DMFAS Programme

Strategic Plan 2011 - 2015

Strengthening the Foundations for Effective Debt Management

Executive Summary

Effective debt management continues to be critical for achieving a sustainable debt position and thus minimizing the risk of a debt crisis. While good debt management has proved to be a valuable asset in mitigating the effects of external shocks, poor public debt management is likely to contribute to the negative impact of external shocks on a country and will seriously undermine a country's ability to achieve sustainable growth. As a consequence, it is now globally accepted that building and retaining strong national capacity in the area of debt management is essential for developing countries to reach and maintain debt sustainability. Good progress has been made over the years in improving the capacity of developing countries to manage their debt, and, combined with debt relief initiatives, many countries have made considerable improvements in their debt situation. However, they still face considerable challenges in effectively managing their debt, and many need technical assistance in a number of key areas.

This new strategic plan for the DMFAS Programme, for the five year period 2011 to 2015, is designed to provide solutions to the most important problems that the debt offices of developing countries are facing in the operational, statistical and analytical functions of debt management. The overall focus of the plan is to assist countries in strengthening these 'downstream' functions that can be considered as the *foundations for effective debt management*.

The plan builds on the success of the Programme's previous four year plan, while benefiting from the lessons learned in that period. The recommendations of the 2009 Mid-Term Review and the latest DMFAS Advisory Group meeting provided valuable inputs to the strategy. In line with the Programme's comparative advantages, the plan focuses on three main areas: developing countries & countries in transition; downstream debt management; and coordination with the providers of technical assistance who work in the upstream areas such as debt sustainability analysis and debt strategy formulation.

The Programme has defined eight priorities consistent with the three areas of focus. The implementation of DMFAS 6 is a priority because this new version of the DMFAS software responds to most of the challenges currently faced by debt management offices, in particular domestic debt management and debt portfolio analysis. Capacity-building in operational risk management, reporting and debt portfolio analysis are also prioritised, given that these are areas in which countries need assistance as they advance from debt recording to more advanced debt management functions – thus consolidating the advances made to date in debt recording. The Programme will place emphasis on strengthening its support for integration of debt management within the broader public finance management (PFM) framework. Implementing improved training methods through blending learning and strengthening the Helpdesk and other systems delivery functions to provide self-service options for users will improve the sustainability of capacity in debt management offices. Similarly, replacing the current DMFAS Website with an interactive Website Portal will improve knowledge sharing through providing debt office staff with access to user networks and forums. In the area of Programme financing, a graduation mechanism for cost-sharing will be introduced, and priority given to improving the sustainability and predictability of funding through increasing the number of multi-year donors. Lastly, in addition to prioritising coordination with other providers of technical assistance in debt management, DMFAS will move to a more collaborative approach that involves more joint planning of activities.

The overall development objective is to help strengthen the capacity of governments to manage their debt in an effective and sustainable way, in support of poverty reduction, development and good governance. There are two immediate and interdependent objectives. The first objective is to strengthen the capacity of governments to manage their operational, statistical and analytical debt management functions, focusing on providing direct solutions to the needs of countries. The expected results range from comprehensive, reliable debt bases and effective reporting and analysis, to integration with other PFM systems and debt strategy tools. The second objective is to improve the capacity of the DMFAS Programme to deliver effective, efficient and sustainable responses to country needs, focusing on meeting the internal challenges the Programme faces in ensuring that it has the ability to deliver the solutions of the first objective. The Programme will strengthen the portfolio of public goods it provides, its methods of delivery of those goods and service, and the sustainability and predictability of its financing.

A comprehensive monitoring and evaluation framework will be used to evaluate progress in implementing the plan, including a logical framework for defining key performance indicators and sources of verification.

The diagram that follows presents an overview of the plan, showing the focus areas, priorities, objectives and expected results.

Overview of DMFAS Strategic Plan 2011-2015

Focus

Developing countries & countries in transition; Downstream debt management: Coordination with other providers

Priorities

Implementing DMFAS 6; Capacity-building in report & debt portfolio analysis; Integration with other PFM systems: Interactive DMFAS Website Portal; Improving training & support services; Reforming financing mechanisms; Continued improvements to coordination with other providers

Overall development objective

Focus countries are managing their debt effectively and sustainably

Objective 1

Government information systems established for effectively managing complete, up-to-date & reliable debt databases

Objective 2

DMFAS Programme has improved capacity to deliver effective, efficient and sustainable responses to country needs

Results

Objective 1:

- Comprehensive, reliable debt databases
- Effective debt reporting
- High quality debt analysis
- Enhanced operational risk management
- Improved PFM integration
- Improved knowledge of debt management
- Improved access to debt management information

Objective 2:

- More predictable & sustainable financing
- Graduated cost-sharing & more multi-year donors
- Coordination with other providers
- DMFAS system kept up-to-date
- New & enhanced capacity-building modules
- New training courses & delivery methods
- More effective & efficient service delivery
- New monitoring & evaluation framework

Table of Contents

About the DMFAS Programme

The DMFAS Programme is a world leading **provider of technical cooperation** and advisory services in the area of debt management. Integrated as a key activity of the United Nations Conference on Trade and Development (UNCTAD), the Programme has been successful in helping governments improve their capacity to manage debt for the past 28 years. It has so far worked directly at the country level with 67 countries (mostly low and lower-middle income) and more than 100 institutions.

The overall objective of the DMFAS Programme is to strengthen the capacity of developing countries and countries with economies in transition to manage their debt in an effective and sustainable way, in support of poverty reduction, development and good governance.

The Programme offers countries a **set of proven solutions** for improving their capacity to handle the day-to-day management of public liabilities and produce reliable debt data for policy-making purposes. This includes its specialized debt management software, DMFAS – which greatly facilitates the work of the debt office – as well as advisory services and training activities in debt management.

By **working directly with the countries** as well as with international and regional organizations involved in debt, the Programme identifies best practices in debt management and translates them into specialized products and services. These are shared with countries through technical cooperation projects, as well as through international and regional conferences and workshops.

The products and services offered by the DMFAS Programme are **public goods** that are continuously updated in line with countries' new requirements and in accordance with best practices in debt management. The Programme is a concrete example of how the United Nations builds capacity at the country level, in support of good governance, development and poverty reduction. In partnership with other organisations and the donor community, it provides countries with the means to improve their management of public liabilities, and consequently public resources, through the strengthening of their institutional capacity in this area.

The principal entity in the DMFAS governance structure is the DMFAS Advisory Group, composed of all stakeholders, including beneficiary countries, bilateral donors and partners, which makes recommendations on the Programme's strategy.

DMFAS Mission Statement

The mission of DMFAS is to 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.

Introduction

The DMFAS Programme's Strategic Plan for 2011 to 2015 defines the Programme's response to the most important needs of developing countries in debt management that fall within its areas of comparative advantage.

The plan addresses the current challenges faced by developing countries in the key area of debt management. It continues to build on the policies initiated by the Strategic plan 2007 – 2010 (in particular working within agreed areas of comparative advantage and cooperation with other providers), while using the lessons learned during that period. The recommendations of the 2009 Mid-term Review and of the DMFAS Advisory Group represent key drivers for the priorities and focus areas of the plan.

Through its Strategic Plan 2011-2015, the DMFAS Programme will provide concrete solutions to the problems faced by debt management offices (DMOs) in the 'downstream' areas of operational, statistical and analytical debt management. It will also strengthen the internal capacities of the Programme to respond more quickly, effectively and efficiently to country needs. Implementing the plan will help to ensure that developing countries continue to receive the high quality support they need to strengthen their capacity in a sustainable manner.

The document is presented in two parts. Part 1 describes the context in which the DMFAS strategic plan has been developed, reviewing the challenges developing countries face and the DMFAS Programme's ability to assist them. Part 2 presents the Programme's strategy for responding to the challenges of developing countries over the five-year period.

PART 1: DEVELOPMENT CONTEXT

This part of the document analyses the key development factors the strategic plan is designed to address and the DMFAS Programme's capacity to provide solutions for the related challenges.

1. Critical role of debt management for development

Effective debt management is of critical importance for achieving a sustainable debt position and by thus minimizing the risk of a debt crisis. The UN General Assembly (in its resolution A/RES/64/191), has reaffirmed that debt management plays a major role in helping developing countries to achieve development paths with sustainable growth, a precondition for the achievement of the Millennium Development Goals.

The availability of reliable debt information forms the basis not only for debt recording and reporting requirements, but is an essential prerequisite for the day-to-day operations, debt analysis and risk management activities in a DMO. As such, debt management is an integral part of national development policies and helps in the formulation of national debt strategies.

Critical importance of reliable debt data

The availability of comprehensive, reliable and timely debt data is essential for prudent risk analysis and the elaboration of government strategies aimed at ensuring sustainable debt levels. It is recognized through the Millennium Development Goals that building and retaining strong national capacity in the area of debt management is essential in the fight to reduce poverty.

