

26 June 2013

CENTRE FOR AFRICAN PUBLIC DEBT MANAGEMENT AND BOND MARKETS

7TH NATIONAL TREASURY OF SOUTH AFRICA/OECD FORUM ON AFRICAN DEBT MANAGEMENT AND BOND MARKETS



PROGRAMME



Centre for African Public Debt Management and Bond Markets

The Forum on African Public Debt Management and Bond Markets is part of the output of the Centre for African Public Debt Management and Bond Market. The Centre is a joint partnership between the South African National Treasury and OECD and housed at the Development Bank of Southern Africa in Midrand, South Africa. The Centre is an initiative from African debt managers, building directly on the excellent and strong co-operation in the context of the activities of the OECD project on Public Debt Management and Bond Markets in Africa since its beginning in 2006. The Centre's mission is to promote the implementation of policies, procedures and techniques related to public debt management and bond markets, based on OECD leading practices.

Venue for forum: The meeting will take place in Cape Town, South Africa, at the Radisson Blu Hotel.

Objectives

This high level meeting constitutes a permanent policy forum for African debt managers, other financial policy makers involved in sovereign debt policies and operations as well as market operators implicated in primary or secondary government debt markets. The Forum meeting seeks to initiate a dialogue on key debt management policy issues, taking into account public debt management and bond market development needs and objectives from an African perspective. It will identify priority areas for data gathering, analysis and capacity building with a view to generating practical policy solutions that governments can put into action.

Events

Day 1 (26 June 2013)

- 1. Centre project on Government Guarantees for Eastern and Southern African Countries (in co-operation with MEFMI and the OECD):** This meeting is by specific invitation ONLY.
- 2. Strategic Peer Assisted Learning Database group meeting:** The database group will discuss ways of: strengthening links between data collectors, debt managers and other financial officers involved in public debt management and government securities markets in both sub-Saharan Africa and North Africa; and how best to improve ways of providing comprehensive information on African central debt instruments. The Fourth Edition of the 'African Central Government Debt: Statistica Yearbook', issued by the OECD on behalf of the Centre, will be distributed during *The 7th National Treasury of South Africa/OECD Forum on African Public Debt Management and Bond Markets*. This meeting is open only to government officials in Central Banks, Ministries of Finance and other government debt management agencies.

Reception at the Radisson Blu Hotel (Harbour View Room) sponsored by the National Treasury of South Africa

Day 2 & Day 3 (27 – 28 June 2013)

3. The 7th National Treasury of South Africa/OECD Forum on African Public Debt Management and Bond Markets will bring together high-level representatives of debt management offices across Africa and OECD countries, as well as regional financial institutions. The discussions will aim to share OECD leading practices, engage in peer assisted learning from a strategic perspective and will include the following topics:

- Building blocks for liquid primary and secondary markets;
- The establishment of risk benchmarks;
- The financing of infrastructure development;
- The use of analytical tools to determine debt management strategies.

4. Meeting of the Steering Committee for the National Treasury of South Africa/OECD project on African Public Debt Management and Bond Markets. This meeting is by specific invitation ONLY.

5. Break-out groups: Workshop participants will have the opportunity to discuss the following key policy issues: **topic A (Issuance Of Diaspora Bonds: Procedures and Lessons), and topic B (Contingent Liabilities)** in break-out groups of around 10-15 people.

SEVENTH NATIONAL TREASURY OF SOUTH AFRICA/OECD FORUM ON AFRICAN PUBLIC DEBT MANAGEMENT AND BOND MARKETS

AGENDA

DAY 1: WEDNESDAY 26 JUNE 2013

15:00 – 16:00 PARTICIPANT REGISTRATION

(15:00 – 16:00) CENTRE PROJECT ON GOVERNMENT GUARANTEES FOR EASTERN AND SOUTHERN AFRICAN COUNTRIES (in co-operation with MEFMI and the OECD)

(16:00 – 17:45) OECD DATABASE ON AFRICAN PUBLIC DEBT AND GOVERNMENT SECURITIES: NEXT STEPS?

Building on the experience of the publication of the four issues of the *OECD Statistical Yearbook on African Central Government Debt*, the database group will discuss with **Mr. Thor SAARI**, External OECD Senior Advisor, and **Mr. Hafsteinn HAFSTEINSSON**, OECD Consultant, the document “Next steps and suggested improvements in the OECD database on African public debt and government securities”.

