GDRM Roundtable: NAVIGATING DEBT MARKETS
October 16-17th, 2017, World Bank Treasury
1225 Connecticut Ave NW, Washington, D.C.
C2-100

Agenda

OCTOBER 16, 2017

8:30 a.m. REGISTRATION AND BREAKFAST

9:00 a.m. WELCOME REMARKS
Arunma Oteh, Vice President and Treasurer, World Bank Treasury
Werner Gruber, Executive Director, World Bank Group

9:15 a.m. INTRODUCTIONS
Participants introduce themselves and share expectations for the event

9:30 a.m. KEYNOTE ADDRESS
Global Economic Outlook: Challenges and Opportunities for Emerging and Frontier Markets

Presenter:
Meral Karasulu, Director of Fixed Income Research, Global Debt Team, Oppenheimer Funds

10:15 a.m. ROUNDTABLE DISCUSSION 1
Currency Choice in International Bond Markets

This session discusses the arguments offered by several sovereigns that have joined a trend starting in 2013 whereby issuers have gradually replaced a portion of the funding raised in USD for EUR. The trend follows the divergent monetary policies by the Federal Reserve and the ECB and the expectation that this divergence will keep nominal coupons for bonds denominated in EUR well below those of USD bonds. The session highlights the importance that sovereigns should have a formal debt management strategy that includes a clear guidance for the currency composition of the FX portfolio.
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Moderator:
Antonio Velandia, Lead Financial Officer, Financial Advisory and Banking, World Bank Treasury

Country cases:
José Andrés Olivares, Financial Markets Management Director, Ministry of Economy and Finance, Peru
El Hassan Eddez, Deputy Treasurer, Ministry of Economy and Finance, Morocco
Patricio Sepulveda, Director, Ministry of Finance, Chile
Kalthoum Somai Ep Bouhlel, Director, Ministry of Finance, Tunisia

11:15 a.m. GROUP PHOTO
11:30 a.m. COFFEE BREAK
12:00 p.m. ROUNDTABLE DISCUSSION 2
Using Cross-Currency Swaps to Manage the Cost and Risk Profile of Public Debt Portfolios

During this session, Portugal will present its experience about an infamous case of a state-backed company that negotiated a leveraged interest rate swap with a subsidiary of a Spanish bank that went from 79 million euros notional into a loss of half a billion euros. Serbia will share the steps undertaken to design and implement a framework to manage foreign currency risk. As Serbia’s economy is more closely correlated to those of Eurozone economies than the U.S., the government explores options to hedge currency exposure from US dollar denominated Eurobonds into euros. Slovenia will present its experience on the use of derivative financial instruments to regulate the market risks related to the central government budget debt. Recently, cross currency swaps were restructured when exchanging the USD denominated bonds issued during 2012-2014 into Euro denominated bonds and longer dated USD denominated bonds as the liability management operations are used regularly to manage the composition of the debt portfolio.
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Moderator:
Cigdem Aslan, Lead Financial Officer, Financial Advisory and Banking, World Bank Treasury

Country cases:
David M. Duarte, Head of Trading Room, Portuguese Treasury and Debt Management Agency
Branko Drcelic, Acting Director, Public Debt Administration, Serbia
Marjan Divjak, Director General, Treasury Directorate, Ministry of Finance, Slovenia

1:00 p.m. LUNCH

2:30 p.m. ROUNDTABLE DISCUSSION 3
Innovative Financial Instruments: What is the Promise for Public Debt Managers?

Governments have a long tradition of financial innovation, as witnessed for example by the inflation-linked products launched in the 1980 and 1990’s. With the deepening and increased sophistication of capital markets, several new financial instruments have been issued by governments in the previous years, such as sharia-compliant securities, green bonds, state-contingent notes (e.g., linked to natural disasters), etc. This session will assess the benefits, risks and prospects of such innovative structure for governments, based on the practice and experience of the World Bank Treasury as well as country cases.

Moderator:
Sebastien Boitreaud, Lead Financial Officer, Financial Advisory and Banking, World Bank Treasury

Country cases:
Qaiser Iskandar Anwarudin, Director of Financial Surveillance
Bank Negara Malaysia
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Ma. Nanette Diaz, Director of Liability Management Service, Bureau of the Treasury, Philippines

International experience:
Farah Imrana Hussain, Senior Financial Officer, Financial Advisory and Banking, World Bank Treasury

3:30 p.m. COFFEE BREAK

4:00 p.m. ROUNDTABLE DISCUSSION 4
International Settlement of Local Currency Bonds

International settlement of local currency bonds has been debated for quite some time in emerging markets. International settlement facilitates non-residents’ investment in local markets, particularly in markets where red tape or concerns about local clearing houses’ financial health are pronounced. However, other issues arise, such as the potential fragmentation of the market and reduced information on the investor base. This session will discuss pros and cons of having domestic bonds ‘Euro-clearable’ – or settled through international clearings – taking advantage of the rich experience of GDRM countries.

Moderator:
Rodrigo Cabral, Senior Financial Officer, Financial Advisory and Banking, World Bank Treasury

Country cases:
José Andrés Olivares, Financial Markets Management Director, Ministry of Economy and Finance, Peru
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Sinovuyo Mpakama, Director of Debt Issuance and Management, National Treasury, South Africa

International experience:
Anderson Silva, Lead Financial Sector Specialist, Finance and Markets Global Practice, World Bank Group

5:00 p.m. END OF DAY I
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8:30 a.m.  BREAKFAST

9:00 a.m.  ROUNDTABLE DISCUSSION 5
Managing Relations with Non-Resident Investors

Amid unprecedented economic and political volatility coupled with shifting investor sentiment, sovereign transparency and investor relations have become an ever more relevant topic. For governments, timely and accurate communication is critical to manage the expectations of the investment community. To borrow in the international capital markets or attract non-resident investors to the local currency market, this becomes more vital. In this session debt managers from Egypt, Macedonia, Philippines, and Ukraine will share their investor relations practices.

