



# DMFASINFO



THE NEWSLETTER OF THE DEBT MANAGEMENT - DMFAS PROGRAMME

## > Editorial

2005 was a very active year for the Debt Management–DMFAS Programme. However, it has also been a sad one as Philippe Straatman, the DMFAS Programme’s Chief since 2001, died in the course of the year. He will be greatly missed by his colleagues, as well as by many others. The large number of condolences received from clients, donors, international financial institutions, with whom Philippe had contact over the many years, prior and during his appointment as Chief of the Programme, is testimony to how much he was appreciated. Author of the well-known DMFAS pyramid approach to capacity building, his contribution to the dynamic understanding and action in the area of debt management is undeniable. During an interim period, the Programme will be directly overseen by Anh-Nga Tran-Nguyen, Chief of UNCTAD’s Debt and Development Finance Branch.

Since the last newsletter, the Programme is now working with three new country beneficiaries, Algeria, the Democratic Republic of Congo and Iraq, bringing the total number of DMFAS client countries to 65. We warmly welcome these new countries to our community of users and look forward to seeing them benefit from, and participate in, the Programme’s products, services and events to satisfy their countries’ debt management needs.

In June 2005, G8 Finance Ministers proposed to write off the multilateral debt owed to the African Development Fund, the International Development Association and the International Monetary Fund, by the 18 countries that had so far reached completion point under the Heavily Indebted Poor Country (HIPC) Initiative, with other countries also becoming eligible on reaching completion point. By coincidence, UNCTAD’s Fifth Inter-Regional Conference on Debt Management, which was held in Geneva on 20-24 June 2005, took place only shortly after the announcement of the G8 proposal, thereby giving the Conference an unexpected but pertinent additional topic for discussion.

The Conference also served as a forum for the third and final round of the multi-stakeholder consultations on ‘sovereign debt for sustained development’, coordinated by the UN’s Department of Economic and Social Affairs as a follow-up to the Monterrey Consensus. The consultations aim to get different ‘stakeholders’—e.g. governments, civil society, the private sector and academia—to exchange views on a number of important policy issues on the

international agenda. In support of this process, the Programme has launched DebtNet, an electronic forum on debt and debt management aimed at providing debt practitioners and other stakeholders with a regular and permanent platform for dialogue. So far it has attracted a lot of interest from participants. You will find out more on DebtNet, the Conference as well as on the Programme and its activities in general in this latest edition of DMFASInfo.

### IN THIS ISSUE :

- > **DMFAS HIGHLIGHTS**.....2
  - UNCTAD’s Fifth Inter-regional Debt Management Conference/DMFAS Advisory Group .....2
  - DebtNet, a Knowledge Network in Debt Management .....2
- > **COUNTRY FOCUS**.....3
  - Indonesia Workshop on the Production of a Debt Statistical Bulletin.....3
  - Republic of Congo Workshop in Geneva .....3
  - Viet Nam Workshop on the Production of a Debt Statistical Bulletin.....3
  - Projects Update .....4
- > **TECHNICAL CORNER**.....5
  - Procedures for Data Conversion from DMFAS 5.2 to DMFAS 5.3.....5
  - DMFAS 5.3 Advanced Security .....6
  - Frequently Asked Questions about DMFAS .....7
- > **ECONOMIC FOCUS** .....8
  - An International Sovereign Debt Management Index (ISDMI): Is it not Time the International Debt Management Community Develops and Adopts One? ..8
- > **EVENTS**.....10
- > **DMFAS TEAM** .....11
  - Departures/New Appointments .....11
  - Obituary .....11
  - DMFAS Consultants .....11
  - Debt Management–DMFAS Programme Staff .....12

## > > DMFAS HIGHLIGHTS

### > UNCTAD's Fifth Inter-regional Debt Management Conference/DMFAS Advisory Group

UNCTAD's Fifth Inter-regional Debt Management Conference was held in Geneva during the week of 20-24 June. The DMFAS Advisory Group Meeting also met during the week.

The Conference, which takes place on a biennial basis, gives those responsible for their countries' debt management the opportunity to discuss issues of particular concern to them.

In 2005, it also included the third and final round of the multi-stakeholder consultations on "sovereign debt for sustained development", coordinated by the UN Department of Economic and Social Affairs (UN-DESA).

More than 270 participants from some 90 member States of the United Nations, including representatives from governments, international organizations, the private financial and legal sector as well as from academia and civil society, attended the Conference.

#### What was discussed

- Operationalizing 'Debt sustainability'
- An inclusive approach to managing sovereign debt in good and bad times
- Debt crisis management
- The changing role of the debt manager
- Recent experiences in the organization of debt management offices
- Delivering greater information and transparency in debt management
- Additional debt relief

Each issue was discussed in expert panels, with each expert presenting a paper, followed by an exchange from the floor. The multi-stakeholder consultations were also held this way, however, in addition, informal consultations of two smaller groups took place outside the plenary. These smaller groups allowed for more in-depth and more private discussion that would not be possible in a larger audience. One group looked at issues of primary concern to low-income countries, while the other looked at issues facing governments that access international private funds for sovereign borrowing. Results of the informal discussions were then reported back to the plenary on the final day of the Conference. An official report of the consultations, along with the earlier two sets of consultations on debt sustainability, which took place in New York and Maputo earlier on in the year, was subsequently submitted to the UN's General Assembly.

Summaries of all the round table discussions as well as Speakers' papers, and the list of participants will be made available in a book form, to be published in 2006. Many of the speakers' papers, along with a participants' list and photographs from the conference can be consulted on the DMFAS website at <http://www.unctad.org/dmfas>. More information on the multi-stakeholder process can be obtained on the UN-DESA website at <http://www.un.org/esa/ffd>.

