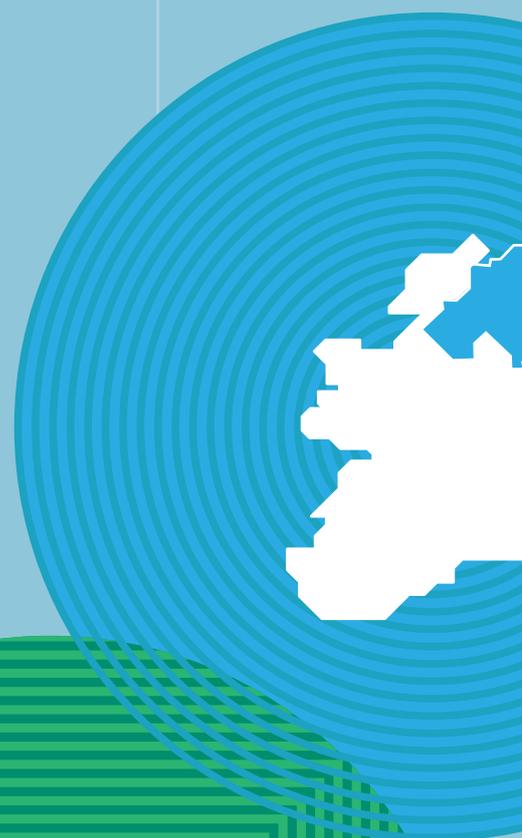


# Corporate Strategy 2017–2019



# Contents

<b>1. Introduction</b>	<b>1</b>
Message from the Chairperson	1
Chief Executive's Foreword	2
Our Organisational Structure	6
<b>2. Our Purpose, Our Goals and Our Culture</b>	<b>7</b>
Deliver Long Term Value to the State	10
Maintain and Enhance our Reputation in delivering Value to the State	12
Develop our Capabilities as an Adaptive Organisation	14
Enable our People to reach their Potential - Individually and Collectively	16
<b>3. Managing Risk</b>	<b>18</b>
<b>4. Our Annual Planning Process</b>	<b>19</b>
Business Goals and Performance Measures 2017 - 2019	20
<b>5. What Success Looks Like</b>	<b>22</b>
2016 - A Year in Review	23

## 1

# Introduction

## Message from the Chairperson

Over the last number of years the NTMA has been working with various Government Departments and Agencies as part of Ireland's response to the economic crisis. The outcome of this work can be clearly seen as we build for a sustainable recovery. The NTMA must now position itself to respond to the new challenges and opportunities arising from that recovery.



Although the mandates under which the NTMA operates have changed since its establishment, our purpose remains the same – to manage public assets and liabilities commercially and prudently. This unique fusion of private sector best practices and a public sector remit demands a specific set of organisational capabilities which have been built over time.

A primary responsibility for the NTMA Board<sup>1</sup> is to ensure that clear strategic guidance and direction is provided to the organisation in achieving its purpose. The NTMA Board also recognises the specific organisational capabilities that have contributed to the successful delivery of its mandates. This strategy has been formulated to ensure clear guidance is given and that those organisational capabilities remain in place.

Strategy, by its nature, is forward looking. We must address not only present day responsibilities but prepare to meet future challenges. Our external environment is constantly changing, placing more pressure on limited resources. A feature of our journey as an organisation has been our adaptability. We have consistently met challenges from new mandates, as

assigned by Government, while being responsive to external market forces. It is in this context we seek to maintain our capability as an adaptive organisation.

This strategy charts a way forward for the NTMA, building on the experience and knowledge gained since the organisation's establishment in 1990. I have no doubt that the Chief Executive, executive management team and staff will continue to ensure that the NTMA executes the mandates entrusted by Government to the highest standards. I also have no doubt that together we can build a sustainable framework capable of meeting any future challenges.

Finally, I and my fellow Board members look forward to working together with the staff of the NTMA in supporting and positioning the organisation to continue to deliver on its mandates.

A handwritten signature in black ink, appearing to read 'Willie Walsh'. The signature is fluid and cursive, written over a white background.

**Willie Walsh**  
Chairperson

<sup>1</sup> Under the National Treasury Management Agency (Amendment) Act 2014 the Agency consists of six members appointed by the Minister for Finance, the Chief Executive of the NTMA, the Secretary General of the Department of Finance and the Secretary General of the Department of Public Expenditure and Reform. The Agency is referred to as the NTMA Board for the purposes of the NTMA Corporate Strategy 2017 – 2019.

## Chief Executive's Foreword



The NTMA was established in December 1990 to borrow on behalf of the Government and manage the National Debt. Today, that single, founding purpose has arguably been the only constant for this organisation, which has consistently demonstrated its ability to take on new challenges on behalf of the State.

As a result, the NTMA manages a variety of complex mandates which encompass funding, investment, project finance, corporate finance, and claims and risk management.

The Gross National Debt, managed by the Funding and Debt Management Unit, today stands at €206.4 billion<sup>2</sup> The Ireland Strategic Investment Fund has one third of its €8.1 billion<sup>3</sup> committed across all sectors and regions of the Irish economy. The National Development Finance Agency is currently delivering public infrastructure projects in education, health, justice and housing with an estimated total capital value of €1 billion. NewERA provided financial and commercial advisory services to Government in respect of the sale of the State's shareholdings in Aer Lingus and the sale of Bord Gáis Energy.

Away from the capital markets, the State Claims Agency (SCA) manages claims on behalf of 145 state authorities with an estimated outstanding liability of €2.2 billion. In 2014 the SCA rolled out the new National Incident Management System (NIMS) which now has over 1 million incidents recorded. NIMS has been recognised as 'the first of its kind in the world' after winning the prestigious international "Excellence in Innovation" award from Marsh, a global leader in insurance brokering and risk management.

While these figures say more about the scale than the complexity of the work done by the NTMA they are nevertheless a powerful illustration of how much faith successive governments have placed in the NTMA before and during the financial crisis.

The crisis also saw the NTMA provide the staff and business support systems and services necessary to establish the National Asset Management Agency as a commercial independent entity with its own board. The NTMA also founded a Banking Unit, now seconded to the Department of Finance, and more recently it worked closely with the Department to get the Strategic Banking Corporation of Ireland in place with €800 million of funding to support Irish SMEs in under a year.

---

<sup>2</sup> As at 31 May 2017

<sup>3</sup> As at 31 March 2017

The NTMA's business units are supported by its operating engine – the corporate functions which provide services across Finance, Operations, Information and Communications Technology, Risk, HR, Legal and Compliance – and their diverse skills, capabilities and competencies have been instrumental in helping the NTMA establish its reputation as an organisation that delivers.

The NTMA is a fusion of its early history and heritage and the more recent impact of the economic crisis. It is a testament to everyone who worked here during those difficult years that the NTMA executed to the highest standard on behalf of the State, rewarding the faith that led policy makers to mandate the organisation with a diverse range of tasks over the years.

The NTMA is proud to be known as adaptable, flexible and results-orientated and is committed to retaining the characteristics and capabilities that earned that reputation. However, any organisation emerging from such a period of profound challenge and change needs to pause and reflect – and we are no different. That has led us to take stock, and look self-critically at ourselves, as we map out a sustainable strategy and culture for the future.

