DMFAS Programme News

August 2016

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Supporting the rebuilding of the Central African Republic's back-office

The DMFAS Programme signed a new project with the Central African Republic in March of this year to assist this country rebuild its back-office capacity in the area of debt management.

The elaboration of this new project was undertaken in the aftermath of the nation's protracted political crises which heavily impacted the country's operational debt management capacity. The project is aimed at rebuilding its core back-office debt management functions.

Within the context of this new project, backed and financed by the African Development Bank, a delegation from the Direction de la Dette (DDP) of the Ministry of Finance undertook a two-week technical training mission to UNCTAD, in preparation for the implementation of the DMFAS version 6, and the installation of the just-converted debt database, in the newly equipped facilities of the DDP.

The other foreseen activities of this project to be undertaken by the end of the year include a series of technical and functional DMFAS training missions to Bangui. The DMFAS Programme, in close collaboration with the Government, is already envisaging another project for the next two year period, building on the expected results of this one, to reinforce DDP's capacity to report on and to analyse its debt portfolio.

IT team of the debt office of the Central African Republic led by its chief, and DMFAS project team

BMZ | Federal Ministry for Economic Cooperation and Development

Irish Aid
An Roinn Gnóthaí Eachtracha agus Trádála
Department of Foreign Affairs and Trade

Ministry of Foreign Affairs of the Netherlands

NORWEGIAN MINISTRY OF FOREIGN AFFAIRS

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs FDEA
State Secretariat for Economic Affairs SECO

Strengthening debt management in Albania

UNCTAD is currently supporting Albania with a comprehensive and dynamic new project in its Ministry of Finance.

Co-financed by the Swiss State Secretariat for Economic Affairs (SECO) and the Government of Albania, the project, which consists of 21 activities, takes full advantage of the wide-range of debt management and related capacity-building support services that UNCTAD's DMFAS Programme provides its client countries.

These activities will facilitate the debt recording process in Albania, reinforce data reliability, improve the efficiency of day-to-day debt operations, help reduce operational risk through documented procedures and simplify internal and external debt reporting requirements. They will also support and enhance the ability of debt officers to produce and publish debt statistical tables and bulletins that adhere to best international practice and international classification standards. Through the project, the DMFAS system will be interfaced with the Ministry's integrated financial management system, thus strengthening treasury operations as well as overall business processes within the Ministry.

Started this year, the Ministry has already performed a thorough validation of its external debt database, upgraded to DMFAS 6 and consolidated its domestic debt with the external debt through a one-time migration of the domestic system to DMFAS. Activities related to the future integration of the DMFAS with the IFMIS are also well underway. Coordinated by the Ministry's General Directorate of Public Debt (GDPD) within the Ministry, the project benefits from the culture of close cooperation between the different Departments within the Ministry also involved in the project, including its IT, Treasury and Business Processes Directorates. Such solid cooperation facilitates greatly the success of a debt management project, which ultimately strengthens the overall public financial management of a country. Albania is an excellent example of such cooperation. The project is expected to end mid-2017.
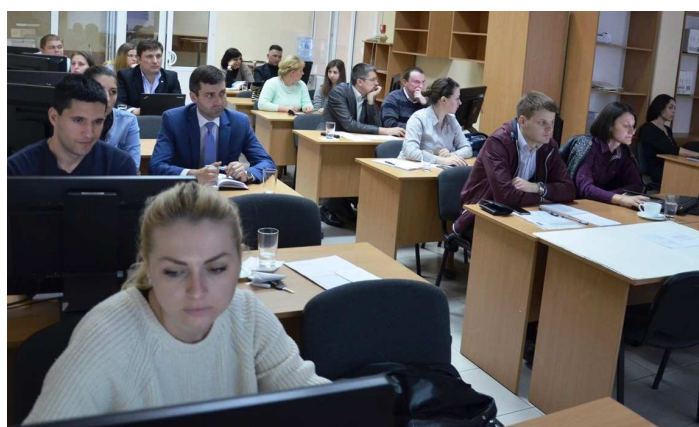

MoF and NBM together with DMFAS team in Geneva during the 5.3 Pre-conversion to DMFAS 6, April 2016

Moldova debt management upgrade to DMFAS 6

A joint DMFAS project meeting both the specific needs of the Ministry of Finance and those of the National Bank of Moldova commenced activities at the start of the year.

The new Moldovan debt management project has so far seen the completion of numerous activities.