Despite national and international efforts in recent years, debt management in developing countries continues to be faced with a number of challenges due to complex debt structures and recurring external shocks. A 2006 World Bank analysis of public debt management in low-income countries demonstrated the strong correlation between debt management policy and high indebtedness in low-income countries (World Bank and IMF, 2006). The recent financial and economic crisis has highlighted once again the critical importance of effective debt management. Many developing countries have managed to improve upon their debt structure in recent years, but more effort is needed, also by the international community (UN Secretary General, 2010) which will also be conducive for achieving greater resilience of the international financial architecture (UN MDG Gap Task Force, 2010). This includes support in the area of developing and modernizing middle-office functions in DMOs, which are vital for effective risk management and turning debt into a productive tool for national development plans.

2. Challenges in achieving sustainable effective debt management

Debt Management Offices continue to face new challenges in adapting to continuous changes in the political, financial, institutional and technological aspects of debt management. For debt management to be effective, countries need to implement sustainable reforms to the way they manage debt in response to a number of changes in their environment:

- Evolution in debt management practices and international standards
- Allocation of new responsibilities
- Integration of front, middle and back office functions and procedures
- Changes in best practices in public administration
- Adoption of modern technologies

There are a number of **specific challenges** that require particular attention in the coming years:

2.1 Shortage of qualified staff and training opportunities

A common challenge for governments is that high staff turnover and difficulties in keeping the skills of debt office staff updated in line with the changes in the dynamic debt management environment often lead to a shortage of skilled staff. Sustainable capacity and effective management of operational risks require the availability of timely and easily accessible training, capacity-building and access to information networks on the latest developments on best practices. A recent publication from the World Bank, in examination of the challenges that debt managers face in the current environment examining the challenges, found that there was anecdotal evidence suggesting that loss of key trained staff, lack of transfer of skills among staff are among the main reasons for poor performance in debt recording and reporting (Weist et al, 2010).

The latest Mid-term Review of the DMFAS Programme found that the high staff turnover in debt management offices remains a serious problem in about one fifth of the DMFAS user countries, spread over all regions, and that in this context the low income countries in particular need continued support from DMFAS because their operational capacity is lower and staff turnover is higher (Ecorys, 2009). Correspondingly, the most recent DMFAS Advisory Group stressed the importance for developing countries and countries in transition to continue to receive the support of UNCTAD's DMFAS Programme in strengthening their debt management capacity (DMFAS Advisory Group, 2009). Similarly, the Advisory Group underlined the importance of providing comprehensive and sustained capacity-building for debt management offices.

2.2 Domestic Debt and Capital Markets

As government debt-management practices have evolved in more advanced countries, the complexity of debt instruments available to low-income countries has also increased and the domestic debt market is a path worth exploring to ensure that governments have access to additional resources over the medium term (Anderson and Togo, 2009). For some years, developing countries have increasingly implemented a strategy of retiring external debt and replacing it with domestically issued debt as a source of finance for the public and private sectors, and favourable external conditions helped developing countries to strengthen their domestic debt market (UN Secretary-General, 2008).

As more and more developing countries of all income categories attempt to establish capital markets as a means to increase reliance on domestic debt as a sustainable funding source, they find that they do not

have adequate systems and infrastructure for effectively managing their debt portfolios. A common problem is that in a large number of low-income countries, the treatment of the debt portfolio is not comprehensive, with external and domestic debt dealt with separately (Anderson and Togo, 2009). Many countries are recording information on securities with inadequate applications (for example, Excel spreadsheets) or stand-alone systems that are not integrated with the external debt databases, making it difficult for the DMO to have a comprehensive overview of the public debt situation. Moreover, they find it difficult to integrate the auctions process. In this context, the latest DMFAS Advisory Group meeting welcomed the Programme's increased support in strengthening capacity for all debt types and instruments including: Public and

Publicly Guaranteed Debt, Domestic Debt, Private Debt and Short-Term Debt (DMFAS Advisory Group, 2009).

2.3 Poor performance in operational risk management

Despite significant improvements generally in debt management performance, many countries still have difficulties with operational risk management, with low income countries in particular being characterised by weakness in this area (Anderson and Togo, 2009). Related to this, the trend towards increasingly demanding audit standards for debt management requires high levels of data security. The results of Debt management Performance Assessments (DEMPA) conducted by the World Bank under the Debt Management Facility (DMF) show that on average countries have poor results on DPI 12 – Debt Administration and Data Security, and DPI13 - Segregation of Duties, Staff Capacity and Business Continuity (Magnusson et al, 2010).

Countries with weak operational debt management require assistance in developing procedures manuals that would set effective standards in these areas. They also need debt systems that enforce tight procedures for approvals and application to the database, and debt systems used by many countries currently lack the necessary controls. The DMFAS Programme has received a significant demand from countries for support in these areas.

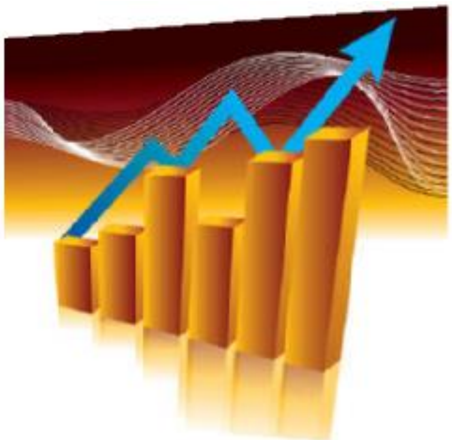
2.4 Integration with other systems

There is broad agreement that a fully functioning Integrated Financial Management System (IFMIS) can improve governance in a country by providing real-time financial information, and that they can help governments to improve control, transparency and efficiency (USAID, 2008). In recent years, many governments in developing countries have invested in systems and applications for accounting, budgeting, cash management, aid management and/or integrated financial management systems. However, in its work at the country level, the DMFAS Programme has found that these systems are not necessarily linked with the debt management system. As a result, government entities cannot access or exchange information that is crucial for the smooth running of public finance. The consequence may result in inconsistent and incomplete information in different entities, even within the same institution, leading to inefficient and sometimes erroneous handling of public finances. UNCTAD's experience has also been that the lack of integration of debt management systems with Aid Management Systems also limits a country's capacity to coordinate with donors as foreseen in the Paris Declaration for Aid Effectiveness and the Accra Agenda for Action.

The DMFAS Advisory Group in its November 2009 meeting requested the Programme to increase its support to developing countries in the development of interfaces with Aid Management systems, Integrated Financial Management Systems, Risk Management Systems, Debt Sustainability Analysis and Debt Strategy systems, and other appropriate systems. It also encouraged the Programme to provide interfaces with the information systems of the major providers of financial data (DMFAS Advisory Group, 2009).

2.5 Debt Analysis

In recent years, in line with recognised best practices, DMOs have been building up their analytical (middle) offices to strengthen their capacities to analyse their debt portfolio and market developments, and to engage in more active debt management. However, preliminary results from the early application of the Debt management Framework (DMF) show that there is a low degree of assessment of the most beneficial/cost-effective borrowing terms and conditions (IMF and World Bank, 2009). In this context, demand from DMFAS user countries shows that there is also a need for capacity-building in basic risk management and debt portfolio analysis. Similarly, responses by DMFAS users to the survey conducted by latest The Mid Term Review showed a significant need for training in debt portfolio analysis (Ecorys, 2008).



While there are many advanced analytical tools available in the market that countries could use for debt analysis, many of the countries the DMFAS Programme supports have reported that they find them too costly or overly complicated for their needs. Moreover, these tools often lack integration with their debt databases. There is a need for basic analysis tools that facilitate relatively quick and easy analysis of the main debt indicators and simulations of exchange and interest rates changes, using the data in their recording systems.

The DMFAS Advisory Group has emphasised that the Programme should satisfy the needs of developing countries as they advance towards increased debt analysis, as part of a coordinated response with other providers. In that context, the group welcomed the release the new and much-needed version of the DMFAS software, DMFAS 6, as an important development in responding to the evolving needs of debt management offices as well as the plans for developing improved functionality for supporting front, middle and back-office functions of debt management offices (DMFAS Advisory Group ,2009).

In relation to Debt Sustainability Analysis and Debt Strategies, countries need to be able to use the data in their debt databases when conducting debt sustainability analysis and formulating medium term debt strategies. Currently, some of the debt recording systems such as DMFAS lack direct interfaces between the most common analytical tools used, making the use of debt data complicated and error prone. The DMFAS Advisory Group has underlined the importance of providing interfaces with the systems of other providers, in particular the Medium Term Debt Strategy (MTDS) system of the World Bank/International Monetary Fund (DMFAS Advisory Group, 2009).