The first step in building that sustainable framework was the simplification of the NTMA's organisational structure and the appointment of a new Board in December 2014 governing the NTMA's funding, investment, project finance, corporate finance and claims and risk management responsibilities.

The NTMA Board has now, in the formulation of this corporate strategy taken the next step by committing the organisation to four strategic goals in respect of those mandates. Simply put, these goals are about achieving long-term value for the State by being adaptive and leveraging the power of our people and our reputation. No single goal can be understood in isolation from the others. Taken together they will inform everything we do, from everyday actions to annual business planning.

The key to the NTMA's success has been – and will continue to be – its people and culture. We believe in an organisation where delivery against objectives is supported by a culture of self-leadership, collaboration and learning.

The NTMA was established with the operational freedom to negotiate competitive salaries with a view to ensuring it had the flexibility to compete with the private sector to attract and retain staff with specialist and highly marketable skills. During the financial crisis, in common with other public sector bodies, the provisions of the Financial Emergency Measures in the Public Interest (FEMPI) legislation were applied to the NTMA.

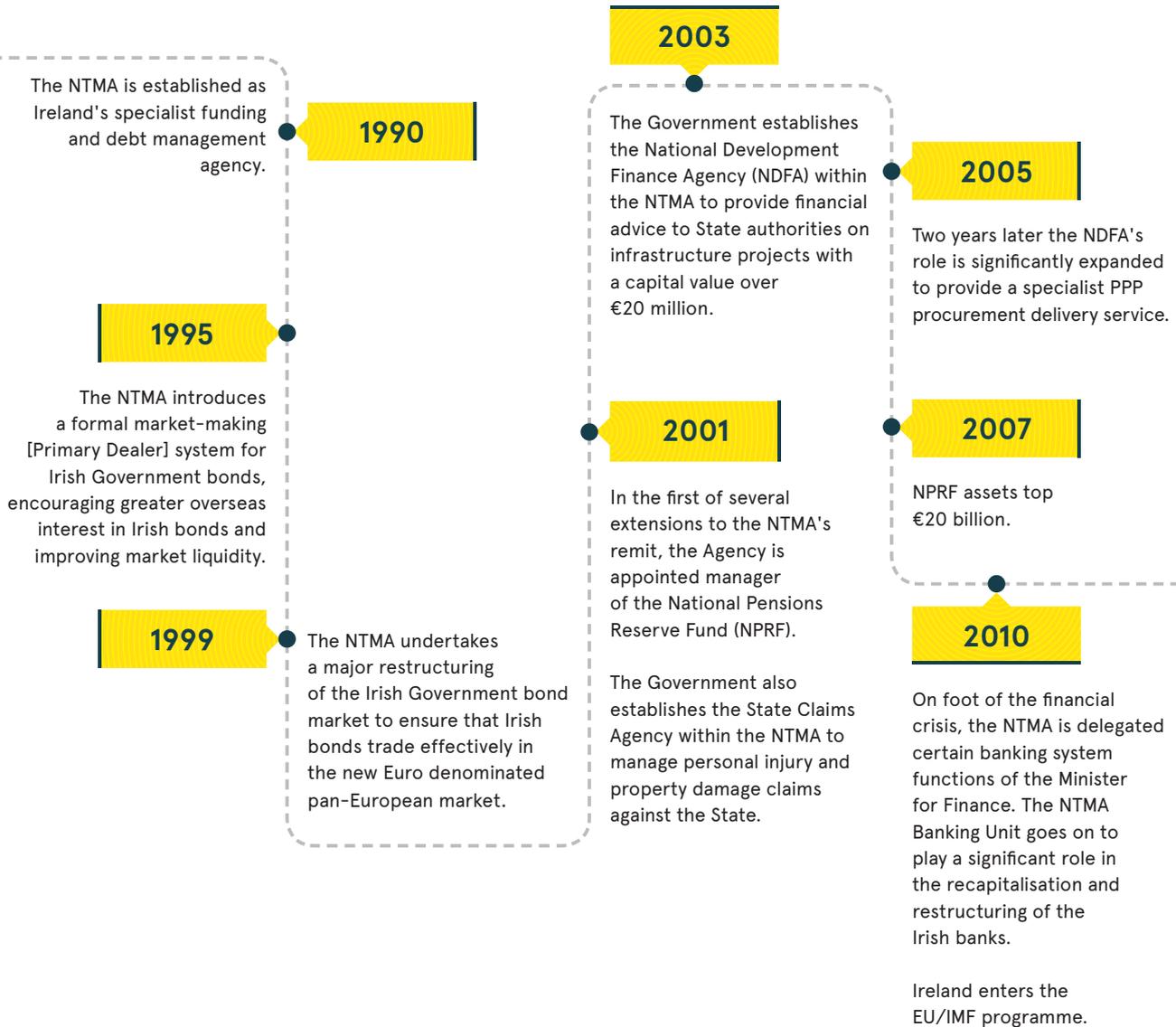
To execute on our mandates to the standards expected and demanded by the State the NTMA must be able to attract and develop the best capability and expertise available in the market place. Employees today will also require more than compensation to commit and engage with an employer. The challenge for the NTMA is to attract the type of talent and expertise it has in the past and to create a stimulating, learning environment that allows people to reach their full potential individually and collectively.

Senior management in the NTMA are committed to making this happen in a sustainable way so that the NTMA can continue to deliver long-term value to the State.



**Conor O'Kelly**  
Chief Executive

# Our Journey



## What We Do

### Managing the National Debt

Since its inception, the NTMA has borrowed on behalf of the Government and managed the National Debt.

### Financial Advice & Infrastructure Project Delivery

Acting as the National Development Finance Agency, the NTMA provides financial advisory, procurement and project delivery services to State authorities on public infrastructure projects.

### Managing the Ireland Strategic Investment Fund

The Fund (€8.1 billion at end of March 2017) has a mandate to invest on a commercial basis to support economic activity and employment in Ireland.

The NTMA regains access to short-term debt markets with regular auctions of Treasury Bills and issues its first long-term bonds since September 2010.

2012

2011

With Ireland still locked out of the bond markets, the NTMA begins a twice-yearly investor relations programme covering Europe, North America and Asia.

The Government extends the NTMA's remit once more with the establishment of NewERA within the NTMA to provide financial and commercial advice in respect of a number of major commercial State bodies.

The bank recapitalisation programme is substantially completed. The NTMA Banking Unit is seconded to the Department of Finance.

2013

Ireland successfully emerges from the EU/IMF programme. End 2013 NTMA cash balances of €18.5 billion allow Ireland to make a clean break without the need for a precautionary credit line.

The NDFA commences procurement for the new Government Infrastructure Stimulus PPP Programme.

2014

The NTMA completes a full return to the bond markets by resuming regular bond auctions for the first time since 2010.

The Government doubles the number of public bodies under the State Claims Agency's remit.

The Ireland Strategic Investment Fund replaces the NPRF with a commercial basis to support economic activity and employment in Ireland.

