CONCLUSIONS OF THE 12th DMFAS ADVISORY GROUP MEETING

The DMFAS Advisory Group advises the Secretary-General of UNCTAD of the following conclusions of its 12th Meeting, held in Geneva on 21-22 November 2019. The DMFAS Advisory Group, with due regard to the continuous efforts of UNCTAD:

Evaluation of implementation of Strategic Plan 2016-2019

1. Recognizes the very positive results achieved by the Programme in the implementation of its 2016-2019 strategic plan.

2. Takes note of the findings and recommendations of the external evaluation (Mid-Term Review 2018) of the Programme.

3. Endorses the evaluator’s conclusions that the DMFAS Programme is very relevant, that it continues to play an important role in debt data recording and reporting and that it has contributed significantly to capacity building in countries.

4. Agrees that DMFAS has had an important impact on establishing effective information systems for debt recording, debt validation and reporting, and that the performance indicators show clear improvements in debt data coverage and quality, debt data reporting and debt portfolio analysis.

5. Notes that the overall satisfaction with the Programme of donors, clients and partners is rated as very high and has improved compared with the previous evaluation in 2013.

6. Appreciates that the Programme has been rated highly in terms of cost effectiveness and timeliness of installation, adoption of necessary changes required and providing quality products and services.

7. Appreciates also that the quality rating increased for almost all areas and is particularly high for the DMFAS system, documentation, training on recording, data validation, the software and statistics.

8. Acknowledges that country needs and demand for DMFAS support remain very high, particularly for DMFAS software upgrades and its capacity-building services in debt recording, reporting, transparency and operational risk management.

9. Is encouraged by the evaluator’s conclusion that Programme objectives are well-delivered, that the Programme is highly effective in the areas of debt recording and reporting and that, in relation to cost-effectiveness, the overwhelming majority of beneficiaries agreed that DMFAS is a cost-effective solution for their institution.

10. Is reassured that the Programme continues to make a significantly positive impact in the long term in terms of its relevance, effectiveness, efficiency and country specific sustainability.
11. Requests donors to recognize the conclusion that the Programme’s financial sustainability, future development, installation and capacity building activities will require significant contributions from current and new donors.

12. Requests UNCTAD to implement the evaluator’s recommendations, particularly in making further improvements for domestic debt, portfolio analysis and linkages to analytical tools and in exploring how operational efficiency can be improved by more outsourcing, increased cooperation with partners, decentralization and more on-line usage.

**Consideration of proposed Strategic Plan 2020-2023**

13. Endorses the new Strategic Plan and corresponding implementation plan proposed by the Programme.

14. Appreciates that the new plan is a timely and very relevant response to the needs of developing and transition countries and to the concerns of the international community, including the G20 and the United Nations General Assembly, about the overall outlook for external debt sustainability in developing countries and the related problems with debt data transparency in a number of countries.

15. Welcomes that the new plan responds to the recommendations and requests of the Programme’s stakeholders, including those of the DMFAS Advisory Group.

16. Considers that the new plan makes an important contribution to the achievement of the Sustainable Development Goals (SDGs) by promoting effective debt management in accordance with the Addis Ababa Action Agenda.

17. Supports the plan’s focus and strategic priorities, and in particular the expanded debt coverage, the development and implementation of DMFAS 7 and capacity-building.

18. Emphasises that expanding the scope and coverage of debt instruments in the Programme's products and services will respond to the increasing complexity in debt portfolios and will help to improve debt data transparency and the availability of information for debt analysis and policy-making.

19. Requests the Programme to take account of the following needs for the development of DMFAS 7 in addition to those foreseen in the draft strategic plan:

   - Template with debt balances at the end of each year to be used for reconciliation with creditors;
   - Direct Access to Helpdesk tool from the system;
   - Coverage of all costs associated with borrowing.

20. Stress the importance of continued synergies between the DMFAS Programme's technical assistance work and UNCTAD's research and analytical work on debt management.
21. Highlights the critical importance of continuous support from the Programme’s Helpdesk and advisory services that provide guidance in key areas such as integration of debt management within the overall public finance management (PFM) framework.