2.6 Private external debt data

Private external debt, including non-guaranteed, represents a risk (contingent liability) for governments that needs to be properly monitored. As the debt composition of developing countries has been changing rapidly, private debt has represented an increasingly large share of total long-term external debt in developing countries, with the share of total long-term external debt issued by private borrowers growing from about 30 per cent to 50 per cent in the last decade (UN Secretary-General, 2009). Accordingly, international best practices recommend monitoring private non-guaranteed debt as a minimum on an aggregated level (IMF, 2011).

Countries have different methods and reporting requirements, but a common problem is the lack of standard procedures and adequate, integrated recording systems. The DMFAS Advisory Group welcomed the increased support of the Programme for this type of debt (DMFAS Advisory Group, 2009).

2.7 Debt reorganization

Debt reorganization is another key challenge for developing countries. Debt reorganization (also referred to as debt restructuring) is defined as an arrangement involving both the creditor and the debtor (and sometimes third parties) that alters the terms established for servicing an existing debt, and involves 4 main types: Debt forgiveness, Debt rescheduling, refinancing and Debt conversion and debt prepayment (IMF, 2011). Multilateral debt relief arrangements such as the Highly Indebted Poor Countries (HIPC) and the Paris Club are among the most common types of debt reorganization for low income countries.

In all cases of debt reorganization, the terms and conditions of the arrangement must be registered in the debt database to permit effective reporting and accounting. To this end, large data sets have to be processed and users need a tool that facilitates the automatic application of reorganization terms to the reorganized loans, saving time and limiting the risk of errors. The DMFAS system must be kept updated to ensure that it continues to provide the support countries need.

2.8 Contingent liabilities - Recording and monitoring

The recording and monitoring of the government contingent liabilities is another key challenge for effective debt management in many countries. With the increasing importance of infrastructure spending by the public sector through the issuance of sovereign guarantees or through public-private partnerships, the role of contingent liabilities is becoming more important (Gooptu and Braga, 2010). However, countries need to adapt their capacities to undertake the required registration, control, monitoring and risk management needed for effective asset and liability management (ALM).

In moving to an ALM approach, countries need to be able to collect data on their main financial and non-financial assets and liabilities (UN General Assembly, 2007) in order to be able to manage the risks associated with different types of shocks. The DMFAS system would need adaptation to facilitate the management of contingent liabilities and thus be able to meet the demand from its user countries.

2.9 Sub-national debt and parastatals

Subnational debt management is becoming an important policy issue in a range of countries. As the trend towards decentralisation continues, the share of subnational finance is rising in low-income countries as it has in many middle-income countries (Liu et al, 2009). Complying with international reporting requirements, most countries are increasing the coverage of debt monitored by the government by including the debt of provinces and municipalities (sub-national debt) as well as the debt of parastatals. Those debts represent contingent liabilities which have to be monitored by the government.

It is generally recognised that although having timely and comprehensive data on the level and composition of debt is a necessary condition for building early warning systems aimed at limiting the impact of debt crises, information on subnational debt is often impossible to find (UN Secretary General, 2010). Accordingly, the DMFAS Advisory Group requested the Programme to provide support for the effective and coordinated management of sub-national debt (DMFAS Advisory Group, 2009).

2.10 Recording derivatives.

Debt management offices, particularly among the emerging markets, are increasingly using or intend to use derivatives, collateral and netting to manage their exposure to market and credit risk ((Magnusson et al, 2010). Common examples are arrangements such as interest rate and currency swaps, futures, and forward transactions. Recording and analytical systems need to provide adequate functionalities for these developments. As noted by the OECD, there has been a sharp growth in derivatives in both mature and emerging markets, with the use primarily of interest rate and currency swaps, futures, and forward transactions to achieve strategic objectives (OECD, 2007).

While there is currently no direct demand from DMFAS-user countries for support in registering and reporting derivative transactions, demand is expected to materialise over the coming years.

3. DMFAS' specific challenges

In striving to achieve its overall objectives of supporting developing countries, the DMFAS Programme needs to address a number of specific challenges that it faces.

3.1 Responding to need for increased support in key areas.

The results of the Mid-term Review of the DMFAS Programme showed that while the Programme was successfully meeting the needs of countries in the other areas of its work, countries needed it to provide additional support in the following areas:

- Debt analysis
- Integration with other financial management software
- Support for creating linkages with debt sustainability and strategy tools
- Coordination with other providers

The need for additional support in these areas is linked to the past success of developing countries in improving their debt recording functions, often with the support of TA providers like the DMFAS Programme, and the logical progression towards the higher level debt functions of debt analysis and integration with the broader PFM framework. Within this context, effective support to countries requires the DMFAS Programme to move to a more collaborative approach to its coordination with the providers of technical assistance in the upstream areas of debt management, as those areas rely on the data and reports from the DMFAS system.

The conclusion of the subsequent DMFAS Advisory Group meeting was that the DMFAS Programme needed to prioritise these areas in its strategic planning (DMFAS Advisory group, 2009).

3.2 Increasing cost-sharing and expanding the donor base

As a technical assistance Programme of the United Nations, the Programme receives most of its funding from bilateral donors. Another key source of funding is cost-sharing by countries benefitting from the Programme's support. The third source of funding is UNCTAD's regular budget. The Programme has been successful to date in obtaining the funds it needs to sustain its yearly operations. However, the donor community has stressed the need for the Programme to expand the donor base and to increase the share of funding derived from cost-sharing (Donors Meeting, 2010).

As a means of improving the financial predictability of its financing, the Programme needs to increase the number of donors committing to providing multi-year contributions. As recommended by the latest Mid term Review, in relation to cost-sharing the percentage of total financing from beneficiary countries should be increased in parallel to the introduction of a graduation scheme that takes account of countries' ability to pay. The DMFAS Advisory Group has given its support to this direction (DMFAS Advisory Group, 2009).

3.3 Decentralisation of Programme services.

The DMFAS Programme currently has two regional 'offices: its Bamako office provides mainly DMFAS project management services to the sub-region of West Africa, and the Buenos Aires office provides technical support to DMFAS-user countries South America. At the request of the DMFAS Advisory Group (DMFAS Advisory Group, 2009) the Programme commissioned a study on decentralization by an independent consultant in 2010 to determine if further decentralization was the right strategic choice for DMFAS and if so, how to implement it in the most effective and efficient way. The study had concluded that decentralization was the way forward for the Programme and that in order to effectively service the different DMFAS-client regions, it recommended the establishment of 4 to 7 regional hubs with priority on Africa.

Agreement was reached with DMFAS donors that Programme should go ahead with the opening of two additional centres in Africa as part of its new Strategic Plan, but with certain conditions: 1) the Programme needed to take necessary time to prepare adequately - no new centre would be opened before 2012; 2) decentralization plans would address the internal management challenges and include clear communications and management structures; 3) the plans must ensure that decentralization does not weaken the Programme's core in Geneva; 4) the experience of the Bamako and Buenos Aires centres would be taken into account to give a clearer quantifiable account of costs and benefits.

3.4 Strengthening performance measurement

In the current economic climate, Programmes which receive and are competing for public funding need to be capable of clearly showing the positive results of their work. While there is consensus amongst stakeholders that the DMFAS Programme has performed effectively and efficiently, the different stakeholders have distinct needs when trying to determine the success and effect of DMFAS' work.

Donors need to be able to measure the impact the DMFAS Programme is having on development in beneficiary countries and want the Programme to provide very clear reporting on this. At the 2010 annual donor consultations meeting, donors stressed the importance of a robust Monitoring and Evaluation (M&E) system, including sound baselines to benchmark progress over time and more rigorous tracking of client satisfaction. It was agreed that the M&E system should not involve substantial additional cost. (DMFAS Donors, 2010)

Clients need to be able to measure and communicate the impact of the changes made in the DMO with the support of the DMFAS Programme. For example, they may need to determine the impact of a DMFAS project, justify a new project proposal to donors or government decision-makers.

To meet these needs, the DMFAS Programme needs to implement a new monitoring and evaluation framework that measures the effectiveness of the Programme and provides the DMFAS Programme's stakeholders with the information they need on how the Programme is affecting debt management performance in countries. This will give stakeholders the opportunity to see the changes occurring in debt management offices in the areas in which DMFAS is providing assistance.

4. DMFAS' comparative advantages

The DMFAS Programme has a number of significant advantages in responding the challenges of developing countries in achieving sustainable effective debt management, in comparison to other TA providers, while addressing its own specific challenges.