Current and future DMFAS activities among DMFAS client countries, donors and the UNCTAD secretariat were discussed at the DMFAS Advisory Group meeting. An evaluation report on

DMFAS activities for the period 2002-2005 was also presented. Based on the report, the Programme will present its new strategic work plan to existing and potential donors in a donors meeting, which will be organized in 2006. The donor meeting will determine the funding for a new multi-year, multi-donor trust fund, which will be established in 2006. During the Advisory Group meeting, Norway already reaffirmed its commitment towards future financial support.



Conference panel on additional debt relief, which included representatives from (left to right): UK, World Bank, UNCTAD, EURODAD and Spain.

### > DebtNet, a Knowledge Network in Debt Management

Professionals involved in debt issues now have at their disposal a permanent and dynamic electronic forum where they can discuss debt and debt management matters with one another, as well as share their concerns, experiences, ideas and best practices. More than 300 people from around the world are already members of DebtNet, which was launched in April 2005.

New interesting topics are discussed on the network each week. One idea that has been put forward to the network, for example, is that of an international sovereign debt management index. For those who haven't done so yet, we invite you to read it under the Economic Focus section of this newsletter.

Through the network, members have so far been able to discuss policy issues, such as debt and the Millennium Development Goals, debt sustainability, or the G8 debt relief proposal, but also more operational issues such as rollover and refinancing risks, private debt data collection, amongst many other topics.

Membership of DebtNet is free and individual-based. Members may either send e-mails to the Network openly or anonymously. Discussion is managed by a Network Facilitator, whose job is to encourage information sharing, provide additional research and produce periodic discussion digests. The DebtNet forum contains material in English, French or Spanish, and translations of various messages are provided by the Facilitator.

If you are not yet a member, we hope to welcome you soon! Please get in touch with DebtNet at [DebtNet.DMFAS@unctad.org](mailto:DebtNet.DMFAS@unctad.org) or at [dmfas@unctad.org](mailto:dmfas@unctad.org)

Below are details on just some of the country project-related training activities that the Programme undertook in 2005.

### > Indonesia Workshop on the Production of a Debt Statistical Bulletin

Indonesia hosted an eight-day workshop on the production of a debt statistical bulletin, from 28 March to 7 April 2005. It was also an excellent opportunity to test the comprehensive module on debt statistics recently developed by the Debt Management–DMFAS Programme.

Both Bank Indonesia and the Ministry of Finance jointly hosted the workshop, which was timely and important for two main reasons:

- Within the region, Indonesia has a considerably large government (external and domestic) debt of approximately \$140 billion. Total external debt (public and private) amounts to \$135 billion.
- Indonesia had no publication on total government debt, but it considered it important to produce one. Some statistical publications on external debt already existed, but these contained classifications, methodologies and aggregates that were not consistent with the new international standards, many of which are outlined in the *External Debt Statistics Guide for Compilers and Users*, produced by the Inter-Agency Task Force on Debt Statistics. Members of the latter include the Bank for International Settlements (BIS), the Commonwealth Secretariat, the European Central Bank, EUROSTAT, the International Monetary Fund, the Organisation for Economic Co-operation and Development (OECD), the Paris Club Secretariat, UNCTAD and the World Bank. The *Guide* draws on the broad range of experience of the international agencies and provides advice on the compilation of external debt and the analytical use of such data.

#### Methodology

The workshop was divided into four broad sections:

1. The first section dealt with conceptual issues relating to the publication of a debt statistical bulletin including coverage, mandate, frequency, timeliness, resources, publications calendar and classifications.
2. In the second session, discussions centred around a set of sample statistical tables that were included in the module on the production of a debt statistical bulletin as well as in additional tables that participants found relevant.
3. During the third session, the participants were organised into working groups to draft new/revised statistical publications with clear statements on coverage, periodicity, timeliness, tables and metadata (sources, definitions and methodology). Groups also assessed resources required, and created a plan of action.
4. In the fourth and concluding session, participants presented the results of the workshop to senior officials for feedback and input.

The output of the workshop will be a significantly updated monthly statistical bulletin on total external debt produced by Bank Indonesia as well as a revised quarterly publication on government external debt. The Ministry of Finance will introduce a new publication on central government debt and an updated publication on government external debt. The Ministry of Finance

launched their first quarterly statistical bulletin on total government debt in June 2005, just two months after the workshop.

Both Bank Indonesia and the Ministry of Finance have installed the DMFAS system and have up-to-date comprehensive databases. These provided the inputs for the Debt Statistical Bulletin. In the specific case of Bank Indonesia, it has only recently started using the DMFAS system, after two decades of using an in-house system. On the other hand, the Ministry of Finance has been using the DMFAS for monitoring government external debt since 1989.



Participants at the statistics workshop in Indonesia.

### > Republic of Congo Workshop in Geneva

UNCTAD organized a workshop on the advanced use of DMFAS version 5.3 for a delegation from the Republic of Congo, from 4 to 15 April 2005. The delegation consisted of six DMFAS users from the country's Caisse Congolaise d'Amortissement, which has been using DMFAS since May 2004. During two weeks of intensive training, using the country's debt database, the delegation received advanced training on data validation and the production of statistical reports. DMFAS' recently developed training material on debt statistics was used as a model for producing possible new reports on the country's external and domestic public debt situation. The workshop was scheduled to coincide with the country's expected 'decision point' under the HIPC Initiative in June 2005. Training in the use of the present value module, using the updated and validated debt data contained in their database, was aimed at allowing the Caisse Congolaise d'Amortissement to make their own estimates of the amount of debt relief to be expected under the Initiative.