2015

The NTMA issues Ireland's first 30-year bond. The NTMA completes early repayment of over €18 billion, being the more expensive portion of Ireland's IMF loan facility, generating interest savings in excess of €1.5 billion.

2016

The NTMA issues Ireland's first 100-year bond for €100 million maturing in 2116.

## Claims and Risk Management

Acting as the State Claims Agency the NTMA manages claims brought against 145 State authorities, including the State itself.

## Financial & Commercial Advice to Government on Major Commercial State Bodies

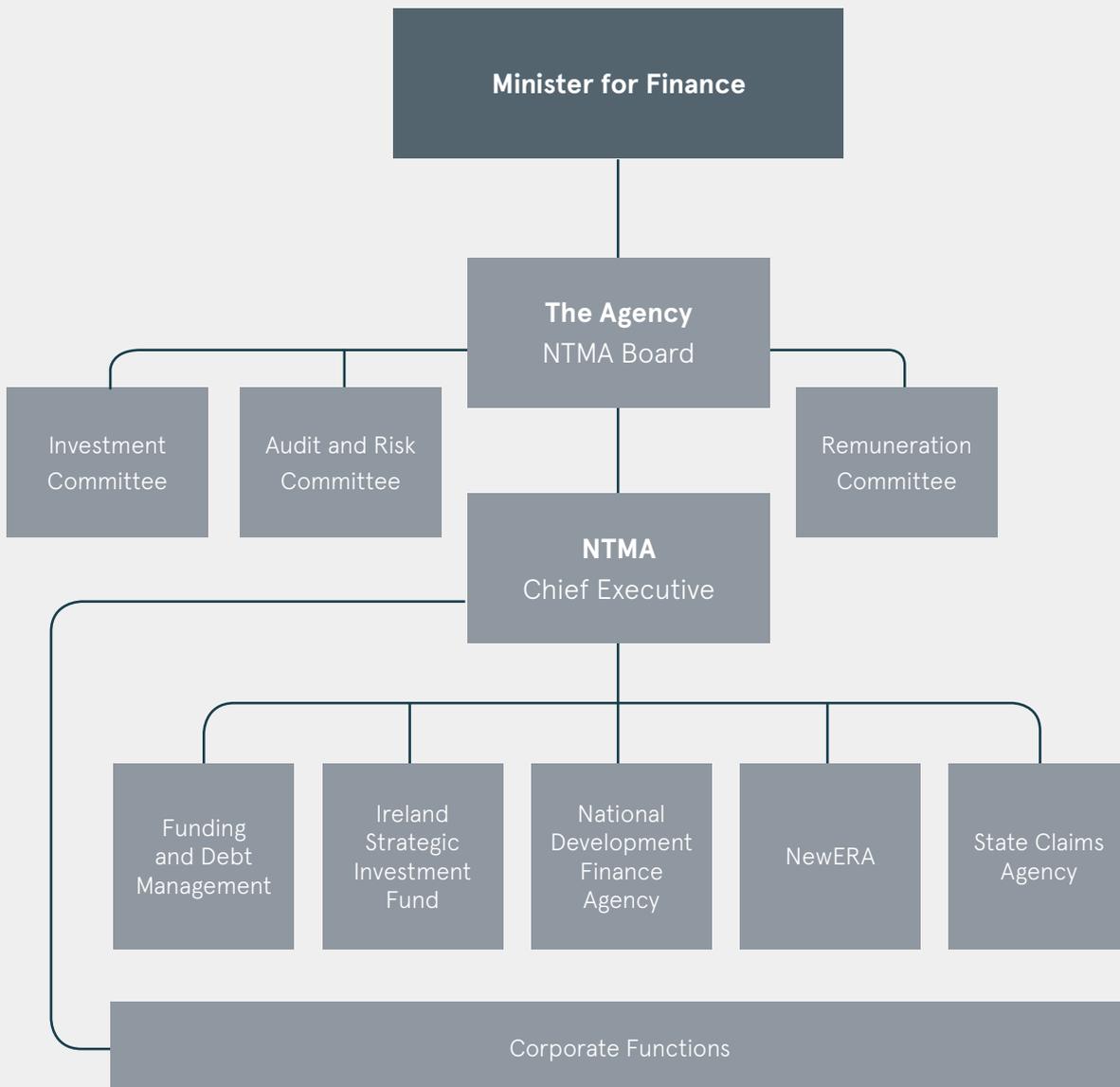
The NTMA's NewERA unit provides financial and commercial advice to the Government in respect of major commercial State bodies like ESB and Ervia.

The NTMA provides staff and business support systems and services to the **National Asset Management Agency** and the **Strategic Banking Corporation of Ireland**. Both have their own separate boards. A number of staff are also on secondment to the Department of Finance following the revocation of the delegation of banking system functions of the Minister for Finance to the NTMA from August 2011.

## Our Organisational Structure

The NTMA is a statutory body established under the National Treasury Management Agency Act, 1990. The Board reports to the Minister for Finance and has overarching responsibility for all of the NTMA's mandates, as assigned by Government. The NTMA Board has established three committees: Investment, Audit and Risk and Remuneration Committees.

The NTMA executes its mandates through the Funding and Debt Management Unit, the Ireland Strategic Investment Fund, the National Development Finance Agency, NewERA and the State Claims Agency. The business units are supported by the Corporate Functions - Finance, Technology and Operations, Risk, Legal and Compliance, and Human Resources.



## 2

# Our Purpose, Our Goals & Our Culture

## Our Purpose

### To Manage Public Assets & Liabilities Commercially and Prudently

We achieve our purpose by providing a range of asset and liability management services to various Government Departments and Agencies.

We deliver value for the State today by focusing our skills, resources and efforts on fulfilling our mandates as currently assigned by Government. This must be and will continue to be our central focus.

We will also deliver value for the State by ensuring we have the right capabilities to respond to future challenges as they arise. Our external environment is ever changing and cannot be accurately predicted or fully controlled. Recognising that change is inevitable and being adaptive allows us to respond quickly and decisively.

## Our Goals

Our four strategic goals have been set with both today's requirements and tomorrow's challenges in mind.

Achieving results today while building sustainable business performance for the future is central to this strategy.

The four goals are not mutually exclusive. The strength of our strategy lies in the cause and effect linkages between each goal. The primary goal of the NTMA is to deliver long term value to the State. The remaining three goals – reputation, adaptive capabilities and people – will enable delivery of long term value while building sustainable business performance.

The goals will inform both business unit and corporate function objective setting as part of our Annual Planning Process. The goals will also provide focus and drive in positioning the NTMA for the future.



## Our Culture

People are the basis for how we provide our services and expertise.

While we set goals, develop initiatives and measure performance, it is through our everyday actions and behaviours as individuals that results will be achieved.

Having the right culture in place will enable our people to reach their potential and contribute to the achievement of our strategic goals. Our corporate culture will be based upon:



### Self-Leadership

is about organisational improvement through personal excellence and individual empowerment. A culture of self-leadership results in people being empowered, eliminates unnecessary bureaucracy and allows those best placed within the organisation to take appropriate decisions. Self-leaders are characterised by a drive for autonomy, are self-motivating and can receive and act on constructive feedback. A culture of self-leadership across the NTMA will result in improved outputs, faster decision making and increased innovation for the organisation.



