

International Treasury Centre – Phase 2

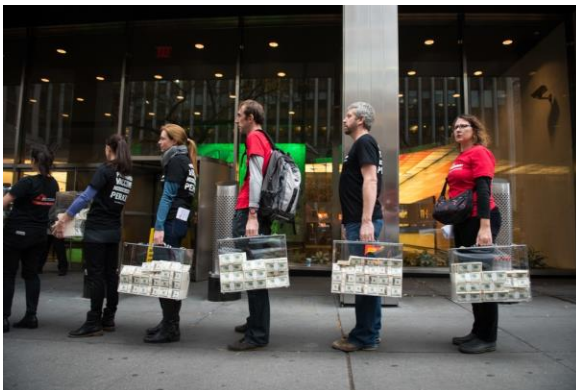
Project Summary

Problem

Treasury management at MSF is entirely decentralized, a structure which comes with a high price. This prevents MSF from: 1) leveraging MSF's full weight in financial markets; 2) Designing a consistent strategy to cover currency risks leading to more predictable levels of income and expenses; 3) investing temporary excess cash positions 3) using MSF's own liquidity before turning to expensive external loans; and; 4) mutualizing expert treasury competencies.

Proposed Solution

Establish an international treasury centre, with 2 ways of bettering the management of excess cash: (1) an **international cash-pool** for **Euros** and **US dollars**, and (2) an in-common **hedging strategy and tool**. Following the successful Phase 1 piloted with OCB and OCP (for hedging) and MSF-US and MSF-Switzerland (for cash pool), **Phase 2** will **expand the pilot phase to the 5 OCs** (for hedging) and to **all interested institutional members** (for cash pool) and prepare the transition to Business-as-Usual.



Potential Impact

- Improves movement-wide treasury practices by **professionalizing and systematizing** the **treasury management function**.
- **Cash pool:** centralizes excess operational, short-term liquidity to lend to internal counterparties and to perform more active short-term cash management.
- **In-common Hedging:** protects MSF's budget from foreign exchange volatility, leveraging foreign exchange agreements at competitive rates.

Viability

- Leverages a strong project team, sponsorship and support.
- **Assesses legal and finance regulations** on a per region basis.
- MSF-wide hedging strategy complements the current resource sharing agreement (RSA4).

Risk Mitigation

- Establishes an **expert advisory committee** and engages Financial Directors and Financial / Legal experts.

Scalability

- Establishes a needed **central treasury function** which will transition to Business-as-Usual at the end of project's phase 2.
- Improves processes standardization and generates savings and benefits that are multiplied by entities involved (economies of scale): (1) hedging for all OCs; (2) all interested entities.

Area/Type: Efficiency Gains; Incubator

Sponsor/Support: MSF Luxembourg, FinDir Platform support

Length/Project Status: 6 months; **ONGOING**