



40th Anniversary Briefing on the DMFAS Programme

**Strengthening public debt management:
A briefing on UNCTAD's DMFAS Programme**





- About the DMFAS Programme
- Problems addressed and solutions
- Synergies, cooperation and coordination
- Results-based management and impact
- DMFAS funding

UNCTAD's DMFAS Programme

- Technical assistance in public debt management
- Multi-partite initiative: shared costs and responsibilities with supported countries, donors, UNCTAD
- Supporting 112 institutions (CB, MoF) in 74 countries since 1981



Our mission:

Assist countries in strengthening Governments' capacity to manage their debt effectively and sustainably, in support of poverty reduction, development, transparency and good governance

Development context

- Debt-based finance a key component of countries' financing strategies
- National capacity for sound debt management is critically important for sustainability
- Availability of comprehensive, accurate and timely information on public debt is essential

However:

- Serious concerns about the overall outlook for external debt sustainability in developing countries
- Debt data transparency is a major concern
- Many countries lack the capacity for effective debt management

Monitoring and prudent management of liabilities an important element of comprehensive national financing strategies and critical to reducing vulnerabilities

Addis Ababa Action Agenda



Problems addressed

Incomplete or unreliable debt databases

- Despite improvements, still significant problems with quality of public debt data
- Problems with timeliness, accuracy and completeness of recording
- Limited coverage of public debt is common problem



Weak debt reporting and transparency

- Limited information flows and access to debt data
- Inadequate knowledge of reporting standards
- Weak debt transparency undermines country's capacity to effectively manage its finances and limits ability of international community to provide support

Problems addressed

Increasing complexity of debt landscape

- New, more complex debt instruments
- Evolving composition of the public debt portfolio



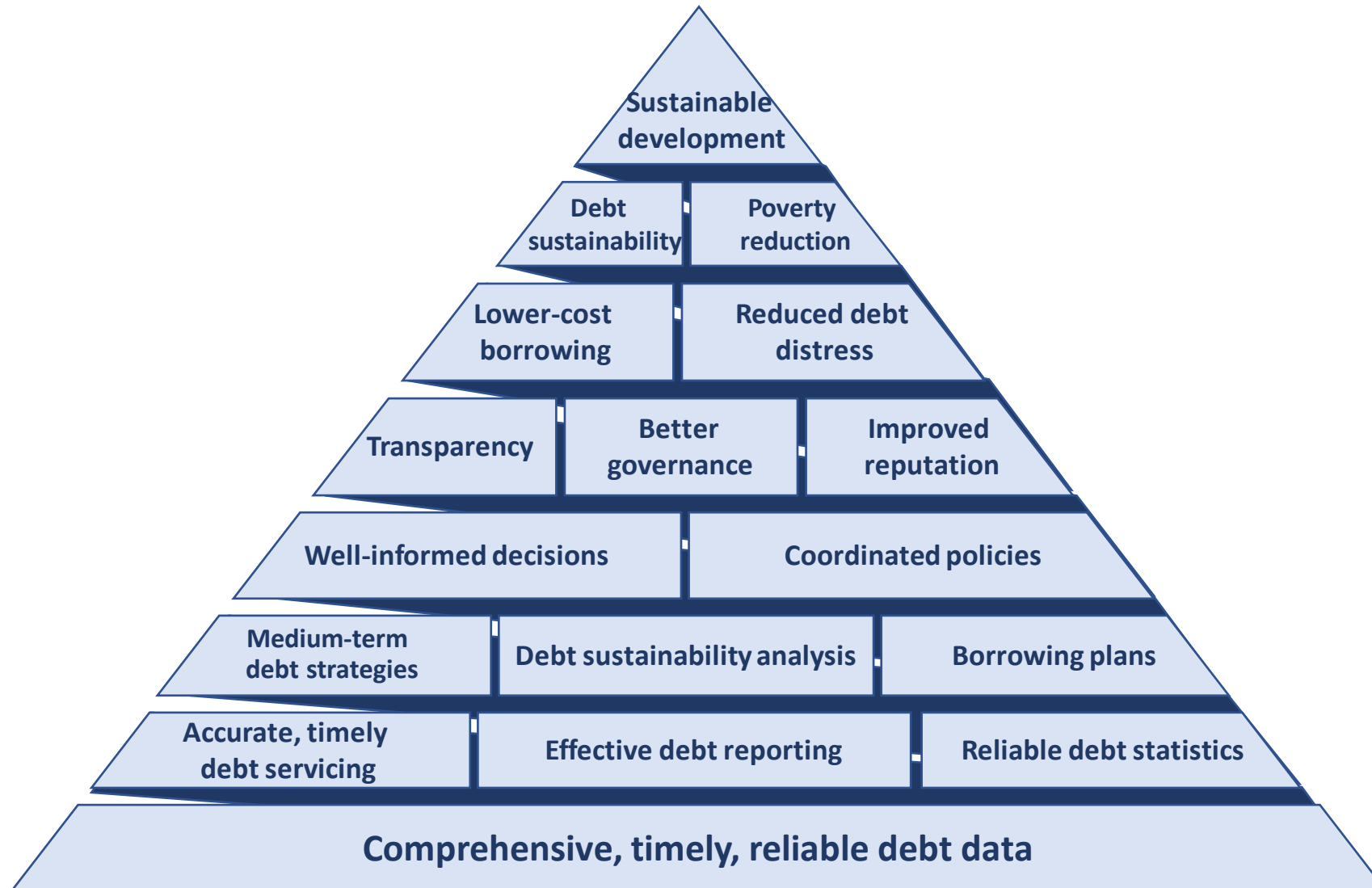
Low capacity to adapt to changes

- High staff turnover
- Low staff capacity and limited access to capacity-building
- Inadequate information technology and low capacity to keep up with changes

