

# DMFAS Programme News



December 2015

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## President of Ireland addresses UNCTAD's Debt Management Conference

**President Michael Higgins of Ireland opened the 10<sup>th</sup> UNCTAD Debt Management Conference, delivering his keynote address in front of more than 350 participants.**

Calling for the establishment of a new institutional architecture within the framework of the new development agenda, he said that "we cannot allow a debt overhang problem, or any evasion of the problems posed by odious, illegitimate, illegal, or unsustainable debt to put our newly agreed global aspirations at naught."

"Managing debt now, and particularly in the future, is an issue that affects us all – and if we are to be serious about integrating the Sustainable Development Goals into all aspects of our international co-operation (which we must), then we must also ensure that debt is at the centre of the wider international agenda in the area of human rights and development."

He shared information about Ireland's experience in managing its debt crisis, highlighting the specificities of his country's situation. "The first lesson that we learnt was the importance of having sufficient latitude to increase sovereign debt to tackle the crisis." [...] "The second lesson that Ireland learnt was the importance of guarding against imbalances in the public finances, which very quickly lead to an over reliance on sovereign debt."

He recalled his support to "the Addis Ababa Action Agenda which recognizes the need to assist developing countries in attaining long - term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief, debt restructuring and sound debt management, as appropriate."

"Irish Aid currently contributes annually to this Conference's Debt Management and Financial Analysis System which supports countries to manage their debt sustainably and is one of the world's leading providers of technical cooperation and advisory services in the area of debt management". Ireland has been one of the core donors of the DMFAS Programme since 2009.

The Statement of President Michael Higgins is available at: <http://unctad.org/dmfas> and <http://unctad.org/dmc2015>.



DISCUSS



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The tenth UNCTAD Debt Management Conference took place from 23 to 25 November in Geneva. This biennial conference, the biggest of its kind for debt management experts and practitioners, was attended by over 90 countries and 18 international institutions, as well as from representatives of NGOs and academia.



The Conference was opened by Mr. Michael Møller, UN Under-Secretary-General and Director-General of the United Nations Office at Geneva and Mr. Mukhisa Kituyi, UNCTAD Secretary-General. "Responsible debt management is essential, particularly at a time when many Member States have experienced major economic difficulties" said Mr. Møller. Mr. Kituyi further emphasized the importance of the topics of the conference and noted that "the threat posed by growing mountains of debt to the stability of the global economy is, once again, gaining widespread attention."

The Conference continued with two high-level country representatives giving keynote speeches, President Higgins of Ireland and Mr. Luis Arce Catacora, Minister of the Economy and Public Finance of the Plurinational State of Bolivia who described how his country had "Bolivianized" its debt as one measure to improve its economy.

Key issues considered by this year's conference participants included the nature of imminent threats to debt sustainability in emerging and developing economies, and the ways in which well-informed and competent debt management, using relevant policy tools, can help prevent debt crises.

The first day of the conference was dedicated to analyses of global challenges to developing country debt sustainability. As the international community embarks on the new Development Agenda 2030, the historic finance requirements for the achievement of the Sustainable Development Goals provide an essential context for this discussion.

## DEBT MANAGEMENT FOR INCLUSIVE AND SUSTAINABLE DEVELOPMENT



Panellists debated the role of developing country debt in relation to other financing options for development against the backdrop of challenges arising from the instability of global financial markets, international commodity markets and changing policy regimes in advanced economies. They also addressed increasing concerns about the continued absence of an effective and comprehensive mechanism for dealing with sovereign debt crises, when these occur.

During the second day, conference participants considered new policy tools and approaches to an improved management of risk for effective debt strategies: What lessons can be learned from recent debt crises? How can contingent liabilities, such as those arising from exogenous economic shocks, natural disasters and climate change be managed?

Improving the ability of people, governments and international organizations to understand and respond to today's increasingly complex day-to-day management of debt was the focus of discussions on the final day of the event. All statements and presentations of the conference, as well as its final agenda and the list of participants can be accessed through the following websites: <http://unctad.org/dmfas> and <http://unctad.org/dmc2015>.