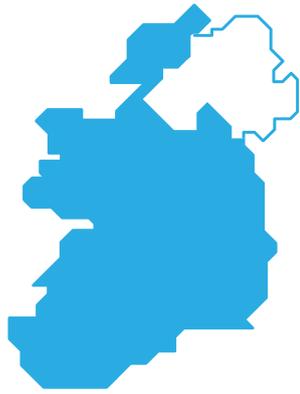
### Collaboration

is the process of two or more people, teams or business units working together to achieve a common purpose. By working together across organisational boundaries we can achieve better outcomes. Regardless of what business unit or corporate function we work in, we will work towards the common goal of delivering long term value to the State. Collaboration means everyone's contribution is valued and differing perspectives, diverse expertise and critical thinking are encouraged.



### Learning

Underpinning a learning based culture are systems and processes that facilitate dialogue, allow the dissemination of knowledge and provide access to tailored learning and development programmes. A learning environment must be supported by managers who are involved in and engaged with the professional development of their team members.



# Deliver Long Term Value to the State

We will deliver long term value to the State by supporting economic development through:

- Funding the State at a sustainable rate;
- Investing for a commercial return while supporting economic activity and employment;
- Supporting key public infrastructure delivery;
- Managing the State's current and future personal injury and property damage liabilities; and
- Providing financial and commercial advice to Government.

The nature of our mandates demands a long term focus in all our activities. It is this distinct characteristic which informs our business planning and decision making. We must also ensure that an appropriate risk management framework is in place. The specific business goals and performance measures set through the NTMA's Annual Planning Process reflect these requirements, ensuring we deliver long term value to the State.

The following is an overview of the activities of the NTMA business units over the next three years:

### **Funding and Debt Management Unit**

The NTMA's Funding and Debt Management Unit will continue to issue long and short-term debt on a regular and sustainable basis with a particular focus on investor sentiment and market liquidity. The goal will be to raise sufficient funds to ensure liquidity for the State and at a rate which contributes to debt sustainability. The NTMA will also develop its Retail Debt offerings to ensure that it maintains an appropriate level of diversified funding for the State from this important customer base.

A Funding Plan is put in place in advance of each year with associated performance indicators and targets. These will be recalibrated annually in the context of developments in sovereign debt markets and the State's funding requirements.

### **Ireland Strategic Investment Fund**

The NTMA, as manager of the Ireland Strategic Investment Fund (ISIF), is required to determine, implement, monitor and keep under review an investment strategy for the Fund. The ISIF's investment mandate is to invest the €8.1 billion<sup>4</sup> assets of the Fund on a commercial basis in a manner designed to support economic activity and employment in the State. This requires a long term focus and will target the majority of ISIF's capital towards investment which builds on the productive potential of the economy and the enterprise sector.

A target rolling five year portfolio return of 4% has been established as well as key economic impact metrics which will be measured and reported.

### **National Development Finance Agency**

The NTMA, acting as the National Development Finance Agency (NDFA), provides financial advice to State authorities on all public capital projects over €20 million.

In addition to its financial advisory mandate, the NDFA is also responsible for the procurement and delivery of all Public Private Partnership (PPPs) projects in sectors other than transport and local authorities.

Following the announcement of the Capital Plan 2016 – 2021, the NDFA has been progressing the pipeline of projects under this and the previous 2012 programme. Over the next three years it will continue to provide

financial advice to a wide number of Government Departments and Agencies and promote the Irish PPP market in support of Government's strategic infrastructure policy and objectives.

### **NewERA**

The NTMA provides a dedicated centre of corporate finance expertise to Government through NewERA taking a commercial approach to the oversight of certain commercial state bodies<sup>5</sup> ('CSBs'). Over the next three years NewERA will provide financial and commercial advice relating to a range of financial matters encompassing the performance of the CSBs under its remit. In addition, NewERA will, in consultation with the relevant Minister, develop proposals for investment in the energy, water, telecommunications and forestry sectors to support economic activity and employment.

### **State Claims Agency**

The NTMA is designated the State Claims Agency (SCA) when performing the claims management and risk management functions. Over the next three years the SCA will ensure that the State's liabilities in relation to clinical negligence, personal injury and property damage claims, and the expenses of the SCA in relation to their management, are contained at the lowest achievable level. While acting in the best interest of the State, the SCA will act fairly and ethically in its dealings with people who have suffered injuries and who take legal actions against the State or State bodies, and the families of these people.

In addition, the SCA will continue to implement targeted clinical negligence, personal injury and property damage risk work programmes designed to mitigate litigation risk in State authorities and healthcare enterprises, in order to reduce the costs of future litigation against the State. A particular focus for the SCA will be the management of the incidence of clinical negligence through its clinical risk management programme.

The SCA is also responsible for dealing with the third-party costs arising from certain Tribunals of Inquiry and legal cost bills against the State. The SCA targets an average saving of 30% to be achieved on third-party Bills of Costs received.

<sup>4</sup> As at 31 March 2017

<sup>5</sup> ESB, Ervia, Irish Water, Bord na Móna, Coillte and EirGrid



# Maintain and Enhance our Reputation in delivering Value to the State

An organisation's reputation is one of its most valuable assets and can be used to increase its value proposition in the market place. The NTMA represents the State in financial markets and a strong reputation among our stakeholders is vital to enable us to achieve better outcomes for the State.

## Stakeholder Engagement

We engage with a broad range of stakeholders across all our business units and corporate functions including:

- The Minister for Finance, Minister for Public Expenditure and Reform, other Government Ministers and Departments, State Bodies, Commercial State Bodies and EU counterparties;
- Domestic, international and EU lending institutions, central banks and commercial banks;
- Domestic and international investor communities e.g. institutional investors, sovereign wealth funds, pension funds; and
- Domestic and international business communities and sectors e.g. entrepreneurs, start-ups, SMEs, and business firms.

To fulfil our mandates and meet the needs of our key stakeholders we must actively engage with all stakeholders. We must understand what support our stakeholders, particularly potential investors, can provide and leverage that support to deliver value to the State. Engaging in this communication process assists our stakeholders to better understand our roles and responsibilities – what we do and what we can do.

The NTMA is committed to engaging with our stakeholders in a collaborative process to seek better ways to fulfil our mandates, identify wider State considerations and common issues and seek solutions consistent with our mandates. During 2017 the NDFA will initiate a structured engagement process with its key external stakeholders to ascertain how successfully it carries out its financial advisory and public infrastructure delivery functions. The FDM Unit, ISIF and NDFA will expand upon its existing investor relations programmes building new relationships, identifying additional funding sources and seeking co-investors to achieve better financial outcomes for the State.

## We will maintain and enhance our reputation by:

### Ethical Behaviour

Reputations are not built solely at the organisation level. As individual employees, we have a role to play in maintaining the NTMA's reputation. We do this in a practical manner ensuring we treat our stakeholders and counterparties in a professional, responsible, respectful and objective manner. We will conduct our business in a trustworthy, impartial and compliant manner, conscious of our reputation and that of the State.

