

South Pacific Centre for Central Banking

Developing Capacity for Research and Policymaking in the Region

A World Bank Group presentation on contemporary central banking matters



20
YEAR
ANNIVERSARY

“Investment challenges faced by official sector asset managers in response to the COVID-19 pandemic”

Tuesday, 10 August 2021, 9:00am–1:00pm (AEST)

Motivation

The unprecedented fiscal and monetary stimulus with which developed countries sought to cushion the economic impact of COVID presents official sector asset managers with significant challenges. The prevailing low interest rate environment does not seem to compensate for looming risks such as reflation, the impact on fixed income of increasing rates, the potential deleveraging of risk assets as liquidity conditions tighten, and the long-term economic impact of COVID variants. The **World Bank Treasury**, in collaboration with **SPCCB**, shares its insights managing its own assets, as well as the observed trends of around **70 official sector asset managers around the world**—members of its Reserve Advisory and Management Partnership (RAMP) program.

Convenors

Parmendra Sharma

Program Convenor, South Pacific Centre for Central Banking, Griffith University
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Sameer Chand

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Master of Ceremony

David M Gould

Lead Economist and Program Leader, East Asia and Pacific Region
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Agenda

8:55am **Welcome by Master of Ceremony**

David M. Gould, Lead Economist and Program Leader, East Asia and Pacific Region, World Bank

9:00am

Opening Remarks

Professor David Grant, Pro Vice Chancellor (Business), Griffith University

9:15am **Keynote Address**

Challenges faced by official sector asset managers in response to the pandemic

Jingdong Hua, Vice President and Treasurer, World Bank

9:45am

Impact of the pandemic on central bank reserve management operations

Roberto de Beaufort, Lead Financial Officer, World Bank

Natan Goldberger, Senior Portfolio Manager, World Bank

10:45am

Investment habitat for long-term asset managers

Gabriel Petre, Lead Investment Strategist, World Bank

11:30am **Panellist Discussion**

- *What are the key institutional challenges faced by central banks and sovereign wealth funds in the South Pacific Region?*
- *Have official sector asset managers adjusted their risk-return trade-offs in light of lower expected return across asset classes? Have they reviewed their risk tolerance?*
- *Are central banks and SWFs looking to incorporate new asset classes and markets to improve risk adjusted returns in the current investment environment?*
- *Given looming risks such as reflation, increasing rates, slow economic recovery due to new coronavirus variants, how are central banks thinking about financial risk management during and after the pandemic?*

Moderator: **Daniela Klingebiel**, RAMP Manager

Discussants:

Ariff Ali, Governor, Reserve Bank of Fiji

Simeon Athy, Governor, Reserve Bank of Vanuatu

Loi Bakani, Governor, Bank of Papua New Guinea

Luke Forau, Governor, Central Bank of Solomon Islands

Venancio Alves Maria, Deputy Governor, Banco Central de Timor-Leste

12:45pm

Closing Remarks

Thérèse L Couture, Director, Asset Management & Advisory, World Bank

Speaker bios



Ariff Ali

Governor

Reserve Bank of Fiji

Mr Ariff Ali was appointed Governor of the Reserve Bank of Fiji on 11 September 2017. Mr Ali joined the Reserve Bank in 1992 in the Research Department. He has worked in the Economics, Financial Markets and the Financial Institutions Groups and was Team Leader for the FIJICLEAR project. He rose to head the Financial Markets Group in 2009 and was the Chief Manager of the Economics Group from 2013. Prior to his appointment as Governor, he was the Deputy Governor since May 2014. As Governor, Mr Ali is the Chairperson of the Board of the Reserve Bank of Fiji, Monetary Policy Committee, Macroeconomic Committee, Capital Markets Development Taskforce, National Financial Inclusion Taskforce and Secured Transactions Taskforce. He is also a member of the Council of the Fiji Institute of Bankers and the National Anti-Money Laundering Council. Mr Ali is the Chairperson of the Government Tender Board, the Fiji Cane Growers Fund, the Accident Compensation Commission Fiji and the Fiji Roads Authority and a board member of the Fiji Sugar Corporation Limited. Mr Ariff Ali obtained his Bachelor of Economics (Honours) degree from the International Islamic University, Malaysia and a Master of Business Administration from the University of the South Pacific, Fiji.



