

News from the DMFAS World

April 2018

Issue 23

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Burkina Faso enters into a new phase in debt management

Burkina's Ministry of Economy, Finance and Development (MINEFID), a DMFAS user institution since 1997, recently signed a new project with the DMFAS Programme for the implementation of DMFAS 6 in its debt office.

Burkina Faso, in recent years, has strengthened the structure of ITS debt office, introducing front, middle and back office functions. It subsequently increased the number of staff assigned to debt management to 50 persons.

After this reorganization and increase in personnel, Burkina Faso requested UNCTAD's support to strengthen capacity in the debt office. Hence, a new DMFAS project was signed in November 2017 and its financing was secured from a World Bank-facilitated project at the MINEFID.

In March 2018, the conversion of the debt database to DMFAS 6 format was completed and was immediately followed by the installation of the system. Technical training was then provided

(Continued on page 2)

Important notice: Change in the address of the DMFAS Trac system



The DMFAS Programme has migrated its helpdesk tool, the Trac system, to the following address:

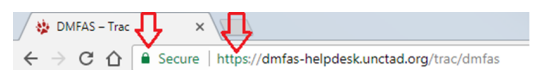
<https://dmfas-helpdesk.unctad.org/trac/dmfas>

This new configuration allows for the use of secured connections in order to avoid data security risks.

With the new address, the application protocol (also known as HTTP) becomes HTTPS, where the 's' stands for 'secure'. Additionally, via a security certificate on the server itself, your In-

ternet browser will show a padlock or green bar indicating that this is a secured communication using an SSL certificate which secures data transfer and logins. This is the norm for securing browsing of social media sites.

Make sure to update your bookmark !



(Continued from page 1)



"The move from DMFAS 5.3 to DMFAS 6 was faster than expected"

followed by the first functional training on the system (recording and basic reporting). These initial activities were successfully implemented as the database was up-to-date and well maintained, the technical personnel skilled and debt managers proactively participated in the training. As a result, the move from DMFAS 5.3 to DMFAS 6 was faster than expected.

The domestic debt section is the first important beneficiary of the project. It can now record domestic debt more comprehensively using the DMFAS 6 securities module. This was a priority for the MINEFID as the debt ratio of internal debt to external debt increased from 21% in



2013 to 38% in 2018.

The second key beneficiary is the middle office which will benefit from enhanced debt reporting and analysis tools in DMFAS 6 to prepare the requested sets of data and statistics. To this end, additional

workshops are planned in 2018 to strengthen the debt statistics bulletin in line with international best practices and to produce a debt portfolio review.

Burkina Faso developed a national integrated financial management system called *Circuit Intégré des Financements Extérieurs* (CIFE) and has linked it to several systems including DMFAS 5.3. The next step for MINEFID would be to upgrade the link between DMFAS 6 and the CIFE relying on the web services embedded in DMFAS 6 to facilitate integration and increase security. In addition, a detailed IT security framework for accessing the database and related data safeguards and backups has been drafted. This document is currently awaiting approval by the head of the DMO for its implementation.

In conclusion, DMFAS 6 has become the cornerstone in the debt management office to overcome challenges in managing domestic debt, and ensuring a tight integration with the CIFE.



Burkina Faso delegation in Geneva for the conversion of the database, March 2018

A third Argentinian province moving to DMFAS 6

As part of the decentralization process of Argentina, provinces received new responsibilities in the 1990s requiring them to closely manage their resources. As a DMFAS user since 2000, the Province of Río Negro signed a new technical cooperation project in January 2017 aimed at upgrading their system to DMFAS 6 and at strengthening public debt management capacities within the Under-secretariat of Financing and Public Debt of Río Negro.

The new DMFAS project was designed to address the specific needs of the Under-secretariat of Financing and Public Debt of Río Negro, in particular:

- Implementing a more advanced recording and reporting system;
- Strengthening the skills of the IT staff to develop, maintain and improve applications related to DMFAS;
- Developing a debt data validation methodology with a validation calendar;
- Implementing new tools for the production of debt statistics and debt analysis.

Project activities started in 2017 and continue in 2018. Technical experts received DMFAS related training for the maintenance of the system. In addition, two training workshops (basic and advanced)

in the use of the new version were carried out in 2017.

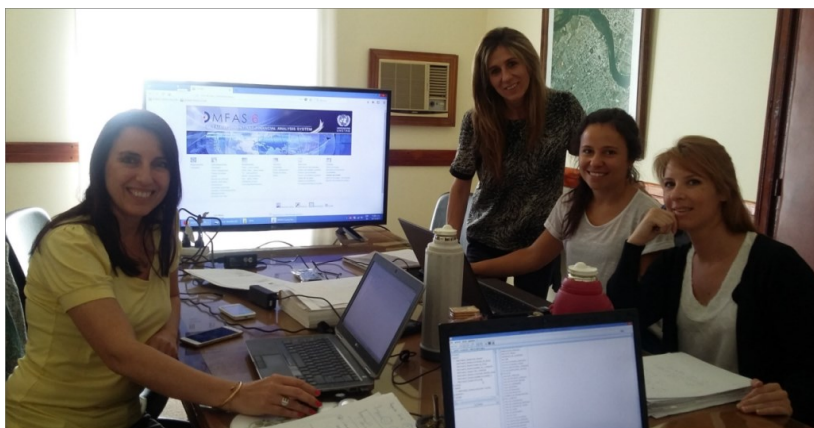
In 2018, two more workshops will be organized. A data validation workshop will focus on ensuring effectiveness of internal database quality controls and developing a data validation methodology and calendar. The second will focus on the drafting of a provincial debt statistics bulletin, aligned to international guidelines and best practices and to Central Government needs.