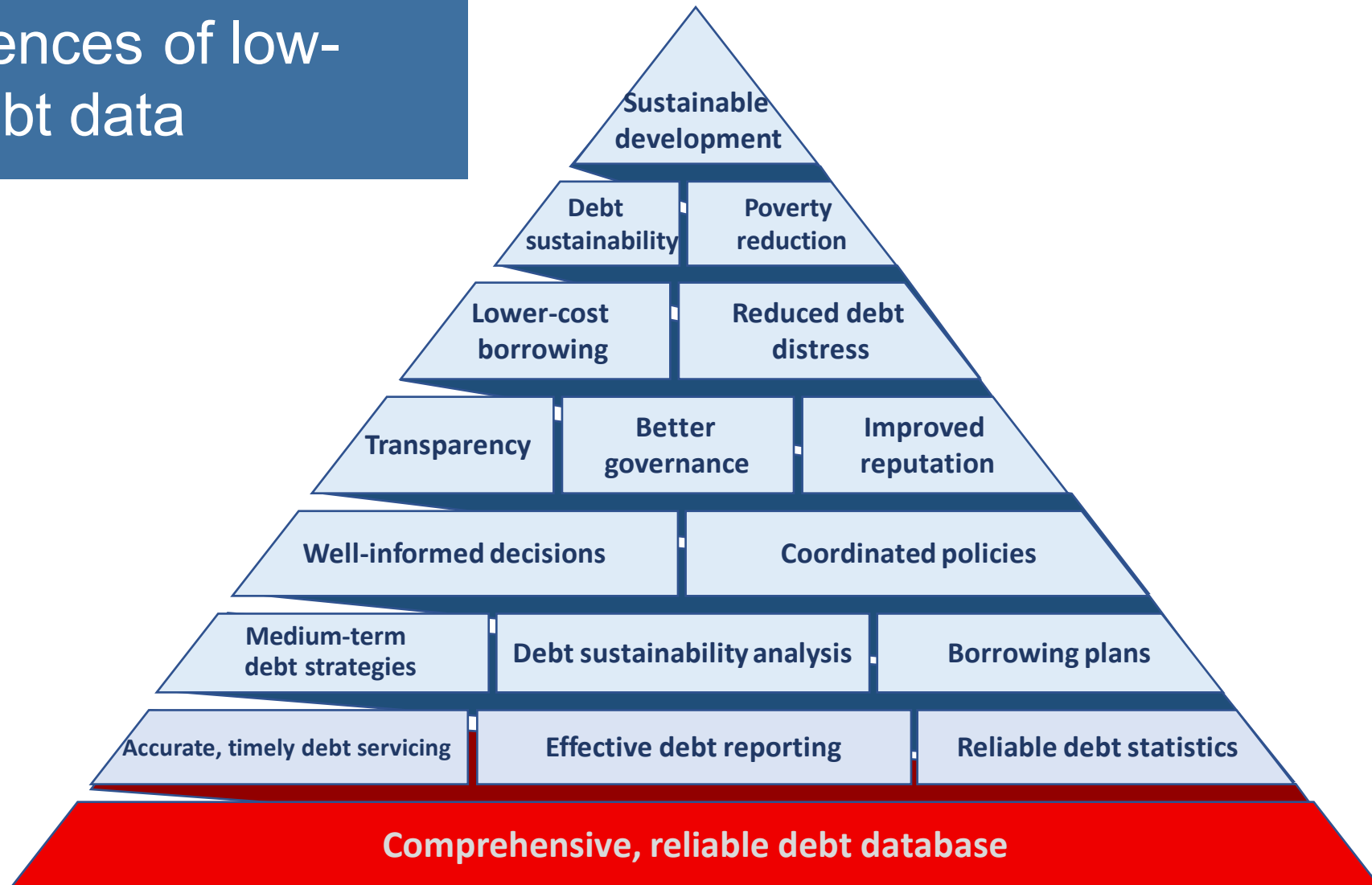


Growing demand and limited resources for technical assistance in debt management

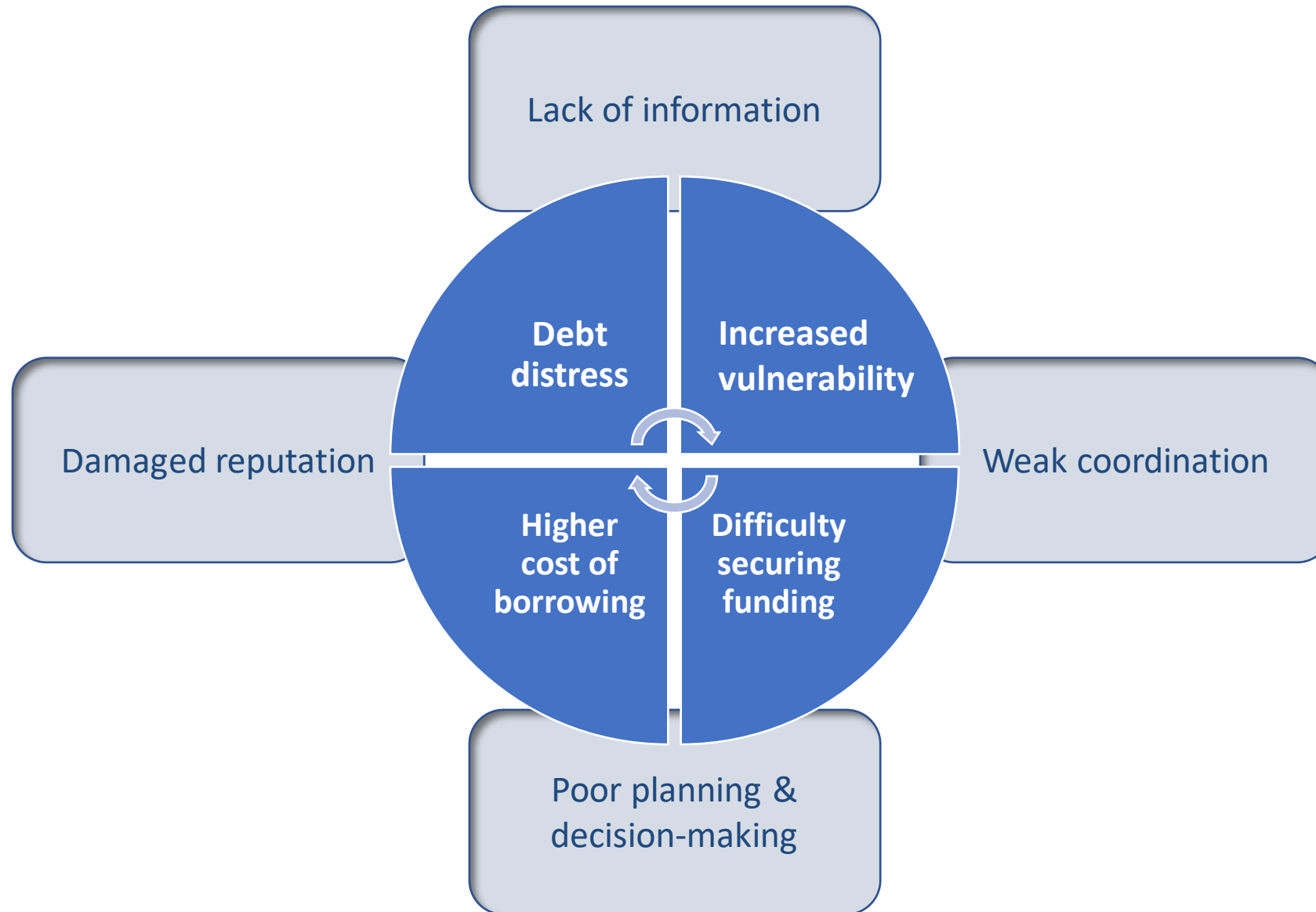
Importance of high-quality debt data



Consequences of low-quality debt data

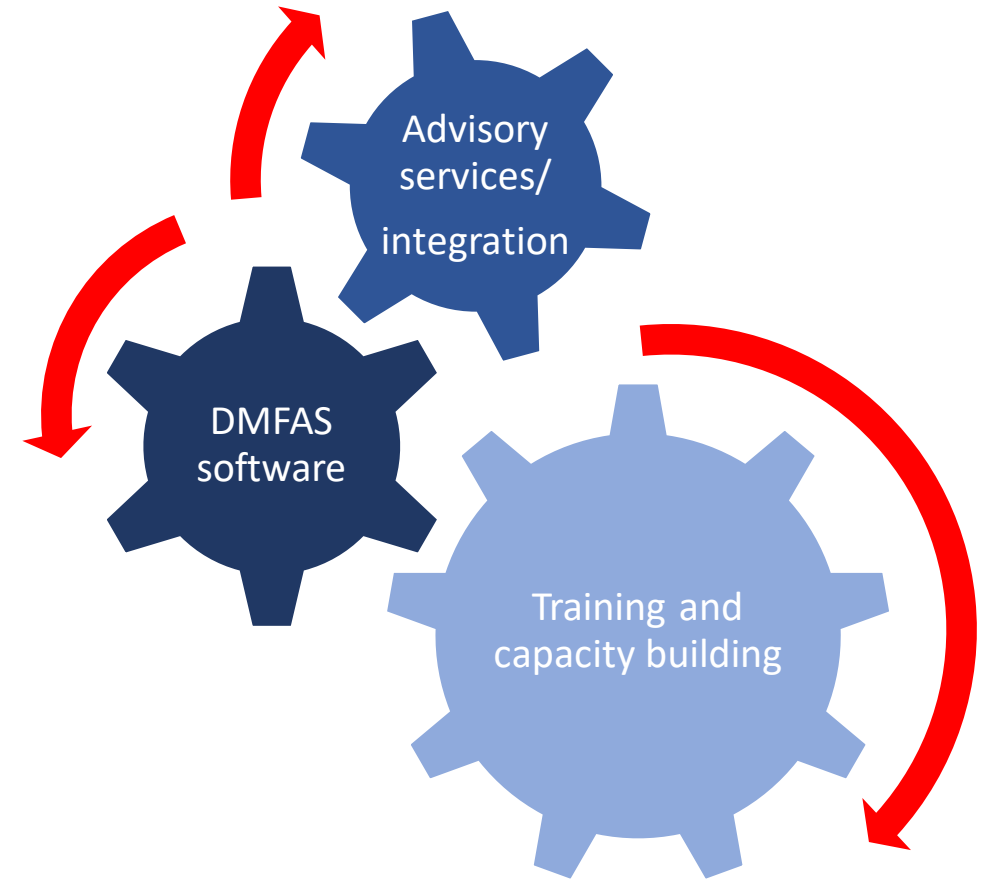


Importance of low-quality debt data



DMFAS solutions

- Provision of public goods for debt recording, monitoring, reporting