Simeon Athy

Governor

Reserve Bank of Vanuatu

Mr Simeon Athy holds a Bachelor's Degree in Economics from the University of Papua New Guinea (1991) and various central banking and government sector senior management positions. Mr Athy held various positions within the Reserve Bank of Vanuatu from 1991 to 2003 including the position of Director of the Research and Statistics Department of the Reserve Bank. Within the Government level Governor Athy held senior positions of the Director General of the Ministry of Finance and Economic Management and the Director General of the Prime Minister's Office for ten years before re-joining and heading the Reserve Bank of Vanuatu in 2013 to date.



Loi Bakani

Governor

Bank of Papua New Guinea

Mr Loi Bakani CMG became Governor and Chairman of the Board of Bank of Papua New Guinea and Registrar of Savings & Loan Societies in PNG in December 2009, for a term of 7 years. He was reappointed for another term of 7 years in December 2016. Prior to becoming Governor in 2009, he was the Deputy Governor for Policy and Regulation. Mr Bakani also serves as Chairman of the PNG Institute of Banking & Business Management (IBBM), and Chairman of the Centre for Excellence in Financial Inclusion (CEFI). He is on the Board of the South East Asian Central Banks (SEACEN), the Alternative Governor for IMF/World Bank Group Annual Meetings, the Co-Chair of AML/CFT National Coordination Committee and Deputy Chairman of Sovereign Wealth Fund (SWF) Secretaries Committee. He also serves as a member of the Appointments Committee of the NICTA and ICC. Mr Bakani holds a Bachelor of Economics degree from the University of Papua New Guinea and a Master's degree in Commerce, majoring in Economics from the University of Wollongong, Australia.



Thérèse L. Couture

Director, Asset Management & Advisory

World Bank

Thérèse L. Couture is responsible for leading the World Bank Treasury's newly created Department of Asset Management and Advisory. In her capacity as Director, Ms Couture oversees the asset management of \$70 billion of liquidity and fixed income portfolios for Trust Funds and clients, including central banks, pension funds, and International Financial Institutions. She also provides strategic leadership for the technical advisory and capacity building under the RAMP program.

Thérèse joined the World Bank in 2018 as Director of Treasury Operations. She managed a team responsible for back-office functions supporting Treasury and the processing of over \$7 trillion cash flows on behalf of the World Bank. Thérèse previously served as Senior Director for Banking Operations in the Funds Management and Banking Department at the Bank of Canada. She held management positions in different organizations prior to her tenure at the Bank of Canada.

Ms Couture holds a Bachelor's Degree in Commerce from the University of Ottawa. She is a Chartered Professional Accountant and Certified Internal Auditor.



Roberto de Beaufort

Lead Financial Officer

World Bank

Roberto de Beaufort joined the World Bank's Reserve Advisory and Partnership program in 2003 responsible for leading its capacity building engagements with several central banks, sovereign wealth funds and other official sector asset managers around the world.

Before joining the World Bank, he worked at the Banco de la Republica of Colombia for 21 years as portfolio manager, Chief of the Investments Division and Managing Director of the Foreign Exchange Reserves Department and CIO OF the Government's Oil Stabilization Fund of Colombia.

Roberto holds an MA in International Relations from Southampton University, United Kingdom. He was one of the leads for Latin America for the working group responsible for drafting the IMF coordinated Guidelines for Foreign Exchange Reserve Management and collaborated in drafting the Santiago Principles.