4.1 Downstream areas of debt management

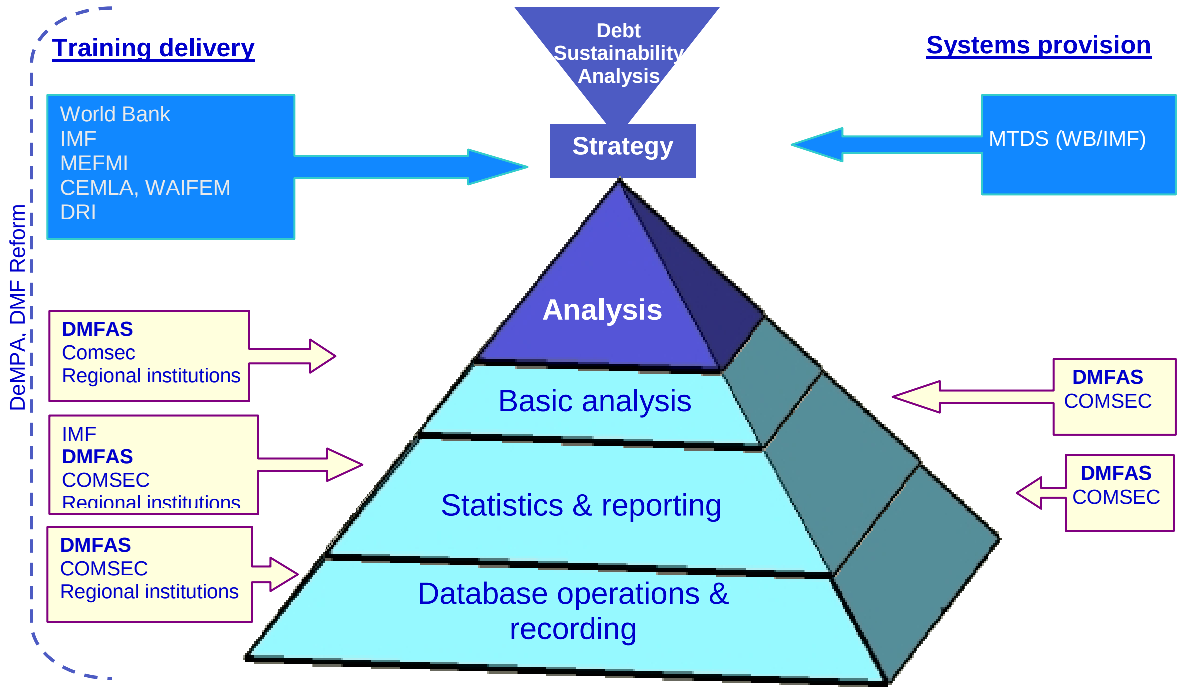
A number of international and regional organisations are currently active in assisting developing countries build their capacity in debt management. The main actors include UNCTAD's Debt Management and Financial Analysis (DMFAS) Programme, the Commonwealth Secretariat, IMF, World Bank, Debt Relief International (DRI), CEMLA, MEFMI and WAIFEM.

Building capacity in debt management must take a holistic approach, as presented in the 'debt management TA pyramid' in Figure 1, showing **the major institutions providing technical assistance in debt management to developing countries, at each respective level.** In order to formulate effective debt **strategies**, one must first build a comprehensive **debt database**, to produce reliable **statistics**, and finally undertake relevant **analysis**. Capacity-building takes place at different levels and no single institution can adequately provide support in all areas.

As recognized by the DMFAS Advisory Group and successive independent evaluations of the Programme, DMFAS has clear comparative advantages in the areas of debt management that can be considered 'downstream': data recording and validation, debt operations, internal and external debt reporting, debt statistics and basic debt analysis, organizational structures and procedures, and building system links between debt management and other financial software. These activities complement the interdependent "upstream" activities such as debt strategy formulation and debt sustainability analysis provided by other providers such as the World Bank or the IMF.

The latest DMFAS Donors Consultation meeting concluded that **'...*in accordance with the principle of assigning responsibilities in accordance with comparative advantages, it is critical that... actors like UNCTAD's DMFAS Programme concentrate on the downstream activities...'.*** ('Chairman's Summary, DMFAS Donor Consultations Meeting, Geneva November 2008').

Figure 1: DMFAS' place among main institutions providing TA in Debt Management



4.2 Strong mandate

The DMFAS Programme is a United Nations entity working under the principles and mandates established in UN declarations and resolutions. It has a clear mandate from the United Nations General Assembly to provide technical assistance in debt management to developing countries and countries in transition. There is a long list of UN General Assembly Resolutions stressing that effective debt management by developing countries is an important factor for sustained economic growth and the smooth functioning of the world economy, and that UNCTAD should provide technical assistance in this area. The latest resolution 'Invites the United Nations Conference on Trade and Development to continue and intensify cooperation in respect of capacity-building activities in developing countries in the area of debt management' (United Nations General Assembly Resolution 64/91, December 2009).

The latest UNCTAD conference concluded that '*UNCTAD should continue its analysis of debt and development finance issues and should maintain its capacity-building Programme for public debt management. On the basis of its analytical work, UNCTAD should continue to provide technical assistance and support for developing countries in building national capacities through the Debt Management and Financial Analysis System (DMFAS) Programme…*' (Accra Accord, April 2008). Accordingly, as part of UNCTAD's Debt and Development Finance Branch, the Programme has the opportunity to benefit from and maximize synergies with the organisation's research and analysis activities in debt management and development finance.

The Programme's work has also been endorsed by the DMFAS Advisory Group which at its last meeting concluded that it '*Stresses the importance for developing countries and countries in transition to continue to receive the support of UNCTAD's DMFAS Programme in strengthening their debt management capacity*' (DMFAS Advisory Group, 2009).

4.3 Portfolio of solutions

A significant strength of the DMFAS Programme is the portfolio of available solutions that it offers to countries. As it enters this new strategic period, two key components of the portfolio will be particularly useful in addressing the challenges ahead:

- **DMFAS 6**: Released in November 2009, it is a major improvement on the previous version and responds to the needs of developing countries not only in the areas of debt recording and reporting, but also in debt analysis and integration.
- **Capacity-building modules**: In addition to the older modules in debt validation and statistics, the Programme has a new capacity-building module for debt portfolio analysis.

4.4 Experience and strong track record

With over 28 years experience in delivering technical assistance in these areas, and a highly qualified and experience team of specialists, the DMFAS Programme has built a strong track record in delivering high quality support that is very relevant to the needs of developing countries, as confirmed by successive evaluations of the Programme.

The latest Mid Term Review (Ecorys 2009), concluded that computer software, the training and support provided for debt management by the DMFAS Programme are very relevant. It also concluded that '*DMFAS clearly fills a need in many user countries who report significant improvements in debt recording and statistics because of DMFAS*'. In relation to the effectiveness of the Programme, the evaluation concluded that '*Because of DMFAS, debt management capacity has improved in the DMFAS user countries and has contributed to good governance especially in terms of improved transparency and the government's accountability of public finance*'.

At the latest Donors' Consultation meeting, the community of bilateral donors who support the Programme also stated that '*Donors recognized the key role that the DMFAS plays in supporting developing countries to improve their debt management capacity and are satisfied with its performance.*' (DMFAS Donors, 2010).

A final consideration is that the countries the Programme supports express consistently high satisfaction rates with the Programme and show their appreciation and confidence in the Programme's work through cost-sharing.

PART 2: OUR RESPONSE - STRATEGY FOR 2011-2015

This part of the document defines how the DMFAS Programme intends to respond to the development challenges faced by developing countries by leveraging its comparative advantages. It presents the primary focus of the Programme's work over the five-year period, its priorities, objectives and expected results. The last section defines the monitoring and evaluation framework that will be used.

5. Focus

In response to the development challenges faced by developing countries in debt management, and leveraging the DMFAS Programme's strengths and comparative advantages to assist them, the strategic plan will focus on three key elements:

- Developing countries and countries in transition
- Downstream areas of debt management
- Coordination and collaboration with other providers

5.1 Developing countries and countries in transition

The mandate of the DMFAS Programme is to support developing countries and countries in transition. The Programme has so far provided direct country assistance to 67 developing countries, of these: 14 Least Developed Countries (LDCs), 17 Land-locked developing countries (LLDCs), 2 Small Island Developing States (SIDS) and 10 Structurally weak, vulnerable and small economies (SWVSEs). Currently, 46 DMFAS country clients have either low-income or lower-middle income development status. Additionally, half of all countries with heavily indebted poor countries (HIPC) status receive DMFAS support. Figure 2 shows the wide geographical distribution of the countries the Programme is currently supporting, and Figure 3 illustrates the breakdown by income category.