18:00 – 20:00 RECEPTION AT THE RADISSON BLU HOTEL (HARBOUR VIEW ROOM) SPONSORED BY THE NATIONAL TREASURY OF SOUTH AFRICA

WELCOMING SPEECH

DAY 2: THURSDAY 27 JUNE 2013

08:00 – 08:30 PARTICIPANT REGISTRATION

CHAIR: **Mr. Monale RATSOMA**, Chief Director: Liability Management, National Treasury of South Africa

08:30 – 09:15 **WELCOME TO THE 7th NATIONAL TREASURY OF SOUTH AFRICA/OECD FORUM ON AFRICAN DEBT MANAGEMENT AND BOND MARKETS**

- **Mr. Lungisa FUZILE**, Director-General, National Treasury of South Africa
- **Mr. Graham SMALE**, Director Bonds and Financial Derivatives, Johannesburg Stock Exchange (JSE)
- **Dr. Hans BLOMMESTEIN**, Head of Public Debt Management and Bond Markets Unit, OECD and Co-director of the Centre for African Public Debt Management and Bond Markets

OVERVIEW OF PROGRAMME

- **Mr. Thuto SHOMANG**, Deputy Director-General of Asset and Liability Management, National Treasury of South Africa and Co-director of the Centre for African Public Debt Management and Bond Markets
- **Dr. Hans BLOMMESTEIN**, OECD

SESSION 1 (09:15 –13:00): ROUND TABLE DISCUSSION ON BUILDING BLOCKS FOR LIQUID PRIMARY AND SECONDARY MARKETS

This roundtable discussion will focus on:

- G20 diagnostic framework for Local Currency Bond Markets (LCBMs);
- The importance of liquidity in the development of primary and secondary markets;
- Construction of the yield curve;
- Views from market participants (Banks, Stock Exchanges and others) on recent experiences within African capital markets, including shortcomings, challenges and successes; and
- Progress in broadening the investor base.

MODERATOR: **Mr. Graham SMALE**, Director Bonds and Financial Derivatives, Johannesburg Stock Exchange (JSE)

09:15 –10:30 PRESENTATIONS

- **Dr. Hans BLOMMESTEIN**, Head of Public Debt Management and Bond Markets Unit, OECD (G20 Diagnostic framework for LCBMs)
- **Mr. Leon MYBURGH**, South African Reserve Bank
- **Mr. Gideon VOS**, Transactor, Africa Debt Capital Markets, Rand Merchant Bank
- **Ms. Taolo MODISI**, Chief Executive, Alpha Reign

10:30 – 11:15 PANEL DISCUSSION:

1. **Mr. Mwenda K. MARETE**, Assistant Director, Monetary Operations & Debt Management Division, Central Bank of Kenya
2. **Mr. Andrew CROSS**, Head, IFC – World Bank Group, Treasury Client Solutions - Sub Saharan Africa and LAC

11:15 – 11:30 COFFEE BREAK

11:30 – 13:00 GENERAL DISCUSSION

13:00 – 14.15 LUNCH

WORKING LUNCH (13:00-14:15) MEETING OF THE STEERING COMMITTEE FOR THE CENTRE FOR AFRICAN PUBLIC DEBT MANAGEMENT AND BOND MARKETS

Annual meeting of the Steering Committee for the Centre for African public debt management and bond markets, for members only; co-chairs National Treasury of South Africa and OECD. Rapporteurs: **Mr. Thor SAARI**, External OECD Senior Advisor to the OECD and **Mr. Hafsteinn HAFSTEINSSON**, External OECD Consultant.

SESSION 2 (14:15 – 16:00): ESTABLISHMENT OF RISK BENCHMARKS

The session will examine how to implement cost-risk modules to establish risk benchmarks and how flexible should they be in view of different market conditions.

MODERATOR: **Mr. Jim MATSEMELA**, Director: Market Risk, Asset and Liability Management Division, National Treasury of South Africa

14:15 – 14:45 PRESENTATIONS

- **Mr. Hafsteinn HAFSTEINSSON**, OECD Consultant
- **Ms. Fatos KOC**, Head of Market Risk Management Department, Turkish Treasury

14:45 – 16:00 GENERAL DISCUSSION

16:00 – 16:15 COFFEE BREAK

SESSION 3 (16:15 – 18:30): THE USE OF ANALYTICAL TOOLS TO DETERMINE DEBT MANAGEMENT STRATEGIES

The discussion will include the use of debt analytic tools to determine debt management strategies within a risk management framework, including debt sustainability analysis (DSA). What are the limitations and weaknesses?

