

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

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|------------------------|--|
| 8:30 a.m. – 9:00 a.m. | Registration |
| 9:00 a.m. – 9:45 a.m. | Opening and Introductions
<i>Cigdem Aslan, Lead Financial Officer, World Bank Treasury</i> |
| 9:45 a.m. – 12:30 p.m. | Group Work on Identifying and Prioritizing Contingent Liabilities
<i>Timothy Irwin, Consultant, World Bank Group</i> <ul style="list-style-type: none">• 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
<i>Mkhulu Maseko, Director of Credit Risk, The National Treasury of South Africa</i> |
| 3:15 p.m. – 3:30 p.m. | Coffee Break |
| 3:30 p.m. – 5:00 p.m. | Country Experiences from Participants
<i>Fritz Bachmair, Financial Officer, World Bank Treasury</i> |

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