Third Asian Regional Public Debt Management Forum

In order to share knowledge in the area of public debt management, the Directorate General of Debt Management in collaboration with the Asian Development Bank (ADB) has organized Third Asian Regional Public Debt Management Forum on 19-21 March 2013 at Hotel Shangri La – Jakarta.

Third Asian Regional Public Debt Management Forum was an event for the public debt managers from 44 ADB member countries to build networking, knowledge sharing and exchange ideas and experiences related to debt management, market development and risk management.

The Forum was opened with the warming up session that discussed the Economic Prospects for the Asia Region, followed by keynote address by Mr. Agus Martowardojo - Minister of Finance of the Republic of Indonesia and Mr. Thierry de Longuemar - Vice President for Finance and Risk Management, ADB. ADB’s Vice President said that the Asia’s local currency bond markets have grown rapidly over the past decade, making the region more resilient to external shocks of the kind seen in 1997-1998. As of the end of 2012, the nine countries of emerging East Asia alone had USD6.5 trillion in outstanding local currency bonds, with Indonesia’s market totaling USD111 billion. Public debt management has also improved with governments increasingly able to raise long-dated debt, making refinancing both easier and less costly. Mr. de Longuemar also noted that despite the elusive economic recovery in the US, eurozone, and Japan, Asia’s economic outlook is cautiously optimistic. Prospects for the ASEAN area are particularly encouraging as the subregion looks toward increased economic integration by 2015.

In his opening remarks, the Minister of Finance said that Indonesia has seen a relatively robust performance in 2012 indicated by relatively benign macroeconomic and fundamentals indicators. Under these conditions, government bond yields declined quite significant. The current global dynamics, especially related to unsound sovereign fiscal and debt policy, encourage us to explore the benefits and role of today’s Forum. The lingering situation reminds us of the importance of sound debt management to support a sovereign's fiscal and economic health. Government debt management has become increasingly important as an instrument to filter out, and ease the penetration of, adverse global conditions into the domestic financial system and economy.

Today’s countries experience support the conclusion that the right composition and structure of a sovereign’s debt can provide a cushion against the financial risk stemming from a global shock. A deep domestic government securities market, combined with the option to access financing from international markets and institutions, ensures funding for fiscal needs and the ability to support the domestic economy through countercyclical fiscal policy. Therefore by acting together, all the countries in the region can counter the current global problem earlier than on they could on a stand-alone basis. Therefore, this is the right time to discuss and formulate the common debt management response and to create the opportunity to build synergy among the countries. I believe that those common frameworks are a worthy topic to be explored and discussed during this Forum.

Furthermore, the Forum also covered a wide range of issues related to government debt management, consist of government securities including sukuk, government loan management including local government loan, debt risk management including disaster risk and debt modeling analysis, cash reform management and also data reporting guidelines. Speakers of the forum were public debt managers from various countries in Asia who shared experiences from each country, and also debt managers and practitioners from the private sector.
FORUM AGENDA

TUESDAY, 19 March 2013

8:15 am–9:00 am  Registration and Coffee
Venue: Ballroom A Foyer

9:00 am–10:00 am  Session 1: Economic Prospects for the Asian Region
Venue: Ballroom A
Speakers: Mr. Brian Baker, Chief Executive Officer and Director, PIMCO Asia
Mr. Donghyun Park, Principal Economist, Economics and Research Department, ADB
Mr. Tim Condon, Managing Director and Head of Research, Asia, ING Financial Markets
Moderator: Mr. Edimon Ginting, Deputy Country Director, Indonesia Resident Mission, ADB

The lack of sustained recovery in the United States, euro area and Japan has affected growth in developing countries. Further, foreign direct investment and capital flows have become more volatile, thereby exerting more pressure on exchange rates. This session will provide an overview of the economic prospects for the Asian region.