### > Viet Nam Workshop on the Production of a Debt Statistical Bulletin

Viet Nam also conducted a workshop on producing statistics between 15 and 24 August 2005. This was hosted by the Ministry of Finance (External Finance Division) and included participants from the Ministry of Finance (External Finance Division, State Treasury and State Budget), the State Bank of Viet Nam, the Ministry of Planning and Investment and the Development Assistance Fund.

The workshop methodology was the same as for the Indonesian workshop (see article above). The output of this workshop will be a semi-annual statistical bulletin on government and government-guaranteed external debt, applying the latest international standards and classifications.





*Vietnamese workshop on debt statistics.*

### > Projects Update

In 2005, UNCTAD signed technical cooperation project documents with three new countries: Algeria, the Democratic Republic of Congo and Iraq.

#### **Democratic Republic of Congo**

The Democratic Republic of Congo became the sixty-third country to choose DMFAS for the computerization of its debt data and to receive DMFAS technical cooperation assistance in debt management in February 2005. Funding for this assistance, to be provided to the country's Public Debt Management Office, has been secured through a co-financing arrangement between the World Bank's International Development Association and the African Development Bank. Project activities started in April 2005. These included a training mission by the debt office's IT staff to an Oracle training centre in Gabon and an introductory DMFAS training workshop at UNCTAD's headquarters in Switzerland. In May 2005, DMFAS 5.3 was installed at the Public Debt Management Office during an IT and functional training mission. A further DMFAS training workshop took place in the Democratic Republic of Congo in August 2005. The project is actively contributing to the country's accession to the HIPC completion point, which it hopes to reach in June 2006. Project activities will therefore be implemented under a tight work schedule in order to achieve the objectives by that date.

#### **Algeria**

Algeria is the sixty-fourth country to choose DMFAS technical cooperation in debt management, with projects signed for both the Central Bank and the Ministry of Finance on 12 April and 30 April 2005, respectively. Both projects are financed by the Algerian government.

UNCTAD's project with the Central Bank of Algeria is aimed at reinforcing the latter's debt management department. It will focus on transferring data from the Central Bank's present own-



*Signing of project document, Central Bank of Algeria and UNCTAD.*

developed system to DMFAS 5.3. The project also includes a special component on training and seminars. This has so far covered the participation of the Central Bank's debt managers at UNCTAD's Fifth Inter-regional Debt Management Conference held in June 2005, along with the undertaking of various technical activities in August 2005.

The project with Algeria's Ministry of Finance also includes the installation of DMFAS 5.3, along with comprehensive training and support for the Ministry's DMFAS users.

#### **Iraq**

The Debt Management-DMFAS programme has also expanded its operations in the Middle East by including Iraq as its sixty-fifth user country. The Arabic version of the DMFAS system was installed in the Ministry of Finance and the Central Bank of Iraq in September 2005.

Implementation of the DMFAS system is part of a larger debt reconciliation project for the Government of Iraq, coordinated by Ernst and Young. The firm is responsible for helping the government collect and reconcile all possible claims from Iraq's creditors, preparing the material and documents for Iraq's debt renegotiation at the Paris Club, establishing a debt office and building up a comprehensive debt database.

Implementation of the DMFAS project is now well under way and collaboration between Ernst and Young and UNCTAD has been very successful. As the security situation in Baghdad is difficult, training in DMFAS has so far taken place outside of Baghdad. Until now, UNCTAD has carried out two workshops: one workshop on installation and maintaining DMFAS 5.3, which took place at UNCTAD's headquarters in Geneva in May 2005, in which Ernst and Young consultants and Iraqi IT personnel participated. The second took place in Amman in June 2005. In this latter workshop, representatives of the Ministry of Finance, Central Bank and Ernst and Young were trained in the use of DMFAS for registration of debt instruments by an UNCTAD consultant.

After the workshops, Ernst and Young installed the DMFAS system in the Ministry of Finance and Central Bank of Iraq, with the Ministry being the institution responsible for compiling the database. Currently, Ernst and Young consultants are assisting the Iraqi staff in entering loan data, while UNCTAD provides assistance through the DMFAS Helpdesk. Despite the difficult situation in the country, substantial progress has been made so far in building the database.

UNCTAD will continue to provide technical assistance to the Iraqi Government through additional training and advisory services, which will be subject to a separate cooperation agreement.



*Representatives of the Central Bank of Iraq and Ernst and Young at an UNCTAD IT workshop in Geneva.*

## > Procedures for Data conversion from DMFAS 5.2 to DMFAS 5.3

Many countries are now using the latest version of DMFAS, version 5.3, and benefiting from its many new features. To do so entails a data conversion from DMFAS 5.2 to DMFAS 5.3.

### What is the conversion?

The conversion is a procedure that converts data from DMFAS 5.2.04 to DMFAS 5.3, while allowing the user to use DMFAS 5.3 under the same conditions as for DMFAS 5.2.04.

For the data conversion, the Debt Management–DMFAS Programme has developed a conversion system (a set of Oracle screens and reports). It has also established procedures to allow for the conversion of data with little manual intervention from the user's side.

### Why is the conversion necessary?

The data conversion is necessary mainly because of the improved **Classification and Coding scheme** available in DMFAS 5.3. (See Box 1).

The procedure for data conversion into DMFAS 5.3 involves the adjustment of the former classification system used in DMFAS 5.2 to the new one. The lists of values of the fields involved in this procedure are 'Institution Type', 'Credit Type', 'Financing Source' and 'Financing Type'.

If the country institution involved in the conversion has not changed these lists of values, the process will be executed automatically. If changes have been made to these lists of values, then country's specific rules must be applied for the conversion.