- Focus on areas of comparative advantage – downstream debt management
- Integrate international standards and best practices
- Synergy and cooperation with other organizations
- Commitment to continuous and adaptable response to countries' evolving need

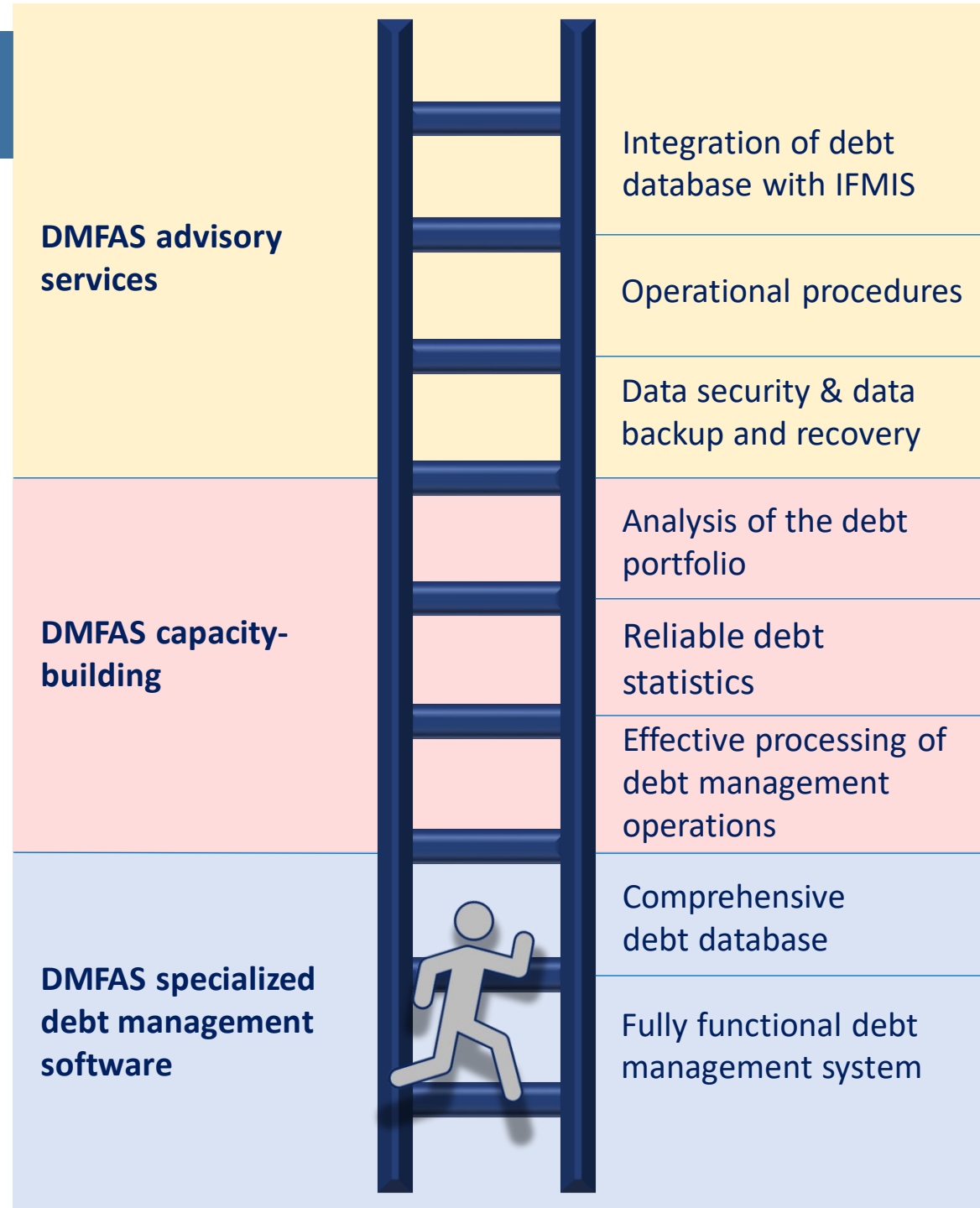


Sustainability requires a long-term continuous, iterative process of learning and adapting to change!