Figure 2: Geographical distribution of active DMFAS users

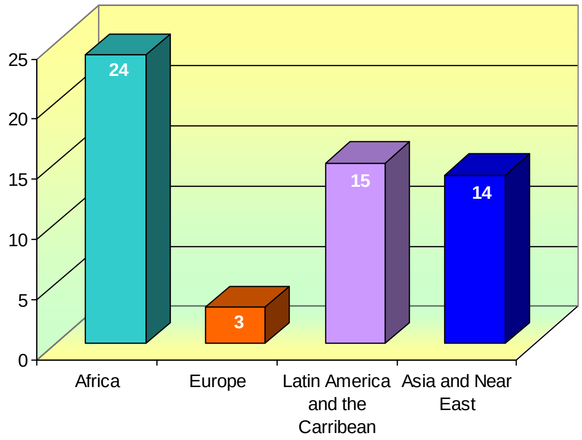
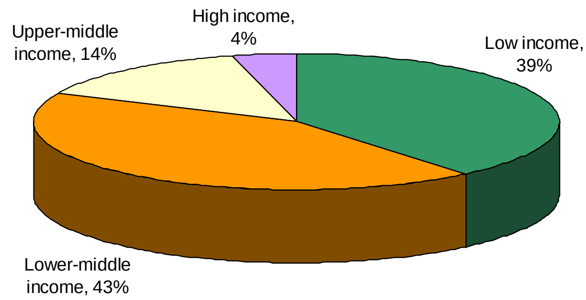


Figure 3: Active users of DMFAS, by income group, in 2010



The focus of this strategic plan is to continue supporting these countries and institutions, while responding to new demands from other countries and institutions. Current trends suggest that the decentralization plans of many countries will lead to new demands for DMFAS support from sub-national governments.

5.2 Areas of comparative advantage

In accordance with its accepted areas of comparative advantage, the Programme's focus will continue to be on the delivery of debt management assistance in the 'downstream' areas of debt management at the country and regional levels. The DMFAS Programme will continue to focus on the lower three layers of the debt management pyramid, while supporting the work of other organisations at the top of the pyramid.

Figure 4: Upstream and downstream activities:

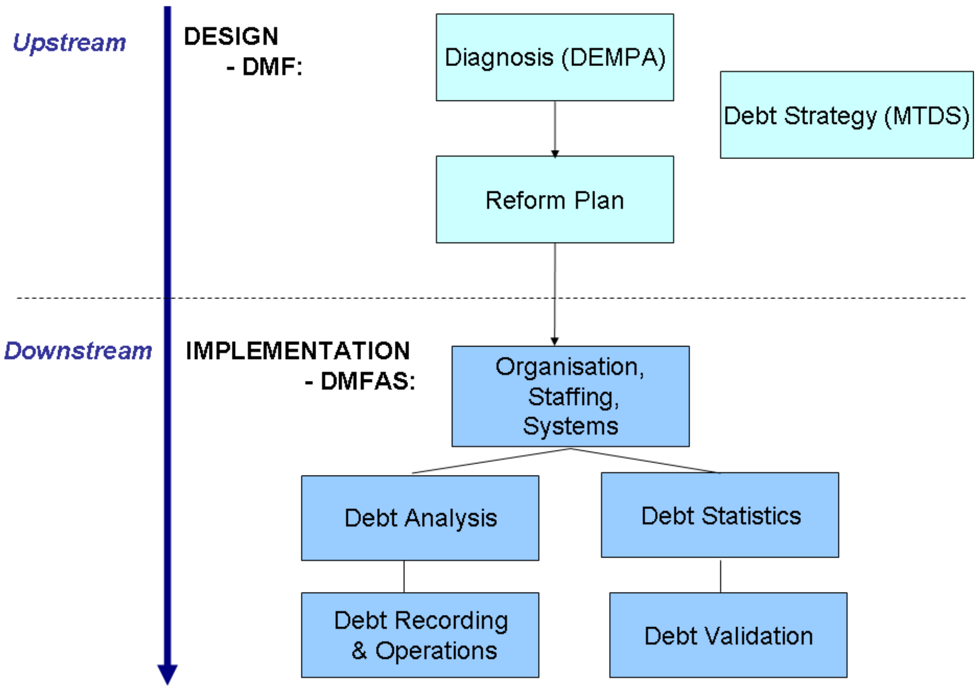


Figure 4 shows how DMFAS's focus relates to the activities of the Debt management Facility (DMF), clearly illiustrating that DMFAS will concentrate on the downstream activities, complementary to the DMF's focus on the upstream activities.

The DMF covers the '*upstream*' activities of:

- Diagnosing the performance of debt management in a country (DEMPA)
- Assistance in formulating reform plans to correct the weaknesses identified by the DEMPA (Reform Plan)
- Preparing a reform plan to address the weaknesses identified (Reform Plan)
- Preparing a medium term debt strategy (MTDS)

DMFAS' comparative advantage is in the 'downstream' activities needed for implementing the DMF Reform Plan and strategy, through:

- Supporting countries in implementing debt management reform plans
- Providing debt management systems (the DMFAS system)
- Training the debt management staff in debt reporting, operations, statistics and analysis
- Advising on debt office reorganization, integration and staffing
- Providing sustainable support (Helpdesk) for these areas

6. Priorities

The DMFAS Programme's response to these development challenges, in line with its comparative advantages, is to dedicate the five years from 2011 to 2015 to:

Strengthening the foundations for effective debt management

The **eight key priorities** the Programme will focus on are:

1. Implementing DMFAS 6
2. Widening the scope of debt supported
3. Capacity-building in reporting and debt portfolio analysis
4. Supporting integration with other PFM systems
5. Implementing a comprehensive interactive DMFAS Website Portal
6. Improving training and support services
7. Reforming Programme financing
8. Continued improvements to coordination with other providers

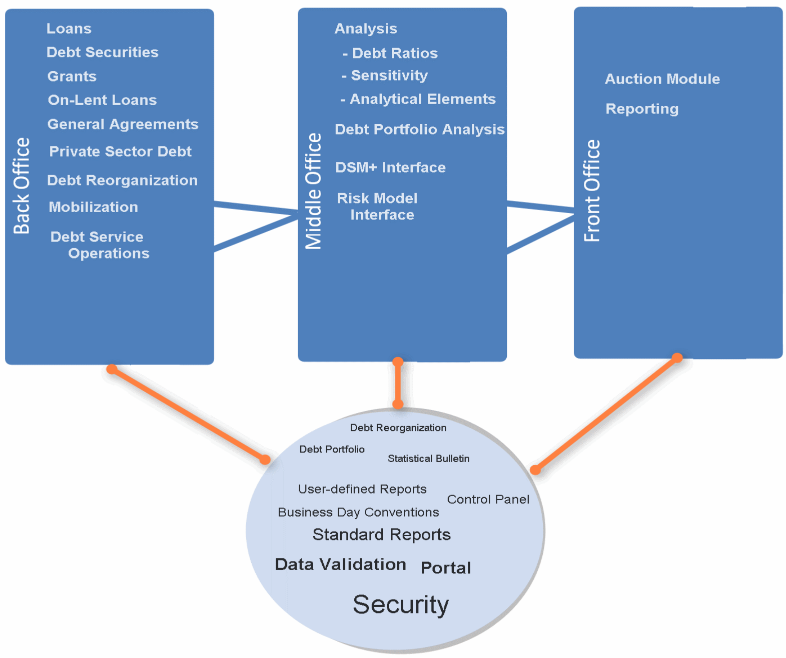
These priorities are the key elements of the strategy.

6.1 Implementing DMFAS 6

The latest version of the DMFAS system, version 6, responds to key current requirements of developing countries in managing their debt. This web-based application offers new features which integrate current practices in debt management, new debt instruments and advanced analytical tools. Figure 5 provides an overview of the features. Since the version was first released in November 2009, clients have demonstrated significant demand for the version. As recommended by the DMFAS Advisory Group meeting of November 2009, a major goal in this strategic plan is to deliver the new version to as many clients as possible.

The implementation of DMFAS 6 is a significant endeavour involving a number of activities, including data conversion and extensive training. Therefore, technical assistance projects will need to be established with each institution and the required funding must be secured.

Figure 5: Features of DMFAS 6



6.2 Widening the scope of debt supported

With the increasing prevalence and importance of domestic debt in countries at all income levels, the Programme will strengthen its support for the management of domestic debt instruments and the auction process. Similarly, although to a lesser extent, the Programme will increase its support for managing Private Debt, Short-Term Debt, Contingent Liabilities and Sub-national debt. This will be achieved through adding new functionalities to the DMFAS system and improving the capacity-building modules and training delivery.

6.3 Capacity-building in debt reporting and analysis

In response to the aspirations of many countries to progress from debt recording to improved debt reporting and analysis, the Programme will increase the support it provides in these areas, consolidating the advances made in most countries to date in debt recording. This will involve organising more workshops, jointly with partners wherever possible, on the production of statistical bulletins and debt portfolio analysis. The functionalities of DMFAS 6 will be key assets in building sustainable capacity in these areas.

6.4 Supporting integration with other PFM systems

As recommended by the Mid-term Review and the DMFAS Advisory Group, the Programme will increase its support to developing countries in the development of interfaces with Aid Management systems, Integrated Financial Management Systems, Risk Management Systems, Debt Sustainability Analysis and Debt Strategy systems, and other appropriate systems. This will involve the development of generic interface facilitation functions in the DMFAS system, more training and direct support for the development of interfaces.

