

WORKSHOP SERIES ON SUSTAINABLE FINANCING FOR DEVELOPMENT AND INFRASTRUCTURE

WORKSHOP SERIES OVERVIEW

The Multilateral Cooperation Center for Development Finance (MCDF) and Asian Infrastructure Investment Bank (AIIB) are organizing a Workshop Series on Sustainable Financing for Development and Infrastructure. It will be a unique event, bringing the world's top experts to share their knowledge on how to ensure the fiscal sustainability of infrastructure financing, with attendees from both official bilateral borrowers and official and commercial bilateral lenders, and covering the topics in depth and breadth.

THEMATIC APPROACH

The full cycle of sustainable financing for development and infrastructure is to be addressed, ranging from negotiating and contracting loans and securities, to monitoring, evaluating, reporting, and disclosing official financial liabilities. Special emphasis will be put on the financing options for funding infrastructure projects. State-of-the-art knowledge and international best-practices will be presented, with adaptations and applications to the specific country circumstances of the audience.

DELIVERY METHOD

The workshop series will be organized in ten modules. Where appropriate, emphasis will be placed on quantitative methods and hands-on exercises applied to real-case data - this will be particularly so in assessing risks and sustainability. Sessions will be interactive, allowing participants to ask the trainer questions through the 'chat' function.

TIMING

The workshop series will start in November 2021 and last until April 2022. One or two modules will be scheduled on the second and fourth week of each month. Each module will be delivered through online sessions during a consecutive 3 period for a duration of 2.5 hours on each day.

TRAINERS

The Program Director of the workshop series is Marcelo Giugale, who is the former Director of the World Bank's Department of Financial Advisory and Banking Services which helps governments in emerging and developing countries manage their assets, debts and risks. He has selected the world's top experts to deliver each Module, who have experience not only at IFIs such as the World Bank and IMF, but also from ministries of finance, central banks and international private banks.

CONTEXT

The following list of modules is based on more than a decade of accumulated experience on sustainable financing by the World Bank, the IMF, the OECD, the Asian Development Bank, and other multilateral and bilateral institutions. It is subject to adjustment based on demand.



**MULTILATERAL
COOPERATION CENTER
FOR DEVELOPMENT FINANCE**



**ASIAN INFRASTRUCTURE
INVESTMENT BANK**

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MODULE LIST

Module 1: Debt Sustainability and Debt Management – The Macro Framework

Dates: 8 – 10 November 2021
Trainer: Juan Pradelli

- Debt dynamics and understanding the key drivers of public debt
- Relation among debt management, fiscal policy, monetary policy, and budget management
- Introduction to Debt Sustainability Analysis and identification of safe debt levels
- Determining debt distress with scenario analysis
- Debt limits and fiscal rules

Module 2: Formulating Medium-Term Debt Management Strategies

Dates: 6 – 8 December 2021
Trainers: Coskun Cangoz & Antonio Velandia

- Objectives of public debt management
- Analyzing cost-risk profile of public debt
- Measuring currency, refinancing and interest rate risks
- Formulating a cost-risk model and scenarios for market risk
- Assessing performance of alternative debt strategies
- Designing a debt management strategy considering the risk assessments
- Introduction to asset and liability management
- Instruments to manage market risk: concepts; applications to infrastructure financing
- Hedging strategies and instruments consistent with medium-term strategies

Module 3: Annual Borrowing Plan and Issuance of Debt Instruments

Dates: 10 – 12 January 2022
Trainers: Coskun Cangoz & Antonio Velandia

- Identifying borrowing requirement, sources of financing, and debt instruments
- Formulating annual borrowing plan consistent with medium-term strategies
- Microstructure of local currency debt market: infrastructure, regulation, repo mkt, etc.
- External debt and access to capital markets, including for infrastructure financing
- International development financing: emerging creditors and risks

Module 4: Old and New Instruments for Public Financing

Dates: 24 – 26 January 2022
Trainer: Antonio Davila

- Operations for liability management: debt exchanges, debt roll-overs/refinancing, buy-backs, etc.
- Thematic bonds (green, blue, social, gender, etc.)
- Contingent Debt Instruments
- Infrastructure Bonds
- Sukuk and other non-interest-bearing instruments

Module 5: Old and New Instruments for Risk Management

Dates: 7 – 9 February 2022
Trainer: Luis de la Plaza

- International finance architecture, LIBOR and its successor, forward curves, currency markets, risks management products (swaps, options, commodity products, etc.)
- ISDA Master Agreement, standards, and documentation
- Interest rate risk hedging
- Currency risk hedging
- Commodity risk hedging
- Disaster risk hedging

Module 6: Contingent Liabilities and “Hidden Debt”

Dates: 21 – 23 February 2022
Trainers: Murray Petrie & Adrien Tenne

- Fiscal risks and contingent liabilities: identification, quantification, management and mitigation
- Sovereign guarantees: purpose, pricing, recording, and disclosing
- Fiscal risks emerging from state-owned enterprises, extrabudgetary funds, and subnational governments
- Fiscal risks emerging from public sector financial institutions and the private financial sector

Module 7: Financing Options for Infrastructure Projects

Dates: 7 – 9 March 2022
Trainer: Ede Ijjasz

- Introduction to investment project evaluation
- Funding models for investment projects and possible roles for the private sector
- Contingent liabilities in infrastructure
- Risk and guarantee instruments
- Frontier Issues

Module 8: Debt Accounting, Reporting, and Disclosure

Dates: 21 – 23 March 2022
Trainer: Coskun Cangoz

- Accounting: principles and international practice
- Principles and international practice in internal and external reporting: the IMF’s Revised Guidelines for Public Debt Management
- Relation among debt management, treasury management, and auditing
- Debt IT systems

Module 9. Legal Aspects of External Debt and External Borrowing

Dates: 11 – 13 April 2022
Trainer: Thomas Magnusson

The Borrower:

- Sovereign state as borrower (the constitution, budget and debt management laws)
- Legal consequences of loan agreements signed by an unauthorized person
- Legal consequences of a borrowing for a purpose that has not been approved
- Records and publication of sovereign debt and finance arrangements
- Annual reporting to parliament/assembly
- State necessity as the reason to postpone debt service
- Transparency and disclosure requirements

The Lender:

- Common loan terms to protect the lender (conditions precedent, representations and warranties, financial covenants, tax gross-up clause, defaults, submission to a foreign jurisdiction, waiver of immunities, assignments, collateralization and negative pledge.
- The pari passu, collective action clause, and the case against Argentina
- Recommendations by the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA), and the Institute of International Finance (IIF)
- Issue of bonds and selling restrictions (Regulation S offerings, Rule 144A offerings, private placements)
- Abiding by international sanctions against the borrower
- Preserving operational integrity
- The UNCTAD Principles on Promoting Responsible Sovereign Lending

Module 10. Institutional Arrangements for Debt

Dates: 25 – 27 April 2022
Trainer: Phillip Anderson

- Legal Framework for Public Debt Management
- Organizational Structure of a Debt Management Office (Front, Middle, Back)
- Arrangements for policy coordination among DMO, Fiscal Unit, Treasury, CB, SEC, etc
- The World Bank’s Debt Management Performance Assessment (DeMPA)
- Debt transparency and disclosure: debt bulletins, debt reports, and investor presentations
- Relations with investors and creditors—including multilateral and bilateral creditors