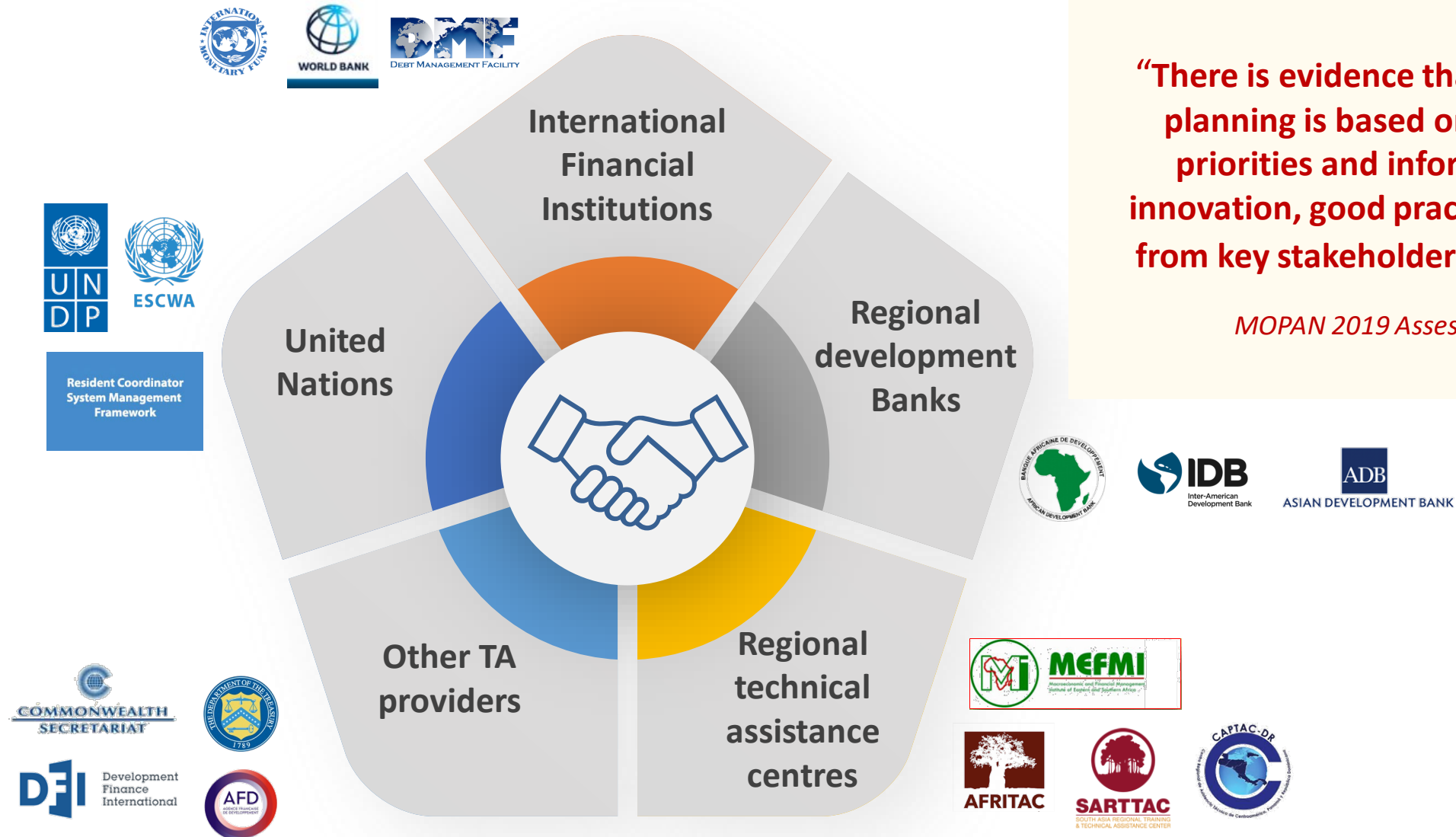
Capacity-building framework

DMFAS helps countries to climb the debt management ladder through:

- Provision of DMFAS software
- Portfolio of proven capacity-building services
- Traditional, virtual, hybrid training
- National, regional and international events
- Customized technical assistance projects



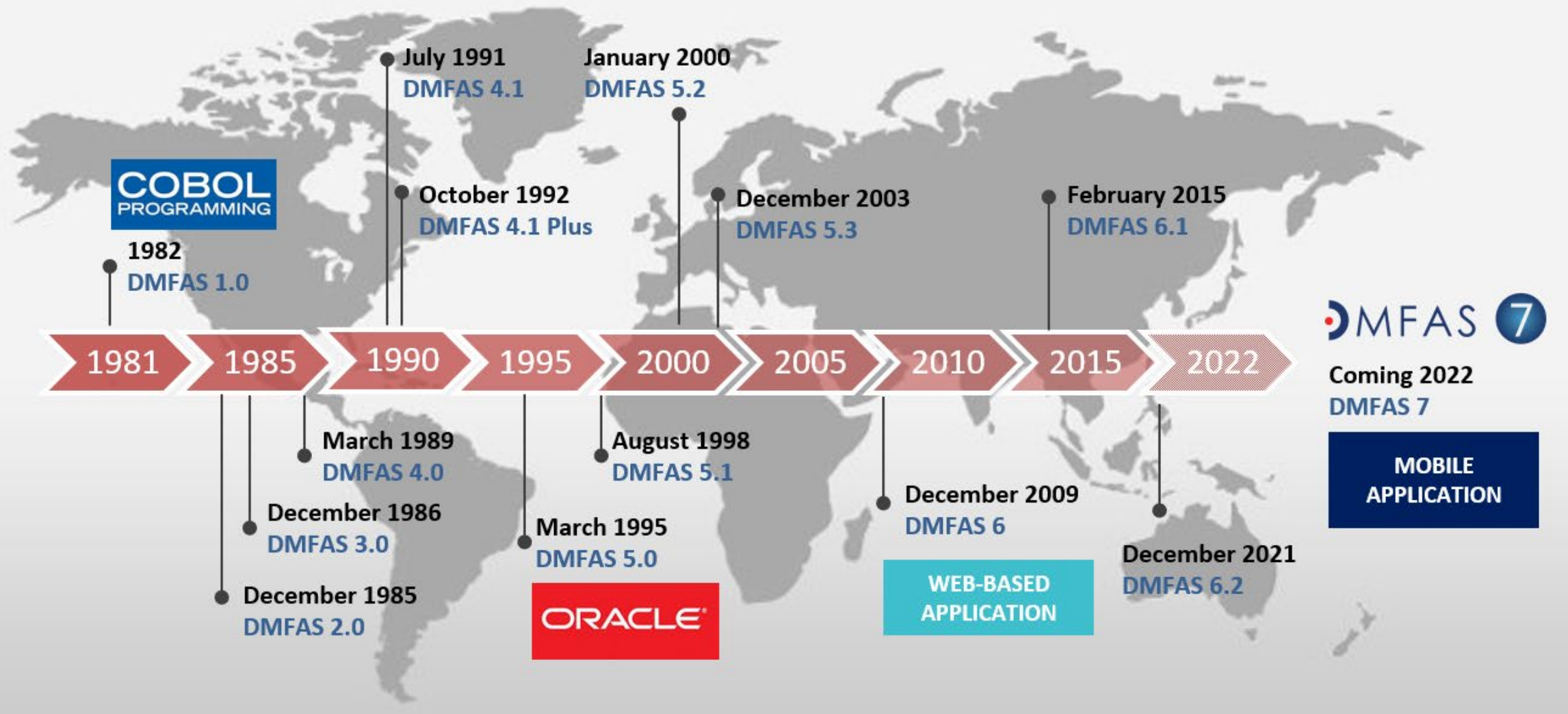
Synergies, cooperation and coordination



“There is evidence that [DMFAS] strategic planning is based on both constituent priorities and informed by the latest innovation, good practice, ... and feedback from key stakeholders at other agencies.”

