

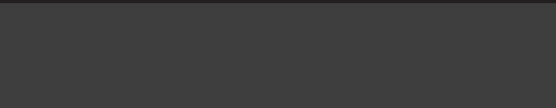
THE WORLD BANK TREASURY

BUILDING EXPERTISE IN FINANCIAL SERVICES

The World Bank Treasury offers a range of financial and related advisory services to governments, central banks, and other official institutions. Our services are grounded in half a century of experience financing the World Bank, managing financial risks on the Bank's balance sheet and investing assets for members of the World Bank Group and other clients.

We offer services in three areas:

- ◆ asset management,
- ◆ public debt management, and
- ◆ capital market access strategy and implementation.



FINANCIAL SERVICES FROM THE WORLD BANK TREASURY

ASSET MANAGEMENT

For clients building their asset management capacity, we offer intensive one-on-one programs of technical advisory assistance, delivered by our strategists and portfolio, risk and IT managers. These programs cover all aspects of asset management:

- ◆ Governance.
- ◆ Strategic asset allocation.
- ◆ Implementation of index, enhanced index and active portfolios.
- ◆ Managing outside asset managers.
- ◆ Measuring, monitoring and controlling risk and performance.
- ◆ Key support functions, such as internal audit and legal.

We directly manage high-grade fixed income investments for central bank and similar official sector reserves. We also offer direct management of allocations to this asset class in the portfolios of officially sponsored pension, endowment and stabilization funds.

Our asset managers specialize in highly disciplined strategies that emphasize benchmark selection to reflect clients' risk tolerances. We offer portfolios fully indexed to these benchmarks. We also offer enhanced indexing and actively managed portfolios that seek superior returns from small and closely monitored deviations from those benchmarks.

PUBLIC DEBT MANAGEMENT

We have a team of public debt management specialists drawn from senior positions in sovereign debt offices worldwide. These experts are available to help clients identify and act on opportunities for better organization and performance in managing public debt portfolios, based on best practices in industrial and emerging-market countries. Our areas of focus:

- ◆ Debt office organization and management.
- ◆ Legal frameworks and authorizing environments for public debt management.
- ◆ Staff training and continuing professional development.

- ◆ Portfolio-based approaches to determining the appropriate liability structure for public debt portfolios, reflecting the country's ongoing financing needs, level of market development and risk tolerance.
- ◆ Establishing appropriate targets and measuring performance.

CAPITAL MARKET ACCESS STRATEGY AND IMPLEMENTATION

For clients seeking funding or executing hedging strategies in international bond markets, we offer advice on all aspects of the process:

- ◆ Funding program strategy.
- ◆ Investor relations and rating agency relationships.
- ◆ Establishing and managing relationships with bankers.
- ◆ Setting up issuance platforms for frequent borrowings.
- ◆ Designing, selecting and executing transactions—ranging from global bonds to private placements.
- ◆ Evaluating and executing structured financing proposals and other uses of derivatives as part of a sovereign liability portfolio.

Clients may engage us at any stage of the funding process, from the development of the overall market access strategy to the execution of individual transactions. Since we do not manage or underwrite transactions, our advice is useful for clients wanting an independent but highly experienced and successful source of information on these topics.

WHAT CLIENTS GET

Our engagements can always be tailored to a client's specific requirements, but most follow a well-established pattern to ensure that the engagement is focused on the most important needs and opportunities, assuring a clear, common understanding of expected outcomes.

INITIAL DIAGNOSTIC

Following a formal request from a client, we will carry out, at our own expense and in close collaboration with the client, an on-site diagnostic to identify key issues and opportunities. We then present this assessment in a short memorandum.

ENGAGEMENT PLAN

If the client chooses to engage us in helping address matters identified in the diagnostic, we will develop an engagement plan specifying, among other things, the services we will provide, the steps to be taken by the client, the schedule for implementation and the cost-recovery arrangements.

IMPLEMENTATION

We deliver our advisory services in three ways:

- ◆ One-on-one, client-specific consultations, carried out by our professionals at client offices or our headquarters. Clients also have continuous access to our professionals by phone and e-mail. For asset-management clients, we make daily positions, risk and reporting available through our Client Center, a highly secure web server that can also facilitate client "mirroring" portfolio management approaches carried out in accounts we manage.
- ◆ Client participation in our extensive syllabus of multicient training programs. These provide a general grounding in public sector finance on both the asset and liability side, as well as focused training in specific topics.
- ◆ Our capacity-building programs also provide such ancillary services as registration and preparation of client staff for CFA examinations, as well as access to online training resources from outside vendors and to clients-only facilities developed here. An example is our Portfolio Analytics Tool, which provides a user-friendly, entry-level software package for fixed-income portfolio analysis.

FEES TO COVER COSTS

We provide services to all of our clients on a cost-recovered basis.

The ways of ensuring cost recovery vary. For asset management, there is a fee based on a percentage of assets under management. For clients that engage us solely as an asset manager, with no provision for capacity-building technical assistance, the fees are lower than for clients who choose a related program of capacity-building technical assistance and training.

Clients for our advisory services have different choices:

- ◆ They can cover our costs through a straight hourly or fixed fee for the professionals engaged, plus a fee to cover expenses. Some clients pay these fees out of their regular organizational budgets, while others elect to use resources provided by others, or they may find it convenient to cover the cost of our services as part of the incidental expenses of specific transactions the advice is related to, such as a sovereign bond issue or a derivatives hedging program carried out in international markets.
- ◆ Another approach is for the client to engage us to provide direct financial services, such as asset management or operations services, using a fee schedule that also covers our provision of related technical assistance. This is the preferred method of cost recovery for clients in our long-established Reserves Advisory and Management Program for official reserves managers.



WHO DELIVERS OUR SERVICES?

Our financial advisory services are delivered by the same team of professionals who carry out financing, risk management and asset management for the World Bank and other clients. Experts delivering our financial advisory services are active in the markets, addressing policy and implementation issues every day.

FURTHER INFORMATION

For further information on any of our financial services, contact:

KENNETH G. LAY
Vice President and Treasurer
klay@worldbank.org
Tel. +1 202 458 0774

GLORIA M. GRANDOLINI
Director, Banking and Debt Management
ggrandolini@worldbank.org
Tel. +1 202 473 8784

DORIS A. HERRERA-POL
Director, Capital Markets
dherrerapol@worldbank.org
Tel. +1 202 458 0779

JENNIFER JOHNSON-CALARI
Director, Sovereign Investment Partnerships
jjohnsoncalari@worldbank.org
Tel. +1 202 458 0925

INTERNET:
treasury.worldbank.org

E-MAIL:
treasury@worldbank.org



THE WORLD BANK
1818 H STREET, NW
WASHINGTON, DC, 20433 USA