### Transparency & Accountability

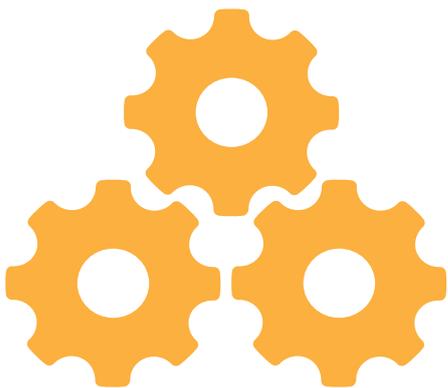
In keeping with our on-going commitment to transparency and accountability the NTMA will continue to fully implement its obligations under the Freedom of Information Act 2014 and the Code of Practice for the Governance of State Bodies.

### Consistent Performance

By continuing to deliver on our mandates, we will maintain and enhance our reputation with our key stakeholders. Our business goals set clear targets for each business unit in the execution of their specific mandates. By providing consistent, quality driven performance in fulfilling our mandates we will deliver long term value to the State.

# Develop our Capabilities as an Adaptive Organisation

Being adaptive allows the NTMA to respond to new challenges and opportunities while providing continuous professional services and expertise to our key stakeholders.



We have identified a number of organisational wide initiatives which will be further developed over the next three years to enhance our capability as an adaptive organisation. The achievement of this goal will require drive, initiative and commitment from all staff. These initiatives will be championed by the senior management within the NTMA.

### **Innovation**

The NTMA will commit to implementing initiatives to facilitate increased innovation at all levels within the organisation. We will be proactive, recognising and realising opportunities to provide better outcomes. In addition, we will not restrict ourselves to current service deliverables. By seeking to understand our key stakeholders' requirements we can develop ideas and solutions to address new challenges, consistent with our mandates. We will do this by leveraging our collective knowledge and experience and using our core competencies in financial expertise, investor relations and ICT based solutions in new ways.

### **Streamline and Simplify Business Processes**

This will involve focusing on the needs of our key stakeholders, empowering our people, and continually improving the current processes and systems within the NTMA. The focus will go beyond the traditional models of stepped improvement towards a model of continuous improvement.

### **Management Information System & Portal Capabilities**

A key feature of the NTMA's ability to respond to the changing demands of its business mandates has been the deployment of innovative and real time Management Information (MI) and portal systems. The development of these systems has resulted in more effective service deliverables to our stakeholders, improved business decision-making and cost efficiencies.

The new National Debt and Treasury Management Information System, due for implementation in 2018, will replace a number of legacy systems, improving the efficiency and effectiveness in the management of the National Debt. It is our intention to seek further opportunities for the development of such systems within the NTMA, including the development and delivery of additional Portal facilities to relevant internal and external stakeholders.

As a knowledge-based organisation we will also examine ways in which advanced MI solutions can better support the analysis of complex data sets containing a variety of data types, leveraging advanced data analytics, data visualisation and warehousing techniques to deliver better management information.

We will further leverage internal and external Cloud Services within the context of an Adaptive Security Architecture, focusing on the detection and responses to current and emerging cyber threats, utilising leading edge threat intelligence, secure Mobile services and data leak protection systems.

### **Other Initiatives**

The NTMA's senior management will continue to seek new ways to improve and develop the NTMA. We will put in place further initiatives to address functional and information silos, internal communications, bureaucracy, performance management and speaking up. The actions taken under these initiatives will be regularly reported to staff and their effectiveness measured in an open and self-critical manner.

# Enable our People to reach their Potential – Individually and Collectively

Placing 'People' as the foundation for our strategy means more than recruiting and retaining employees – it is about enabling our people to reach their potential and contribute to the NTMA's strategic goals. A culture of self-leadership, collaboration and learning will be critical in supporting this.



## Self-Leadership

We will implement a number of Leadership Development programmes to promote self-leadership and to ensure senior managers demonstrate clearly the necessary behaviours to build trust, openness, accountability and empowerment in teams. This will enable us to create high performing teams that can deliver on the NTMA's varying mandates.

## Collaboration

The NTMA is fortunate to have a broad and diverse range of skillsets, expertise and experience amongst its employee base. Collaboration through effective teamwork can leverage this experience and produce results above and beyond what can be achieved individually. We will seek opportunities to create cross unit teams to address common issues within the organisation and as part of our drive to increase innovation and realise synergies between business units.

## Learning

Achieving the goal of becoming a learning organisation is ambitious and will require that everyone in the organisation continues to develop. Given the complexity and level of change across the NTMA, people continuing to learn and change will be critical. The target is to create a learning environment that supports every employee to reach their full potential.

The culture of self-leadership, collaboration and learning will be supported by enhanced internal communications channels. These channels will focus on communicating the NTMA's message to its people, allowing people to voice their views and observations and allowing people to engage with each other across business units.

## Key initiatives include:

- Reviewing how we attract, retain and reward skillsets in the NTMA;
- Continuing to develop and deliver a broad range of Learning and Development programmes over the timeframe of this strategy;
- Implementing a new HR Management System that will provide access to a suite of new user friendly modules e.g. recruitment management, learning management, performance management, talent management and succession planning; and
- Continuous enhancement of performance management and up-skilling of managers to have better performance conversations.

## 3

# Managing Risk

In fulfilling our mandates for the State the NTMA is exposed to challenges and risks from both domestic and international sources.

The domestic economy is currently performing well with key indicators pointing to a continued recovery. On the international stage a number of key risks and uncertainties exist, particularly within the Eurozone. Any deterioration in either the domestic or international environments may have a negative impact on the achievement of our strategic and business goals.

Although the NTMA may not have direct control over certain emerging risks and challenges, their identification and evaluation will inform our business decision-making and planning. As such we must constantly scan our horizons to ensure we identify and constantly monitor these risks.

## Risk Management Framework

The NTMA ensures that it manages its risk profile within its agreed risk appetite, that material risks are adequately identified, management of risks is monitored and that suitable and effective risk management arrangements are in place, alongside clearly defined and delineated roles and responsibilities. The minimum standards and definitions for risk management are set out in the Risk Management Framework and Policy.

## Strategic Risk Assessment

We have developed a risk assessment capacity in relation to those risks which may impede the NTMA in achieving its strategic goals. The Strategic Risk Assessment is a comprehensive assessment of the top risks facing the NTMA across all its mandates. These are monitored, updated and reported to the Audit and Risk Committee and the NTMA Board. This is complemented by a bottom up risk assessment process to identify the

business unit level risks. The Strategic Risk Assessment currently identifies top risks across the following areas - Economic, Geopolitical and Market Risk, Investment Risk, Stakeholder Risk, Behavioural Risk, Operational Risk, Third Party Risk, Change Risk and People and Culture Risk.

We will continue to embed the Strategic Risk Assessment in our corporate and business planning processes to ensure that the critical, enterprise-wide risks affecting our ability to reach our strategic and business goals are identified, considered and appropriate decisions made.

