

JAPONICA PARTNERS 15 SEPTEMBER 2015 TELECONFERENCE RE A GLOBAL 5-STAR FINANCE MINISTER FOR GREECE

Christopher Magarian Transcript - Technical Capabilities Checklist

Transcript from Christopher Magarian, Japonica Partners Finance Group Director:

I'm going to walk you through the Greece 5-Star Finance Minister Scorecard: Technical Capabilities Checklist, which can be found on www.mostimportantreform.info.

In rating candidates for a global 5-star finance minister for Greece that can drive a financial turnaround of the Greece government (which accounts for approximately one half of the GDP), you'll need to determine their knowledge of the following technical capabilities:

1. **Present Value of Net Debt:** A 5-star candidate knows that correctly calculated present value of Greece net debt under both ESA 2010 and 2008 SNA (as well as international accounting standards IPSAS and IFRS) was 18% of GDP at the end of 2013, which is approximately 1/4 of EU post-programme countries.
2. **Debt Service:** A 5-star candidate knows that correctly calculated debt service burden of Greece over the rating agency credit horizon of the next three years is only 6% of GDP, approximately half of EU post-programme countries.
3. **Debt Relief:** A 5-star candidate can Correctly calculate debt relief from the third program of €64.6 billion.
4. **Primary Balance:** A 5-star candidate knows that Correctly calculated Greece Q1 2015 primary balance was not the positive 3.9% of GDP initially touted, but was closer to negative 14% of GDP.
5. **Value Destroyed:** A 5-star candidate understands that Value destroyed by government actions over the past year could be in the range of 70 billion euros, which equates to about 1.8 years of the entire nation's annual tax revenue, and that Greek investors lost about 30 billion euros during the same period.
6. **Single-entry:** A 5-star candidate knows that the Greece government's current financial management system is comparable to single-entry cash-basis accounting (used during the Ottoman era), which cultivates corruption and inefficiency, especially in a country that has one of, if not *the* worst corruption index ratings in the EU.
7. **Balance Sheet:** A 5-star candidate Understands that the Greece government does not currently have an internationally comparable audited balance sheet and can quickly build a preliminary opening balance sheet based on currently available information.
8. **Financial Statements:** A 5-star candidate Understands that the Greece government does not provide internationally comparable financial statements to the IMF for use in Debt sustainability analysis, or to the credit rating agencies for use in rating evaluations, . A good candidate will have the ability to quickly rectify the situation.
9. **Net Worth:** A 5-star candidate can calculate a current estimate of the Greece government consolidated net worth and can calculate changes in net worth for a reporting period and for specific financial decisions.
10. **100-Day Plan:** During the selection process, a 5-star candidate will publicly share a 100-day plan (including 30, 60, and 100 day milestones) with quantifiable financial impact goals, and avoids promises of easily circumvented legislation and vote buying.

These technical capabilities are essential for a 5-star finance minister. Thank you.