

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!

Kristine Forslund
Economic Affairs Officer
UNCTAD
Kristine.Forslund@unctad.org