ACT





#### Main conclusions of the 10<sup>th</sup> DMFAS Advisory Group Meeting

- High relevance of the DMFAS Programme for developing countries, partners and donors
- Endorsement of the 2016-2019 DMFAS Strategic plan
- Agreement with the Programme's strategic priorities, in particular in relation to the software:
  - discontinued technological support for DMFAS 5.3 in 2017
  - DMFAS 6 implementation
  - DMFAS 7 future development
- Need for new capacity development modules
- Continued support in interfaces with other systems
- Implementation of monitoring and evaluation
- Continued improvements of communication including through the DMFAS website
- Continued provision of high quality services
- Importance of strong cooperation and partnership with other stakeholders
- Business model financing: endorsement of graduation strategy and appreciation of participation of beneficiary countries to the funding of the Programme
- Agreement with the development of a DMFAS promotion strategy

**The DMFAS Advisory Group met in Geneva on 26- 27 November 2015 in Geneva back-to-back with the 10<sup>th</sup> UNCTAD Debt Management Conference. More than 160 participants from current and potential beneficiary countries, donors and partners attended the meeting.**



The Advisory Group Meeting provided the opportunity for beneficiaries, donors and development partners of UNCTAD's DMFAS Programme to discuss the capacity building activities in debt management, its Debt Management and Financial Analysis System (DMFAS), and the future direction of the Programme, in particular its new strategic plan for 2016-2019. In addition, the Dominican Republic, Egypt, Gabon and Nicaragua shared their DMFAS experience with the participants.

The Advisory Group expressed its satisfaction with the excellent results achieved by the Programme in the implementation of the 2011-2015 strategic plan. It further appreciated that the Programme continues to be highly relevant for developing countries, bilateral donors and other organizations, that there is a high level of satisfaction among users of its products and services, and that users consider that DMFAS provides a cost-effective solution for their needs. The main conclusions are summarized in the above box and detailed conclusions are available on the DMFAS website in English, French and Spanish:

<http://unctad.org/dmfas>.

## DMFAS donor consultations

The donors of the DMFAS Programme met as part of the 10<sup>th</sup> DMFAS Advisory Group meeting on 26 November 2015 and addressed the Advisory Group on the next day. Representatives from the European Commission, Germany, Ireland, the Netherlands, Norway and Switzerland participated in the meeting.

It was the occasion for the donors to discuss more in-depth the financial plans of the Programme in the context of the new fund raising efforts linked for the financing in the 2016-2019 DMFAS Strategic Plan. Donors appreciated the results achieved in the implementation of the 2011-2015 strategic plan. They further acknowledged the growing importance of the cost-sharing mechanism in the financing of DMFAS activities by beneficiary countries as being a clear commitment to invest in effective and sound debt management. "Financing the program is a shared responsibility between donors, clients and UNCTAD."

In their address to the Advisory Group, donors stated that "robust debt management capacities are a pre-requisite for upstream activities, particularly developing debt strategies. [...] The package that DMFAS provides is unique. The combination of software and accompanying technical assistance is strong and should be maintained." They concluded that "DMFAS remains a successful and highly relevant program and the hard work of the DMFAS staff is crucial for this success."

The DMFAS Programme would like to thank its donors for their continued support to its core funding.

## Sudan signs a new technical assistance project with DMFAS

As a parallel event to the 10th UNCTAD Debt Management Conference, UNCTAD signed a new technical assistance project with the Government of Sudan to strengthen the country's debt management capacities.



*Ms. Nagla A/ Aziz Osman Khalid, head of the Sudanese delegation and Mr. Adnan Issa, UNCTAD*



*Sudanese delegation and UNCTAD representatives at the signing ceremony*

In 2015, Sudan engaged in a reorganization of its public debt management functions into a new consolidated Debt Management General Directorate at the Ministry of Finance and Economic Planning (MoFEP). This office will be responsible for the management of both external and domestic debt. The external debt was previously under the responsibility of the External Debt Unit at the Central Bank of Sudan (CBoS), which is a long-standing DMFAS user (5.3) and has collaborated with the DMFAS Programme since 1998.