MODERATOR: **Mr. Arindam ROY**, Adviser & Head (Debt Management), Commonwealth Secretariat

16:15 – 17:00 PRESENTATIONS

- **Mr. Wessel MOOLMAN**, National Treasury of South Africa
- **Ms. Fatos KOC**, Head of Market Risk Management Department, Turkish Treasury

17:00 – 18:00 GENERAL DISCUSSION

19:00 DINNER

19:00 – 19:15 Welcome drinks at the main reception of Two Oceans Aquarium

19:15 – 19:30 Group Photo at the Two Oceans Aquarium

19:30 – 22:30 DINNER AT THE TWO OCEANS AQUARIUM – SPONSORED BY JSE

KEY NOTE DINNER SPEECH BY SOUTH AFRICAN MINISTER OF FINANCE (TBC)

DAY 3: FRIDAY 28 JUNE 2013

SESSION 4 (08:45 – 10:15): THE FINANCING OF INFRASTRUCTURE DEVELOPMENT

Discussion for this session will include (1) the role of bond issuance in infrastructure development ; (2) Credit Export Funding (ECA) as an alternative funding source for infrastructure development; (3) obstacles, including lack of suitable financing instruments.

MODERATOR: **Ms. Avril HALSTEAD**, Chief Director Sectorial Oversight, Asset and Liability Management division, National Treasury of South Africa

08:45 – 09:10 PRESENTATIONS

- **Mr. Gabriel BUCK**, Managing Director, Global Head, Capex Financing Solutions Team, Barclays Plc, Investment Banking Division, United Kingdom
- **Mr. Andre PILLAY**, Eskom, Senior Manager, Funding Execution Department

09:10 – 09:40

PANEL

- **Mr. Charles KAIRU**, Senior Economist, National Treasury of Kenya
- **Mr. Leonard KOBOU DJONGUE**, Head of Treasury, Autonomous Sinking Fund of Cameroon
- **Mr. Evans OSANO**, Senior Securities Market Specialist, IFC – World Bank Group

09:40 – 10:20 GENERAL DISCUSSION

10:20 – 10:45 MORNING BREAK

SESSION 5 (10:45 – 15:00): BREAK-OUT DISCUSSIONS OF KEY POLICY ISSUES A and B

Workshop participants will have the opportunity to discuss key policy **topic A (Procedures and lessons learnt on issuance of Diaspora Bonds - country experiences)**, and **topic B (Contingent Liabilities)** in break-out groups of around 10-15 people.

Discussions in the break-out groups will be structured and of a technical nature. Before the break-out group sessions convene, the two leading facilitators will give plenary introductions. The technical discussions in the break-out groups complement the more general discussions during plenary sessions. In particular, the break-out groups will identify what they see as challenges, priorities, and recommended next steps in the context of enhancing debt management capacity and developing bond markets in Africa, and report their country perspectives via rapporteurs to the plenary meeting. The groups will also make recommendations about future capacity-building activities (including training) by the new *Centre for African Public Debt Management and Bond Markets*.

The two leading facilitators will give plenary introductions. The break-out groups will be composed so as to reflect a diversity of countries, as well as public and private sector perspectives. The break-out groups will have facilitators (to assist them in discussing the key issues) and rapporteurs (to draft and present priorities and recommended next steps in the plenary session).

MODERATOR: OVERALL COORDINATOR BREAK-OUT GROUPS

Mr. Johan KRYNAUW, Director: Debt Operations, National Treasury of South Africa and Acting Managing Director of the Centre for African Public Debt Management and Bond Markets

10:45 – 11:15 **PLENARY INTRODUCTION BY LEADING FACILITATORS OF TOPICS A and B:**

TOPIC A : PROCEDURES AND LESSONS LEARNT ON ISSUANCE OF DIASPORA BONDS - COUNTRY EXPERIENCES

- **Leading facilitator: Mr. Rodney MKANSI**, Senior Financial Analyst, National Treasury of South Africa