In addition to the new classification and coding scheme, the procedure for data conversion is necessary because of the following new system functionalities:

**Bonds:** the data conversion automatically converts those bonds previously recorded as 'loans' in DMFAS 5.2 to 'bonds', thanks to the new *Bonds module* in DMFAS 5.3.

**Asian Development Fund Loans (ADF loans):** the conversion procedure allows for the automatic calculation of the Historical Exchange Rate as well as the new calculation method of ADF loans, handled by the DMFAS system.

**Note:** Regarding user-defined reports, some of the queries will become unusable as a consequence of the new classification system. Where this is the case, there is no automatic procedure to update them. Queries must be recreated and this can be a good opportunity for user countries to clean up their database and to establish a tidy set of queries for reports and sets.

### How do you proceed with the conversion?

Once an institution has decided to upgrade to DMFAS 5.3, it is important to appoint a task force to carry out the data conversion.

The task force should be composed of the following personnel:

- A Debt Expert (or a user representative): to be in charge of running the data conversion programme, producing reports and if necessary, finding solutions to encountered data errors.
- A System User: to work in coordination with the Debt Expert in validating the database.
- A Systems Programmer: to be in charge of applying any found solution to encountered data errors, through scripts, if necessary.

The main objectives of the task force will be to oversee that the conversions of bonds, the coding and classification system as well as the handling of ADF loans are carried out correctly.

The conversion process is composed of two stages that can be executed by the task force using the conversion programme provided by the Debt Management–DMFAS Programme.

The stages are the following:

*Stage one: Pre-conversion.* At this stage, the Debt Expert and the System User execute a pre-conversion, which is a test to see if there are any possible errors in the data to be converted. It will also generate preliminary reports. Through these reports, they will be able to analyse and make any necessary modifications in the data before the final conversion. The pre-conversion can be run several times until all errors in the data are corrected or mapping redefined.

*Stage two: Conversion.* This is the final conversion of the data. It can be executed when the results of the pre-conversion are satisfactory. Once executed, the conversion cannot be reverted. The only way to revert the process would be to restore the backup taken before the conversion.

### Box 1. Benefits of the new classification scheme in DMFAS 5.3

DMFAS 5.3 incorporates a new classification and coding system of debt instruments. This major change was implemented to comply with new requirements in the field of debt statistics as well as with internationally accepted standards.

It also includes rules that facilitate the automatic validation of the new fields used for classification.

#### Why has the classification changed?

The main reasons for which UNCTAD has decided to change the classification system are to:

- Align DMFAS with trends in debt management, especially with new instruments used by institutions to finance public and private sector needs
- Adapt DMFAS to the new responsibilities assigned to debt offices in terms of type of debt being managed
- Produce debt statistics for analytical purposes according to international standards and best practices

- Maintain DMFAS up-to-date in user countries with standard classification and codes

#### Why is it better?

Among the immediate benefits, the new classification and coding system gives the user the ability to:

- Produce reports that adhere to World Bank standards and the IMF's General Data Dissemination Standards (GDDS)
- Produce reports in accordance with the IMF-published External Debt Statistics: Guide for Compilers and Users, which was produced by the Inter-Agency Task Force on Debt Statistics (BIS, Commonwealth Secretariat, Eurodad, European Central Bank, IMF, OECD, Paris Club Secretariat, UNCTAD, World Bank)
- Distinguish a direct domestic debt from an indirect one
- Map the new coding system with other systems (for example, DSM+ and DRS)

## Requirements for the conversion process

The requirements for a successful data conversion into DMFAS 5.3 are the following:

- Installation of DMFAS version 5.2.0.54
- Installation of the conversion programmes
- Installation of an updated version of the Oracle database: i.e. 8i (8.1.7), 9i
- Organization of a task force for the validation of the conversion
- Acceptance by the user institution country that a short period will occur where the DMFAS database will become unavailable (and during which only reports can be generated)

## Status of implementation

The following table lists those countries and institutions where the data conversion procedure has so far been implemented.

Country	Institution
Argentina	Ministry of Finance
Bolivia	Central Bank and Ministry of Finance
Burkina Faso	Ministry of Finance
Chile	Central Bank
Dominican Republic	Ministry of Finance
Gabon	Ministry of Economy and Finance
Honduras	Ministry of Finance
Indonesia	Bank of Indonesia
Ivory Coast	Ministry of Finance
Mauritania	Ministry of Finance
Moldova	Ministry of Finance and Central Bank
Panama	Ministry of Economy
Paraguay	Ministry of Finance
Sudan	Central Bank
Syrian Arab Republic	Central Bank
Togo	Ministry of Finance
Trinidad and Tobago	Central Bank
Uganda	Ministry of Finance
Viet Nam	Ministry of Finance
Zimbabwe	Ministry of Finance and Central Bank

## > DMFAS 5.3 Advanced Security

One of the many new features of DMFAS 5.3, compared with earlier versions, is its *Advanced Security* function. While this has been one of the new features most requested by users, creating it has been a major challenge. This is because of the many different types of security scenarios that can be defined due to the many different configurations of Debt Management Offices that exist.

Some new features of Oracle 8i (and later versions) provide security functions that can be defined and applied at the recording level ('row level security'). However, these features are part of Oracle's "Enterprise Edition" of the Database, which is far more expensive than its "Standard Edition". To overcome this cost factor problem, implementation of the *Advanced Security* feature emulates as much as possible the Enterprise Edition's row level security.