This project, funded by the African Development Bank, foresees the installation of the latest DMFAS system (DMFAS 6) at the MoFEP, as well as advisory and capacity-building activities that will support the debt management office's restructuring process and train the debt officers in various aspects of debt management, including the use of DMFAS 6 for external and domestic debt.

## Hungary Debt Management Agency hosting study tour for Indonesia

A delegation from the Directorate General for Budget Financing and Risk Management (DGBFRM) from Indonesia with the DMFAS Project Manager visited the Hungarian Government Debt Management Agency (GDMA) as part of the SECO funded DMFAS project in Indonesia. The Indonesian delegation was composed of the Director of the Middle Office and three staff members from the middle and back offices. The objective was to exchange views on the following topics:

- The use of derivative instruments for active liability management: The GDMA presented its use of currency swap instruments to hedge against currency risks when borrowing in currencies other than Hungarian Forints or Euros, limiting thereby its debt portfolio to these two currencies.
- Integration of GDMA's debt management system with the Treasury's financial settlement system, Central Depository House (Keler), National Bank of Hungary (SWIFT connection and RTGS): GDMA presented its locally developed debt management system and its interface with the Treasury's settlement system as well as the National Bank of Hungary SWIFT connection.
- Conduct of debt sustainability analysis, in particular using IMF DSA templates for market access countries: Regarding debt sustainability, GDMA presented the debt break law which serves as a safeguard against debt sustainability risks.

The GDMA warmly welcomed its visitors and the delegation gained valuable insights. After their return to Indonesia, the delegation will integrate the experience gained into the 2016 DGBFRM action plan to further strengthen its debt management capacities.

On this occasion, the DMFAS Programme wishes to thank the GDMA for its countless efforts to make this study tour a success and also wishes to thank DMFAS Consultant Mr. Werner Riecke for his voluntary contribution to facilitate this event.



## DMFAS 6 Update: Release 6.1.1

Version 6.1.1 of DMFAS is ready for release. This new version will contain corrections to problems reported in the use of DMFAS 6 enhancements to existing features. In total, the new release will provide a solution to 120 tickets reported by countries. Detailed information regarding the list of problems fixed by tickets will be provided in the corresponding release notes.

Enhancements:

- Data export features. A number of corrections to the module, allowing users to export "sets" of data to be used on other databases for reporting purposes.
- Query tool: Enhancements to the application in order to facilitate exporting information into MS Excel.
- Automatic recording of swaps. Based on the request of some countries, this new type of transaction was added on the "Automatic Recording of Operations" utility.
- Enhancements to indexation conditions. Corrections to the Debt Securities module in order to ensure the full recording of indexed instruments.
- Reporting enhancements: A number of technical and functional enhancements to speed up the generation of reports. A "%" Additional % column for was added in the user defined reports, format 3 and 4.

Adjustments were also implemented in different modules, including debt service operations (handling of tolerance factors in the recording of late Interest, principal, interests and commission); Reporting issues (generation of reports in Excel); Security and Auditing (reflection of the list of modules in the different menu options).

Information and instructions about DMFAS 6 releases are available in the client area of the DMFAS website: [unctad.org/dmfas](http://unctad.org/dmfas).



## Selected Current and Upcoming Events

The full list of forthcoming activities is also available at: <http://unctad.org/dmfas>.

**Medium-term Debt Management Strategy (jointly with the World Bank), Uganda, December 2015**

**DMFAS 6 basic functional training, Angola, December 2015**

**Assistance on interface development, El Salvador, January 2016**

**Debt Statistics workshop, Mauritania, January 2016**

**Data validation workshop, Iran, February 2016**

**Final project evaluation mission, Iran, March 2016**

## Contact Info

Correspondence should be sent to:

DMFAS Programme

UNCTAD

Palais des Nations

CH-1211 Geneva 10

Switzerland

Tel. +41 22 917 5924, Fax. +41 22 917 0045

Website: [unctad.org/dmfas](http://unctad.org/dmfas)

E-mail: [dmfas@unctad.org](mailto:dmfas@unctad.org)

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