

**SEMINAR ON:  
“DEVELOPING PUBLIC SECURITIES ISSUANCE SCHEDULED IN  
THE WAMU ZONE”**

**(1- 4 December 2014)**

**GENERAL REPORT**

December 2014

WAMU Securities Agency held a regional seminar on “Developing public securities issuance schedules in the WAMU zone”, under the chairmanship of Mr. Adrien Diouf, Director of WAMU Securities Agency, from December 1-4, 2014, in Saly, Senegal. The seminar was facilitated by experts from AFRITAC West, the World Bank and the US Treasury, as well as investors based in Dakar.

Participants in the proceedings included representatives from the National Treasury Departments of all eight (08) WAMU member states and the BCEAO. The list of facilitators and participants is included in the annex at the end of this report.

The seminar focused on the following modules:

- Presentation of draft issuance schedules for 2015 by the National Treasury Departments;
- Methodology for preparing provisional public securities issuance schedules;
- Organization of participatory discussions on the production of a draft best practices guide on public securities issuance;
- A review of the determining factors underlying investment decisions;
- Practical exercise on the drafting of a financing plan.

Where the issuance schedule was concerned, the presentations on the practices in National Treasury Departments showed that the states generally shared similar practices in terms of preparing their individual provisional public securities issuance schedules. The process can be summed up as follows:

- Defining a medium-term debt strategy;
- Determining the overall need for funding based on the budgetary framework and/or the statement of financial transactions;
- Preparing a cash flow plan;
- Identifying tax gaps; and
- Scheduling public securities issuance to cover tax gaps, taking account of the debt, the debt profile and the debt strategy.

Only Senegal draws up its public securities issuance timetable based on the debt strategy before drawing up the provisional cash flow plan on which it is superimposed. This option calls for strict and active cash-flow management, since issuance dates may not necessarily correspond to tax gaps or surpluses. This practice can be observed in developed countries.

**The presentation by Mr. Oumar Dissou** of AFRITAC West on drawing up public securities issuance timetables confirmed that the states’ practices were appropriate, while stressing the necessary reforms to be implemented.

Discussions on the draft best practices guide on public securities issuance, led by Mr. Richard Baudouin, focused on:

- fundamentals of best practices pertaining to public securities issuance;
- guidelines;

- prerequisites for adopting best practices;
- inventory of best practices;
- reference frameworks for certain non-programmed decisions.

The guide is aimed at increasing the efficiency of the National Treasury Departments' interventions on the regional market and enhancing their credibility in the eyes of investors.

Implementation of best practices entails the definition of a medium-term debt-management strategy, an annual financing plan, cash flow forecasts and active management of the cash position. Twelve best practices were inventoried and divided into three thematic areas, namely:

- issuance policy;
- choice of instruments; and
- placement procedure.

**A study on public securities redemption methods was presented by Mr. Babacar Touré**, Head of Operations of WAMU Securities Agency. **The study focused on** the different amortization methods that can be used for treasury bonds. It concluded that the average lifetime of a straight-line amortization treasury bond was shorter than that of a bullet redemption bond. It also appeared that straight-line amortization treasury bonds were more costly than bullet redemption bonds.

**The practical exercise on the drawing up of a public securities issuance schedule, presented by Ms. Indhu Raghavan**, of the World Bank, stressed the parameters that need to be taken into account when preparing a schedule. This approach was similar to following a procedures manual.

Regarding the determining factors of investment decisions by players on the financial market, Mr. Christian Roux, Central Financial Director of AXA Sub-Saharan Africa, emphasized investor expectations in relation to the following points:

- political stability;
- economic stability;
- an attractive interest rate;
- ratio of coverage of commitments;
- transparency in the use of funds;
- adherence to issuance schedules and no overlap of issue dates;
- taxation of the states' public securities.

The presentation by Mr. Ibrahima Fall, Deputy Director General of the Bank of Dakar, essentially focused on the objectives of the Bank of Dakar, the situation of the public securities market in the Union and the determining factors of investment decisions. The Bank's aim was to subscribe to at least 10% of public securities issued in the Union.

He further indicated that the determining factors of investor decisions included:

- the economic and monetary environment;
- factors intrinsic to the countries;
- considerations pertaining to each issue;
- the state of the market;
- specific considerations pertaining to the investor.

The presentation concluded with the role that could be played by Primary Dealers in stimulating the market.

At the outcome of the proceedings, the principal conclusions and recommendations were as follows.

#### **PRINCIPAL CONCLUSIONS AND RECOMMENDATIONS OF THE SEMINAR:**

- WAMU member states should submit their provisional issuance schedules to WAMU Securities Agency in a timely manner, along with all the necessary documentation to assess their appropriateness. This will allow timetables to be published on schedule and securities issues to be organized on the appropriate dates;
- concept of the treasury bill should be clarified, so that the authorities are clear on the nature of the transactions involved, particularly if they can be considered debt transactions (inclusion in the budget) when they straddle two fiscal years;
- it is important to take account of less than 90 days arrears (floating debt) from fiscal year N-I in the cash flow plans of fiscal year N;
- a forum should be set up for dialogue and experience sharing among issuers;
- a forum should be set up for dialogue between National Treasury Departments and investors;
- issuance should be scheduled in keeping with the following criteria: reliability, regularity, liquidity, minimal refinancing risk;
- the market should be consulted to promote strong investor participation and increase the chances of success of issuance operations;
- the issuance plan should be in compliance with the medium-term debt management strategy;
- an implementation timeline should be proposed for the best practices guide.

Done in Saly on December 3, 2014

The seminar

## ANNEX

### List of participants:

#### 1. WAMU Securities Agency

- Mr. Adrien Diouf (Director)
- Mr. Abou Touré (Deputy Director)
- Mr. Abdoulahi Mouhmoud (Head of Research and Studies)
- Mr. Babacar Touré (Head of Operations)
- Mr. Assane Belem (Operations Manager)
- Ms. Nasrine Akplogan Chobli (Head of Investor Relations and Promotion)

#### 2. Facilitators

- Mr. Richard Baudouin (AFRITAC West)
- Mr. Oumar Dissou (AFRITAC West)
- Ms. Indhu Raghavan (World Bank)
- Mr. Edward Roche (US Treasury)
- Mr. Michael Scarlatos (US Treasury)

#### 3. Presenters

- Mr. Ibrahima Fall (Bank of Dakar)
- Mr. Christian Roux (AXA)

#### 4. Participants

- Mr. Oumar Diarra (Treasury of Mali)
- Mr. Boubacar Mahaman (Treasury of Niger)
- Mr. Alioune Diouf (Treasury of Senegal)
- Mr. Kokou Dandjinou (Treasury of Togo)
- Mr. Prégnon Joachim Blaka (Treasury of Côte d'Ivoire)
- Mr. Toï-Akla Essobio Bodjona (Treasury of Togo)
- Mr. Kader Amadou (Treasury of Niger)
- Mr. Ricardo Rosa (Treasury of Guinea-Bissau)
- Mr. Siaka Samaké (Treasury of Mali)
- Mr. Mor Diop (BCEAO)
- Mr. Lopez Yves Assi (Treasury of Côte d'Ivoire)
- Mr. Edouard Kaboré (Treasury of Burkina)
- Mr. Codjo Bérénice Houngbedji (Treasury of Benin)
- Mr. Gorgui Fall (Treasury of Senegal)
- Ms. K. Edith Metoli (Treasury of Benin)
- Mr. Adama Sawadogo (Treasury of Burkina Faso)