6.5 Implement interactive DMFAS Website portal

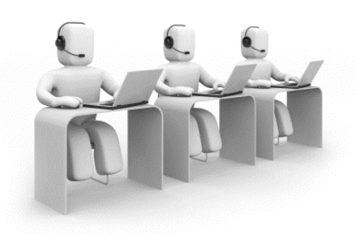
In response to the Advisory Group's recommendations, the current Website will be replaced with a comprehensive interactive Portal. In addition to improving the user-friendliness of the Website, it will also include the possibility to develop user networks and to create virtual forums for the exchange of ideas, experiences and best practices between DMFAS-users. A community of practice will be established, providing access to an online community of DMFAS users and debt officers for continuous sharing of knowledge and experience.

6.6 Improved training and support services

The DMFAS Advisory Group stressed the importance of the Programme providing comprehensive and sustained capacity-building for debt management offices, as well as providing possibilities for continued training in accordance with the evolving needs of debt management offices. It also encouraged the Programme to avail of the new training methods available (for example, eLearning and

Tutorials), introducing methods which have proved to be effective.

Accordingly, the Programme will start the process of converting its capacity-building modules into blended learning, providing users with e-learning material to complement and enhance the traditional training provided. This blended learning approach is seen as the best solution to answer the needs of users for personalised training, making learning material accessible when and where it is needed. It will result in the availability of e-learning components such as demos, simulations and tutorials, as well as user forums for exchanging experiences and knowledge.



The support provided by the DMFAS Helpdesk will also be strengthened through providing self-service online access to information on requests for assistance and available solutions.

6.7 Continued improvements to coordination with other providers

The Programme will continue its policy of information-sharing with other providers and support for their initiatives. Going beyond coordination, it will also try to move to a more collaborative approach, seeking to have more joint activities and to establish joint plans for interventions at the central, regional and country levels.

DMFAS will continue to cooperate with the World Bank, IMF and the IMF Technical Assistance Centres (TACs), and other relevant agencies that provide tools and support to carry out the analytical and strategic work, with DMFAS delivering core products and services related to data base operations and recording, statistics and reporting. Similarly, it will plan and work jointly with the providers of integrated financial management systems and aid management systems to ensure that good interfaces are built between debt management and other systems.

The Programme will also seek to achieve better integration of its activities within country-level development Programmes such as United Nations Development Assistance Frameworks (UNDAFs) and PFM reform plans.

The result will be the avoidance of duplication and overlapping, improved effectiveness through sharing of information, and more effective and efficient assistance delivery through mutual support and joint planning of activities.

6.8 Reforming Programme financing

As part of its endeavours to improve the financial sustainability and predictability of the Programme's finances, DMFAS will implement the recommendation of the Advisory Group to establish a graduation scheme for maintenance fees, in accordance with countries' ability to pay. Different amounts will apply for each of the following income groups: low-income, lower-middle-income, upper-middle-income and high-income (in accordance with World Bank income group definitions). In a similar vein, the development contributions asked of new low-income countries will be set to the minimum level applicable to current clients.

The Programme will continue to seek new donors, and in particular to achieve more multi-year donor funding. The plan involves outreach to new donors, particularly those who demonstrate that debt management is a priority (for example, donors to the DMF), and in regions where there is increased demand for the Programme's services (in the Middle East, for example).

7. Objectives and expected results

The Programme's **overall development objective** for 2011- 2015 is:

> Focus countries are managing their debt effectively and sustainably

This is the long-term strategic goal that the Programme's work during the period will contribute to. While the achievement of this goal depends on many factors, of which this DMFAS plan is just one, the plan is intended to make a useful and critical contribution to improving governments' ability to contract debt at better conditions and less risk, and to improve overall debt sustainability. As such, the Programme aims to help to strengthen their capacity to meet their financing needs and payment obligations at the lowest possible cost and sustainably.

In line with the overall development objective, the plan has two immediate objectives to respond to the challenges by 2015. The Logframe in Annex 1 provides detailed information on each objective and expected result. (Numbering of results is linked to objectives as in the Logframe).

Immediate Objective 1: Focus countries have the capacity and technology to manage their operational, statistical and analytical debt management functions.

This first objective focuses on providing direct solutions to the needs of developing countries in debt management.

Expected results:

1.1 **Government information systems established for effectively managing complete, up-to-date and reliable debt databases.** DMOs' capacity to manage complete, up-to-date and reliable debt databases is strengthened through using the DMFAS software.

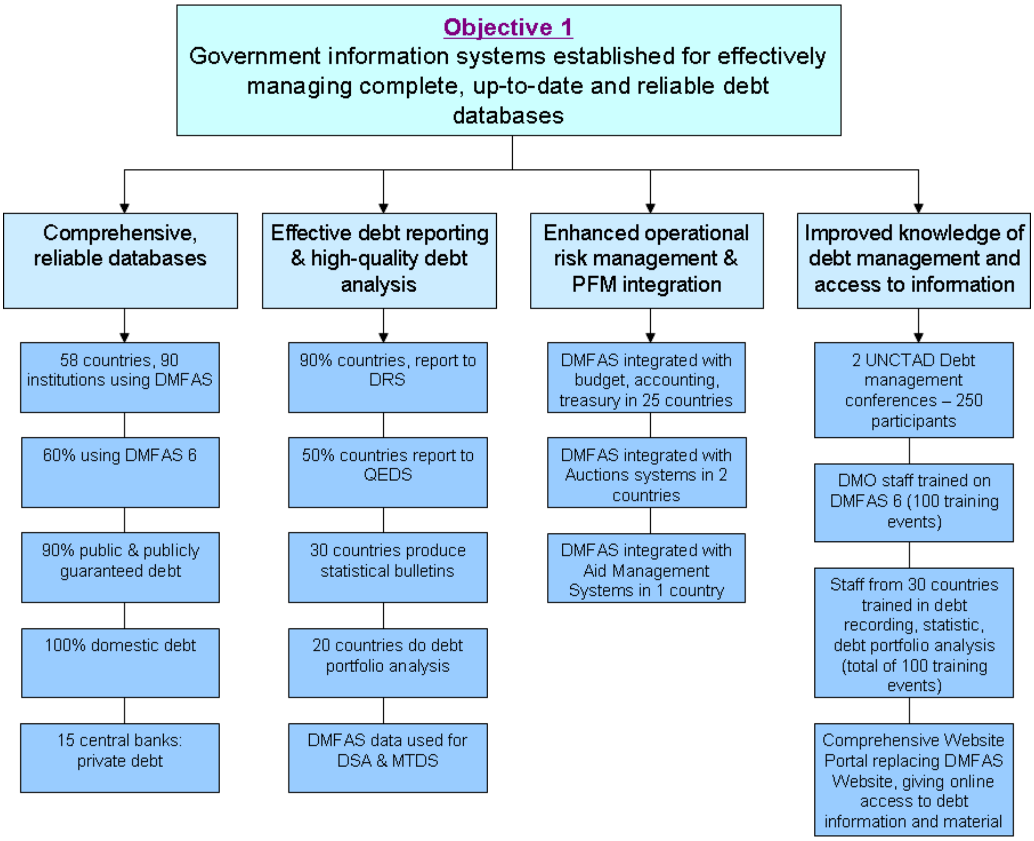
1.2 **Government capacity improved for effectively reporting on debt, conducting debt analysis and providing inputs to debt strategy.** Governments' capacity to effectively report debt in accordance with national and external requirements, to analyse debt and provide high quality inputs to debt strategy, is improved through use of DMFAS software, capacity-building and support. DMFAS is integrated with the standard debt sustainability analysis, risk analysis and strategy tools used by governments.

1.3 **Government debt operational risk management and PFM integration enhanced** through integration of the DMFAS system with government Integrated Financial Management Systems. (Supported by the Availability in DMFAS 6 of strengthened functionality for access control, workflow management and audit trails).

1.4 **Improved knowledge of debt management and access to information.** Government staff has participated in UNCTAD's international debt conferences and DMFAS-organised training events., particularly on debt data recording, debt data validation, statistics and debt portfolio analysis. DMOs have online access to up-to-date information and networking opportunities for the operational aspects of debt management through the DMFAS Portal.

1.5 Figure 6 provides an overview of the results and indicators of achievement for Objective 1.

Figure 6: Overview of Objective 1.



Immediate Objective 2: The DMFAS Programme has improved capacity to deliver effective, efficient and sustainable responses to country needs.

This second objective focuses on meeting the internal challenges the Programme faces in ensuring that it has the ability to deliver the solutions of objective 1. In order to build the capacity to ensure effective, efficient and sustainable responses to countries' needs, the Programme will strengthen the portfolio of public goods it provides, its methods of delivery of those goods and service, and the sustainability and predictability of its financing. The expected results are not only necessary for the achievement of objective 1 in this period, but are also critical investments for future years, beyond the current strategic plan.