This has included a pre-conversion data validation activity, conversions of the two institutions' 5.3 databases to DMFAS 6, two system installations, and an upgrade of the database replication mechanism between the two institutions. Both the Ministry and the Bank have also received basic and advanced DMFAS 6 training between May and July 2016. Altogether, training has been provided to 24 participants. A customized DMFAS 6 procedural manual for both institutions was also drafted in July. Upcoming activities include debt data validation, debt statistics and debt portfolio analysis, in addition to project evaluation. The Republic of Moldova is a DMFAS user country since 1997.

DMFAS 6 basic functional training in Chisinau, May 2016

Triple move to DMFAS 6 in Honduras

In collaboration with the Ministry of Finance of Honduras, UNCTAD organized a major DMFAS training event in Tegucigalpa from 22 February to 22 April 2016. In total, 35 debt officers from 3 institutions – the Ministry of Finance (Directorate of Public Credit, Accounting Directorate), the Central Bank and the Supreme Court of Accounts received basic and advanced training on DMFAS 6.

The basic training workshop focused on recording public and private debt in form of loans and bonds and grants. The advanced workshop enabled the participants to use the DMFAS reporting tool and to design their own reports and projections. Moreover, it allowed the users to understand and use the analytical functionalities of DMFAS 6 and carry out sensitivity analysis on changes of exchange rates and interest rates affecting the portfolio, calculate risk indicators and debt ratios.

It is estimated that the final change over to DMFAS 6 will take place in September 2016, once the data has been reconciled with the creditors.

This move is particularly challenging because 3 institutions are using the system, which has one of the largest and most complete databases of the DMFAS family. Between 50 and 100 users will then access the database simultaneously, requiring not only powerful hardware and communication lines but also sound management of security, access and operations. Moreover, the DMFAS database is fully integrated with the Honduran IFMIS system, the SIAFI. The project enjoys the full support of the authorities. In order to ensure smooth transition, the MOF has contracted a National Project Manager and a DMFAS Expert, who will assist the users and advise management during the changeover period.

The distribution of roles between the institutions is the following. The MoF is registering all public debt contracts and transactions of the Central Government, elaborates the statistical bulletin on debt and carries out debt portfolio analysis. The Central Bank accesses the database to produce macroeconomic reports and carry out analysis on the debt situation. The Supreme Court of accounts accesses the database for auditing purposes.

A project extension is being discussed in order to enter contingent liabilities into the database and improve debt statistics. The project foresees to establish a database on municipal debt. Honduras municipalities have accumulated domestic debt, which represents a liability to the state budget. The project extension will be financed by a grant from Inter-American Development Bank.

Users from the Directorate of Public Credit Accounting Directorate (MoF), the Central Bank and the Supreme Court of Accounts received their certificates at the end of the training.

Joint **MEFMI** - **⊃MFAS** workshop on DMFAS 6

This years' joint Macroeconomic and Financial Management Institute (MEFMI)/UNCTAD regional workshop took place in Lusaka, Zambia, from August 15 to 24 2016.

It was attended by a total of 36 participants, functional users and IT experts, from Burundi, Uganda, Zambia and Zimbabwe. The workshop is part of the long standing partnership between our organizations and aims at providing a yearly opportunity to MEFMI's member countries using DMFAS to up-date their skills and capacities in the area of debt management.

For the identification of the objectives of this year's workshop, UNCTAD and MEFMI undertook a survey to collect information directly from users and IT administrators of DMFAS on existing capacity gaps and training priorities for 2016. The survey had an excellent rate of response which is a good indicator of the persistent demand for this yearly event.

Resulting from the survey, the majority of DMFAS users requested training on DMFAS covering recording of loans and securities, recording of debt operations, producing reports as well as data validation and debt analysis functionalities.   On their side, the majority of DMFAS IT administrators expressed the need for further training on DMFAS installation and maintenance procedures.

*Zimbabwe presented
bonds recording*

In addition to the above topics, the workshop included a session on best practices in the area of building interfaces between DMFAS and other public financial management systems. This session addressed the growing demand in this area expressed by MEFMI member countries. It was an opportunity to share DMFAS Programme's experience in providing assistance to various countries in other regions that already integrated DMFAS in their IFMIS, and allowed participants to share their own plans in this area.

As on previous occasions, the workshop was an excellent opportunity for networking, establishing and/or refreshing contacts between neighboring DMOs and allowed for intense and fruitful discussions and sharing of experience.

*Participants from Burundi, Uganda, Zambia and Zimbabwe at
the MEFMI workshop in Lusaka*

The economic sector

Economic sector is one element of the classification feature for instruments in DMFAS 6. As such, it may not be immediately obvious how to use it or even why to use it at all. Here we'll try to provide a snapshot of this feature and how you can use it.