Luke Forau

Governor

Central Bank of Solomon Islands

Dr Luke Forau is the Governor of the Central Bank of Solomon Islands. He was appointed Governor in October 2019. Before that he was Deputy governor for one year and Advisor to the Governor's office for three years. He has been with the Central Bank since January 1999. Dr Luke Forau is also the current President and Chairman for the Economic Association of Solomon Islands (EASI). He holds a Doctor in Philosophy (PhD) in the field of Economics from the University of New South Wales Canberra, a Master of International and Development Economics award from the Australian National University in Canberra, and a Bachelor of Arts Degree in Management and Public Administration and Economics from the University of South Pacific.



Natan Goldberger

Senior Portfolio Manager
World Bank

Natan Goldberger is a Senior Portfolio Manager focused on US Fixed Income markets at the Treasury Asset Management and Advisory department of the World Bank. Before joining the asset management team, Natan worked as an Investment Strategist for the World Bank's Pension department, where he was focused on global macro analysis and strategic asset allocation for multi-asset portfolios. His previous experience includes managing Emerging Markets debt portfolios at Credicorp Capital Asset Management, and managing global portfolios at the International Reserves Department of the Central Bank of Chile. Natan holds a Master in Finance from MIT Sloan School of Management, a M.Sc. in Financial Engineering and a Bachelor in Economics from Adolfo Ibanez University.



David M. Gould

Lead Economist and Program Leader, East Asia and Pacific Region
World Bank

David M. Gould is currently Lead Economist and Program Leader in the East Asia and Pacific Region of the World Bank. David is the author of several books and peer reviewed journal articles on International Trade and Finance, Migration, and Economic Policy. Currently, he is leading studies on growth dynamics and using big data to study development in the Pacific region.

During his past 18 years at the World Bank, he has led teams to deliver country development strategies and analytical and lending operations in Latin American, Europe, Central Asia, and South Asia. He holds a Ph.D. in International Economics from UCLA and is a Chartered Financial Analyst (CFA) charter holder.

Prior to the World Bank, David served as the Director of Global Economic Analysis at the Institute of International Finance and Senior Economist and Policy Advisor at the US Federal Reserve. He has held visiting research positions at the Central Banks of Mexico and Chile.



David Grant
Pro Vice Chancellor (Business)
Griffith University

Professor David Grant joined Griffith University as Pro Vice Chancellor (Business) in January 2016. David is an internationally distinguished scholar with extensive leadership experience. Previous to his appointment at Griffith he was Senior Deputy Dean at UNSW Australia Business School. Prior to this he held several senior administrative roles at the University of Sydney Business School including Associate Dean (Undergraduate), Associate Dean (Research), Deputy Dean (Academic), Co-Dean, and most recently Acting Dean. He was previously also Head of the Department of Management at King's College, London.

David is regarded a pre-eminent scholar in the field of Organisational Studies. He was elected a Fellow of the Academy of Social Sciences in 2008 and has held honorary and visiting positions at the King's College, London, The University of Auckland Business School, UTS, UC Santa Barbara, The University of Melbourne and McGill University.

David received his BA (Government) from the University of Essex and MSc. (Industrial Relations and Personnel Management) and PhD (Management) from the London School of Economics and Political Science. His current portfolio includes leadership of Griffith University's Business Group, and associated Research Centres and Academic Departments. In addition to his position at Griffith, David is the current President of the Australian Business Deans Council.



Jingdong Hua
Vice President and Treasurer
World Bank

Mr Jingdong Hua is Vice President and Treasurer of the World Bank. He also serves as the Pension Finance Administrator of the World Bank Group. As Vice President and Treasurer of the World Bank, he is responsible for the capital markets operations and oversees an annual funding program of US\$60 to 70 billion through debt issuances of IBRD and IDA. He leads a global team of capital markets professionals in the prudent management of US\$200 billion debt portfolio; US\$170 billion asset portfolio managed for the World Bank Group and over 70 clients. He heads the World Bank Treasury's capacity building, advisory and capital market intermediation services in financial analytics, asset management, and financial solutions for its clients.