Expected results:

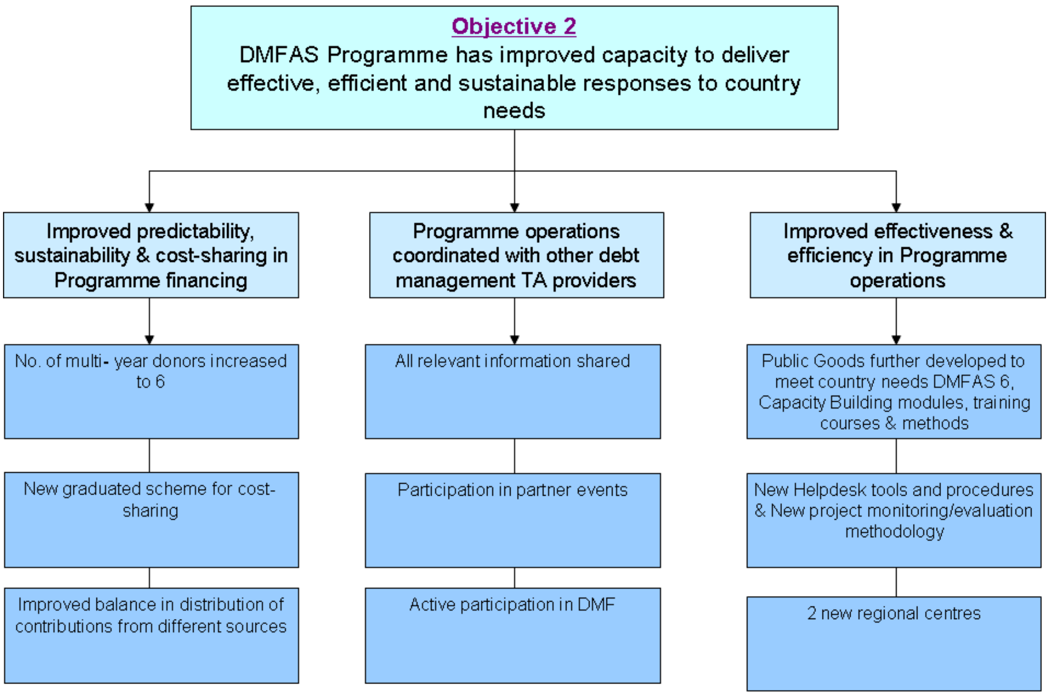
2.1 **Improved predictability, sustainability and cost-sharing in Programme financing.** Overall Programme financing improved through an increase in the number of multi-year donors and a new graduation scheme for cost-sharing implemented (involving increased amounts for maintenance fees and development contributions for the different income groups). The distribution of income between the different contributors will be more balanced.

2.2 **Programme operations coordinated with other providers.** Systematic information sharing and collaboration on joint activities with the other providers of debt management technical assistance. Active participation in the Debt management Facility (DMF).

Improved effectiveness and efficiency in Programme operations. The programme's public goods - DMFAS 6, training courses and capacity-building modules - further developed to meet the changing needs of governments in key areas – see Boxes 1 and 2 for more information. New and improved training methods in use for delivering training to countries using flexible blended learning, collaborative tools and tutorials. Operations run without increase in staff, and new procedures implemented to improve efficiency. Implementation of new DMFAS Effectiveness Evaluation Framework for objectively measuring Programme performance. DMFAS Website Portal developed for providing user-friendly access to complete and up-to-date information for DMFAS-users, and a forum for exchanging ideas, experiences and best practices. Improved effectiveness and efficiency in system delivery and Helpdesk responses to user requests for assistance through Self-service troubleshooting, Automatic update of system, Remote access to fix problems and more online documentation. New monitoring and evaluation methodology in use for projects. At least two new DMFAS regional centres established, with priority on Africa.

Figure 7 provides an overview of the results and indicators of achievement for Objective 2.

Figure 7: Overview of Objective 2.



Box 1: Overview of improvements to DMFAS 6

Increased scope of Instruments

- Private External & Short term debt
- Sukuks
- Extended amendments & operations
- Extended debt reorganization

Data quality improvements

- Extended auditing support
- System Workflow

Reporting & Analysis

- Enhanced analytical reporting
- Automatic generation of QEDS report
- Standard interfaces with MTDS/DSF
- Support for SDMX for DRS reporting
- Risk indicators

Standard features for integration

- Centralised Authentication Service
- Open source libraries
- Generic interfaces
- Standard interfaces for IFMIS
- Auctions interface
- Standard DMFAS 6 modules to integrate DMO functions with budget, accounting and/or treasury systems

Integration with Aid management systems

Box 2: Overview of Improvements to Training & Capacity-building modules

Capacity-Building Modules:

- Updated Data validation module
- Updated Statistical bulletin module
- New module on Institutional and organizational aspects of debt management
- New module on Complex Debt Instruments
- Delivery of new and updated modules at least once

New Training courses:

- Basic Debt management
- Money market and Financial Calculations
- Debt Reorganisation
- Asset and Liability Management
- Delivery of training courses at least once

Blended learning

- At least one capacity-building module converted into blended learning E-learning
- Training components such as demos and simulations integrated with DMFAS system
- Set of tutorials for DMFAS 6 accessible from the DMFAS 6 portal, CD-ROMS/DVDs
- Forum for DMFAS 6 users and capacity-building modules integrated into DMFAS Portal

8. Practical benefits for countries

Table 1 provides an example of the benefits in practice that achieving the expected results of the Strategic Plan will provide to countries, comparing the situation at the start of implementation to their situation in 2015.

Table 1: benefits for countries

TODAY	2015
Using DMFAS 5.3	Using DMFAS 6
Good quality external debt database, poor domestic debt recording	Good quality external debt and domestic debt database
Reporting on external debt only	Reporting on external and domestic debt
Weak data security and procedures	Procedures in place for data security & administration
No statistical bulletin publications or portfolio analysis	Regularly producing Statistical Bulletins & Debt Portfolio Analysis
Access to limited information on DMFAS Website	Access to DMFAS Web forums
Classroom training only	E-learning available

9. Monitoring, Evaluation and Reporting

The implementation of the strategic plan will be monitored and evaluated through six principal mechanisms which will form part of the new DMFAS Effectiveness Evaluation Framework:

- Logframe - a performance monitoring and evaluation logical framework
- Summary implementation plan
- Yearly work plans prepared by the DMFAS Programme
- External evaluation after 3 years of implementation – the Mid-term review
- Annual reporting through the DMFAS Annual Report
- Annual Donor Consultation meetings
- Biennial reporting to the DMFAS Advisory Group

The Logical Framework (Logframe) in Annex 1 that defines the objectives, results, measurable indicators and means of verification will be used to monitor and evaluate progress. It also defines the assumptions that represent the pre-requisites for the achievement of the expected results, and the associated risks. Where applicable, baselines are used to benchmark progress over time.

Client satisfaction will be tracked over time and the results included in the periodic reports.

DMFAS management will be responsible for monitoring the implementation of the plan, and for reporting on progress through the annual reports. Reporting will cover the outcomes of individual country projects and overall Programme performance.

DMFAS management will also be responsible for identifying independent consultants for conducting the Mid-term Review, and contracting them subject to the agreement of the majority of the Programme's bilateral donors at the time of the review.

Any substantive changes to the plan must first be submitted to the DMFAS Advisory Group by the DMFAS Programme management, and be recommended by the group.

10. Resources

The document 'DMFAS Financial Situation 2010-2014' provides an overview of the resources the DMFAS Programme will need to implement the strategic plan.

