



Presented to members at the
General Assembly
24 June 2005

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BIENNIAL REPORT 2004–2005

Word from Mr. Omar T. Cruz,
Treasurer of the Philippines and President of WADMO

Dear WADMO members, ladies and gentlemen, I am very pleased to welcome you to the fourth conference/general assembly of the World Association of Debt Management Offices. This event has been scheduled to follow UNCTAD's Fifth Inter-regional Debt Management Conference and DMFAS Advisory Group, and is also being organized jointly with UNCTAD.

This "WADMO" day has been split into two parts: the morning session will be devoted to discussions on two important topics: the advantages of integrated financial management systems on debt management and how to hire, motivate, train and retain skilled staff in a debt office. The afternoon session is meant to allow for discussion amongst members on the future activities of WADMO. A presentation on the recent initiative of a debt management specialists group launched for the Latin America and Caribbean region is meant to show concrete initiatives that may inspire WADMO to develop its regional activities. Some crucial issues for the future of WADMO will be discussed, including its secretariat.

The present report covers the period from November 2003 to May 2005. It recalls decisions taken during the last general assembly and takes stock of the main achievements arrived at over the last two years. Last but not least, the general assembly will need to vote on the proposal for amendments to WADMO Statutes and to elect the Steering Committee members.

Of a more general concern, I would like to see the association pick up speed and greater initiative in pushing its laudable objectives. There is so much to share in terms of information gathering systems and information exchange among Debt Management Offices. In this regard, our members support to the initiatives of the Steering Committee in the matter of standards for best practices in debt management, the establishment of a debt management index, the compendium of debt management practices of member

countries, and its advocacy efforts in issues related to debt management is greatly sought. This support is crucial in the promotion and sustained development of WADMO.

In the meantime, I wish to welcome the new institutions that have joined the Association since the last general assembly and to thank all those members who, by their participation in this fourth general assembly, are showing their commitment to WADMO. I also wish to specifically thank the members that supported WADMO through their timely payment of the annual dues.

In conclusion, I would like to wish you all fruitful deliberations and a useful exchange of experiences.

ABOUT WADMO

During the first Inter-regional Conference on Debt Management organized by UNCTAD in December 1997, representatives of the Bureau of the Treasury of the Philippines tabled a proposal for the creation of a professional association of debt managers. A large number of countries supported the proposal and expressed the need for a regular exchange of experience, know-how and information about debt management at the international level. The idea of an international association gathering debt professionals was born. In response, UNCTAD helped establish the World Association of Debt Management Offices (WADMO), which held its first general assembly on 6 April 2000. Its aim is to offer debt management professionals a forum to discuss technical matters of common interest at the international level.

WADMO objectives

WADMO is an autonomous and non-profit making organization dedicated to the support and advancement of the following purposes:

- a) to promote and develop understanding and cooperation amongst Debt Management Offices;
- b) to strengthen information gathering systems and information exchange amongst Debt Management Offices;
- c) to share country and regional experiences in effective debt management;
- d) to assist Debt Management Offices in gaining access to technical assistance and training through referrals to relevant agencies;
- e) to facilitate access to funding and other assistance, through referrals to relevant bilateral and multilateral agencies, for the development and implementation of effective debt management programmes; and
- f) to assist Debt Management Offices in advising their respective governments in the formulation of appropriate debt policies and strategies.

The aims and purposes of WADMO shall be accomplished through meetings, seminars and congresses, through the publication of regular periodicals and special reports, and through such other means as its General Assembly may determine.

According to its Statutes, membership of WADMO shall be open to all offices whose prime function is to manage a country's public debt. Such offices may be autonomous government agencies or ministerial departments within the central government, very often within the Ministry of Finance, as well as similar entities within the Central Bank. Membership is also open to all associations sharing similar objectives. Individuals whose major professional interest lies in the area of public debt management may become 'friends' of the association.

OVERVIEW OF ACTIVITIES

Third General Assembly/Conference

The third General Assembly took place on 12 November 2003 and was organized to coincide with the end of the Fourth Inter-regional Debt Management Conference. Close to 200 delegates and representatives of regional and international organizations from around 80 countries attended the public session of the Conference which discussed the implications of Basel II on lending to developing countries. The expert panel was chaired by Mr. Sergio Edeza, Treasurer of Philippines and President of WADMO and the speakers included Mr. Andrew Cornford, Financial Markets Center (Philomont, USA), Ms Stephany Griffith-Jones, IDS (Brighton, United Kingdom), Mr. Helmut Reisen, OECD (Paris, France) and Mr. Herman Mulder, ABN AMRO (Amsterdam, Netherlands). The summary of the expert panel discussion, as well as presentations made, were posted on the WADMO website.