22. Emphasises the importance of supporting DMOs with responsibilities related to Public Private Partnerships (PPPs).

23. Reiterates its recommendation that UNCTAD prioritises the establishment of DMFAS support offices in all regions to provide more effective decentralized support to countries using the DMFAS system, in accordance with the new strategic plan.

24. Appreciates that the plan includes the implementation of certification for DMFAS users which will provide many benefits for DMOs.

25. Considers that the Programme’s capacity development framework will provide countries with practical solutions for meeting their capacity-building needs.

26. Appreciates that the new capacity development framework includes virtual learning methods such as E-learning and Self-study options and requests that the Programme provides as much as possible of these including online video training.

27. Understands that full implementation of the plan is subject to the availability of sufficient financial resources to cover the total estimated budget of 32 million USD over 4 years.

Best practices

28. Recommends to DMFAS user countries the following best practices:

- Availability and implementation of a comprehensive legal framework for debt management, including the definition of responsibilities, effective coordination and information flows between institutions for the different types of public sector debt;
- Institutional policy that promotes retention of trained staff in the Debt Management Office and provides learning opportunities when staff turnover occurs;
- Periodic review and update, as required, of the debt procedures including those related to data processing;
- Regular public debt management audit (compliance and performance) and external evaluations;
- Strengthen corporate governance for state-owned enterprises (SOEs) debt management;
- Install DMFAS in all public institutions and corporations with responsibilities for public debt or provide them with facilities for data sharing with Central government;
- Framework defining the regional specifics regarding scope of debt, classification, and nomenclature in order to harmonise debt data of countries in the same region;
- Implement as quickly as possible any regional instructions for data collection, management and dissemination;
• Work collaboratively with the national Supreme Audit Institution.

29. Recommends that debt management offices have access to and follow guidelines for communicating with the public of government debt including explanation on why the government borrows.

Public Finance Management (PFM) Integration

30. Requests that UNCTAD provides the following support to countries integrating DMFAS with PFM systems:

• Training to enhance knowledge in DMFAS database structure;
• Assessment of feasibility of developing interfaces;
• Support to IT Staff for the development, providing guidance for programming, and validation of the interface before implementation;
• Support for the maintenance of interfaces;
• Facilitate integration through providing an application program interface (API) that follows international accounting standards;
• Support for the use of new programming techniques, for example AGILE programming.

DMFAS 7

31. Emphasizes the importance of the following planned functions for DMFAS 7:

• Facilitating imports of data such as exchange rates from other systems and platforms including Bloomberg and Reuters;
• Optimized processing time for reports;
• Dashboard with alert on actions to be taken by the DMFAS user;
• Coverage of contingent liabilities;
• New instruments such as derivatives;
• Inclusion of loans to other countries, facilitating the calculation of net debt;
• Market value;
• Strengthened audit functions;
• Secondary market;
• World Bank Form 4;
• World Bank statistical reports: QEDS, QPSD.
32. Welcomes the following functions planned as essential for ensuring debt data transparency:

- Improved recording and monitoring of contingent liabilities;
- Extended debt instruments coverage & facilities;
- Expanded public institutional coverage;
- Enhanced reporting with templates for Public Sector debt statistics;
- New facilities such as electronic templates and forms for data sharing and collection between institutions including for Private Non-Guaranteed External Debt, enabling analysis of that debt.

33. Requests that UNCTAD involves government auditors in the design of specific functionalities to support internal audits.

**DMFAS 6**

34. Appreciates the enhancements to DMFAS 6 and in particular the link with MTDS and the calculation of nominal value in accordance with international debt statistics standards.

35. Requests UNCTAD to integrate any urgent new functionalities into DMFAS 6 if such functionality is needed before the release of DMFAS 7, to the extent possible.

