WORKING PARTY ON DEBT MANAGEMENT

THIRD OECD FORUM ON AFRICAN PUBLIC DEBT MANAGEMENT

Agenda

4-5 December 2008
Paris

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THIRD OECD FORUM ON AFRICAN PUBLIC DEBT MANAGEMENT

Paris, 4-5 December 2008

OECD Conference Centre
2 rue André Pascal, 75016 Paris
Room CC1

Held under the aegis of the OECD Working Party on Debt Management

Sponsored by the Icelandic Ministry of Foreign Affairs

Forum chairman:

Mr. Ove Jensen, Head of Government Debt Management, Danish Central Bank, and Chairman of the OECD Working Party on Debt Management
Thursday, 4 December 2008

8 h 00 – 9 h 00  Registration

Delegates who are also attending the 18th OECD Global Forum on Public Debt Management may register for both events at the same time, beginning on 3 December.

9 h 00 – 13 h 00  Joint Session 1: Changes in the use of short-term securities by debt managers

Note: This session of the Africa Forum is held jointly with the Global Forum on Public Debt Management

9 h 00 – 9 h 15  Opening of Africa Forum

- Mr. Andre Pillay, opening on behalf of the Deputy Director-General, National Treasury, South Africa
- Mr. Tómas Ingi Olrich, Ambassador of Iceland to France

9 h 15 – 09 h 45  Introduction of main issues

- Moderator: Mr. Andre Pillay (Chief Director, Liability Management, National Treasury, South Africa)
- Dr. Hans Blommestein (OECD), “Assessment of the latest structural changes in the use of short-term government paper” (based on a summary of the latest WPDM discussions)
- Mr Andras Rez (DMO, Hungary), “Main conclusions from OECD Survey on changes in the use of short-term paper”

09 h 45 – 11 h 00  Panel discussion

- Mr. Livingstone Bumbe, Senior Economist (MoF, Kenya)
- Mr. El Hassan Eddez, Division Chief for Debt Restructuring and International Financial Markets, MoF, Morocco
- Ms. Judith Ndiss, Deputy Director (National Bank, Tanzania)
- Mr. Wasswa Kajubi, Director, Trade & External Debt (National Bank Uganda)

11 h 00 – 11 h 15  Coffee Break

11 h 15 – 12 h 00  Comments [Mr. Philippe Mills (Director General, Agence France Trésor), Mr. Tada Phutthitada (Director, Bond Market Development Bureau, MoF, Thailand)]
12 h 00 – 12 h 45  General discussion
12 h 45 – 13 h 00  Policy conclusions
13 h 00 – 14 h 30  Lunch

14 h 30 – 18 h 00  

**Session 2: Issuance procedures and (future) role of primary dealers**

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**Introduction of main issues**
- Dr. Hans Blommestein (OECD), “Recent Developments on Issuance Procedures and Primary Dealer Systems in the OECD” area (based on recent WPDM discussions and a Survey)

**Panel discussion with African debt managers and financial policymakers**
- Mr. Johan Krynauw, Director of Debt Operations (National Treasury of South Africa)
- Mr. Alain Ditona Moussavou, Conseilleur (Ministry of Finance, Gabon)
- Mr. Mohammed Amrani, Head of Restructuring Debt Unit (MoF, Morocco)

16 h 15 – 16 h 30  Coffee break
16 h 30 – 17 h 15  Comments [Mr. Dieudonné Evou Mekou (Director General, CAA, Cameroon), Mr. Steven Kabayo (Director, National Bank, Uganda), Ms. Judith Ndissi (National Bank, Tanzania)]
17 h 15 – 18 h 00  General discussion
Friday 5 December 2008

09 h 30 – 13 h 15

**Session 3: International co-operation and information sharing**

Representatives from the principal international organisations will provide information on their respective programmes-of-work in the area of African public debt management and government securities markets.

09 h 30 – 10 h 15

**Brief overview of work programmes on African debt management and bond markets**

- **Moderator:** Mr Stefan Nalletamby, African Development Bank

**Speakers:**
- Mr. Bernd Braasch, Director (Deutsche Bundesbank and Co-ordinator G8 Action Plan)
- Ms. Nontle Anele Kabanyane (African Development Bank)
- Mr. Carlos Braga, Director (World Bank)
- Mr. Udaibir Das, Division Chief for Sovereign Asset-Liability Management, (IMF)
- Dr. Hans Blommestein (OECD Project on African Debt Management)

10 h 15 – 10 h 30

Questions and comments by delegates

10 h 30 – 11 h 00 Coffee break

11 h 00 – 13 h 00

**Session 4: Round-Table discussion on a recent and urgent public debt management topic faced by African debt managers and financial policymakers**

**Moderator:** Mr. Benoît Coeuré, Head of Multilateral Affairs and Development and co-President of the Paris Club

The purpose of this session is to address a recent and urgent challenge for Public Debt Management in Africa. This round-table discussion will be initiated by African debt managers with comments from debt managers from other regions (with the international organisations as observers). The suggested topic for this year is how to deal with the direct impact as well as contagion effects of capital outflows?

