 45

General discussion

- Reactions and feed-back by African debt managers on the suggested priorities
- Assessment of the forum
- Suggestions for the Second Regional Workshop on African Management and Bond Markets (to be held in Johannesburg in 2008) and the Third OECD Forum on African Public Debt Management (to be held in 2008)

16 h 45 – 17 h 00

Closing remarks

- Mr. Phakamani Hadebe, Deputy Director-General, National Treasury of South Africa
- Mr. Hans Blommestein, Head of Public Debt Management and Emerging Financial Markets Programmes, OECD

### **African countries**

- Cameroon: Mr. Jean Claude Assoo Emame (debt management office), Mr. Patrice Etoundi Ottou (debt management office), Mr. Pierre Ndenga Dimalla (debt management office)
- Malawi: Ms. Priscilla Fatch (ministry of finance), Mr. Daniel Chris Khomba (ministry of finance)
- Mauritius: Mr. Jaywant Pandoo (central bank)
- Morocco: Mr. El Hassane Ennasr (ministry of finance)
- Nigeria: Ms. Funmi Iamam (debt management office)
- Sierra Leone: Mr. Sahr Jusu (ministry of finance)
- South Africa: Mr. Garth Greubel (Bond Exchange of South Africa), Mr. Phakamani Hadebe (ministry of finance), Mr. Johan Krynauw (ministry of finance)
- Tanzania: Mr. Yamungu Kayandabila (ministry of finance), Mr. Judith Ndissi (central bank)
- Uganda: Mr. Stephen Kaboyo (central bank), Mr. Wasswa Kajubi (central bank), Mr. Stephen Ndhaye (central bank), Mr. Paddy Turyamwijuka (central bank)
- Zambia: Mr. Richard Kumendo Chembe (central bank)

### **Other non-member economies**

- India: Mr. Jayakumar Yarasi (central bank)
- Israel: Ms. Michal Ohana (central bank)
- Mongolia: Mr. Khandsuren Purevsuren (ministry of finance), Mr. Batsukh Sukh-Ochir (ministry of finance)
- Russia: Mr. Boris Alekhin (Academy of Budget and Treasury)
- Ukraine: Mr. David Lucterhand (USAID, attached to ministry of finance), Mr. Volodymyr Vysotskyi (ministry of finance)

### **OECD countries**

- Denmark: Mr. Ove Sten Jensen (central bank)
- France: Ms. Anne Touret (debt management office)
- Germany: Mr. Gerhard Schleif (debt management office)
- Hungary: Mr. Zsolt Bango (debt management office), Mr. Tibor Erhart (ministry of finance), Mr. Adam Mohai (debt management office)

## Annotation 2, participants

- Iceland: Mr. Sturla Palsson (central bank)
- Italy: Ms. Maria Cannata (ministry of finance)
- Netherlands: Mr. Niek Nahuis (debt management office), Mr. Erik Wilders (debt management office)
- United States: Mr. Matthew Rutherford (Federal Reserve Bank of New York)

## **International organisations**

- African Development Bank: Mr. Stefan Nalletamby, Mr. Samuel Mivedor
- Pole-Dette: Mr. Gabriel Ngakoumda
- Commonwealth Secretariat: Mr. Carilus Odumbe
- IMF: Mr. Udaibir Das, Ms. Allison Holland
- MEFMI: Ms. Anna Msutze
- UNITAR: Mr. Babar Kamal
- World Bank: Mr. Phillip Anderson, Ms. Gloria Grandolini, Mr. Francis Rowe
- OECD: Mr. Hans Blommestein, Mr. Greg Horman, Ms. Elodie Pierre, Mr. Lars Kalderen (external consultant)

### Annotation 3, OECD opening remarks

Ladies and gentlemen,

On behalf of the OECD, I welcome you warmly to the Second OECD Forum on African Public Debt Management. Like last year, it is again a pleasure to welcome you in my hometown, Amsterdam, founded in 1275 as a dam in the river Amstel, and, to this historical site, built in the seventeenth century, in particular.

A grant from the Swedish International Development Co-operation Agency has made it possible to begin developing this first policy dialogue between OECD debt managers with their counterparts from Africa. The policy dialogue is structured in such a way that the project complements the technical assistance activities of the IMF, World Bank, and other agencies, and is in line with the latest G8 communiqués on developing local bond markets.

It is of importance to note in this context that the OECD Africa project, OECD global forums on public debt management and bond markets, and the OECD-Italian Treasury Network for Public Debt Management in Emerging Markets are all mentioned in the G8 Action Plan for Developing Local Bond Markets in Emerging Market Economies and Developing Countries. In implementing this action plan, the G8 noted in October 2007 that “the OECD Working Party on Debt Management organises annual meetings tailor-made for emerging market economies and low-income countries and will hold a second forum on African debt management later this year. The OECD-Italian Treasury Network for Public Debt Management in emerging markets aims to provide, among others, an electronic platform for continuous information exchange with interactive features that support an intensive and comprehensive electronic policy dialogue.” In executing these activities, the OECD works in close contact with officials from other multilateral organisations, notably the IMF, World Bank, and African Development Bank, as reflected again in the agenda of this year’s forum meeting.

