

Programme

CABRI - virtual peer learning and exchange event on the risks to national budgets in Africa, posed by contingent liabilities and PPPs, during the COVID-19 pandemic

22-23 September 2020

Contingent liabilities are becoming a significant source of fiscal risk on the African continent, exacerbated by the impact of COVID-19, due to the fast deteriorating fiscal position of governments. Despite the efforts in building capacity to manage and monitor contingent liabilities, the risks have increased, and claims are now threatening the fiscus. Public finances are under severe pressure, which is compounded by the larger and riskier debt positions, an increase in borrowing costs as well as risks posed by contingent liabilities. The peer exchange and learning event will provide deeper insight into the underlining problems facing financially distressed State-Owned Entities (SOCs) such as poor governance, policy uncertainty, unfunded mandates, political interference, etc. The discussions could lead towards a more holistic and strategic approach in addressing these challenges.

Tuesday 22 September 2020	
11h00 – 11h15	Welcome and opening address by Neil Cole , Executive Secretary, CABRI
Session 1 11h15 – 12h00	Panel discussion on limited government resources, post COVID-19 A panel discussion between representatives from CABRI, Ministries of Finance and Budget, State-Owned Corporations and the African Development Bank Objective: To discuss (i) why the fiscal risk associated with contingent liabilities has increased in recent years; (ii) the impact of bail outs and capital injections on public debt; (iii) whether post COVID-19, governments will be able to continue supporting state-owned corporations (SOCs) in financial distress and; (iv) the options available in dealing with financially distressed SOCs. <u>Panel participants include:</u> Neil Cole – Executive Secretary, CABRI Ms Amy Dione – Head of the Division of debt policy and intervention strategies in capital markets, , Public Debt Office, Ministry of Economics and Finance, Senegal Mike Salawou, Head of Division, Infrastructure & Partnerships in charge of project preparation and coordinating Bank’s PPP efforts, African Development Bank Andre Pillay - former head of the ESKOM Treasury division at ESKOM, South Africa Moderator: Fifi Peters, Financial Journalist, South Africa
Session 2 12h00 – 13h00	Financially distressed state-owned corporations Most state-owned corporations in Africa are experiencing financial difficulties or cannot survive without government guarantees or support. What is the underlying problem, could it be management, oversight, unfunded mandates,



	<p>costly policy decisions, corruption or them not aligning their projects with national development plans? How can government improve its share value? What is the willingness or ultimate ability of governments and politicians to deal with these challenges, by taking financially viable decisions or holding management of SOEs accountable?</p> <p>Objective: To better understand why, despite with more guarantees issued, the quality of balance sheets of SOCs have deteriorated and the risks to government have increased?</p> <p>Presentation on how political interference, weak governance and lack of leadership, have led to several state-owned corporations in South Africa being regarded as an on-going concern, despite several bail outs and capital injections by government.</p> <p>Presenter - Anthony Julies, former Deputy Director-General - Assets and Liability Management (ALM) division at the National Treasury of South Africa <i>(20 mins)</i></p> <p>Discussant - Fritz Bachmair, Public Financial Management, Advisor at the International Monetary Fund (IMF) <i>(10 min)</i></p> <p>Open discussion <i>(30 min)</i></p> <p>Facilitator: Mkhulu Maseko - <i>Director Credit Risks, ALM, National Treasury of South Africa</i></p>
13h00 – 13h15	<i>Break</i>
<p>Session 3 13h15 – 14h15</p>	<p>Strengthening and addressing weaknesses in the management of contingent liabilities in West Africa</p> <p>Previous events, hosted by CABRI and others in recent years, to support African countries in strengthening and addressing weaknesses focused on,</p> <ul style="list-style-type: none"> • Developing and implementing proper legal frameworks for the management of contingent liabilities • Establishing a sub-committee to oversee the management of contingent liabilities • Introduction of guarantee and on-lending fees • Set limits when guarantees are issued • Disclosure and developing a database of explicit and implicit contingent liabilities • Issue guarantees cautiously – mainly for infrastructure purposes • Measuring and monitoring contingent liabilities <p>Objective: What are the country experiences in the region and the lessons countries have learned, when implementing better management of contingent liabilities and improved oversight over state-owned corporations. The session will cover the successes, challenges and shortcomings experienced by the region.</p>



	<p>Presentation on the West African experience. This includes the lessons learned when strengthening institutional arrangements, monitoring and management of contingent liabilities.</p> <p>Presenter - Mr Rodolphe Bance, former technical advisor of the General Director of Treasury and Public Accounting in Burkina Faso and current consultant to the World Bank on PFM reforms (20 min)</p> <p>Discussant - Pemaud Justin Kouassi, Directorate of Public Debt and Grants, Côte d'Ivoire (10 min)</p> <p>Open discussion (30 min)</p> <p>Facilitator: Cedric Mbeng Mezui - Chief Capital Markets Development expert, African Development Bank</p>
14h15	<i>End of the 1st day</i>

Wednesday 23 September 2020	
11h00-11h10	Key messages from day one
Session 4 11h10-12h15	<p>Fiscal risks contingent liabilities are posing to national budgets in Eastern and Southern African countries</p> <p>With the deteriorating fiscal positions and heightened public debt vulnerabilities, post COVID-19, Sub-Saharan African governments find it extremely difficult in deploying fiscal policy to address the COVID-19 crisis and support State-Owned Corporations in distress.</p> <p>Objective: To gain an understanding of how countries in the region are managing national budgets to address the fiscal risks contingent liabilities are posing, post COVID-19.</p> <p>Presentation on the risks contingent liabilities and PPPs pose to national budgets in the region.</p> <p>Presenter – Dr Dunstone Ulwodi, Assistant Director, Public Debt Management, National Treasury, Kenya (20 min) (20 min)</p> <p>Discussant – Josephine Tito – Programme Manager, , Debt Management, Macroeconomic and Financial Management Institute of Eastern Southern Africa (MEFMI) (10 min)</p>



	<p>Open discussion (30 min)</p> <p>Facilitator: Johan Krynauw, Programme Manager Public Debt Management, CABRI</p>
<p>Session 5</p> <p>12h15 – 14h15</p>	<p>Round table discussion on draft discussion paper and way forward</p> <p>Participants will be divided into smaller virtual groups (Francophone, Lusophone and Anglophone) to discuss the draft discussion paper on key findings and possible way forward. This includes how they will apply what has been learnt and the approach they will follow to address challenges in the management of contingent liabilities and oversight over SOCs to mitigate the risks contingent liabilities are posing, in their respective countries, to governments and to the fiscus.</p> <p>Objective: To provide inputs and recommendations for the draft discussion paper for publication and distribution to participants, as a guide to African countries on their oversight and governance function of SOCs and in developing a holistic and strategic approach when it comes to the financing of public sector infrastructure.</p> <p>Discussant paper discussion (90 min)</p> <p>Feedback in plenary (30 mins)</p> <p>Facilitator: Johan Krynauw, CABRI</p>
14h15	<p>Way forward and closing of workshop (15 min)</p>

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