## Risk Appetite Framework

This is the overall approach through which NTMA risk appetite is established, communicated and monitored. It includes risk appetite statements, key risk indicators and outlines the roles and responsibilities of those overseeing the implementation and monitoring of the Framework.

Good risk management means making informed and coherent choices regarding the risks the NTMA wants to take in pursuit of its objectives and mandates, while taking into account the costs and measures required to manage and mitigate these risks. It enables the organisation to make informed business decisions ensuring the trade-off between risk and reward is appropriately set, having regard to the key risks to which it may be exposed by such decisions.

## Building Resilience

In recognising that we cannot eliminate risks outside of our control a key feature of this strategy is to ensure that the NTMA has the resilience and organisational capabilities to adapt and respond effectively to risks and challenges as they arise.

## 4

# Annual Planning Process

To support the achievement of our mandates and strategic goals, each business unit and corporate function has formulated rolling three year goals and performance measures.

In the context of the changing operating environments in which we operate, it is important to ensure the business and corporate function goals remain aligned with their external environments.

Our Annual Planning Process incorporates the following key aspects:

## Strategy Update

Each year, as part of our planning process and prior to the finalisation of the NTMA annual budget, we will undertake an update of our strategy. This update will measure progress against our strategic goals, identify any external changes which require realignment of our goals and agree new initiatives to maintain progress.

## Annual Targets

As part of the strategy update each business unit and corporate function will also establish new annual targets for the forthcoming year. We will report to the NTMA Board on targets achieved for the previous year, identify required resources and coordinate between business units and corporate functions to ensure an integrated approach to our business planning.

A primary responsibility for the NTMA Board is to ensure that clear strategic guidance and direction is provided to the NTMA in achieving its purpose. Proposed changes to the corporate strategy will be reported to the NTMA Board for review and consideration to ensure continued alignment with the Board's strategic direction for the NTMA.

## Corporate Functions

The delivery of the NTMA's business goals will require an organisation that is internally aligned. The NTMA corporate functions have in place a goal which focuses on supporting the achievement of our business mandates and meeting the requirements of key stakeholders. A key feature of this goal will be the continued business partnering approach between the business units and corporate functions.

## Supporting Strategies

People and Information and Communications Technology (ICT) are two key elements in supporting the execution of our mandates. Given their importance, separate supporting strategies have been formulated:

### The HR Strategy 2017 – 2019 and The ICT Strategy 2017 – 2019.

These strategies have been developed following consultation with the business units and other corporate functions to identify their requirements over the next three years. This ensures these critical support functions are closely aligned with the requirements of our mandates.

In addition, both strategies have identified key organisational wide initiatives to support our strategic goals of enabling our people and being an adaptive organisation. The identification of key HR and ICT led initiatives will facilitate early planning and prioritisation of corporate level resources to ensure timely delivery in a cost efficient manner. These supporting strategies will also be reviewed as part of our Annual Planning Process.

## NTMA Business Goals and Performance Measures 2017 – 2019

NTMA Business Unit	Business Goals to meet our mandates	Performance Measures will include
<b>Funding and Debt Management</b>	<p>Issue long –term (LT) and short-term debt regularly to ensure liquidity for the State and at a rate which contributes to debt sustainability.</p> <p>Develop Retail Debt offerings as part of diversified portfolio.</p>	<ul style="list-style-type: none"> <li>■ Total LT-debt funding target range achieved.</li> <li>■ For 2017: Total LT bond issuance of €9 – €13 billion and quarterly T-Bill auctions of between €0.5 – €1 billion.</li> <li>■ Targeted average life range on new LT-debt issuance for each year achieved.</li> <li>■ Introduce 1–2 new funding products, subject to overall funding strategy and market conditions.</li> <li>■ Total target holdings of overall debt outstanding achieved.</li> <li>■ Modernise the State Savings offerings to widen the customer base.</li> </ul>
<b>Ireland Strategic Investment Fund</b>	<p>Deliver Investment Mandate: Commercial Return and Economic Impact.</p>	<ul style="list-style-type: none"> <li>■ €750 million – new investment commitments in Ireland in 2017.</li> <li>■ Deployment: Deliver consistent with mandate.</li> <li>■ Diversification: Across asset classes, drivers of economic impact, sectors &amp; duration and number of investments.</li> <li>■ Return: Each individual investment must be “commercial”, target rolling five year portfolio return to be 4%.</li> <li>■ Economic Impact: Focus on high economic sectors, short term/accelerate role in lower impact sectors. Identify metrics on ex-ante basis to monitor ex-post basis.</li> <li>■ Multiply Investment Impact: Co-investors, and recycle and reuse.</li> </ul>
<b>National Development Finance Agency</b>	<p>Provide financial advisory services to Government agencies so that the Capital Programme projects are delivered in the optimal manner to achieve value for money (VFM).</p> <p>Pro-actively, manage and support</p> <ul style="list-style-type: none"> <li>■ the Irish Public Private Partnership (PPP) market and other off-balance sheet vehicles in support of Government strategic infrastructure policy and objectives.</li> <li>■ optimal Exchequer funding and the delivery of on-balance sheet projects.</li> </ul>	<ul style="list-style-type: none"> <li>■ Public Sector Benchmarks compiled and VFM assessments issued.</li> <li>■ Milestone dates achieved in delivery of opinions and advice.</li> </ul> <p>Adequate participation rates by:</p> <ul style="list-style-type: none"> <li>■ Equity sponsor organisations in PPP competitions;</li> <li>■ Construction companies; and</li> <li>■ Competitive finance solutions available for PPP and non-PPP projects to support VFM outcomes.</li> </ul>

NTMA Business Unit	Business Goals to meet our mandates	Performance Measures will include
<b>National Development Finance Agency</b>	Deliver major capital projects, both PPP and non-PPP and provide contract management and advisory support services to Government departments and agencies so that all projects referred to NDFA are delivered in the optimal manner to achieve VFM.	<ul style="list-style-type: none"> <li>■ Project and operational deliverables in line with agreed client and regulatory parameters.</li> <li>■ No successful legal challenges.</li> </ul>
<b>NewERA</b>	<p>Provide corporate finance and governance advice to relevant Ministers:</p> <ul style="list-style-type: none"> <li>■ regarding the financial performance of designated commercial state bodies ('CSBs') and other entities as requested in the context of agreed financial targets which have taken account of shareholder objectives;</li> <li>■ to support Government policy decision-making around investment in NewERA sectors; and</li> <li>■ on the disposal or restructuring of State assets, to facilitate the State in achieving its financial objectives on its portfolio of investments.</li> </ul>	<ul style="list-style-type: none"> <li>■ Annual Portfolio Report completed to facilitate reporting and monitoring of financial performance of CSB companies in line with Shareholder Expectation Framework.</li> <li>■ All CSB commercial proposals requiring Ministerial consent or approval reviewed and NewERA advice provided to relevant Minister within agreed timeframes.</li> <li>■ Post-project reviews for significant CSB capital projects.</li> <li>■ Proposals developed to enable investment in key NewERA sectors to support economic activity and employment.</li> </ul>
<b>State Claims Agency</b>	<p>Manage delegated claims and the accompanying litigation to a best practice standard so as to ensure that the State's liability in relation to such claims and the attached legal costs are contained at the lowest achievable level.</p> <p>Advise and assist State Authorities, including hospitals and health enterprises, on the management of litigation risks associated with all classes of claims to a best practice standard to minimise the liabilities of the State and minimise the incidence of claims.</p>	<ul style="list-style-type: none"> <li>■ Variance against external, actuarially projected budget. Actual cost to be less than projected cost.</li> <li>■ Plaintiff legal cost savings across all portfolios to be not less than 25%.</li> <li>■ Resolved claims to active claims ratio equal to or exceeds 20%.</li> <li>■ Legal Cost Unit savings across all legal cost claims to be not less than 30%.</li> <li>■ Reduction in the number and cost of claims, in areas relating to specific risk management initiatives, over a three year period (excluding claims in respect of adverse events which occurred prior to that period).</li> <li>■ Mass/class actions, where possible, predicted and contained.</li> </ul>