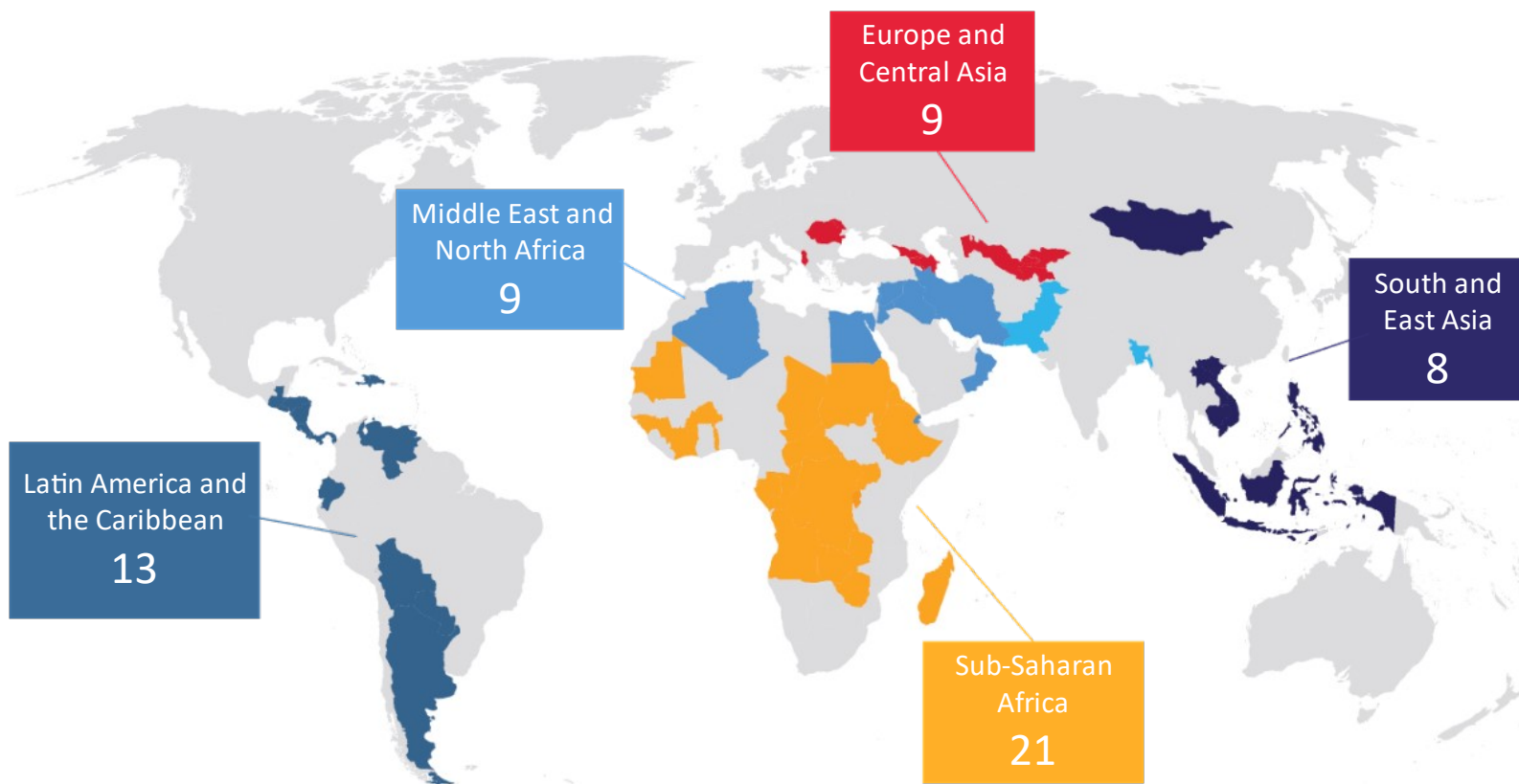
MOPAN 2019 Assessment of UNCTAD

DMFAS History

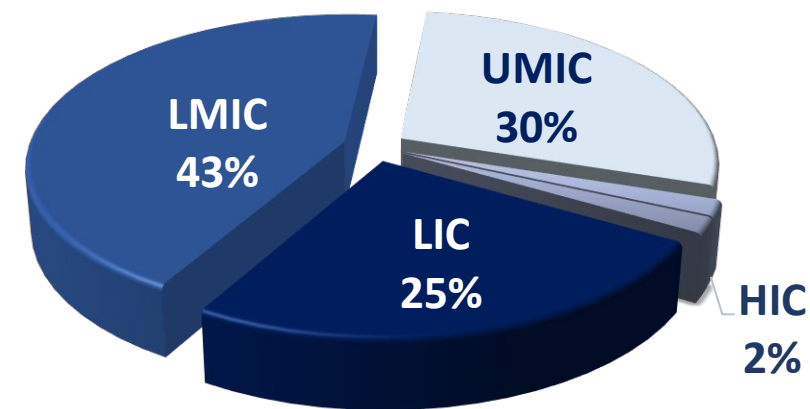


Countries supported

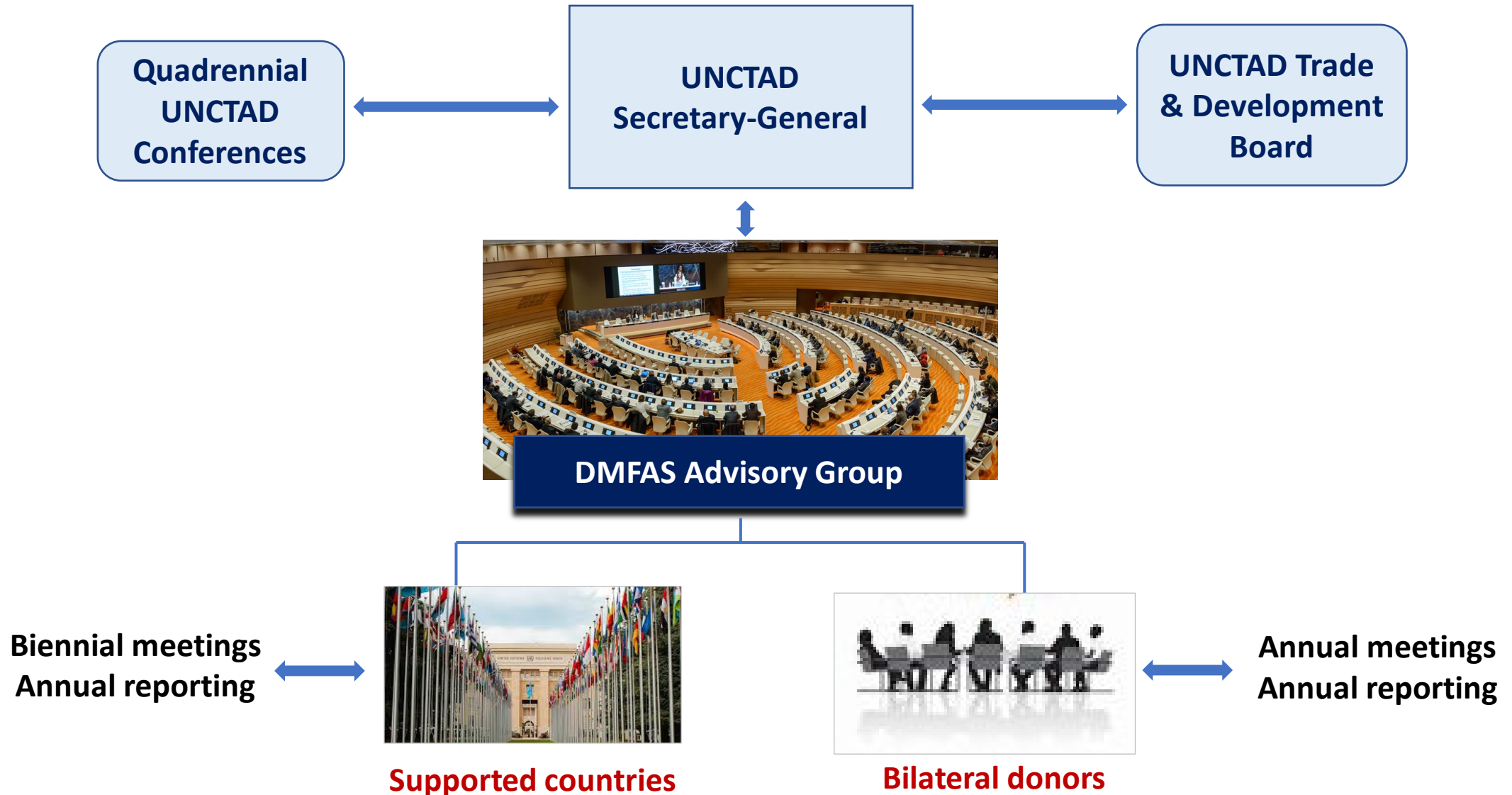
DMFAS services used by 60 countries



Income distribution of DMFAS users



Governance structure



Financial structure

Programme Trust Fund

DMFAS core activities:



Development of Public Goods

- Specialized Debt Management Software
- Capacity Building Modules
- Help Desk/Maintenance Support

Financed through:

- Bilateral Donors
- Cost Sharing & Cost Recovery
- UNCTAD Contributions

Country Project Trust Funds

activities specific to a country/institution:



Delivery of Public Goods

- DMFAS Software Installation
- Technical & Functional Training
- Capacity Building & IFMIS

Financed through:

- Self-financing
- Donors

Overall, the programme is clearly recognized as ... a **cost-effective solution** to building core capacity.

