Strengthening Capacity for Effective Asset & Liability Management in National DMOs

UNCTAD, National Treasury of South Africa & MEFMI Workshop on Asset and Liability Management
30 September - 3 October 2013
Midrand, South Africa
Introduction

- UNCTAD Project
  - UN Development Account Project
  - UNCTAD ALM activities
  - Rationale behind ALM to be elaborated by Alessandro

- Tailored activities
  - To country’s priorities and needs vis-à-vis sovereign asset and liability management

- Period 2010-2013
Target Countries - Partners

- 6 debt offices in Africa and Latin America
  - Ethiopia, Uganda, Zambia
  - Argentina, Bolivia, Chile

- Cooperating Agencies and Partners:
  - MEFMI, ECLAC, UNDP, IDB/LAC Debt Group, DMFAS
  - National Treasury of South Africa, Ministry of Finance of Brazil, Treasury of Turkey,
Overall Objectives

- Strengthen the capacity to manage public debt by making debt managers aware of fiscal risks, asset risks, contingent liabilities, etc.

- Discuss the benefits of moving to a debt management approach based on an integrated ALM framework
Objectives - In practice

- Provide policy advice to debt managers regarding the assessment of the assets and liabilities of the public sector and on how to manage the risks of such positions

- Inform about the risks of contingent liabilities, and the need to monitor local governments and public enterprises
Expected Accomplishments

- The project aims to develop the capacity of DMOs to move to a debt management based on an integrated ALM framework

- Analytical capacity:
  - Assess exposure deriving from various risks
  - Manage the debt taking into account such risks
Activities

- Regional seminars
- Country level workshops/studies
- Studies and research
- Development of an E-learning module
- Compendium of studies
Regional seminars

- Regional consultations and workshops
  - Regional consultations with countries to receive feedback from target countries on their priorities and needs to shape future activities.
    - Harare 2011
    - Buenos Aires 2011
  - Regional workshops to bring together different countries to exchange experiences and ideas.
    - Santiago 2012
    - Midrand 2013
Implementation – Activities

• Identification of assets and liabilities of the public sector and analyze their specific characteristics and risks

• Delivery of country-level workshops to show how the ALM approach can complement public debt management in risk minimization

• Provide policy advice on how to formulate an appropriate ALM strategy
Country-level workshops

- Bilateral consultations to design country level activities
  - Demand driven activities that are suited to the country's situation and preferences.
  - Opportunity to compliment and support work also being done by DFMAS.
- Capacity building workshops aim to strengthen institutional capacities and to develop the capacity to move towards and ALM framework.
Country Level Activities

- Uganda – Development of the Domestic Bond Market
- Ethiopia – ALM and Portfolio Analysis
- Zambia – Evaluation of Contingent Liabilities and On Lending practices
- Argentina – ALM Mapping
- Bolivia - ALM and Portfolio Analysis
- Chile - TBD
Research Studies

- Lessons learned in the developed countries
  - Are they transferable to developing countries?

- Analytical challenges to conducting risk analysis in developing countries
  - What are the solutions to these challenges?

- Can an ALM framework be applied to issue which are specific to low income countries
  - Foreign aid, official lending?
E-learning Module

- Online e-learning module on Sovereign ALM
  - Free resource to complement others developed by UNCTAD

- 4 Modules
  - Overview of rationale and concepts
  - Sovereign ALM Framework
  - Institutional Setting/Framework
  - Risk Management
Future Activities

- **Study tours**
  - Staff of DMOs of the target countries visit DMOs which have more advanced ALM capacities

- Disseminating research findings and countries’ experiences with other countries
THANK YOU!

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