## 5

# What Success Looks Like

Arising from the nature of the mandates entrusted to the NTMA, we focus on delivering long term value to the State. We have adopted a rolling three year plan, integrated into our Annual Planning Process, to facilitate this long term focus. We will continuously monitor our progress with success evidenced by a number of desired outcomes:

■ **State funded on a sustainable basis;**



■ **Commercial return of 4% achieved on investments, economic activity and employment increased in target sectors;**



■ **Key public infrastructure delivered under the Capital Plan;**



■ **Ministerial shareholding value maximised in relevant Commercial State Bodies; and**



■ **State's liabilities and legal costs contained at lowest achievable level and future incidence of liabilities reduced in relation to personal injury and property damage.**



In addition we will:

■ **Leverage our reputation to deliver better outcomes for the State;**



■ **Adapt to meet any new challenges; and**



■ **Become a great organisation to work for with engaged and motivated people.**



# 2016 – A Year in Review



We deliver Long Term Value to the State by...

## Funding the State at a sustainable rate

- **€8.25bn** of long term bond funding at a weighted average yield of 0.82% (compared to 6% when returning to markets in 2012) and a weighted average maturity of 10 years.
- **100 years** Ireland's 100 – year bond for €100 million was a significant first.
- **€2bn** of bond switches.
- **€20.1bn** The total amount of State Savings.

*Lower borrowing costs have generated significant savings for the State. The annual interest bill on Government debt has dropped below €6.7bn and we expect it to fall to under €6bn in the coming years.*

## Investing for a commercial return while supporting economic activity and employment

- **€522m** committed by ISIF in Ireland during the year.
- **21,900 jobs** supported by ISIF investment to date.
- **3.8 times** co-investment multiplier in 2016 was well ahead of target of 2.0 times.
- **€6.6bn** Global Portfolio Transition Strategy was implemented with the objective of creating a strategy for ISIF's global portfolio that gives it the optimum likelihood of achieving its target return.

## Supporting key public infrastructure delivery

- **25,000** All Schools Bundle 4 schools were delivered on time bringing the number of student places delivered through PPP Schools Bundle Programme since 2010 to almost 25,000.
- **€23m** The refinancing of the N17/N18 PPP generated €23m in savings to the State.

- **€430m** Long term competitively priced funding for non-PPP projects negotiated with the EIB.
- **Primary Care PPP** First Irish Health Care PPP and first European Health Care project under the Juncker Plan (European Fund for Strategic Investments).

## Providing financial and commercial advice to Government

- **€7bn** Financial and commercial advice was provided on activities requested by major commercial semi-State entities valued at c.€7bn under New ERA's remit – Bord na Móna, Coillte, EirGrid, Ervia, ESB and Irish Water (Portfolio entities).
- **€0.43bn** of dividends were generated for the Exchequer by these entities in the period 2015 / 2016.
- **Significant growth** took place in the number of additional assignments for Ministers in respect of the transport, agriculture, health and climate action sectors (including Irish Aviation Authority, daa plc, CIÉ, Dublin Port, Cork Port, Teagasc and Vhi).

## Managing the State's current and future personal injury and property damage liabilities

- **€2.2bn** is the estimated outstanding liability from almost 9,000 active claims being managed at end – 2016.
- **8.8%** saving against the independent actuarial assessment of €275.7m for the cost of resolving and managing on-going active claims in 2016.
- **45%** reduction on the €49m bills of costs received from third parties, a saving of €22m.



## Maintaining and enhancing our reputation allows the NTMA to deliver better outcomes for the State through...

### Stakeholder Engagement

- All NTMA business units and corporate functions have significant engagement with **Government Ministers & Departments, State Bodies, EU counterparties and other key stakeholders.**
- Behaviour & Attitudes, Ireland's leading independent market research agency, conducted a survey of SCA client Departments and Agencies, which indicated that the **SCA received the highest public body customer satisfaction rating** that B&A had recorded.
- NewERA published its **first Annual Performance Review** of the Portfolio entities under its remit.
- The **Cost of Insurance Working Group Report** involving the SCA was published by the Minister of State for Financial Services, Eoghan Murphy TD in January 2017.
- The **Enterprise Risk Report** in relation to assaults on prison officers was presented to the Tánaiste in November.
- The first edition of the **SCA's eZine** to 139 State authorities was published.
- NDFA and ISIF membership of **EIB / Ireland Joint Committee on Funding Infrastructure** chaired by Minister for Finance.

### Investor Relations

- **100 plus investor meetings** – Structured international Investor Relations Programme visits by FDM to key centres in Europe, the US, the Middle East and Asia.
- **Major market engagement event** hosted by ISIF in National Convention Centre, supported by a number of other smaller regional events during year.
- **Speaking engagements** by NDFA at a number of domestic and international events facilitating the promotion and support of the Irish PPP market.

- In excess of 1,500 domestic and international recipients of the **Market and Fiscal commentary** from the NTMA's Economics Unit.

### Media & Public Relations

- **Proactive engagement with media** in communicating the NTMA's work on behalf of taxpayers.
- A regular **social media presence** was maintained enhancing our outreach to media, stakeholders and the public.
- NTMA Legal Unit included in the 2016 **GC Powerlist: Ireland Teams compiled by Legal 500**, which recognises the most influential and innovative Irish in-house legal teams.
- The NTMA established a **Continuous Improvement Network** providing an opportunity for other public and private sector service organisations to share experiences and lessons.
- The SCA held the **Quality Clinical Risk & Safety Conference** in Dublin Castle in September.



Being adaptive allows the NTMA to respond to new challenges and opportunities while providing continuous professional services and expertise to our key stakeholders.

### Innovation

By seeking to understand our key stakeholders' requirements we develop solutions to address new challenges consistent with our mandates.

- **Retail Debt Products** The online sales of Fixed Term products was successfully launched and is expected to contribute to a widening of the customer base.
- **Innovative ICT solutions** saw enhancements to our mobile technology / remote access capabilities, development of a 'Cloud' Adoption Strategy and development of CRM collaborative workflow solutions for Procurement, Contracts and Compliance.
- **MilkFlex product** developed by ISIF and Glanbia was showcased by the EU Commission as an example of innovation in agri-finance.