10:00 am–10:15 am  Open Discussion

10:15 am–10:45 am  Keynote Address
Mr. Agus D.W. Martowardojo, Minister of Finance, Indonesia
Mr. Thierry de Longuemar, Vice-President (Finance and Risk Management), ADB

10:45 am–11:15 am  Group Photo / Coffee Break
Venue: Ballroom A / Ballroom A Foyer

11:15 am–12.15 pm  Session 2: Planning and Implementing Medium Term Debt Management Strategies
Speakers: Ms. Rosalia de Leon, Treasurer, Bureau of the Treasury, Philippines
Mr. Satoru Shibata, Director of Debt Management and JGB IR, Financial Bureau, Ministry of Finance, Japan
Mr. Kuat Akizhanov, Director, Department of State Borrowing, Kazakhstan
Mr. Lars Jessen, Lead Financial Officer, Banking and Debt Management, World Bank
Moderator: Mr. Albertus Kurniadi Hendartono, Deputy Director, Directorate of Debt Strategy and Portfolio, Directorate General of Debt Management, Ministry of Finance, Indonesia

Borrowing strategies have to adapt to the changing economic and fiscal environment, particularly with increased financing requirements. This session will cover public debt management strategies with discussions centered around a) whether formal debt management strategies are in place b) strategic targets and benchmarks are in place and c) the incorporation of debt management strategies in the government budgeting process.

12:15 pm – 12.30 pm  Open Discussion

12:30 pm – 1.30 pm  Lunch Break
Venue: Lotus Room, Level 1

1:30 pm–1:50pm  Special Session: Central Banker’s View on Debt Management
Speaker: Mr. Diwa Guinigundo, Deputy Governor, Bangko Sentral ng Pilipinas
Moderator: Mr. Reza Baqir, Division Chief, Debt Policy Division, Strategy, Policy and Review Department, International Monetary Fund

Debt managers, fiscal policy advisors and central bankers should share an understanding of the objectives of debt management, fiscal and monetary policies given the interdependencies among the different policy instruments. This session will explore the evolving relationship among debt management, monetary policy and fiscal policy.

1:50pm–2:05pm  Open Discussion

2:05 pm–3:05pm  Session 3: Institutional and Legal Frameworks for Public Debt Management
Mr. Pen Thirong, Director, Department of Investment and Cooperation, Ministry of Finance of Cambodia
Ms. Sharon Almanza, Division Chief, DRM Division, Department of Finance,
A key requirement of effective public debt management requires a sound institutional and legal framework. This session will provide examples of the institutional arrangements and legal frameworks in place in a number of countries.

3:05 pm – 3.20pm
Open Discussion

3.20pm – 3.45pm
Afternoon Break

3.45 pm–4.45 pm
Session 4: Risk Management and Models Used in Debt Management
Speakers: Mr. Lars Jessen, Lead Financial Officer, Banking and Debt Management, World Bank
Mr. Alex Waters, Consultant/Researcher, Special Advisory Services Division, Commonwealth Secretariat
Mr. Kim Jin Myung, Director, Government Bond Policy Division, Ministry of Finance, Republic of Korea
Mr. Suminto, Deputy Director of Planning and Debt Strategy, Directorate General of Debt Management, Ministry of Finance, Indonesia

Moderator: Mr. Gopal “Sharath” Sharathchandra, Head, Treasury Client Solutions Unit, ADB

The key focus for all government debt managers should be management of risk in the government debt portfolio. This requires developing risk models that are suited to the debt management environment. This session will introduce the MTDS toolkit developed by the IMF and World Bank that countries can use as a risk management model as well as providing country case studies.

4.45pm – 5.00pm
Open Discussion

WEDNESDAY, 20 March 2013

8:30 am–9:00 am
Registration and Coffee
Venue: Java-Maluku Foyer, Level 1

9:00 am–10:15 am
Session 5: Fiscal Management of Disaster Risk
Venue: Java-Sulawesi Rooms, Level 1
Speakers: Dr. Charlotte Benson, Senior Disaster Risk Management Specialist, ADB
Mr. Lars Jessen, Lead Financial Officer, Banking and Debt Management, World Bank
Mr. Miguel Navarro-Martin, Lead Financial Officer, Financial Advisory and Banking, World Bank
Mr. Mario Relampagos, Undersecretary, Department of Budget and Management, Philippines

Moderator: Mr. Deepak Taneja, Senior Treasury Specialist, Treasury Client Solutions Unit, ADB

Natural hazards pose a significant threat to the attainment of both national and regional development goals. They also pose a significant challenge to public debt managers, periodically triggering substantial additional demands on public resources. Their adverse consequences can be considerably reduced through sound fiscal management, anticipating disaster-related fiscal pressures and smoothing spending over time while also minimizing indirect losses by providing timely relief, early recovery and reconstruction financing. This session will cover the quantification of disaster risk, the gaps in government financing of disaster losses, and disaster risk financing solutions.