TOPIC B : CONTINGENT LIABILITIES

- **Leading facilitator: Mr. Sturla PALSSON**, Director, Treasury and Market Operations, Central Bank of Iceland

11:15 – 12:45 **PRESENTATIONS AND DISCUSSION IN BREAK OUT GROUPS**

12:45 – 14:00 **LUNCH**

14:00 – 15:00 **PRESENTATIONS AND DISCUSSION IN BREAK OUT GROUPS (CONTINUED)**

SESSION 6 (15:00 – 16:40): PLENARY DISCUSSION OF TOPICS A and B

MODERATOR: **Phumzile MASEKO**, Director: Domestic Debt, National Treasury of South Africa

15:00 – 15:20 **SUGGESTED CONCLUSIONS TOPICS A by leading rapporteur, Mr. Evans OSANO**, Senior Securities Market Specialist, IFC – World Bank Group

15:20 – 15:50 **QUESTION & ANSWER**

15:50 – 16:10 **SUGGESTED CONCLUSIONS TOPIC B by leading rapporteur, Mr. Thor SAARI**, External OECD Senior Advisor

16:10 – 16:40 **QUESTION & ANSWER**

SESSION 7 (16:40 – 17:00): FUTURE WORK

MODERATORS: **Mr. Thuto SHOMANG**, Deputy Director-General of Asset and Liability Management, National Treasury of South Africa and **Dr. Hans BLOMMESTEIN**, Head of Public Debt Management and Bond Markets Unit, OECD

- Future work by the Centre for African Public Debt Management and Bond Markets;**
- Future work on the data base on African public debt (Thor Saari/Hafsteinn Hafsteinnsson);**
- Closing Remarks (National Treasury of South Africa and OECD)**

ANNOTATIONS

The *National Treasury of South Africa/OECD Forum on African Public Debt Management and Bond Markets* is a key pillar of the OECD policy dialogue with African countries on public debt management and government securities markets. The Forum meetings focus on strategic policy issues related to public debt management and bond market developments as well as on operational and technical aspects of debt management operations as well as market infrastructure. These two perspectives form an integrated and mutually re-enforcing strategic approach to the design and execution of public debt management policies as well as related policies on bond market development. Another important pillar of the project concerns the 'African Central Government Debt – Statistical Yearbook' and the parallel OECD publication on 'Annual Overview of African public debt management and bond markets policies'. Both pillars are part of the work programme of the new *Centre on African Public Debt Management and Bond Markets*.

The topics for the agenda of the Forum are determined in close consultation with African debt managers, in particular with the members of the *Steering Committee on African Public Debt Management and Bond Markets* ('Steering Committee' for short).

In addition to the main sessions, an important, operational feature of the workshop is the use of syndicate or break-out groups to motivate discussion and enhance the networking opportunities for participants. Participants will be formed into smaller discussion groups of around 10-15 people, reflecting a diversity of countries and public and private sector perspectives. This year it is envisaged to have more technical discussions in the break-out groups. They complement the general discussion in the plenary sessions. Break-out members will identify what they see as challenges, priorities, and recommended next steps for developing debt management and bond markets in Africa with a view on enhancing debt management capacity and developing bond markets from their country perspective. Recommendations on capacity building (including training) will be part of the proposed work programme of the new *Centre on African Public Debt Management and Bond Markets*. The break-out groups will have facilitators (to assist them in discussing the key issues) and a rapporteur (to present priorities and recommended next steps in the plenary session). **Overall Coordinator: Johan Krynauw, National Treasury of South Africa and Acting Managing Director: Centre for African Public Debt Management and Bond Markets.**

THIS MEETING IS SPONSORED BY:



The Ministry of Foreign Affairs of Iceland



A central objective of the **Seventh OECD Forum on African Public Debt Management** is to arrive at tangible conclusions, policy priorities, and recommendations regarding the subject of each session. Panellists will address specific topics relevant to each session. Moderators will offer their own perspective on these topics, as well as cross-country examples. In that way, they will assist panellists and workshop participants as a whole, in drawing cross-country linkages and identifying emerging conclusions, priorities, and next steps.

FOR FURTHER INFORMATION

Requests for further information concerning the agenda, including details on how to participate in the Steering Committee can be addressed to the OECD Secretariat.

Questions regarding the local organisation can be addressed to the National Treasury of South Africa.

OECD

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