What follows is just a brief description of the more relevant technical characteristics of DMFAS 5.3's security features:

## General description

The *Advanced Security* feature includes procedures to give a more flexible and comprehensive way of preventing unauthorised access. In summary, it:

- Provides a set of programmes for managing security functions, allowing the system administrator to define the set of data (i.e. loans, bonds, grants) and/or system functions (by menu security) to which individual users will have access.
- Ensures that each DMFAS user (or group of users) can review and update only those records that exist on the data set related to their user group.
- Ensures that the same security is applied, no matter how a user accesses the data, whether through a report-writing tool, a query tool, or through a data-entry application.
- Provides the same result for all clients whether they are using Oracle's 'Enterprise Edition' or its 'Standard Edition'.
- Provides an external and secure mechanism, by which the security procedures can be set on or off.

## Implementation

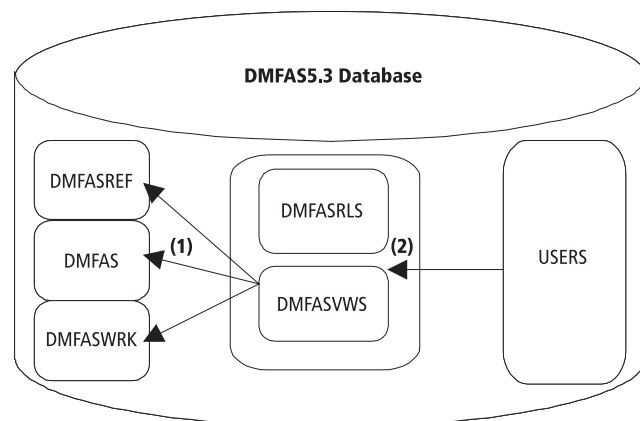
*Advanced Security* information is stored on a set of database tables and handled by stored procedures, both on a new database schema named DMFASRLS. On the other hand, access to individual records is handled by a set of views defined under the new DMFASVWS schema.

'Insert update' or 'delete statements' are handled by the DMFASRLS schema, which also validates users rights and reinforces data integrity.

Other standard DMFAS users (i.e. DMFAS, DMFASREF and DMFASWRK) will no longer have direct access to the system, thus any attempt to use the system under these accounts will be refused.

Each time a user creates a record in any of the defined set of data (loans/bonds or grants), this record will automatically be available to all related user groups.

Figure 1 below represents the described security configuration, where tables are being accessed by one DMFAS system's user (DMFASVWS – DMFAS Views), using database grants for select, insert, update or delete statements.



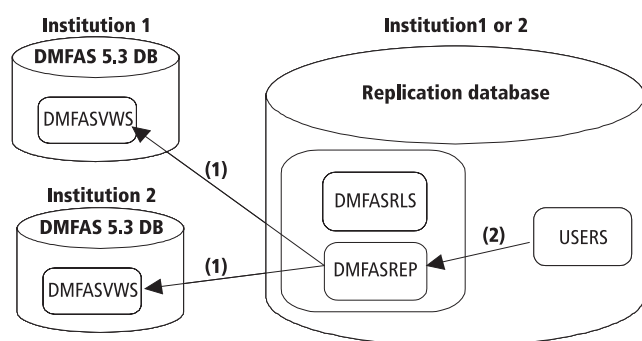
(1) Access through database procedures and database rights.

(2) Access to individual records handled by database procedures and user defined roles.

Figure 1. Representation of the *Advanced Security* feature in a standard environment.



For replication environments, the DMFASRLS schema will include the definition of user groups and their rights for 'replicated' data. See Figure 2 for a graphical representation.



- (1) Access through database links, database rights and DMFAS security.  
 (2) Access to individual records handled by database procedures and user defined roles.

Figure 2. Representation of the Advanced Security feature in a replication environment

## Processing

Once the corresponding information has been defined, below are the steps the security function performs when a user accesses the database:

- When the user logs-on, an internal procedure validates the user information (if the user is not recognised the connection will be refused) and stores the following in a set of memory (or temporary) variables – to be accessed in a faster manner when required:
  - Username
  - User group
  - List of DMFAS' functions allowed to the user
- After validating the user's information, the new Security feature will check if the user has access to a given record/function by:
  - Ensuring that the record id (loan/bond or grant) exists in the list of records allowed to the user's group
  - Checking if the user has access to the current module record by choosing the menu option from the list of modules allowed to the user's group



## > Frequently Asked Questions about DMFAS

### What's new about DMFAS 5.3?

The new functional features of DMFAS 5.3 are the following:

- Bonds
- Improved reporting and statistics
- Revised classification and coding system
- Local government debt
- Capitalization of interest and deferred payments
- Revolving credit
- Asian Development Fund loans

The new technical features include:

- Enhanced security
- Improved error handling
- Increased sizes of fields such as amounts and sequences
- Extension of user-defined fields to tranche-level and participant-level
- Portable reports in PDF, HTML or RTF formats

Please refer to DMFAS Information Note no. 1, Release of Version 5.3, for details. Available on the DMFAS website at [www.unctad.org/dmfas](http://www.unctad.org/dmfas)

### How does the installation of DMFAS 5.3 differ from that of DMFAS 5.2?

The installation of DMFAS 5.3 differs from that of DMFAS 5.2 in the following areas:

- It requires Oracle 8.1.7 or higher; it cannot run on Oracle 7.3.4
- It uses Oracle Forms 6i to run forms and reports, instead of Oracle Forms 4.5 and Oracle Reports 2.5
- It runs Cobol programmes (as in the calculation of the amortization table) by means of 'user exits' instead of the HOST feature, thus eliminating the need to reconnect to the database. The parameter FORMS60\_USEREXITS is added in the Oracle Registry
- It uses either Oracle Query Builder or Oracle Browser to create queries for user-defined reports
- The DBA task of managing users and user groups is built into the DMFAS system and no longer through SQLPlus icons
- DMFAS 5.3 is an upgrade from 5.2.0.54 and requires data conversion

For answers to other frequently asked questions, check the DMFAS website [www.unctad.org/dmfas](http://www.unctad.org/dmfas) or e-mail [dmfas@unctad.org](mailto:dmfas@unctad.org) or telephone + 41 22 907 6291.