10:15 am–10:30 am
Open Discussion

10:30 am–10:50 am
Coffee Break

10: 50 am–12:00 nn
Session 6A: Sub-national Borrowing and Debt Management
Venue: Java Room, Level 1
Speakers: Mr. Tobais Bule, Acting Director, Debt Management Unit, Ministry of Finance and Treasury, Solomon Islands
Mr. Dev Useree, Director, Debt and Public Financial Management, Crown Agents
Ms. Elena Okorochenko, Head, Sovereign and International Public Finance Ratings Team, Asia Pacific, Standard and Poors
Mr. Miguel Navarro-Martin, Lead Financial Officer, Financial Advisory and Banking, World Bank

Moderator: Mr. Nicholas de Boursac, Chief Executive Officer, Penrridge
Moderator: Ms. Ayu Sukorini, Director of Funds, Directorate General of Debt Management, Ministry of Finance, Indonesia

With fiscal decentralization and more autonomy provided to sub-national governments including their own borrowing programs, it is important to ensure that sound debt management practice is applied to sub-national governments. This session will provide examples of several countries that have active sub-national debt programs and activities.

Session 6B: Public Debt Management through Use of Financial Products and Derivatives
Venue: Sulawesi Room, Level 1
Speakers: Mr. Deepak Taneja, Senior Treasury Specialist, Treasury Client Solutions Unit, ADB
Ms. Maria Theresa L. Quirino, Consultant, ADB
Mr. Steven Halford, Managing Director, Head of Emerging Markets Credit Trading, Asia, Citibank
Moderator: Mr. Nicholas de Boursac, Chief Executive Officer, Pennridge

Managing a public debt portfolio presents significant risks that require monitoring and proactive management. Countries have used various techniques and derivatives to lower cost, extend maturity and achieve target debt composition. This session will discuss available options and tactics used to achieve planned debt strategy.

12:00 nn–12:20 pm
Open Discussion

12:20 pm–1:30 pm
Lunch Break
Venue: Kalimantan & Maluku Room, Level 1

01:30 pm–2:30 pm
Session 7A: Cash Management Reforms
Venue: Java Room, Level 1
Speakers: Mr. Mario Relampagos, Undersecretary, Department of Budget and Management, Philippines
Mr. Rudy Widodo, Director of State Cash Management, Directorate General of Treasury, Indonesia
Mr. Choiten Wangchuk, Director General, Department of Public Accounts, Ministry of Finance, Bhutan
Mr. Nathan Hansford, Consultant, ADB
Moderator: Mr. Asad Alamgir, Senior Treasury Specialist, Treasury Client Solutions Unit, ADB

Governments have recognized the potential cost savings from improved cash management and integration of cash and debt management. Many countries across Asia-Pacific are embarking on cash management reforms. This session sets out what is involved with such reforms and provides examples of countries that have successfully reformed government cash management and implemented asset-liability management framework in relation to debt management.

Session 7B: Debt Sustainability Analysis (DSA)
Venue: Sulawesi Room, Level 1
Speakers: Mr. Reza Baqir, Division Chief, Debt Policy Division, Strategy, Policy and Review Department, International Monetary Fund
Ms. Sharon Almanza, Division Chief, DRM Division, Department of Finance, Philippines
Mr. Lankapathy Sritharan, Senior Manager, Central Bank of Sri Lanka
Ms. Molor Ayasgalan, Officer, Debt Management Division, Department of Financial Policy and Debt Management, Ministry of Finance, Mongolia
Moderator: Mr. Deepak Taneja, Senior Treasury Specialist, Treasury Client Solutions Unit, ADB

Debt sustainability analysis is important for any government to assess the risk of debt distress and impact of debt to balance sheet risk of government. This session will demonstrate what a DSA involves, what it delivers and the relation to balance sheet of government such as introducing tools of primary balance and balance sheet analysis.