Fruitful discussions on the association's future activities and funding took place during the afternoon session and several ideas were launched by participants. Among suggestions that were considered as deserving follow-up by the Steering Committee were the following:

- Standards for best practices in debt management;
- A website containing country experiences on debt management and giving more information on materials about debt management;
- A roster of international experts on debt management. Many countries need experts and such a roster does not yet really exist;
- A debt management index. It may take some time but is a very good suggestion. It sets the tone for recognized good debt management practices. This proposal should be considered on a long-term basis and might be assigned to a working group;
- A compendium of debt management practices of member countries. The President presumed every member institution has its own manual, and wondered whether they could submit them to WADMO for compilation;
- Advocacy group. It is important for WADMO to be more active in issues related to debt management and determine those which would affect debt managers around the world.

Website

During 2004–2005, the website remained the main tool for sharing information among members. The Debt Management–DMFAS Programme, which serves as secretariat to WADMO, shared information on debt management with WADMO members throughout the year via regular correspondence and via the WADMO website (www.wadmo.net). A members' area offering information on the association, events and publications was activated on 31 January 2005 and an email was sent to members to inform them that the "Members' area" was available and that they should register to receive a user name and password¹.

The WADMO Journal

The Association, with the assistance of the Secretariat, published the second issue of the WADMO Journal. The journal is a bilingual (English and French) electronic publication whose objective is to inform members about the association's work and activities; to enable members to exchange experience and information; to present international debt management practices; and to inform members about recent trends in debt management. The second issue was published in October 2003, sent to all members and posted on the website.

¹ As of end of May 2005, the Secretariat received 18 registration applications from 13 institutions.

Exchange of experiences

The State Debt Committee of the City of Moscow invited WADMO to attend the 5th Annual Conference on "Regions and Cities of Russia: Borrowing as an Instrument of Economic Policy" held on 12 May 2005 in Moscow. Dr. Abraham Nwankwo, Director of the Portfolio Management Department at the Debt Management Office of Nigeria, represented WADMO at the conference and presented an overview of the world's experience and strategy of debt management as well as a case study of Nigeria's fiscal federalism. This was the first time that a fruitful and collaborative relationship between WADMO members materialized and the Steering Committee hopes to see more exchanges of experience of this kind in the future.

The Debt Management-DMFAS Programme was invited to participate in the First Annual Meeting of Latin America and Caribbean Public Debt Management Specialists, in Rio de Janeiro, 17-19 March 2005. Two members of the Steering Committee and a member attended the meeting (respectively the Dominican Republic, Honduras and Haiti representatives) and two WADMO members were speakers (Panama and Jamaica). The initiative was launched by the National Treasury of Brazil with the support of the Inter-American Development Bank.

"The main objectives of the group are related to supporting regional cooperation in order to establish a more homogeneous framework for the debt and bond markets to:

- (i) Contribute to the effectiveness of DMOs in the countries of the region;
- (ii) Reduce the costs of debt (risk considerations);
- (iii) Consolidate the harmonization of norms and regulations related to the sector in Latin America and Caribbean; and
- (iv) Favor financial and capital sector development

The Group will promote the attainment of these objectives by promoting the exchange of experiences and information that will lead to greater transparency, coordination and integration of the DMOs of the participating countries. The Group will also serve as a technical and policy discussion forum for discussing state-of-the-art issues and attempting to fashion common views. Finally, the Group will encourage studies and debates on current and potential debt and bond management analytical tools."

Considering that a number of objectives of this initiative coincide with those of WADMO and that the association is willing to develop activities at the regional level, a presentation of the Group of Latin American and Caribbean Public Debt Management Specialists will be of strong interest to the association members and has therefore been included in the General Assembly agenda.

WADMO SECRETARIAT AND HEADQUARTERS

In September 2004, UNCTAD management asked the Debt Management-DMFAS Programme to review the way it has been assuming the role of the Secretariat. This means that if the DMFAS Programme is to continue assuming this function, it should be undertaken in the form of a technical cooperation project with UNCTAD, financed through a dedicated trust fund replenished by members and donors. The DMFAS Programme considers that in order to continue assuming this function with the appropriate financial and human resources, a full time staff should be assigned to it and a budget of 200,000 USD would be required. In the event that these requirements cannot be met, an alternative solution should be sought, e.g. the institution assuming the presidency could take on the function. The General Assembly will have to take a decision on this important issue.