### How can I best use Oracle Query Builder to create queries for user-defined reports?

If you have license to the *Enterprise edition* of the Oracle Application Server, you can use its Query Builder. In this case, there is no need to separately purchase Discoverer Tools 2.0, which contains Oracle Browser 2.0. To use Query Builder, the Database Administrator should enter the executable OBE60.EXE instead of BRU20W32.EXE on the DMFAS system parameter screen.

### How do I create new users in DMFAS 5.3?

In DMFAS 5.3, the creation of new users is built into the system. The Database Administrator first has to create the user group to which the new user will belong, through menu option Support > Security > Define User Groups. The Database Administrator would then create any new user access through menu option Support > Security > Define Users.

If the security feature is enabled, the Database Administrator will need to undertake the following steps in the order given: a) define security parameters b) create a user group c) define and assign data sets d) assign rights to DMFAS functions e) create users. All these functions can be found under menu option Support -> Security.

### In DMFAS 5.3, why can I no longer log into the system as user name DMFAS?

As part of the new security feature in DMFAS 5.3, the user name 'DMFAS' is no longer allowed access to the DMFAS system. The user 'DMFAS' is, however, still the schema owner of DMFAS tables. In place of the user name 'DMFAS', the new user name 'DMFASVWS' should be introduced, in order to have access to the views on top of the DMFAS schema and have access to the system.

### How can I obtain further details of error messages encountered in DMFAS 5.3?

The improved error handling in DMFAS 5.3 allows the user to see the details of errors encountered by accessing menu option 'Support > Error Log'. The error log shows the time, session ID, Oracle error code and text, and the exact DMFAS module and programme where the error occurred. The user can clear the error log by clicking on the buttons 'Remove' or 'Remove All'.

## > > TECHNICAL CORNER

### Steps to implement the advanced security feature

Based on the above-mentioned functionalities, the Advanced Security control of DMFAS should be implemented in each institution by following the steps below:

- a. Define a set of profiles to be assigned to users. This is the information related to the type of access to be granted to access the system and to read the data (e.g. Administrator, Manager, Operator, Consultant)
- b. Classify all DMFAS users by assigning profiles to use the system (e.g. functional group and access type). This information will be used to specify what records are accessible to each user (through its corresponding access group)
- c. Define the set of data (data sets) to be accessible by the users through their access groups
- d. Assign the corresponding data sets to each user group
- e. Enable the security through the system's security parameters screen

## > > ECONOMIC FOCUS

### > An International Sovereign Debt Management Index (ISDMI): Is it not Time the International Debt Management Community Develops and Adopts One?



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#### Introduction

The growing concerted international efforts at providing 100 per cent external debt cancellation, if successful, will mean that many indebted low-income countries will have finally advanced with regard to the debt crisis that has bedevilled them for more than two decades. However, the battle will only have been half won if stern measures to effectively self-regulate debtor countries and the lending community are not enacted to prevent the risk of a resurgence of the "deadly debt disease". In this respect, specific actions need to be introduced to guarantee prudent borrowing, viable use of and accountability for borrowed funds.

In the course of this paper, I shall introduce the rationale and scope of a proposed framework for tracking the quality and effectiveness of sovereign debt management, as well as the idea of an International Sovereign Debt Management Index (ISDMI). This index, which has yet to be developed, should ideally encompass all the qualitative and quantitative dimensions of sovereign debt management, in the same manner as other indices tracking international development issues such as the UN's Human Development Index or Transparency International's Corruption Index.

#### Rationale

The main argument for the ISDMI is that if resources have been invested in developing measurement tools for international development challenges such as poverty and corruption, then questions touching upon the sovereign debt problem, encompassing both international debt and domestic public debt, also deserves equal attention. The argument is premised on the conviction that the cost and impact of sovereign debt, as a proxy of its relative importance, probably rivals that of other leading

international development challenges, such as corruption and poverty. Sovereign debt should therefore rank *pari passu* with these other global challenges in the quest for internationally agreed measurements tools.

It could also be argued that corruption and poverty affect, and are also affected by, how sovereign borrowing is conducted and how the ensuing sovereign debt is managed. It is therefore timely to develop an index that can be used internationally to objectively assess the quality and progress of debt-dependent governments in instituting debt management processes in their economies and governance systems.

To prevent future sovereign debt crises it is important that domestic and international focus on the debt problem strikes a balance between consideration of the terms, costs, risks, growth rate, quality and quantum of sovereign debt on the one hand, and the totality of the quality of management processes around the debt problem on the other hand. The challenge in this regard is to place equal emphasis on developing measurement tools for the process of debt management, as has already been done for the measurement of sovereign indebtedness and debt sustainability, through the use of various debt indicators. So, the proposed ISDMI would focus on reading any risk of 'debt management crises' in borrower countries, as distinct from hitherto 'debt crisis management'. In effect, the fundamental rationale is that constraints and weaknesses in borrowing and debt management processes deserve particular scrutiny as they rank high among the underlying causes of a debt crisis itself.

#### Possible Uses of the Index

The proposed index, if sufficiently broad and objective in its design and application through international consensus, could have many uses and have far reaching effects, including the following:

- ISDMI would become the global yardstick or best practice against which all sovereign debt management could be benchmarked or measured over time, including for cross-country comparison purposes. To 'incentivize' this process in the borrower countries, an international award for excellence in debt management, as judged through the index, could be introduced with support from any funds that may be earmarked to deal with a debt problem, including through any multilateral or bilateral donor initiatives. This money would be



well spent as it would actively encourage borrower countries to build strong debt management capacities, which in turn helps prevent unsustainable debt accumulation.