Moderator:
Coskun Cangoz, Manager, Financial Advisory and Banking, World Bank Treasury

Country Cases:
Samy Hussein Khallaf, Advisor to Minister of Finance, Ministry of Finance, Egypt
Ana Todorovska, Head of Front Office, Ministry of Finance, Macedonia
Polina Yarova, Director of Debt Policy Department, Ministry of Finance, Ukraine
Ma. Nanette Diaz, Director of Liability Management Service, Bureau of the Treasury, Philippines

10:00 a.m.  COUNTRY CASE 1
Serbia's debt management reforms supported by the GDRM Program

Serbia has been a very active country in the GDRM program. Various reform initiatives have been undertaken, including the development of a debt management strategy, the organization of the Public Debt Administration, the development of an annual borrowing plan, and a risk management and operational framework for conducting derivative transactions. Program delivery included various formats, from missions to
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remote support, tailored workshops, and the exchange with debt managers from advanced market economies. At this session, Serbia will present its progress in the first phase of the GDRM program, share lessons learned, and discuss plans to strengthen debt management in the future, with support from the GDRM program in its second phase.

Moderator:
Sebastien Boitreaud, Lead Financial Officer, Financial Advisory and Banking, World Bank Treasury

Presenter:
Branko Drceletic, Acting Director, Public Debt Administration, Serbia

Discussants:
All GDRM countries

10:45 a.m. COFFEE BREAK

11:15 a.m. COUNTRY CASE 2
Indonesia’s debt management reforms supported by the GDRM Program

Indonesia has been another very active country in the GDRM program. Various reform initiatives have been and are being undertaken, including the development of a debt management strategy, assessment and management of risks emanating from contingent liabilities such as government guarantees, and design of an asset-liability management framework.

At this session, Indonesia will present its progress in the first phase of the GDRM program, share lessons learned, and discuss plans to strengthen debt management in the future, with support from the GDRM program in its second phase.
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Moderator:
Lars Jessen, Lead Debt Specialist, Macroeconomics, Trade and Investment Global Practice, World Bank Group

Presenter:
Heri Setiawan, Deputy Director of Country Risk Management, Ministry of Finance, Indonesia

Discussants:
All GDRM countries

12:00 p.m.

COUNTRY CASE 3
Azerbaijan’s debt management reforms supported by the GDRM Program

Azerbaijan focused on two key areas under the first phase of the GDRM program: drafting of an organic law unifying all debt management operations under the Ministry of Finance and capacity building for the design of a debt management strategy based on cost/risk analysis. As a result of a few negative shocks which have impaired economic performance over the last few years, the drive for reforms in Azerbaijan has increased. During this session, Azerbaijan will present its progress under the GDRM I and more importantly discuss future plans to strengthen debt management, with support from the GDRM program.

Moderator:
Cigdem Aslan, Lead Financial Officer, Financial Advisory and Banking, World Bank Treasury

Presenter:
Inji Huseynova, Head of Division, Ministry of Finance, Azerbaijan

Discussants:
All GDRM countries
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12:30 p.m. LUNCH

PARTICIPATION IN AFTERNOON SESSIONS IS RESERVED TO CURRENT GDRM PROGRAM COUNTRIES ONLY

1:45 p.m. PRESENTATION
The GDRM Program: Looking back at phase 1 and forward to phase 2

2017 marks the final year of the first phase of the GDRM program. Looking back, the program has achieved important results but countries have also experienced challenges in fully implementing reforms. Due to its overall success, the program is entering a second phase in 2018. This phase will build on the existing and unique strengths of the program and will incorporate new elements to foster the sustainability of results achieved.

Presenter:
Coskun Cangoz, Manager, Financial Advisory and Banking, World Bank Treasury

2:15 p.m. WORKSHOP
Addressing challenges and developing good practices: From strategy implementation, to capacity building, coordination with macro policies, and securing senior level support

In this workshop, participants will discuss thematic areas covered and issues experienced in the GDRM program. Following a group discussion, each group shares conclusions in a plenary discussion. The objective of the workshop is to identify challenges across countries, and good practices to resolve them. Topics for this workshop include the adoption and implementation of debt management strategies; the management of internal operations; coordination with macro-economic policies;
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and increasing the impact and sustainability of the GDRM program through senior level support.

Moderator:
Fritz Bachmair, Financial Officer, Financial Advisory and Banking, World Bank Treasury

Discussants:
All GDRM countries

3:45 p.m. COFFEE BREAK

4:15 p.m. ROUNDTABLE DISCUSSION 6
This roundtable offers an opportunity to synthesize the discussions of today. The moderator and participants will synthesize key challenges countries are facing in reform implementation, the most urgent topics in debt and risk management, and how the second phase of the GDRM program can support countries in their efforts. Also, this session will offer an outlook towards next steps in the program.

Moderator:
Sebastien Boitreaud, Lead Financial Officer, Financial Advisory and Banking, World Bank Treasury

Discussants:
All GDRM countries

4:45 p.m. CLOSING REMARKS
Marcelo Giugale, Director, Financial Advisory and Banking, World Bank Treasury

5:00 p.m. END OF PROGRAM