

Workshop II
Developing Staff Capacity – How Have Countries Addressed this Challenge?

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LAC Debt Group: History and Consolidation

1. History

LAC Debt Group is the Group of Latin American and the Caribbean Debt Management Specialists that was formally created in April 2005 during its first Annual Meeting in Rio de Janeiro, Brazil. The Group is made up of 26 Latin American and Caribbean countries.

During the Rio meeting country representatives discussed the Group's general framework to structure and guide its actions. The approach chosen was one of continuous sharing of experiences across countries and technical discussions involving a broad group of debt management analysts that deal with back, middle and front office issues. The Group's bylaws were approved during the meeting and the first Steering Committee was elected. The Steering Committee is made up of representatives from Brazil (President), Colombia (Vice President), Chile, Jamaica, Mexico and Panama. The role of Executive Secretary was designated to the Inter-American Development Bank. All the representatives pledged to start working immediately in the implementation of the Group's objectives and enthusiastically supported the proposal.

This initiative was born during a workshop on the development of bond markets that took place at the IDB on August 5 and 6, 2004. At this meeting, representatives of national debt management offices strongly endorsed the notion of creating this group and pledged to start working to establish it. They underscored the organizational and technical importance of IDB support in this endeavor. The IDB began providing support for the LAC Debt Group in July of 2005 under its Regional Public Goods Initiative. This support is being used to finance important activities, studies and regional products.

2. Structure and Objectives

The Steering Committee of the LAC Debt Group is made up by representatives of Brazil (President), Colombia (Vice President), Chile, Jamaica, Mexico, Panama, and the Inter-American Development Bank. The Group of Latin American and the Caribbean Debt Management Specialists is supported by the Initiative of Regional Public Goods of the Inter-American Development Bank and the Sustainable Development and Integration departments.

The main objectives of the LAC Debt Group are related to supporting regional cooperation in order to create a more homogeneous framework for the debt and bond

markets to: (i) contribute to the effectiveness of DMOs (Debt Management Offices) in the countries of the region; (ii) reduce the cost of debt; (iii) consolidate the harmonization of norms and regulations related to the sector in Latin America; and (iv) promote financial and capital sector development.

3. Achievements and Looking Forward

The LAC Debt Group is moving forward. This year its activities include the annual meeting, videoconferences, and the publication of the Proceedings of the first annual meeting as well as the coordination of country studies.

The Group's second annual meeting was held on April 20 and 21, 2006, in Cartagena, Colombia. Three main areas of study were discussed at the meeting: "Secondary Government Bond Market"; "The Organization and Development of Inter-Bank Money Markets in Central America and the Dominican Republic"; and "A Structural Approach to Fiscal Policy: The Chilean Experience".

The Cartagena meeting concluded that this is a propitious time for the region's countries and markets to take advantage of the market cycle. The priorities and the level of development in debt management among LAC Debt Group member countries may be different, but for all of them stock and flows of debt are constructed based on these particular conditions, so enhancement of know-how and institutional capacity are priorities.

Another achievement of the group during 2006 was the decision of Ecuador and Colombia to consolidate debt management cooperation agreement through which Colombia will provide support to Ecuador's debt management office.

The LAC Debt Group is also working in the consolidation of a regional debt information system. This is one of the most important challenges that the group is facing, as this will create favorable conditions for the countries' public debt management structures. These indicators and information will help countries to better perceive and understand the debt costs and risks and thus to move and manage debt efficiently.

The Group is currently developing a dynamic and interactive website and is focusing on the next thematic seminar that will take place on October 26 and 27, 2006 in Washington, D.C.

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