As Pension Finance Administrator of the World Bank Group, he supervises the investment and administration of the World Bank Groups pension plans—with US\$30 billion assets under management invested in a diverse pool of asset classes including fixed income, public and private equities, real estate and alternatives.

Mr Hua was previously Vice President and Treasurer of IFC, where he established a global treasury and focused on the development of local currency debt capital markets and innovative financial products and solutions. During his tenure, IFC has significantly increased its local currency financing capacity to benefit private sector clients. He led market-opening and innovative bond issuances and structured financial products in emerging markets including Rwanda, Nigeria, Indonesia, Colombia, Uzbekistan, and India. He also significantly enhanced IFC's loan syndications and co-investment program which has mobilized over US\$60 billion for private sector development



Daniela Klingebiel

Manager, Reserve Advisory and Management Partnership (RAMP), Treasury World Bank

Dr Klingebiel is Manager, Reserve Advisory and Management Partnership (RAMP) Program. RAMP provides advisory and training and asset management services to central banks, public pension funds, and sovereign wealth funds. It now has more than 75 clients globally with assets under management of \$26 billion and works with members to enhance their asset management policies, frameworks, and practices. Dr. Klingebiel has over twenty years of asset management, financial, and capital markets experience. She has published extensively on pension management, capital markets, banking, financial crises, and enterprise and financial sector restructuring in leading professional and academic journals.

Before her current position, Dr Klingebiel was a Principal Portfolio Manager in the World Bank's Pension and Endowment Department. She was responsible for the team that built and managed a private credit portfolio and emerging market equity portfolio. Before that, she built up and co-managed a fund of hedge funds portfolio. When she joined the Pension and Endowment Department, Dr Klingebiel was responsible for the currency overlay and global tactical asset allocation program. In addition to her portfolio management responsibilities, Dr Klingebiel led research projects on portfolio construction, manager beta and alpha, factor risk, and impact of market structure on asset pricing, and developed models to assess current macro-economic risks. Finally, she developed a currency trading model for developed market currencies.

Dr Klingebiel joined the World Bank in 1995. She earned her doctorate in economics at the Albert-Ludwigs-University in Freiburg, Germany, along with a Master of Arts in Political Science and Master of Science in Economics.



Venancio Alves Maria

Deputy Governor
Banco Central de Timor-Leste

Venancio Alves Maria was appointed as Deputy Governor in November 2017. Prior to his current role, he worked as a bank examiner for Bank Supervision Department of the Banco Central de Timor-Leste (BCTL) (formerly Banking and Payments Authority of Timor-Leste). He has also worked at ANZ Timor-Leste Branch as Finance Officer for about 1.5 years. He joined the Petroleum Fund of Timor-Leste soon after the establishment of the Fund in mid-2005 as Chief Risk Manager. In April 2006 to November 2017, he served as the Executive Director of the Petroleum Fund Management (Sovereign Wealth Fund of Timor-Leste) at the Central Bank. He was also appointed as a non-voting member of the Investment Advisory Board of the Petroleum Fund representing the Central Bank since September 2012 to date. He currently oversees the portfolios of Payments System, Currency and Banking Management and the Petroleum Fund Management. He holds Masters of Economics Development, University of Gadjah Mada, Indonesia.



Gabriel Petre

Lead Investment Strategist
World Bank

Mr Gabriel Petre is responsible for developing asset allocation strategies for the World Bank's staff retirement fund. As part of his work he has also been involved in advising central banks of developing countries on reserves management issues, governments from developing countries on investment policy issues related to public pension funds and official institutions of commodity-rich countries in setting up sovereign wealth funds.

He joined the World Bank Treasury in July 2006. Before joining the World Bank, he worked for 3 years at the National Bank of Romania, as part of the team in charge of the foreign reserves portfolio. He has an MBA from Georgetown McDonough School of Business and is a CFA charterholder.
