

International Treasury Centre Pilot

Project Summary

Problem

Treasury management at MSF is entirely decentralized, a structure which comes with a high price. This decentralization prevents the org from: 1) leveraging the financial weight of the movement in financial markets 2) designing a consistent strategy to cover currency risks and/or to invest temporary excess cash positions 3) using MSF's own liquidity before turning to expensive external loans, and 4) mutualizing expert treasury competencies

Proposed Solution

The proposed solution is an international treasury centre, with 2 primary ways for bettering the management of excess cash: an international cash-pool for Euros and US dollars, and an in-common hedging strategy and tool, for entities who choose to participate.



Potential Impact

(1) Limits need for bank overdrafts and USD purchases for short-term treasury needs; (2) Provides access to a high ceiling (of up to 15M) for Euro deposits, reducing negative interest fees; (3) Enables better spread in hedging contracts than if entered individually and managed by OCs; Reduces risk of foreign exchange (forex) and fundraising volume variations; and (4) Improves processes and reporting and automates information flows, simplifying accounting processes for currency and bank transactions

Viability

- Strong project team and sponsorship
- Focus on assessing legal and finance-specific regulations on a per region basis
- MSF International positioned as single intermediary between financial market and OCs

Risk Mitigation

- Establishment of an expert advisory committee and engagement with FinDirs and Financial / Legal experts to build confidence and continued support for the project

Scalability

- Processes and reporting to be standardized and plan to incorporate additional MSF entities. Savings and benefits multiplied by entity involvement; ROI to increase due to economies of scale
- Movement-wide hedging strategy complements the current resource sharing agreement (RSA4)
- First step in the establishment of a central treasury function with many other benefits

Area/Type: Efficiency Gains; Incubator

Sponsor/Support: MSF Luxembourg

Length/Project Status: 12 months; **ONGOING**