### Streamlining & Simplifying Business Process

- **65% of staff** engaged in continuous improvement activities, aimed at making the NTMA a more streamlined and efficient organisation, with **154 days of CI training** delivered.
- **Enterprise Ireland, Toyota, Rabobank and Vodafone** visited the NTMA to learn about our continuous improvement programme. We also visited **Bank of Ireland, TopFlight and Abbott** to understand their programmes.

### Management Information & Portal Systems

- **National Debt & Treasury MI Reporting** system.
- SCA – **National Incident Management System Data Visualisation & Analytics Reporting** for the HSE, Defence Forces, Garda Síochána, Irish Prison Service, Tusla and over 100 other state authorities.
- Retail Debt – **Public Service Identity Validator (PSIV)** portal.

*The development of these systems has resulted in more effective service deliverables to our stakeholders, improved business decision-making and cost efficiencies.*





**Our culture of Self-Leadership, Collaboration and Learning enables our people to reach their potential and contribute to the achievement of our goals.**

### A Diverse & Inclusive Workplace

- The Gender Balance Initiative was launched with the establishment of the **NTMA's Women's Network**.
- The NTMA's **Disability Awareness Team** was set up to support a more disability friendly environment.
- NTMA set up a working group to consider how best to promote a supportive working environment for **lesbian, gay, bisexual, transgender and/or intersex** people within the NTMA.
- Staff gave over **230 Volunteering Days** and raised **€7,000** through various fundraising initiatives.
- The **NTMA Choir** participated in the RTÉ production 'Centenary' at the Bord Gáis Energy theatre which aired live in March.

### Continuous Investment in Our People

- Welcome to our **104 new joiners** in 2016.
- There was an average of **2.5 days learning and development per employee** with almost 75% of people attending some form of learning and development during the year.
- Contract signing for the **NTMA's new premises** was completed with design work commencing in 2017.
- The NTMA's first full **graduate programme commenced** in ISIF, NewERA, NDFA, SCA and the Risk, Compliance and Finance units. It is intended that the NTMA would have a best in class graduate programme by 2019.
- The NTMA's health and wellbeing programme '**BALANCE**' facilitated a range of services and events for employees including health screenings and check-ups, lunchtime talks on health matters, wellbeing courses and a host of other initiatives.
- The **Sports & Social Committee** is involved in organising an **average of at least 27 activity classes or sessions per week!**



## Our Purpose

To Manage Public Assets & Liabilities  
Commercially and Prudently

## Our Goals

### Long Term Value

We will deliver long term value to the State



### Reputation

We will maintain and enhance our reputation in delivering value to the State



### Adaptive

We will develop our capabilities as an adaptive organisation



### People

We will enable our people to reach their potential - individually and collectively



## Our Culture



Self-Leadership

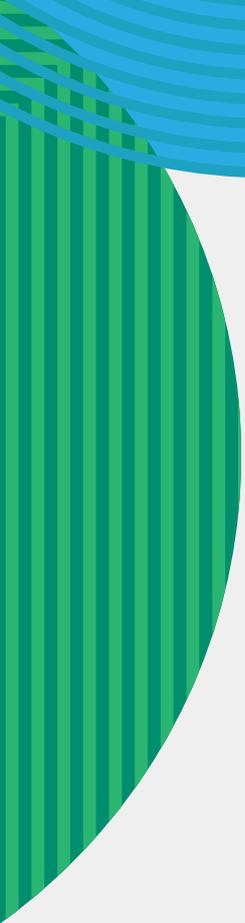
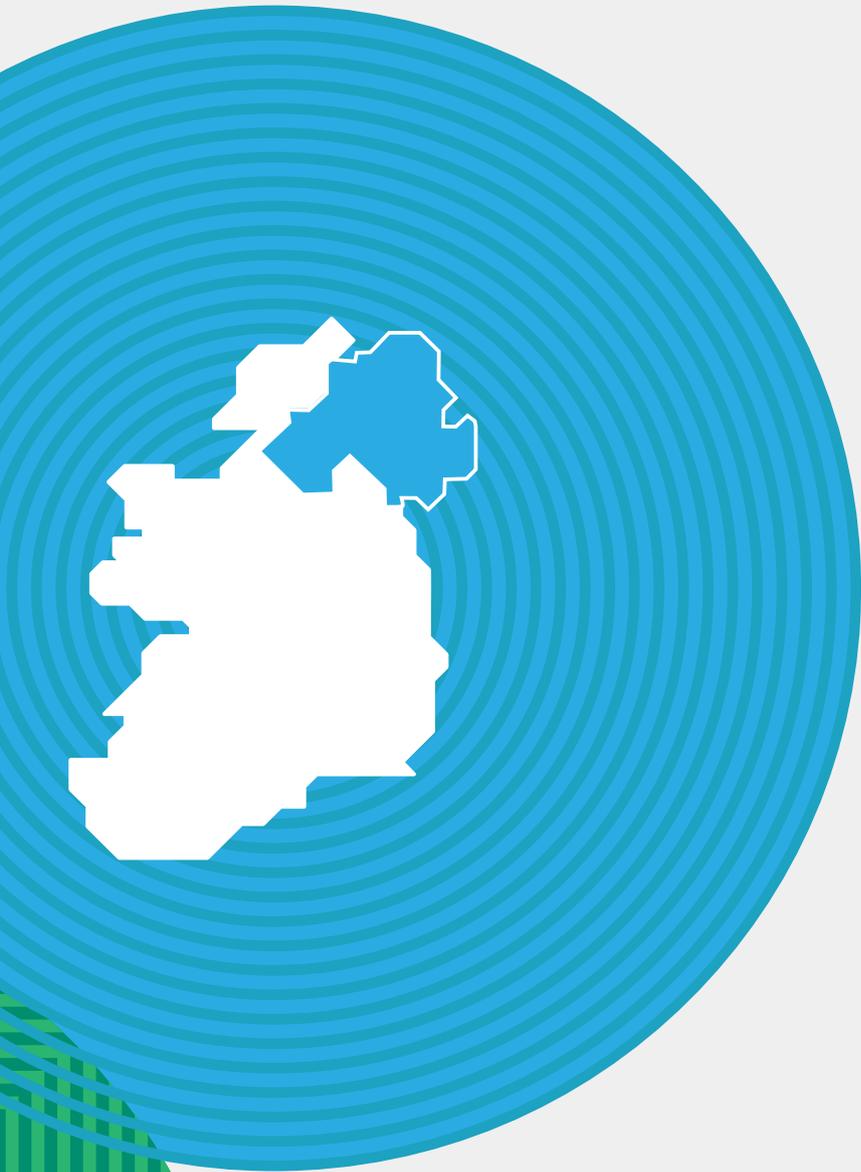


Collaboration



Learning





**National Treasury Management Agency**

Treasury Building  
Grand Canal Street  
Dublin 2  
DO2XN96  
Ireland

**T** +353 1 238 4000

**E** [info@ntma.ie](mailto:info@ntma.ie)

**W** [www.ntma.ie](http://www.ntma.ie)



Follow us on Twitter @NTMA\_IE