



XIX Meeting of the Latin American Network of Central Banks and Finance Ministries

November 18, 2003

1300 New York Avenue, N.W., Washington, D.C.
Cecilio Morales Room (12th Floor)

AGENDA

10:30 – 10:45 a.m. Registration

10:45 – 11:00 a.m. Opening: Guillermo Calvo, Inter-American Development Bank

SESSION I

11:00 a.m. – 12:45 p.m. Assessing Fiscal Sustainability: A New Approach

Current practice for debt sustainability analysis relies on the application of steady state conditions to debt levels outstanding, yielding a required primary surplus. This notion ignores volatility considerations that may be key in defining critical debt levels, above which no additional financing may become available. How does government revenue volatility, which may be traced back to volatility in the terms of trade, world interest rates, or productivity, affect these critical levels? To what extent does inflexibility in fiscal expenditures contribute to this analysis? Is there a significant difference between this analysis and current practice?

Chair: **Mauricio Pozo Crespo, Ministerio de Finanzas y Crédito Público, Ecuador**
Speaker: **Enrique Mendoza, University of Maryland**
Discussants: **Andrés Arias, Ministerio de Hacienda, Colombia**
 Umberto Della Mea, Banco Central, Uruguay
 Claudio Irigoyen, Banco Central, Argentina

SESSION II

12:45 – 2:15 p.m. Lunch (Executive Dining Rooms, 7th Floor)
Rising from the Ashes: Lessons from Post-Collapse Recoveries in Argentina and Uruguay

Speaker: **Ernesto Talvi, CERES, Uruguay**
Discussant: **Pablo Guidotti, UTD, Argentina**

SESSION III**2:30 – 4:30 p.m. Fiscal Institutions in Latin America:
What Reforms Are Pending?**

The rise and persistence of large-scale budget deficits and a rising stock of debt in many countries during the past decades have caused great concern. Broadly defined political and institutional factors that affect government policy and national debt have been pointed out as possible determinants of these patterns. Many countries in Latin America have reformed their fiscal institutions by means such as creating rainy day funds, increasing the transparency of the budgetary process, and drafting fiscal responsibility laws that impose limits on expenditure and require balanced budgets. What have been the impacts of these reforms on fiscal and economic performance? To what extent does the success of these institutional reforms depend on the broader institutional context in which they are inserted? What have been the major challenges faced by policymakers in implementing these reforms? Have these reforms been enough? What is pending on the reform agenda? Have these reforms enhanced coordination with independent Central Bank policies?

Chair: **Germán Ríos, Corporación Andina de Fomento**
Speakers: **Ernesto Stein, Inter-American Development Bank**
 Juan Antonio Morales-Anaya, Banco Central, Bolivia
 David Madero Suárez, Secretaría de Hacienda, Mexico

4:30 – 4:45 p.m. Coffee Break

SESSION IV**4:45 p.m. - 6:15 p.m. Monetary and Exchange Rate Policy:
Results and Challenges**

During the second half of the 1990s many Latin American countries redefined their monetary/exchange rate strategies. While several countries abandoned fixed or semi-fixed pegs and adopted inflation targeting regimes, others moved towards full dollarization. What have been the major policy challenges faced by each group of countries? Is the country's fiscal setup consistent with the monetary/exchange rate policy? What institutions need to be reformed to guarantee the strategy's success? How have inflation targeters dealt with exchange rate flexibility? Has dollarized public or private debt limited monetary policy and the inflation objective? How have fully dollarized economies dealt with relative price adjustment?

Chair: **Willian Calvo, Banco Central, Costa Rica**
Speakers: **Luis Aquino, Banco Central, El Salvador**
 Sergio Clavijo, Banco de la República, Colombia
 José De Gregorio, Banco Central, Chile
 Adrián Armas, Banco de la Reserva, Perú

6:15 p.m. – 7:00 p.m. Plans for Next Meeting

**7:30 p.m. – 9:30 p.m. Dinner - Hamilton Crowne Plaza (14th & K Streets, N.W.), Lafayette Room, 2nd Floor
 (by invitation only)**
**Keynote Speaker: Vito Tanzi, former Undersecretary, Ministry of Economy and
 Finance, Italy and Consultant, Inter-American Development Bank**