Assessing and Managing Risks from Contingent Liabilities
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
• Learn fiscal risks and identify the main sources of fiscal risk
• Understand contingent liabilities within the broader fiscal risk framework
• Highlight the contingent liabilities risk management and how asset-liability management framework covers these risks

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. Assessing 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. – 11:45 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

11:45 p.m. – 1:00 p.m. Lunch (participants’ own arrangements)

1:00 p.m. – 2:00 p.m. Group Work on Risk Assessment and Quantification (cont’d)
Cigdem Aslan, Lead Financial Officer, World Bank Treasury

• Discuss conclusions in plenary session

2:00 p.m. – 2:15 p.m. Coffee Break

2:15 p.m. – 5:00 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  
_Cigdem Aslan, Lead Financial Officer, World Bank Treasury_

9:00 a.m. – 10:00 a.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

10:00 a.m. – 12:00 p.m.  Group Work on Risk Management Tools  
_Timothy Irwin, Consultant, World Bank Group_
  - Prioritize which risk management tools to implement to monitor or mitigate contingent liability risk
  - Discuss conclusions in plenary session

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

1:15 p.m. – 3:15 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 utility SOE
  - Discuss conclusions in plenary session

3:15 p.m. – 3:30 p.m.  Coffee Break

3:30 p.m. – 6:15 p.m.  Preparation of Country Presentations  
_Fritz Bachmair, Financial Officer, World Bank Treasury_
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. – 9:45 a.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

9:45 a.m. – 12:00 p.m.  Country Presentations
Fritz Bachmair, Financial Officer, World Bank Treasury

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

12:30 p.m. – 1:00 p.m.  Closing Remarks & Certificates
Fritz Bachmair, Financial Officer, World Bank Treasury