Independent Evaluation 2018

Results-based management

- Four-year strategic plans with well-defined objectives and expected results
- Annual reports with review of performance indicators
- Regular independent evaluations



... Programme objectives are well-delivered, and the Programme is highly effective in the areas of debt recording and reporting.

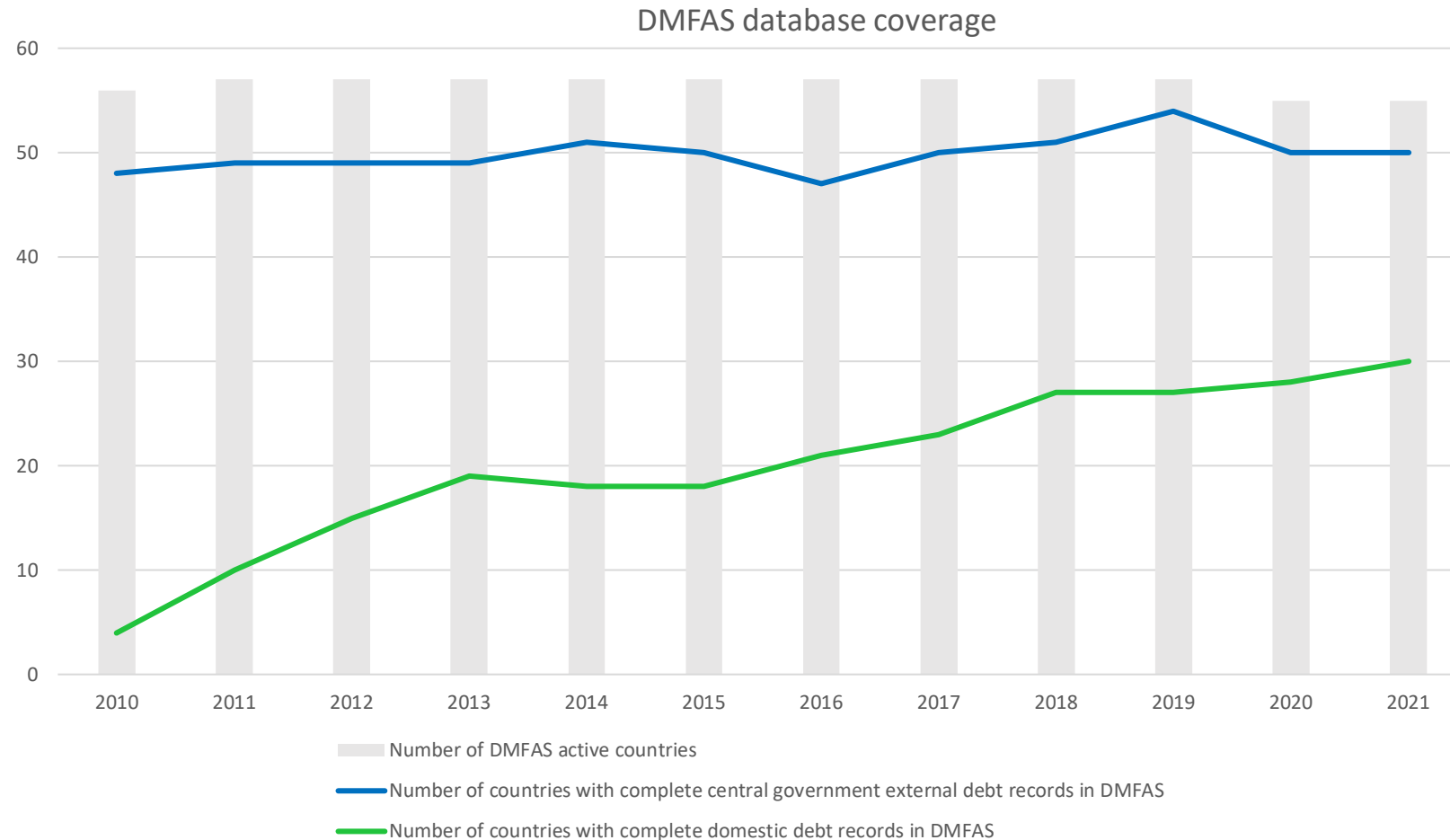
Mid-term review conclusions (2018)

Overall satisfaction with the Programme of donors, clients and partners is rated as very high.

DMFAS Advisory Group conclusions, November 2019

Impact: Increased debt database coverage

In 2021



91% of user countries have complete **external central government and government guaranteed debt** records in DMFAS



71% of user countries have complete **domestic debt** records in DMFAS



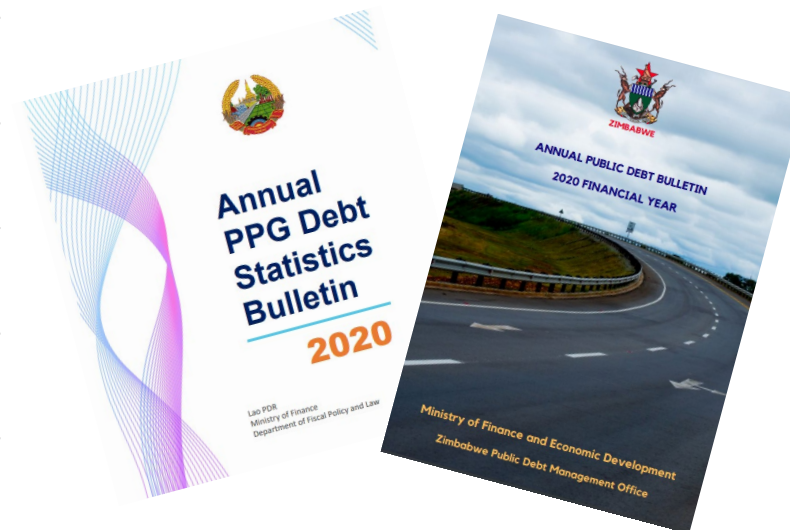
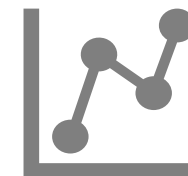
Impact: Increased debt statistics bulletins publication

