Assessing and Managing Risks from Contingent Liabilities
A focus on government guarantees and lending
Joint Vienna Institute, Vienna, Austria
April 30 – May 4, 2018

AGENDA

Day 1 – April 30, 2018

8:30 a.m. – 9:00 a.m.        Registration

9:00 a.m. – 9:45 a.m.        Opening and Introductions
Cigdem Aslan, Lead Financial Officer, World Bank Treasury

9:45 a.m. – 12:30 p.m.       Group Work on Identifying and Prioritizing Contingent Liabilities
Timothy Irwin, Consultant, World Bank Group
• Introduce case study on Costaguana
• Use fiscal risk matrix to categorize contingent liabilities
• Prioritize contingent liabilities
• Discuss conclusions in plenary session

12:30 p.m. – 1:00 p.m.       Participant Group Photo

1:00 p.m. – 2:15 p.m.        Lunch (participants’ own arrangements)

2:15 p.m. – 3:15 p.m.        Country Experience: South Africa
Mkhulu Maseko, Director of Credit Risk, The National Treasury of South Africa

3:15 p.m. – 3:30 p.m.        Coffee Break

3:30 p.m. – 5:00 p.m.        Country Experiences from Participants
Fritz Bachmair, Financial Officer, World Bank Treasury
Day 2 – May 1, 2018

8:45 a.m. – 9:00 a.m. Review of Previous Day
Fritz Bachmair, Financial Officer, World Bank Treasury

9:00 a.m. – 10:00 a.m. Introduction to Fiscal Risks and Contingent Liabilities
Timothy Irwin, Consultant, World Bank Group

• Understand fiscal risks and identify their main sources
• Understand contingent liabilities, a particular kind of fiscal risk
• See how the management of contingent liabilities relates to asset-liability management

10:00 a.m. – 12:00 p.m. Types of Contingent Liabilities
Cigdem Aslan, Lead Financial Officer, World Bank Treasury
Timothy Irwin, Consultant, World Bank Group
Luis de la Plaza, Lead Financial Officer, World Bank Treasury

• Understand broad framework for contingent liabilities risk management
• Highlight the specificities of key types of contingent liabilities and the risk management framework
• Outline options on how to prioritize contingent liabilities
• Highlight the differences in managing explicit and implicit contingent liabilities

12:00 p.m. – 1:30 p.m. Lunch (participants’ own arrangements)

1:30 p.m. – 2:45 p.m. Focus on Government Guarantees and Lending: Introduction
Fritz Bachmair, Financial Officer, World Bank Treasury

• Discuss the importance, types, and characteristics of government guarantees and lending
• Develop a strategy to manage risks from guarantees and lending
• Understand how the specific context drives the design of a risk management framework

2:45 p.m. – 3:00 p.m. Coffee Break

3:00 p.m. – 5:00 p.m. Country Experiences in Assessing and Managing Risks from Guarantees/Lending
Mkhulu Maseko, Director of Credit Risk, The National Treasury of South Africa

6:30 p.m. – 8:30 p.m. Welcome Dinner
Day 3 - May 2, 2018

8:45 a.m. – 9:00 a.m. Review of Previous Day
Cigdem Aslan, Lead Financial Officer, World Bank Treasury

9:00 a.m. – 10:45 a.m. Analyzing and Quantifying Risks from Guarantees and Lending
Fritz Bachmair, Financial Officer, World Bank Treasury
Mkhulu Maseko, Director of Credit Risk, The National Treasury of South Africa

- Understand why analyzing and quantifying contingent liability risks is important
- Know alternative risk measures and risk assessment methodologies used in practice
- Choose from alternatives based on context and objectives

10:45 a.m. – 12:30 p.m. Group Work on Risk Assessment and Quantification
Cigdem Aslan, Lead Financial Officer, World Bank Treasury

- Introduce second part of case study
- Propose methodology to assess risk from SOE guarantees
- Choose from alternative methodologies based on country context and objectives

12:30 p.m. – 1:45 p.m. Lunch (participants’ own arrangements)

1:45 p.m. – 2:45 p.m. Group Work on Risk Assessment and Quantification (cont’d)
Cigdem Aslan, Lead Financial Officer, World Bank Treasury

- Discuss conclusions in plenary session

2:45 p.m. – 3:00 p.m. Coffee Break

3:00 p.m. – 5:30 p.m. Hands-on Exercise on Applying Credit Score Card to a Utility
Mkhulu Maseko, Director of Credit Risk, The National Treasury of South Africa

- Introduce third part of case study
- Prepare credit risk opinion on utility SOE using credit score card
- Discuss conclusions in plenary session
Day 4 - May 3, 2018

8:45 a.m. – 9:00 a.m.  **Review of Previous Day**  
*Timothy Irwin, Consultant, World Bank Group*

9:00 a.m. – 10:15 a.m.  **Group Discussion and Presentations on Assignment 3 – Hands-on Exercise on Applying Credit Score Card to a Utility**  
*Mkhulu Maseko, Director of Credit Risk, The National Treasury of South Africa*

10:15 a.m. – 10:30 a.m.  Coffee Break

10:30 a.m. – 12:00 p.m.  **Designing Risk Management Tools for Guarantees**  
*Cigdem Aslan, Lead Financial Officer, World Bank Treasury*

- Understand the importance of using risk management tools
- Highlight the alternative tools that governments use to manage the credit risk from guarantees and lending
- Acquire high-level understanding of how tools can be designed and how risk assessment informs the design of tools
- Choose from alternative tools based on context and objectives

12:00 p.m. – 1:15 p.m.  Lunch (participants’ own arrangements)

1:15 p.m. – 3:45 p.m.  **Hands-on Exercise on Setting Guarantee Fees**  
*Fritz Bachmair, Financial Officer, World Bank Treasury  
Andrew Lee, WBG Analyst, World Bank Treasury*

- Calculate guarantee fees to charge the utility SOE
- Discuss conclusions in plenary session

3:45 p.m. – 4:00 p.m.  Coffee Break
4:00 p.m. – 5:00 p.m. Governance Framework and Institutional Setup for Contingent Liability Risk Management

Cigdem Aslan, Lead Financial Officer, World Bank Treasury

- Review the governance framework used by some countries for the issuance of loan guarantees and lending
- Learn steps for implementing some of the risk mitigation and monitoring tools through country examples
- Stress the role of debt and risk managers for sound management of risks
Day 5 - May 4, 2018

8:45 a.m. – 9:00 a.m. **Review of Previous Day**  
*Cigdem Aslan, Lead Financial Officer, World Bank Treasury*

9:00 a.m. – 11:30 a.m. **Group Work on Risk Management Tools**  
*Timothy Irwin, Consultant, World Bank Group*  
- Prioritize which risk management tools to implement to monitor or mitigate the contingent liability risks  
- Discuss conclusions in plenary session

11:30 a.m. – 12:30 p.m. **Country Presentations**  
*Fritz Bachmair, Financial Officer, World Bank Treasury*

12:30 p.m. – 1:00 p.m. **Feedback Session**  
*Fritz Bachmair, Financial Officer, World Bank Treasury*

1:00 p.m. – 1:30 p.m. **Closing Remarks & Certificates**  
*Fritz Bachmair, Financial Officer, World Bank Treasury*