12 h 45 – 13 h 00 Conclusions (by rapporteurs)

13 h 00 – 13 h 15 Closing
Annotations

General

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. The forum is being sponsored by the Icelandic Government.

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 governments take advantage of debt reduction initiatives and seek to avoid falling back into positions of unsustainable debt, and a great number of countries need to tackle the challenges from the fall-out of the ongoing credit crisis.

The forum is organised under the aegis of the OECD Working Party on Debt Management (WPDM), 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 WPDM 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, African Development Bank and other agencies.

To that end, the forum also functions as an efficient clearing house 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.

Specific Annotations

Session 1: Changes in the use of short-term securities by debt managers

This session (joint with the 18th Global Debt Forum) will consider practices, policies and experiences concerning (changes in) the use of short term papers for funding and liquidity purposes, both from a short-term crisis perspective and from a longer-term, structural point-of-view. The session will examine recent developments in the changing use of Treasury Bills and their role in response to the ongoing financial crisis. The Asian crisis from the 1990s was a catalyst for many emerging markets to move towards the more extensive use of fixed, local currency bonds with longer maturities. Is this trend being interrupted by to-day’s liquidity crisis? Many OECD countries facing a strong increase in funding needs have been issuing large amounts of short-term paper. Against this backdrop, debt managers from both OECD and Non-OECD jurisdictions are invited to address the following issues:
1. What are the short-term implications of the liquidity crises on the use of the type of funding instruments (e.g. the strong rise in the use of treasury bills in response to the immediate needs of the crisis)?

2. What are the long-term structural changes in borrowing strategies (e.g. countries with low budget deficits or budget surpluses have been reducing the use of short-term bills, while some countries have been moving towards floating instruments)?

3. What is the role of short-term instruments in optimal issuance strategies in the post-crisis situation of both mature and emerging economies?

The session will begin with an overview of the main policy issues on the role of Treasury Bills in primary and secondary markets on the basis of (i) a recent OECD Survey, (ii) discussions within the OECD WPDM; and (iii) the policy implications from the insights from an OECD study on liquidity in secondary markets in both the OECD area and selected African markets. The session will then proceed with a panel discussion.

Session 2: Issuance procedures and (future) role of primary dealers

The purpose of this session is to review issuance procedures and critically assess the (future) role of primary dealers in African markets in light of the credit crisis. Auctions are key mechanisms for selling government securities. Have there been significant problems with auctions lately in African markets? Is more reliance on syndication needed? Is there a greater future role for the retail segment? Primary dealers are often seen as an important element in creating well-functioning primary and secondary markets. How serious are then the implications of the reduction in the number of primary dealers and weaker banks' balance sheets in some markets?

The session will start with a brief overview of recent developments in OECD markets. This presentation will set the stage for an assessment of issuance procedures and critically evaluate the (future) role of primary dealers in African markets, in particular in light of the credit crisis.

Panel 1 (South Africa, Gabon, Morocco) will address one or more critical issues or problems related to issuance procedures and primary dealers in their markets.

Panel 2: (Malawi, Cameroon, Uganda, Tanzania) will comment on the Panel 1 interventions but also add their own perspective on issuance procedures and the (future) role of primary dealers.

Each panel discussant has max 15 minutes. The panel discussion will be followed by a general discussion (Q&A).

Session 3: International co-operation and information sharing

Representatives from the principal international organisations will provide information on their respective programmes-of-work (PoW) in the area of African public debt management and government securities markets. Speakers are advised to limit their intervention to max 10 minutes with 5 minutes Q&A for each PoW.
As background, written materials have been circulated. Participants are invited to address questions on the provided documentation to the relevant agency involved during this session or bilaterally.

Session 4: Round-Table discussion on a recent and urgent public debt management topic faced by African debt managers and financial policymakers

The purpose of this session is to address a recent and urgent challenge for Public Debt Management in Africa. The suggested topic for this year follows from the ongoing credit/liquidity crisis: how to deal with the direct impact as well as contagion effects of capital outflows?

A general perspective: What are the immediate implications for debt management strategies? More specific questions include the following: Can we draw on pertinent lessons from previous crises, including “bad” practices or measures to be avoided by debt managers and other financial policy makers or any best practices that one should follow to deal with this problem? How desirable are extra or special interventions by governments (in particular those involving debt managers or having an impact on debt strategies and operations)? African participants are also invited to address other urgent issues involving the direct impact of capital outflows.

This round-table discussion will be initiated by African debt managers with comments from debt managers from other regions. Representatives from the international organisations participate as observers.