Debt bulletins published on a regular basis



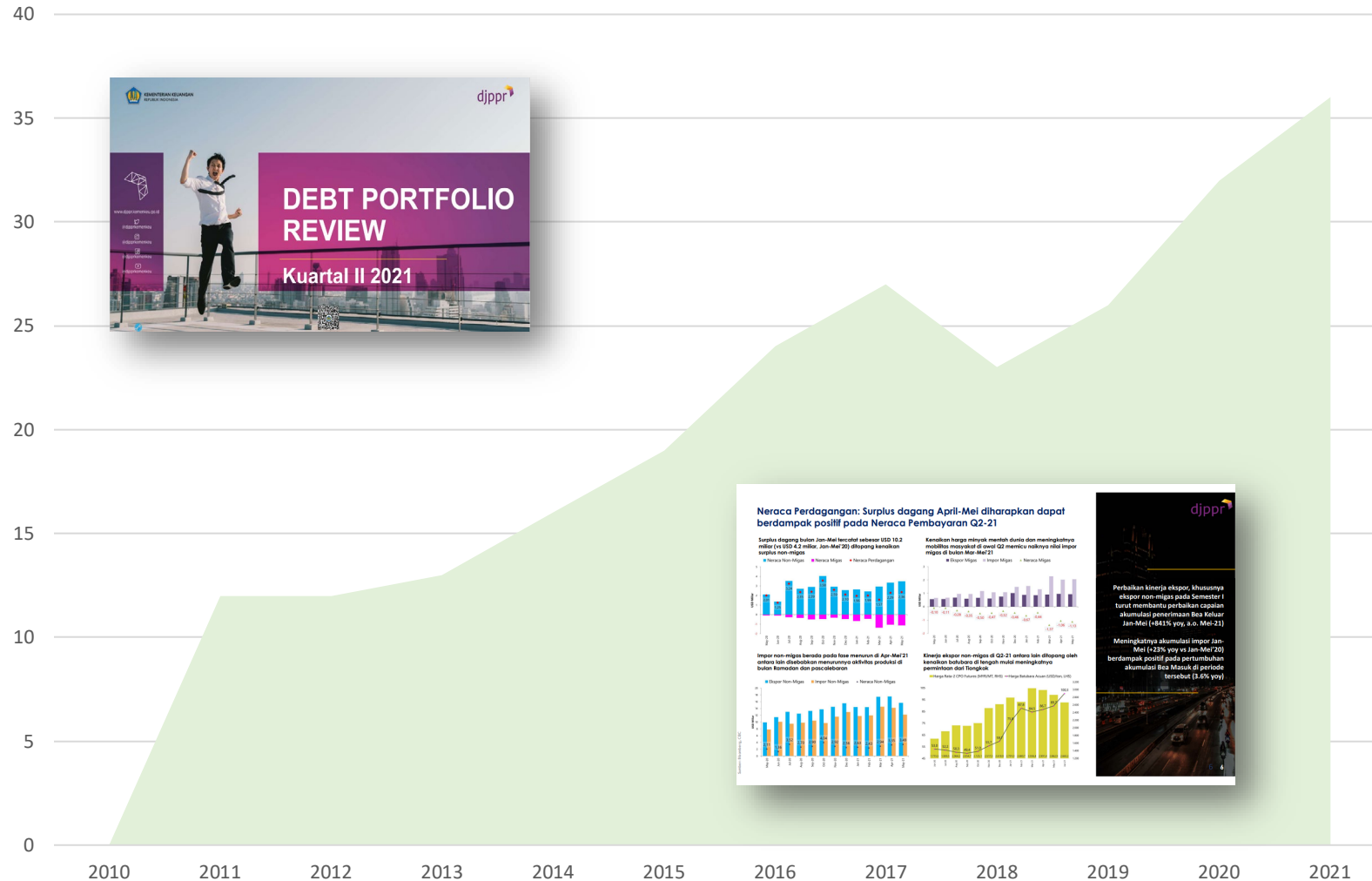
In 2021

38 countries
publish debt
statistics
bulletins



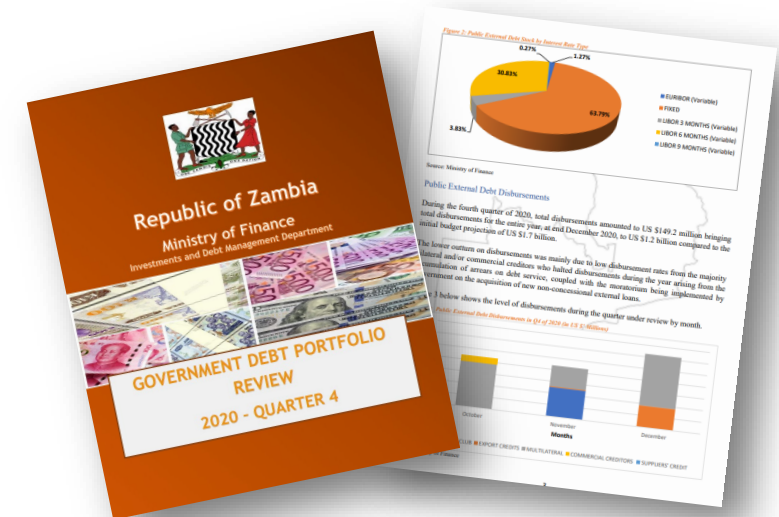
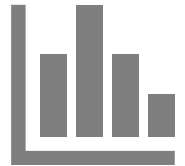
Impact: Increased debt portfolio reviews production

Debt portfolio reviews produced on a regular basis



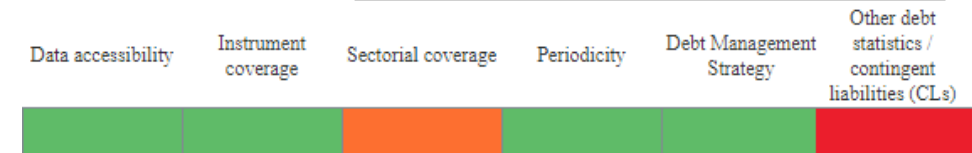
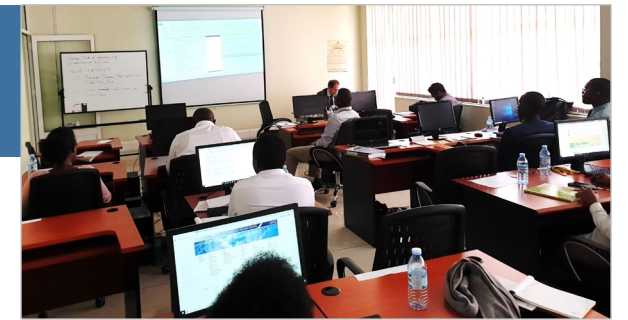
In 2021

36 countries
regularly produce
debt portfolio
reviews.



Success story: Ethiopia

Ethiopia MoFED is using DMFAS in 1988
Started to publish debt statistics bulletins in 2008



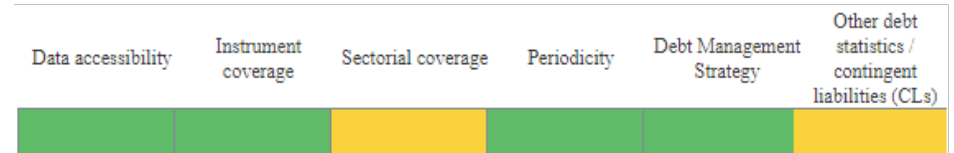
| | IN THE 1980's | DMFAS SUPPORT | TODAY |
|----------------------|---|---|--|
| GOVERNANCE | No computerized database Reliance on hard copy records | Installation of DMFAS 4.1+, 5.3 and 6 | Public debt data is recorded in DMFAS system & used for operations, reporting & analysis |
| DEBT DATABASE | Data not fully reliable | Functional training and data validation | Public debt data is complete, up-to-date and reliable in a single database |
| REPORTING | Complicated reporting procedures Debt statistics not published | DMFAS debt statistics workshops | Simplified reporting procedures Publication of quarterly Debt statistical bulletin |
| ANALYSIS | Debt analysis produced on an ad-hoc basis | DMFAS debt portfolio analysis workshops | MoFED regularly produces and publishes an annual Debt Portfolio Review |
| INTEGRATION | Debt management not integrated with other systems | IFMIS workshops | DMFAS is integrated with Treasury system for payments |

Ethiopia has been using DMFAS for about three decades, and it would be impossible to manage Ethiopia's total public debt ... if it weren't for DMFAS.