Moreover, a recent development to be taken into account is that UNCTAD is also examining the legality of hosting the headquarters of WADMO and WAIPA (a similar association regrouping investment promotion agencies) within a UN organization. It is expected that the United Nations will clarify this issue before the General Assembly meeting.

MEMBERSHIP FEES

During the first general assembly, it was made clear that the Association could receive donations and that donors would also consider fees paid by members as a very positive, if not a necessary element, in their decision whether or not to contribute to the financing of the Association.

On 7 December 2001, the general assembly decided that the membership fee per member and per year should amount to USD 2000 and that fees will start to be collected as of 2003.

In WADMO Biennial Report 2002-2003, it was reported that, as of September 2003, eight full members and one associate member had paid their membership fees. During the 3rd General Assembly, other members were strongly encouraged to pay their 2003 membership in order to actively support WADMO. Therefore the association continued receiving contributions for 2003 (some paid in 2004); eventually, 12 full members and one associate member paid their membership fees for 2003.

For 2004, 15 full members paid their membership fees.

STEERING COMMITTEE

The newly elected Steering Committee held a short meeting on 13 November 2003 during which it decided that some articles of the Statutes should be modified. It asked the Secretariat to elaborate a proposal of amendment. It also nominated contact persons for each region and decided to improve communication between SC members via the implementation of the quarterly reporting procedure, and to continue promoting WADMO. The quarterly reporting procedure was implemented by the Secretariat.

Steering Committee members

| <i>Function</i> | <i>Country & Institution</i> | <i>Contact person</i> |
|---------------------------|----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| President | Philippines Bureau of the Treasury | Mr. Omar T. Cruz Treasurer of the Philippines Tel. 632 - 527 31 84 Fax. 632 - 527 31 79 otcruz@treasury.gov.ph |
| Vice-President | Dominican Republic Banco Central | Sra Falconeri Colon de Bacó Subdirectora de la Deuda Exterior Departamento internacional Tel. 809 - 221 91 11 Fax. 809 - 686 77 93 f.colon@bancentral.gov.do |
| Vice-President | Uganda Bank of Uganda | Mr. Michael Atingi-Ego Executive Director Research, Trade and External Debt Function Tel. 256 - 41 25 98 66 Fax. 256 - 41 25 47 60 ego@bou.or.ug |
| Steering Committee Member | Gabon Ministère de l'Economie, des Finances, du Budget et de la Privatisation | M. Léandre Edouard Messan Consultant SYGADE Direction Générale de la Comptabilité Publique Tel. 241 - 764 143 Fax. 241 - 766 790 elmess@internetgabon.com |
| Steering Committee Member | Honduras Secretaría de Finanzas | Sr. Orlando Garner Director General Dirección General de Crédito Público Tel. 504 - 220 56 51 Fax. 504 - 237 41 42 ogarner@sefin.gob.hn |
| Steering Committee Member | Indonesia Ministry of Finance | Mr. Dharma Bhakti Director of External Funds Directorate General of Treasury Tel. 62 - 21 34 58 289 Fax. 62 - 21 38 12 859 |
| Steering Committee Member | Lebanon Ministry of Finance | Ms. Amal Shebaro Head Public Debt Department Tel. 961 - 1 642 769 Fax. 961 - 1 642 769 amals@finance.gov.lb |
| Steering Committee Member | Nigeria Debt Management Office | Ms. Asia Ahmed El-Rufai Senior Legal Counsel Tel. 234 - 9 523 74 03 Fax. 234 - 9 523 73 96 aelrufai@yahoo.co.uk |
| Steering Committee Member | Sudan Bank of Sudan | Mr. Omer Ibrahim El Tahir Director General External Debt Unit Tel. 249 - 11 79 38 65 Fax. 249 - 11 77 30 96 eltahiromar@hotmail.com externaldebt@sudanmail.net |

LIST OF MEMBERS

Since the third general assembly in November 2003, three institutions joined the Association as full members, namely: the Ministry of Finance of Djibouti, the State Debt Committee of the City of Moscow and its SSUE MosFinAgency, and the Bank of Indonesia. The Steering Committee was also pleased to welcome the first friend of the Association in the person of Mr. Sergio Edeza, former Treasurer of the Philippines and President of WADMO. At the request of the Government of Grenada to withdraw from WADMO, the Ministry of Finance of Grenada stopped being a full member in August 2004.