2:30 pm–2:45 pm
Open Discussion

2:45 pm–3:05 pm
Afternoon Break

3:05 pm–4:15 pm
Session 8A: Challenges on Managing Public Debt in Developing Countries
Venue: Java Room, Level 1
Speakers: Mr. Scenaider Siahaan, Director of Debt Strategy and Portfolio, Directorate General of Debt Management, Ministry of Finance, Indonesia
Mr. Gu Tifeng, Deputy Director, Debt Management Division, Treasury Department,
Ministry of Finance, People’s Republic of China
Mr. Dev Useree, Director, Debt & Public Financial Management, Crown Agents
Moderator: Mr. Seung Jae Lee, Advisor, Office of Regional Economic Integration, ADB

Developing countries face many challenges to manage their public debt. The flexibility to manage the risks in the government debt portfolio is not available to various countries especially low-income ones. This session will provide case studies of the challenges facing several countries in the region including loan policy direction in the future, single borrowing limit or loan capacity/resources, utilization of loan, difficulties of loan implementation, project management, and monitoring of the project.

Session 8B: Debt Reporting Guidelines
Venue: Sulawesi Room, Level 1
Speakers: Mr. Sabyrbek Baidaliev, Head, Public Debt’s Statistics Division, Ministry of Finance, Kyrgyz Republic
Mr. MacDonald Banda, Business Analyst, Debt Management Section, Commonwealth Secretariat
Mr. Balliram Baball, Senior Debt Expert and Coordinator, UNCTAD
Moderator: Ms. Maria Theresa L. Quirino, Consultant, ADB

All governments are required to report public and country external debt to international agencies, rating agencies, investors as well as statutory reporting to the government and other stakeholders. This session will set out debt reporting guidelines based on current international standards and outline new developments in reporting of public debt. It will also cover recording of contingent liabilities. Practical examples will be provided drawing on several countries’ experiences.

Open Discussion

Dinner (Host: Asian Development Bank)
Venue: Ceria Room, Level 1

THURSDAY, 21 March 2013
8:30 am–9:00 am Registration and Coffee
Venue: Ballroom A Foyer

9:00 am–10:15 am Session 9: Developing Local Currency Bond Markets
Venue: Ballroom A
Ms. Loto Srinaita Ginting, Director of Government Bonds, Directorate General of Debt Management, Ministry of Finance, Indonesia
Mr. Abu Daiyan Mohammad Ahsanullah, Senior Assistant Secretary, Ministry of Finance, Bangladesh
Mr. Seung Jae Lee, Advisor, Office of Regional Economic Integration, ADB
Moderator: Mr. Mark Austen, Chief Executive Officer, ASIFMA

The development of local currency bond markets across Asia has been a priority for many governments and a valuable financing source for the current environment. The growth of the local currency bond markets will contribute to a more efficient financial intermediation in Asia. This session will call on country experiences to gain insights into the lessons learned and challenges that each faced to develop the domestic bond market. This will include:
- Challenges in developing domestic bond market
- Efforts and policies to increase local investor participation in the domestic bond market
- Instruments that meet local investor specific demand such as retail bond
- Policies to cope with foreign inflows into domestic market.

10:15 am–10:30 am Open Discussion

10:30 am–10:45 am Coffee Break

10:45 am–12:00 nn Session 10: Accessing Islamic Finance
Speakers: Professor Datuk Rifaat Ahmed Abdel Karim, Chief Executive Officer, International Islamic Liquidity Management Corporation, Malaysia
Several governments have issued Sukuk and have developed strategies to enhance access to Islamic Finance. Islamic financial institutions, regulations, products and services have grown rapidly in recent years and have matured substantially. Islamic financial products and services provide a vehicle to expand access to finance and increase financial inclusiveness in the region. This session will discuss the supply and demand dynamics for Islamic Finance, strategy and implementation plan for improving access to finance through Islamic products and services and experience in issuance of Sukuk by governments and related government institutions.

Open Discussion

Closing Remarks

Mr. Mikio Kashiwagi, Treasurer, Asian Development Bank
Mr. Robert Pakpahan, Director General, Directorate General of Debt Management, Ministry of Finance, Indonesia

Closing Lunch
Venue: Lotus Room. Level 1