*Yohannes Hailu Tesfa
Director, Debt Management
Directorate*

Success story: Uganda

Uganda MoF and CB have been using DMFAS since the mid- 1980's



| | IN THE LATE 1980's | DMFAS SUPPORT | TODAY |
|---------------|--|---|--|
| GOVERNANCE | Debt management functions split between MoF and CB | Installation of DMFAS | Consolidated debt management functions at MoF (close coordination with CB) |
| DEBT DATABASE | Several non-consolidated debt databases | Functional training and data validation | Single consolidated debt database |
| REPORTING | Mainly internal reporting | DMFAS debt statistics workshops | Regular publication of debt bulletins & reporting to international databases |
| ANALYSIS | Limited to selecting among multilateral creditors | DMFAS debt portfolio analysis workshops | Regular analysis to select optimal funding sources |
| INTEGRATION | No integration of the debt database | Integration support | DMFAS is integrated with the public financial management system |

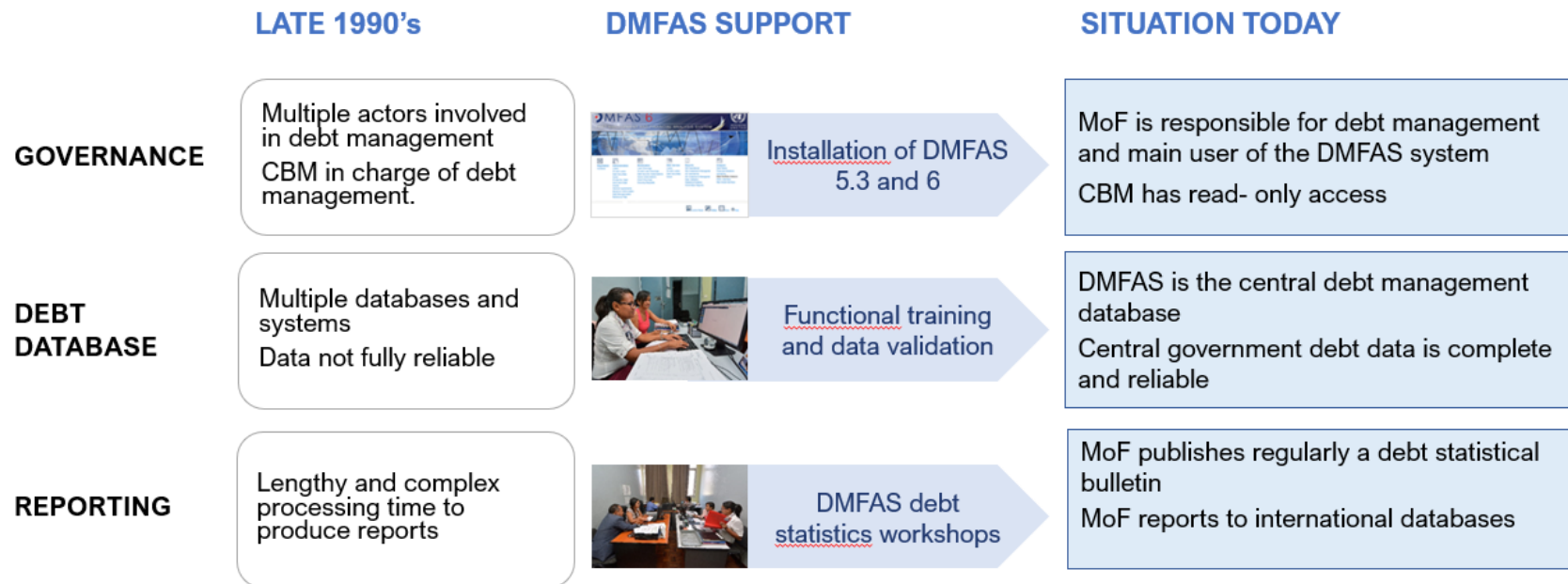
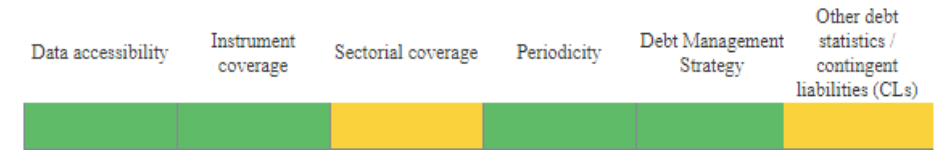
I am expressing my deep gratitude to the UNCTAD for its continued support to debt management.

*Jennifer Muhuruzi
Head of the Debt
Management Office*

Success story: Madagascar

Madagascar has been using DMFAS since 2001

Two DMFAS technical assistance projects



The situation significantly improved.
All the public debt is now recorded in DMFAS ...
PEFA Report 2018

Thanks to DMFAS, our public debt management has become more transparent, effective and efficient, in line with the objectives of our decision-makers.
Volatantely Randrianjanaka
Treasury General Directorate of Madagascar

Strategic Plan 2020-23

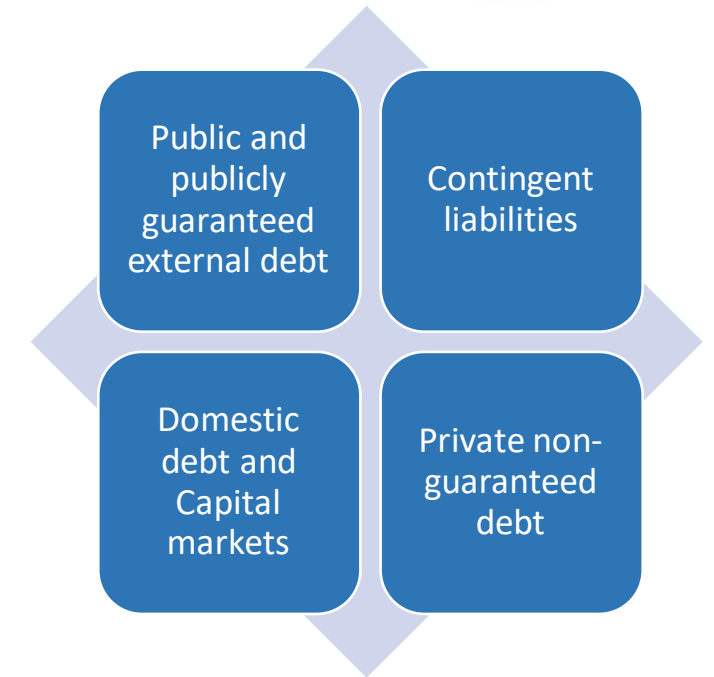
1. A forward looking plan for the DMFAS Programme

- To deliver high quality and highly relevant services
- Response to debt management needs
- In support of efforts to meet SDGs



2. Focus on critical requirements

- Strengthening debt data transparency
- Coverage of General Government Debt & all debt instruments
- Integration of latest reporting standards
- Upgrade to latest technological developments
- Expanded capacity development framework



Financing needs

- Strong support from committed group of current donors
- Actively seeking new donors to fill financing gap to achieve the full Strategic Plan 2020-23
- DMFAS estimates that USD 4.0 million in additional financing will be needed.

Current Donors



Conveys its appreciation for the donor community's 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.

DMFAS Advisory Group 2019

Results framework 2020-23



Outputs

- Government **complete, up-to-date and reliable** debt databases
- Enhanced knowledge of **debt management best practices**
- More effective **debt reporting**
- Improved **operational risk**
- Strengthened **integration** to Public Finance Management

Outcomes

- **Better recording, processing, monitoring, reporting, disseminating and analysing** the countries public debt
- **Enhanced debt transparency**
- **Solid foundation for:**
 - debt sustainability analysis
 - medium-term debt strategies

Impact

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



Conclusions



- Over 40 years, DMFAS has established a strong track record
- Programme remains very relevant in today's environment
- Despite major improvements, there are significant problems in debt data and reporting quality in many countries
- Strengthening capacity for debt data recording and reporting particularly important
- Continuous high demand for DMFAS support from countries facing challenges
- DMFAS' forward-looking strategy is designed to respond to countries' pressing needs in downstream debt management, contributing to

**strengthened debt transparency &
enhanced capacity for effective debt management**



Thank you !

Visit us at unctad.org/dmfas