The Africa project is part of the work programme of the OECD Working Party on Debt Management (WPDM). The working party is a high-level policy forum, bringing together the senior debt managers from all OECD countries to discuss in a frank and open way the latest technical developments, to compare notes on best or good practices and, more generally, to share experiences. For your convenience, we have circulated a pamphlet on objectives, strategy, and operations of the working party.

Through the OECD policy dialogue, African debt managers and policymakers can enhance their understanding of sound policies and practices in modern and professional public debt management, as well as the policy aspects of developing robust local government securities markets. These activities assume greater importance, in particular, as several countries take advantage of debt reduction initiatives and seek to avoid falling back into positions of unsustainable debt.

Against this general backdrop, we hope to achieve the following specific objectives with this project. The project’s main objective is to develop a structured policy dialogue with senior African debt managers and other financial officials involved in public debt management and government securities markets, mostly at a strategic level. Today’s policy forum is an important vehicle to achieve this end. In parallel, and as a complement to forum meetings, the OECD organises jointly with African countries regional workshops. Their purpose is two-fold, namely, to disseminate the recommendations and conclusions from OECD forum meetings to a wider audience of officials in Africa and to discuss in greater detail bond market infrastructure and development issues. This latter perspective also explains why regional workshops offer ample opportunities for participation by the private sector, including investors, brokers, dealers, banks, and other intermediaries.

Regular policy forum meetings and regional workshops, both with well-structured agendas, can be very effective in sharing key insights on public debt management and bond market issues, because they

### Annotation 3, OECD opening remarks

enable a frank, open, and direct policy dialogue between African debt managers and their counterparts from the OECD area. But this is not all. Via this forum, and the OECD project more broadly, African debt managers are getting efficient and well-structured access to the worldwide knowledge network of debt managers. Becoming part of this network is likely to add value in supporting sound public debt management practices in Africa. At the core of this network is the OECD Working Party on Debt Management. The working party has achieved a singular international status in the global community of debt managers, while its activities have resulted in a set of best or leading practices that function *de facto* as international standards in this specialised area of government policy.

It is increasingly being recognised that better debt management and stronger securities markets help reduce the cost of managing public debt, strengthen the market economy, and contribute to financial stability. This view is echoed in the statement by the G8 on 16 September 2006 that it is important “to enhance capacity building in the area of debt management”, while the communiqué of the International Monetary and Financial Committee of the IMF of 17 September 2006 pointed in this context to the importance to “avoid a new build-up of unsustainable debt.” The OECD project is benefitting a wide range of African countries, including those in North Africa. At the same time, OECD governments, investors, and financial intermediaries stand to gain from African progress in these areas. Thus far, we have organised two policy forum meetings and one regional workshop.

Additional objectives of the OECD project are to make individual country overviews and a cross-country study based on a survey of African debt management and government securities markets (key results of this OECD study are being presented during the course of this forum) and to set-up an academic network of experts from Africa and OECD countries who focus their research on public debt management and government securities markets. This academic network can also be mobilised to support forum meetings and regional workshops in the form of background studies or participation by academic experts.

Against this backdrop, we believe that it is important that forum meetings are also used as an efficient clearinghouse to share and exchange information on the activities by the various international and regional players involved in different aspects of African debt management. (The OECD-Italian Treasury electronic public debt management network can play a role in this respect as well.) Officials from a range of organisations, including those already mentioned as well as the Commonwealth Secretariat, UNCTAD, UNITAR, NEPAD, MEFMI, WAIFEM, and BCEAO/BEAC, were informed about the project and invited to this meeting, and I am pleased to note that most of them are again present.

The policy dialogue with African debt managers in this OECD forum is structured in such a way that the project complements technical assistance activities by IMF, World Bank, African Development Bank, and other agencies. To that end, we have been in close contact with IMF and World Bank officials in preparing the meeting and, as you can see, they play a prominent role on the agenda. Moreover, we suggest that as part of the preparation of forum meetings, the OECD circulates to participants, for information, key elements from the programmes of work of all organisations involved in the various aspects of capacity building in the area of public debt management. From the agenda you can also see that we have organised this year a special session on co-operation and information sharing.

Mr Chairman, as to the future, I am very happy to announce that a new grant from the Icelandic Ministry of Foreign Affairs will support us in executing this project beyond 2008. Another very encouraging development is that the National Treasury of South Africa and the OECD are in the process of creating a joint centre in South Africa focused on African public debt management and bond market development. Its main purpose will be to support in very practical ways the OECD Africa project. This will involve expanding and strengthening the network of African debt managers, serving as an important communication channel with key African bond market participants and institutions, organising and hosting regional workshops, and mobilising the input from the academic network of African experts.

Annotation 3, OECD opening remarks

Thank you for your attention.

Hans Blommestein