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Annex 1. DMFAS Logframe 2011-2015

Components	Narrative summary	Indicators	Sources of verification	Risks and assumptions
General objective	Focus countries are managing their debt effectively and sustainably	External debt (% of GNI) Public & Publicly guaranteed debt service (% of GNI) Public Financial management Performance Assessment (PEFA) – PI17	World Bank – Global Development Finance: Economic Policy & External Debt PEFA performance reports	Assumptions: Commitment of governments to effective debt management Risks: Civil conflict, disasters or shocks from international financial crises limit positive effects of improved debt management
Immediate objectives	1. Focus countries have the capacity and technology to manage their operational, statistical and analytical debt management functions	DMFAS Effectiveness Indicators demonstrate improvements in national capacities Baselines defined in indicators for individual results	Primary Mid-term review – external evaluation DMFAS Annual Reports Secondary, since subject to availability of data: DEMPA scores PEFA reports	Assumptions: • Adequate financing for 'downstream' country projects • Govts. integrate debt in fiscal & macroeconomic frameworks • Effective coordination between debt mgt. TA providers Risks: • High staff turnover in DMOs • Fin. Crisis causes shortage of financing for DMFAS projects
	2. The DMFAS Programme has improved capacity to deliver effective, efficient and sustainable responses to country needs.	Satisfaction levels of beneficiaries, donors and partners at mid-term and final reviews/Annual Reports are equal to or higher than those obtained in the 2009 Mid-term review (MTR) Baselines from 2009 MTR report	Mid-term review Final review/Annual Report Chairman's Summary 2014 Donor Consultation meeting	Assumptions: • Adequate financing to employ independent reviewers in 2013 • Adequate funding for internal improvement projects

Components	Narrative summary	Indicators	Sources of verification	Risks and assumptions
Results	1.1 Government information systems established for effectively managing complete, up-to-date and reliable debt databases	92 institutions in 58 countries actively using DMFAS Baseline: 88 institutions in 56 countries At least 65% of DMFAS-users countries using DMFAS 6 Baseline: 11% <u>Improved debt coverage</u>: • 90% govt. and govt. guaranteed external debt Baseline: approx. 85% • 100% domestic debt under responsibility (DMFAS 6) Baseline: approx. 50% • 16 Central Banks monitoring private external debt Baseline: 13	DMFAS Annual reports Extended DEMPA DPI-14 Dimensions 1 and 2 scores End of project evaluation reports Mid-term review DMFAS Helpdesk statistics	Assumptions: • Country continues to wish to use DMFAS • Adequate financing available to fund DMFAS 6 implementation • Availability of qualified consultants Risks: • Financial crisis causes shortage of financing for DMFAS implementation projects
	1.2 Government capacity improved for effectively reporting on debt, conducting debt analysis and providing inputs to debt strategy	DMFAS-user institutions, using DMFAS data, are: • 92% are reporting effectively to WB DRS Baseline: 85% • 55% invited to are reporting effectively to IMF QEDS Baseline: 40% • 85% invited to are reporting effectively to IMF PSDS Baseline: 77% 32 producing statistical bulletins Baseline: 26 • 20 countries producing debt analysis reports at least once per	DRS country-reporting situation reports Statistics and feedback from WB and IMF on quantity, coverage and reliability of reported data DEMPA score on DPI-15, dimension 3 Mid-term review, feedback from national authorities End of project evaluations	Assumptions: • DMFAS installed in institution with reporting responsibility • WB & IMF continue to provide DMFAS with DRS & QEDS participation statistics • DMFAS installed in institution responsible for reporting • Country willing to report to the DRS and QEDS systems • Adequate funding for training and capacity-building • Government mgt. support • MTDS and DSA is done in DMFAS-user institutions

Components	Narrative summary	Indicators	Sources of verification	Risks and assumptions
		year Baseline: 12 • DMFAS is sole source for debt data for Medium Term Debt Strategies Baseline: approx. 70% • DMFAS is sole debt data source for Debt Sust. Analysis Baseline: approx. 70%	Feedback from countries and partners such as WB and IMF on DMFAS data use for DSF/MTDS	• Stable versions of DSF &MTDS Risks: • Difficulty obtaining DEMPA results and data on DMFAS-use for MTDS & DSA
	1.3 Government debt operational risk management and PFM integration enhanced	Data automatically flows between DMFAS and i) government budget, accounting or treasury systems in at least 25 countries ii) Auction systems in at least 2 countries iii) Aid Mgt. systems in at least 1 country Baseline: i) 18 ii) 0 ii) 0 DMFAS data used for govt. Budgeting, Treasury, Accounting in at least 40 countries Baseline: 28	Mid-term review, feedback from national authorities, partners and DMF End of project evaluations	Assumptions: • Governments have well-defined IFMIS and qualified local support staff • Governments have well-defined Auction systems and qualified local support staff Risks: • Delays in IFMIS projects or DMFAS unaware of them
	1.4 Improved knowledge of debt management and access to information	250 participants satisfactorily attended 3 UNCTAD international DM conferences Staff from at least 35 countries trained in DMFAS training events Comprehensive Web Portal replaced DMFAS Website and used at least once by at least 45% of DMFAS client countries	Conference attendance list Feedback from participants Annual report statistics on training events Portal usage statistics Evaluation of Portal by Advisory Group	Assumptions: UNCTAD conferences services UNCTAD rules facilitate creating the Portal Funding available for developing Portal

Components	Narrative summary	Indicators	Sources of verification	Risks and assumptions
	2.1 Improved predictability, sustainability and cost-sharing in Programme financing	No. of donors providing funding for two years or more has increased from 4 to 6 by 2015 Distribution of sources for central trust fund evolved to: • Bilateral donors 53.5% • Cost recovery 14% • Cost-sharing 14.5% • UN RB & overheads 18% Baseline*: Dec. 2010 situation:* • Bilateral donors 59% • Cost-sharing 9%	DMFAS Annual Financial reports Mid-term review Final review	Assumptions: • Advisory Group accepts the new cost-sharing mechanism • Countries accept to pay new maintenance fees Risks: • Financial crisis constrains donor funding or client ability to contribute
	2.2 Programme operations coordinated with other DM TA providers	DMFAS sharing all relevant info with partners Reciprocal participation in events Participation in DMF & IDI activities Active membership of DMF, TFFS	DMFAS Annual Reports Correspondence and mission reports from donor contacts Feedback from partners	Assumptions: • Partners take DMFAS information into account in planning activities • UN/UNCTAD, ADB and WB legal offices reach agreement on standard contract clauses
	2.3 Improved effectiveness and efficiency in Programme operations	**DMFAS 6 further developed to** meets the changing needs of govts in at least following areas: • Increased Instruments scope • Improvements in Data Quality, Reporting & Analysis, Integration , access control, workflow, audit trail features • Integration with Aid Mgt. **New or improved capacity-building modules** available for: • Data validation & statistical	Conclusions of Advisory Group meetings Annual reports User satisfaction in evaluation questionnaires Documentation on interfaces for IT support teams	Assumptions: • Availability of funding, low-cost office space & qualified staff for regional centres • Support provided by UNCTAD's ITS • Acceptance by stakeholders of new Effectiveness Evaluation framework • Accepted use of new DEMPA sub-indicators • Availability of subject matter experts and online tutors

Components	Narrative summary	Indicators	Sources of verification	Risks and assumptions
		bulletin • DM institutional/organizational • Complex Debt Instruments • Basic Debt management, Money Market and Fin. Calculations, Debt Reorganisation, ALM • 1 CB module as blended learning **New Helpdesk tools** and organisation in place, including Self-service Troubleshooting; Automatic update of system; Remote access to fix problems; More online doc. Projects mgt. & first-line country support for two (sub) regions moved to **new regional centres**. **New monitoring and evaluation methodology** in use for projects	Module material and documentation	• Clients equipment and network connections meet the needs of e-learning Risks: • Major new developments in DM require changing priorities • Difficulty in obtaining country-specific data for effectiveness evaluation • Access constraints at national level prevent remote access • Lack of client motivation to use e-learning material, leading to high 'dropout' rate • Lack of support from client mgt. to allocate time required for the learning activity
Activities	1.1 Manage TA projects 1.2 Conduct needs assessments 1.3 Deliver DMFAS 6 to clients 1.4 Conduct training seminars and on-the-job training 1.5 Conduct capacity-building workshops: validation, stats., debt portfolio analysis 1.6 Organise 2 DM conferences 1.7 Operate Helpdesk 1.8 Support systems integration 1.9 Provide advisory services	Means DMFAS staff Consultants Outsourcing Partner cooperation	Costs See Budget for Strategic Plan 2011-2015	Assumptions: • Adequate donor financing • DMFAS user-countries accept new cost-sharing mechanism • Maximum 3% inflationary increase on staff and travel costs • Partners have resources for

Components	Narrative summary	Indicators	Sources of verification	Risks and assumptions
	1.10 Continuous support to debt management offices 1.11 Participate in joint regional workshops 1.12 Seven DMF missions per year 1.13 Participate in joint activities with other providers: DMF, IATI, TFFS, IMF TACs, Regional Events, Conferences, Seminars 2.1 Introduce graduated cost-sharing scheme 2.2 Target new donors 2.3 Reorganise Helpdesk, introduce new training methods, new tools/services 2.4 Develop/operate Portal 2.5 Develop DMFAS 6 improvements 2.6 Develop DMFAS 6 improvements 2.7 Develop new/improved Capacity-building and training modules 2.8 Introduce new Effectiveness Evaluation Framework 2.9 Introduce new project M&E methodology 2.10 Establish regional centres 2.11 Programme administration 2.12 Programme management 2.13 Project management 2.14 Organise two independent evaluations			joint activities

Note: Data for some baselines are based on available reliable information for 53 countries actively using DMFAS. Where approximations are indicated, the baselines will be refined when more data is obtained.