- Donors and lenders could also depend on the trends and prospects of the ISDMIs of individual countries to judge the likelihood that any new financing they may provide to a country is managed prudently in a manner that augments rather than undermines a country's or government's capacity to service and repay its debt obligations. Donors, lenders and investors would need to consider a country's ISDMI prior to negotiating or entering any new lending, debt cancellation or restructuring arrangements. Legal processes (e.g. lawsuits for defaulting countries) could also take into account a country's ISDMI in their debt recovery efforts and related negotiations.
- International sovereign risk rating agencies could equally consider the status, trends and prospects of a country's ISDMI, along with the debt-related indicators that rating agencies normally incorporate in country credit ratings. International investors could therefore look at a country's ISDMI, among other factors, when evaluating different countries for the purposes of investment.
- The ISDMI would also serve as a single compact accountability framework for domestic, regional and international transparency on debt matters for all borrower governments, globally. This information could serve as a key reference point for socio-economic dealings and engagements with debtor governments from the perspective of civil society organizations, academia, bilateral development partners, and international financial institutions, among other interested stakeholders.
- Regional economic communities could use some elements of the ISDMI as part of their criteria for tracking member countries' progress towards attaining macroeconomic convergence, a part of which usually looks at member countries' indebtedness.
- The ISDMI could also act as an internal organizational management tool for performance appraisal in countries' sovereign Debt Management Offices. In this regard, the ISDMI would assist in conducting staff performance appraisals, performance measurement in debt management, domestic and international evaluation of the strengths and weaknesses in countries' debt management, and so forth.

### Scope and Coverage

Ideally, the ISDMI should cover the management of public external public and domestic debt, including the debts of lower tiers of government, state debt under federal government systems, debts of local authorities, publicly-guaranteed debt, foreign and domestic arrears, and all other significant direct and indirect contingent liabilities of debtor governments.

It is also important that the index covers all factors affecting debt management, such as assessing its enabling environment as measured by the existence, adequacy and effectiveness of legislation, institutions, coordination mechanisms, policies, strategies, as well as human, financial, technological and other resources. These are sometimes also viewed as the executive functions of the high level officials who are usually heads of economic and financial agencies and related committees.

At the operational level, the index could cover the management and supervision of a debt office, the borrowing and resource

mobilization process in the front office, middle office analyses and strategy formulation, as well as back office functions that deal with record-keeping, payments/settlement, and debt reporting for information dissemination and accountability purposes. The frequency, quality and outcomes of the internal and external auditing of entire debt management processes would also have to be considered, although auditing *per se* is something that should be conducted in an independent way from the core debt management functions.

### Approach to Constructing the ISDMI

Construction of an index has to be S.M.A.R.T. (i.e. specific, measurable, acceptable, realistic, and time-related). Existing performance or evaluation indicators used for general or special cases in debt management need to be reviewed in the initial phase of this index construction process. A *Log Frame Approach* could also be used to ensure that the outcomes of this index construction process support a *Results-Based Management* of sovereign debt. It would therefore be desirable that the index looks at quantitative and qualitative dimensions of all the processes, content and structure of debt management, as well as the debt itself. SMART criteria for ranking/scoring of these dimensions would have to be developed through credible international consensus, as the index's centrepiece.

### Who Should Develop the ISDMI?

In order to not "re-invent the wheel", it would be essential that work to develop the ISDMI incorporates and builds on all other relevant regional and international work that may have preceded it. Such an index would include not only debt statistics/sustainability indicators, but indicators of evolution and status of debt management capacity in borrower countries' debt management offices. The focus should equally be on including management and capacity aspects, as distinct from past emphasis on indicators of debt levels, structures, sustainability, and so forth.

In this regard, it would be necessary to form an *International Working Group* on ISDMI. Such a group would comprise of representatives from national, regional and international organizations that have been or are currently involved in sovereign debt management, capacity building and lobbying work. They may be from official entities in lending and borrowing governments, regional and international official bodies dealing with economic, financial and capacity building matters, academia, and civil society and to some extent the private sector (e.g. international credit rating agencies).

A steering committee for the International Working Group on the ISDMI could be spearheaded and chaired by an international developmental organization that is debt-neutral – in other words, one which is not involved in lending, borrowing, issuing of sovereign guarantees, or trading of sovereign debt, but which also has some reputable international technical competency in debt management. It would be ideal that the committee has proportionate representation from each of the stakeholders cited above. Ideally, the technical work to develop the ISDMI could be organized around regional organizations, through the formation of *Regional Working Groups and Steering Committees*. These would be coordinated internationally by the International Working Group and Steering Committee referred to above.

## > > ECONOMIC FOCUS

### How would the ISDMI be applied?

Once developed by international consensus that represents all interested parties or stakeholders, the ISDMI could first be disseminated in all regions of the world for further critique and possible regional adoption, as necessary. This could then be followed by its pilot-testing in a critical mass of countries across these regions, initially on a voluntary basis that would last for a defined period of time.

Once development work for the ISDMI is completed, there could be a need to put together an internationally distinguished *Eminent Persons Group in Debt Management*, which would be charged with the responsibility of administering the ISDMI in all borrower countries, either on a compulsory or voluntary basis, as agreed by international consensus. There could also be a need to work through regional economic and capacity building organizations to work out regional implementation strategies for the ISDMI. The technical missions of the IMF, World Bank and regional financial and capacity building organizations could also use the ISDMI, as and when relevant to their work in the borrower countries.