Let's begin by looking at where it comes from. DMFAS bases economic sector on codes derived from the International Standard Classification of All Economic Activities (ISIC). ISIC is the reference classification of productive activities established by the Department of Economic and Social Affairs of the United Nations Secretariat. It is of a list of economic activities based on internationally agreed concepts, principles and classification rules.

As an internationally accepted standard, ISIC has become an important tool for comparing statistical data on economic activities. In fact, economic sector is widely used in reporting to the World Bank and other institutions.

The ISIC hierarchical list consists of 21 sections broken down by divisions, groups and classes. In other words, the list is structured by levels. In some cases, a level and a sub-level may have identical names.
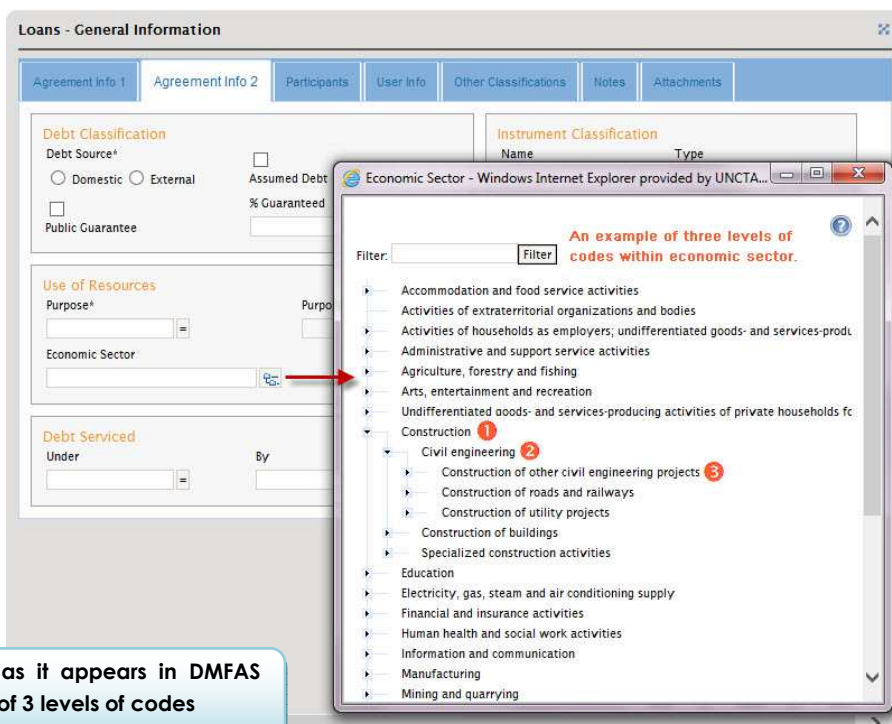
Here is an excerpt from this list:

Section H   - Transportation and storage

Division 49 - Land transport and transport via pipelines

Group 491 - Transport via railways

Class 4911 - Passenger rail transport, interurban

What's important to know about economic sector is that users are free to select the level that makes the most sense for their institution and thereafter to apply it consistently to all instruments in the database. Furthermore, if a user enters the economic sector only once at the general information level, DMFAS automatically copies it to the tranche level.

The economic list as it appears in DMFAS shows an example of 3 levels of codes

At this point, you might be wondering what the difference is between economic sector and purpose, which is also found in DMFAS classification. Purpose refers to the immediate use of a loan while economic sector is the sector of destination of the loan.

To illustrate sector of destination, let's consider the following example. The real economic activity of a sheltered workshop repairing small appliances for re-sale may be training handicapped individuals rather than engaging in manufacturing or repair services to produce products for the market. Thus, the economic sector code would be "vocational rehabilitation and habilitation" rather than "repair of household appliances and home and garden equipment".

Bringing all this back to DMFAS, let's turn to another example. A loan is contracted for the construction of new schools. How would classification be applied to this instrument? A user in DMFAS could record "financing of projects" for purpose, "construction of buildings" for purpose details and "education" for economic sector.

Selected Current and upcoming Events

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

Support to interface development, El Salvador, May-September 2016

MEFMI regional training for users and IT administrators (partner collaboration), Zambia, August 2016

Installation and maintenance training, Sudan, August 2016

DMFAS 6 basic functional training, Sudan, August 2016

Workshop on creating interface (conceptual design), Costa Rica, August 2016

Installation and maintenance training, Central African Republic, August-September 2016

DMFAS 6 basic functional training, Central African Republic, September 2016

Debt portfolio review workshop, Indonesia, September 2016

DMFAS 6 specialized training, Iran, September 2016

Debt portfolio review workshop, Angola, September 2016

Debt portfolio review workshop, Côte d'Ivoire, October 2016

Data validation workshop, Moldova, September 2016

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