Full members (43)

| | |
|--------------------------|----------------------------------------------------------------------|
| Angola | National Bank of Angola |
| Bangladesh | Ministry of Finance |
| Burkina Faso | Ministry of Economy and Finance |
| Burundi | Ministry of Finance |
| Cameroon | Caisse Autonome d'Amortissement du Cameroun |
| Central African Republic | Ministry of Finance and Budget |
| Chad | Ministry of Finance |
| Côte d'Ivoire | Ministry of Economy and Finance |
| Djibouti | Ministry of Finance |
| Dominican Republic | Central Bank of the Dominican Republic |
| Gabon | Ministry of Economy, Finance, Budget and Privatisation |
| Ghana | Ministry of Finance |
| Guatemala | Ministry of Finance |
| Guinea-Bissau | Ministry of Finance |
| Haiti | Central Bank of Haiti |
| Honduras | General Department of Public Credit |
| Honduras | Central Bank of Honduras |
| Indonesia | Ministry of Finance |
| Indonesia | Central Bank |
| Iran (Islamic Rep. of) | Central Bank |
| Jamaica | Ministry of Finance |
| Jordan | Ministry of Finance |
| Kazakhstan | National Bank of Kazakhstan |
| Kyrgyz Republic | Ministry of Finance |
| Lebanon | Ministry of Finance |
| Lesotho | Ministry of Finance |
| Mauritius | Ministry of Finance |
| Mongolia | Ministry of Finance |
| Morocco | Ministry of Finance and Privatisation |
| Niger | Ministry of Finance |
| Nigeria | Debt Management Office |
| Panama | Ministry of Economy and Finance |
| Philippines | Bureau of the Treasury |
| Romania | Ministry of Finance |
| Russian Federation | State Debt Committee of the City of Moscow and its SSUE MosFinAgency |
| Senegal | Ministry of Economy, Finance and Planning |
| Sudan | Ministry of Finance and National Economy |
| Sudan | Central Bank |
| Suriname | Ministry of Finance |
| Togo | General Department of the Treasury and Public Accountability |
| Uganda | Bank of Uganda |
| Uganda | Ministry of Finance |
| Uzbekistan | Ministry of Finance |

Associate members

West African Institute for Financial and Economic Management (WAIFEM)

Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI)

FINANCIAL REPORT

The table below provides the statement of income and expenses for 2003, 2004 and 2005 (as of 31 May 2005).

| Year 2003 (in USD²) | | |
|------------------------------------------------|------------------|----------------------------------------|
| Income | | |
| DMFAS Programme contribution | 1,598.75 | |
| Membership fees 2003 | 21,887.16 | |
| Total income | 23,485.91 | |
| Expenses | | |
| Website (hosting, domain name and maintenance) | 1,598.75 | |
| General assembly/conference | 2,810.50 | |
| Bank charges | 105.35 | |
| Total expenses | 4,514.60 | Current account balance at 31/12/2003: |
| Net income | 18,971.31 | 18,971.31 |

| Year 2004 (in USD³) | | |
|------------------------------------------------|------------------|----------------------------------------|
| Income | | |
| DMFAS Programme contribution | 2,824.50 | |
| Membership fees 2003 | 3,962.22 | |
| Membership fees 2004 | 27,875.64 | |
| Total income | 34,662.36 | |
| Expenses | | |
| Website (hosting, domain name and maintenance) | 2,985.80 | |
| WADMO Journal | 1,320.66 | |
| Bank charges | 78.90 | |
| Total expenses | 4,385.36 | Current account balance at 31/12/2004: |
| Net income | 30,277.00 | 49,248.31 |

² The CHF to USD exchange rate used is 0.72670.

³ The CHF to USD exchange rate used is 0.80700.

| Year 2005, January-May (in USD) | | |
|------------------------------------------------|-----------------|------------------------------------|
| Income | | |
| Membership fees 2004 | 2,000.00 | |
| Membership fees 2005 ⁴ | 3,868.42 | |
| Total income | 5,868.42 | |
| Expenses | | |
| Website (hosting, domain name and maintenance) | 2,667.34 | |
| Bank charges | 35.77 | |
| Total expenses | 2,703.11 | Provisional balance at 31/05/2005: |
| Net income | 3,165.31 | 52,413.62 |

⁴ Letters calling for 2005 membership fees were only sent in May 2005.