**Debt Data Quality Framework (Debt-DQA)**

36. Welcomes the new Debt-DQA framework as a valuable addition to the tools available to debt managers for improving the quality of debt data.

37. Requests UNCTAD to integrate the automatic application of Debt-DQA in the DMFAS system as soon as possible.

38. Recommends that UNCTAD provides capacity building opportunities in Debt-DQA to all DMFAS user countries.

**Capacity Development**

39. Welcomes the following planned capacity building modules in contingent liabilities including PPPs, and nominal value and calculation for accrual accounting in conformity with IPSAS.

40. Emphasises the needs for countries to receive technical assistance to improve capacities for data validation, debt portfolio analysis and data preparation for MTDS.
41. Welcomes the addition of the new capacity building module on procedure manuals.

42. Highlights the need for DMFAS to provide debt management training for auditors.

43. Recommends that UNCTAD facilitates the provision of training outside formal technical assistance projects, for example through training courses at a regional level and/or in collaboration with other providers.

**Monitoring and Evaluation**

44. Requests the Programme to organize in 2022 the mid-term independent external evaluation foreseen in the strategic plan and encourages all stakeholders to participate fully in the evaluation.

45. Asks that the Programme report back to the Advisory Group at its next meeting in 2021 on progress in implementing the new strategic plan.

46. Appreciates the results-based-management approach incorporated into the new Strategic Plan, including the well-defined and measurable expected results in the Logical Framework.

**Communication/Website**

47. Appreciates the improvements made to the DMFAS Website Portal, including regular updates, the availability in French and the addition of self-learning material and information on new learning modules, and requests the Programme to continue to make learning materials available on this medium.

48. Communicates its satisfaction with the Programme’s successful efforts to make the Newsletter available in English, French and Spanish and requests UNCTAD to provide it in other user languages.

49. Requests UNCTAD to establish a common platform for DMFAS users to share experiences in the use of DMFAS and debt management in general.

**Support/Quality of services**

50. Reiterates its recommendation that the Programme provides as many services as possible in the different languages of the DMFAS user community, including documentation, release notes, helpdesk, workshops, website, and training materials.

51. Requests that responses to helpdesk queries be delivered as quickly as possible.

52. Recommends that UNCTAD seeks to establish a reserve fund for urgent training activities in between and post projects and considers including a contribution to this fund in future projects.
Cooperation and partnership

53. Emphasises the importance for the Programme to continue cooperation with other providers of technical assistance, including the Debt management Facility, in line with its comparative advantages and in complementarity, as described in the plan.

Business Model and Financing

54. Reiterates the Programme's essential role in assisting countries to build sustainable capacity for the effective management of public debt, particularly in ensuring the availability of high quality debt data and statistics, and consequently assisting the international community to meet its commitments to promote debt transparency and debt sustainability as defined in the 2030 Agenda for Sustainable Development.

55. Stresses the importance of the Programme obtaining the funding necessary to enable it to fully implement its Strategic Plan 2020-2023 and to continue to respond effectively to the many and evolving demands of developing and transition countries for assistance in building sustainable capacity for the effective management of their public debt.

56. Conveys its appreciation for the donor communities financial support to the DMFAS Programme and encourages donors to continue their support and requests that the Programme continue its efforts to expand its donor base.

57. Expresses its appreciation for the participation of beneficiary countries in the funding of the Programme through the cost-sharing arrangements and requests all countries to make their annual maintenance fee payments in a timely manner and for UNCTAD to provide timely invoices.

58. Reiterates the need to ensure that the capacity of the poorest countries and of the ability of all DMFAS-user countries to pay is reflected in the implementation of these new cost-sharing arrangements.

59. Recommends that a financial mechanism be established to assist the poorest countries to upgrade to DMFAS 7, therefore facilitating faster upgrading.

60. Repeats its appreciation of the commitment of current donors to work together with the DMFAS Programme to promote a coordinated approach by the international community to the financing of downstream activities such as those undertaken by the Programme, highlighting the critical importance of these activities for achieving the SDGs.