### Suggested Way Forward

As a way forward, wide regional and international consultations on the efficacy of the concept of an ISDMI are essential. This is in order to get the necessary feedback and "buying-in" by all relevant stakeholders, some of whom could then be lobbied to

commit the required initial resources to kick-start the development of the index. Governments, regional organizations, international institutions, civil society organizations, academia and all other stakeholders should also promote debate, discussions and consultations among their respective constituencies about the desirability of an ISDMI. Sharing of concrete ideas on the form, content and process for developing the ISDMI needs to be promoted at various national, regional and international fora where debt issues are pertinent.

In particular, the regional and international organizations that are directly or indirectly involved in sovereign debt issues could help to initiate and develop a coordinated response to this perceived need. If successful, the development and adoption of an ISDMI would be a positive development for debt management, which could immensely contribute to the prevention of future possible recurrence of the debt problem. This would be especially relevant in the anticipated post-HIPC era, when all borrower countries will hopefully have the golden opportunity of a "fresh start" that would come with the abating of the debt crisis. Active international debate on this idea needs, therefore, to be strongly encouraged.

*This proposal has also been put to the Members of DebtNet (see page 2). If you wish to share your reactions with DebtNet, and haven't yet done so, please contact us at [Debtnet.dmfas@unctad.org](mailto:Debtnet.dmfas@unctad.org).*

## > > EVENTS

The Debt Management–DMFAS Programme organized or participated in the following regional and international events in 2005.

### 17-19 March 2005

First Meeting of Latin American and Caribbean Public Debt Management Specialists, Rio, Brazil

### 31 March – 1 April 2005

HIPC CBP Phase 4 Meeting, Agriteam-DRI, London, United Kingdom

### 25-26 April 2005

Meeting of the Inter-Agency Task Force on Finance Statistics, London, United Kingdom

### 7 – 9 June 2005

IMF-Afritac seminar on debt sustainability, Niamey, Niger

### 20-23 June 2005

UNCTAD's Fifth Inter-Regional Debt Management Conference, Geneva, Switzerland

### 24 June 2005

DMFAS Advisory Group Meeting, Geneva, Switzerland

### 25 June 2005

WADMO General Assembly, Geneva, Switzerland

### 11-12 July 2005

IMF workshop on External Debt Statistics, Washington, USA

### 12 – 23 September 2005

IMF workshop on external debt statistics, Vienna, Austria

### 26 September 2005

Workshop on debt strategy on the Latin American Debt Group, Inter-American Development Bank, Washington, USA

### 14-18 November 2005

IMF workshop on statistics, Tunis, Tunisia

### 21-25 November 2005

Joint MEFMI-IMF-COMSEC-UNCTAD workshop on statistics, Kampala, Uganda

## &gt; Departures/New appointments

**Mr. Percy Campuzano** left the Debt Management-DMFAS Programme in January 2005. As a computer programmer, he was part of the team that developed DMFAS version 5.3, making a substantial contribution to many of the system's modules.

**Ms. Cecilia Caligiuri** has moved desk from Geneva to Buenos Aires, from where she will continue working as part of the DMFAS Helpdesk and she will coordinate DMFAS activities in Argentine's provinces. She will be working in the Argentine National Debt Office, within the Ministry of Finance.

**Ms. Danielle Kirby** worked for the Programme for the first six months of the year. She helped the Programme's secretariat prepare for UNCTAD's Fifth Inter-regional Debt Management Conference, and also assisted Ximena Renault during the maternity leave of Nathalie Bois.

**Ms. Hélène Notari** started working for the Programme in October 2005, replacing Ellen van't Sant during her maternity leave. She is assisting both the Programme's secretariat as well as its documentation section.

## &gt; Obituary



Mr. Philippe Straatman passed away on 31 August 2005. He will be greatly missed by all. He was a superb manager, always able to see through difficult issues and problems and see practical solutions. He was also a kind, sensitive human being, full of insight, commitment and had a great sense of humour.

He led the Programme with great vision and intelligence and was

instrumental in raising the respect and confidence of the Programme's stakeholders to the high levels it enjoys today. This is his legacy. Philippe made a big, positive and lasting difference, and did it in his own, special way.

The Programme received hundreds of e-mails and letters of condolences following Philippe's death and we thank all those who sent them. The Programme's Staff was warmly touched by these words of sympathy. All condolences have also been forwarded to his family.

## &gt; DMFAS Consultants

The following consultants have worked for the Debt Management-DMFAS Programme during 2005:

Name	Country of origin
Mr. Husni Alhasan	Jordan
Ms. Irene Alvarez Jonson	Philippines
Mr. Dovi Coco Anthony	Togo
Mr. Jacques Baert	Belgium
Ms. Karen Bihl	France
Ms. Maria Cecilia Caligiuri	Argentina
Mr. Sebastian Javier Cataldi	Argentina
Mr. Khaled Daher	Canada
Mr. Khaled El-Sayed Ibrahim	Egypt
Mr. Jose Flores	Honduras
Mr. Husein Hemil	Indonesia
Ms. Roula Katergi	Lebanon
Mr. Emilio Nastri	Argentina
Mr. Erwin Schurjin	Argentina

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Ximena Renault	Secretary	917 5852
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Mark Willis	Project Manager	917 6218
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\* Nathalie was replaced by Ximena Renault from December 2004 to April 2005.

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The central activities of the DMFAS Programme in Geneva are mainly funded by bilateral donors and client countries within the framework of the DMFAS Trust Fund. The major donors to this Trust Fund include the Netherlands, Norway and Sweden. Additional resources are provided by the regular budget of the United Nations.

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