Strengthening Debt Management: Support from the International Community

by

Mr. Gerry Teeling

DMFAS Programme, UNCTAD

The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.
Strengthening Debt Management

The work of UNCTAD's DMFAS Programme

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Mr. Gerry Teeling

Chief, Debt Management and Financial and Analysis System Programme (DMFAS), UNCTAD

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• About UNCTAD’s DMFAS Programme
• Problems we address
• Our solutions
• New initiatives
• Results & Impact
UNCTAD’s DMFAS Programme

- Provider of technical assistance & public goods for debt management
- Multi-stakeholder initiative supported by cost-sharing by beneficiaries, bilateral donor contributions, and UNCTAD’s regular budget
- Support for over 100 institutions in 71 countries since 1981

**Mission:**

*Assist countries in strengthening their capacity to manage their debt with the ultimate objective of promoting better use of public financial resources to improve the living conditions of the people*
Effective debt management is essential, but many countries do not yet have the capacity to effectively manage their debt.

Difficulties in ensuring the availability of comprehensive, reliable debt databases that cover all aspects of the evolving debt portfolio and adequate support for debt statistical capacity and reporting.

Absence of timely and reliable debt data undermines countries’ capacity to operate effectively: conduct debt operations, report, perform analysis, undertake risk management, design appropriate strategies and policies.

Incapacity to adapt to increasing complexity of debt portfolios and technology.

Problems with debt transparency affect the ability of national governments and the international community to minimize the risk of debt crises and to take timely, remedial action.
Common problems in debt data recording & reporting

<table>
<thead>
<tr>
<th>Underlying Causes</th>
<th>Weaknesses</th>
<th>Problems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weak institutional and legal</td>
<td>Staff capacity</td>
<td>Unavailability of consolidated database</td>
</tr>
<tr>
<td>frameworks</td>
<td>Operational risk management</td>
<td>Accuracy</td>
</tr>
<tr>
<td>High staff turnover</td>
<td>IT support</td>
<td>Timeliness</td>
</tr>
<tr>
<td>Low staff capacity</td>
<td>Connectivity of Back Office</td>
<td>Coverage of central government debt only</td>
</tr>
<tr>
<td>Weak systems</td>
<td>Data validation</td>
<td>Missing debt instruments</td>
</tr>
<tr>
<td>Inadequate PFM Integration</td>
<td>Debt audit</td>
<td></td>
</tr>
<tr>
<td>Lack of learning opportunities</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Critical importance of debt data

Comprehensive, timely, reliable debt data

Accurate, timely debt servicing

Effective debt reporting

Reliable debt statistics

Borrowing plans

Coordinated policies

Improved reputation

Better governance

Transparency

Lower-cost borrowing

Reduced debt distress

Debt sustainability analysis

Medium-term debt strategies

Well-informed decisions

Improved reputation

Debt sustainability

Poverty reduction

Sustainable development
Consequences of weak debt databases

- Sustainable development
- Debt sustainability
- Poverty reduction
- Lower-cost borrowing
- Reduced debt distress
- Transparency
- Better governance
- Improved reputation
- Well-informed decisions
- Coordinated policies
- Medium-term debt strategies
- Debt sustainability analysis
- Borrowing plans
- Accurate, timely debt servicing
- Effective debt reporting
- Reliable debt statistics

Comprehensive, reliable debt database
Results of weak debt databases

- Damaged reputation
- Poor planning & decision-making
- Lack of information
- Weak coordination
- Debt distress
- Increased vulnerability
- Higher cost of borrowing
- Difficulty securing funding
- Poor planning & decision-making

Results of weak debt databases
Our solutions

- Provide **concrete, practical solutions** for **Recording, Reporting, Operational, Statistical and Analytical** management:
  - **Debt management software** – DMFAS
  - **Capacity-development services**: Data Recording, Validation, Reporting, Statistical Bulletins, Portfolio Analysis, Operational Risk Management
  - **Advisory services** e.g. IFMIS integration

- **Integrate best practices & standards** into our solutions for strengthening staffing, structure and systems

- Focus on **downstream debt management** – support governments to strengthen the **foundations for effective debt management**
Our solutions (2)

- Commitment to continuous and evolving support: **Sustainability requires a long-term continuous, iterative process of learning and adapting to change!**

- Synergies and **complementarity with other providers:**
Strategic Plan 2020-2023

- **Expanded scope of debt coverage** to provide the comprehensive coverage of public sector debt needed for debt data transparency, tailored for individual country circumstances.

- **Extended scope of types of debt instruments** covered to include all traditional and non-traditional debt instruments.

- **Major new development of DMFAS software** – DMFAS 7.

- **Expanded capacity-building framework for debt data recording, reporting and monitoring**.

- **Implementation of new data quality assessment framework** - Debt-DQA.
Target institutions

- All current users and countries requesting UNCTAD support (currently 67 countries)
- Institutions responsible for managing countries’ public debt (DMOs/MoF/CB)
- Sub-national government debt offices
- + private sector non-guaranteed ext. debt
- Facilitate data recording and reporting by entities managing different types of debt instruments (SOEs etc.)
- Responds directly to the requirement to improve debt data transparency
- Enables comprehensive recording, reporting, monitoring, management and analysis of the full range of public sector debt including contingent liabilities
- Offers facilities such as electronic forms and import/export functions for sharing data between entities
- Integrates major advances in technology
DMFAS Capacity-development framework

- Systematic Assessment Certification Database Trainees (ERS)
- Measurement & Assessment
- Comprehensive Content
- Functional & Technical
- Collaboration Platform
  - Troubleshooting centre forum, Webinars, Partnerships
- Autonomos Learning
- E-Learning Tutorials, Demos
- Blended Learning
- E-Learning & Classrooms
- Traditional Learning
- Classroom Workshops On-the-job training
- On-the-job training Systematic Assessment Certification Database Trainees (ERS)
Joint initiative of COMSEC and DMFAS to develop a framework to systematically assess the quality of the databases recorded in debt management systems based on best practices and international standards in debt management

Debt-DQA complements other assessment tools available, including DeMPA, PEFA, CPIA, and the DQAF

Debt-DQA adds granularity to these initiatives as it specifically targets countries' databases available in both debt management systems: the CS-DRMS and the DMFAS

Importantly the tool can be used to improve the quality of data subscribed by countries to international subscribers like World Bank Debt Recording System (DRS), Quarterly External Debt Statistics for both SDDS and GDDS subscribers, and Quarterly Public Debt Statistics databases

Officially launched during the conference!
Government information systems for effectively managing complete, up-to-date and reliable debt databases

Increased knowledge of debt management procedures/best practices

More effective debt reporting and improved accessibility/availability of debt information

Strengthened operational risk management

Increased integration of debt management within PFM

Facilitated debt analysis

National debt management offices better record, process, monitor, report, disseminate and analyse the countries public debt in a sustainable manner

Enhanced transparency of debt information

Improved debt sustainability analysis

Improved medium-term debt strategies

Governments manage their debt effectively and sustainably in support of poverty reduction, development and good governance

Enhanced transparency of debt information

Improved debt sustainability analysis

Improved medium-term debt strategies

International community effectively supports countries to prevent and mitigate debt crises

Target 17.4 Assist long-term debt sustainability in developing countries through coordinated policies

Direct:

Indirect:

17 PARTNERSHIPS FOR THE GOALS

1 NO POVERTY
Thank You