The DMFAS database of Río Negro has been integrated with the province's integrated financial management system, the SAFyC (*Sistema de Administración Financiera y Contable*) since 2006. It allows for automatic exchange of data and recording between the two systems, including real drawings, payments, participants profiles, exchange rates, etc. The current technical assistance project supported the upgrade of the interface to version 6 format.

The Under secretariat shared its satisfaction about DMFAS which allows "the generation of a large range of data and statistics in relation to the province's debt" and reduces the time for the elaboration of such data.



"The DMFAS database of Río Negro is integrated with the province's integrated financial management system"



Advanced functional training in Viedma, Province of Río Negro

The Province of Río Negro is located in the north-edge of the Patagonian region of Argentina, with a population of approximately 650,000 and a territory of 203,013 square kilometers. It is Argentina's ninth-largest economy, mainly based on agriculture and services.





DMFAS 6.1.3 has been released

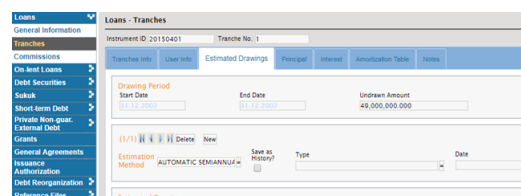
DMFAS Programme has just released version 6.1.3 of the DMFAS software. It contains a number of enhancements and addresses a list of 107 issues. Instructions and detailed information regarding the list of enhancements and problems fixed are available on the release note accessible through the client area of the DMFAS website.

Enhancements and new functionalities include:

- Improved general performance of the system with less time required to save records.
- Reports: This version provides a major enhancement related to the generation of User-defined reports. The performance to generate reports has been improved i.e. a faster production of reports and the possibility to display a larger number of columns in PDF (no limits in the number of columns). In addition, the export to Excel is now direct and does not necessarily need to go through ASCII. Please note that these enhancements apply only to World Bank formats 1,2, and 3. Format 4 will be similarly improved in the next release. Moreover, five tables have been added to the query tool on the level of Data Validation under the User-defined reports.
- New internal procedures to facilitate integration with IFMIS.
- Administration: This version includes a new functionality in the Estimated Drawings tab of the Tranches window. This new functionality (activated through the "Modules parameters" in

the "Control Panel") allows recording historical estimated drawings for loans and to measure the budget projection performance of projects financed by loans and grants rec-

orded in the system. It also allows recording different sets of "estimated drawings" (initial and revised), compare estimated drawings with the "actual drawings" and calculate disbursement performance indicators. For more information, please refer to the online help.

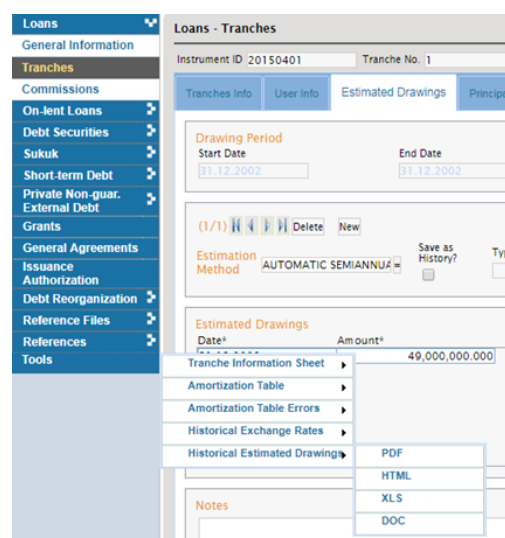


New record navigator to browse through historical records

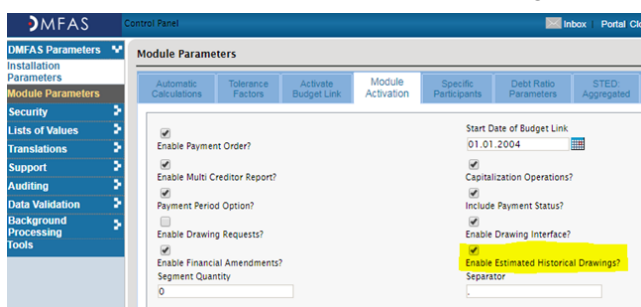
Corrections

A number of technical and functional corrections was also applied in response to issues reported by the users of the system since the last release. All the details are described in the release notes:

unctad.org/dmfas



New reports on historical drawings



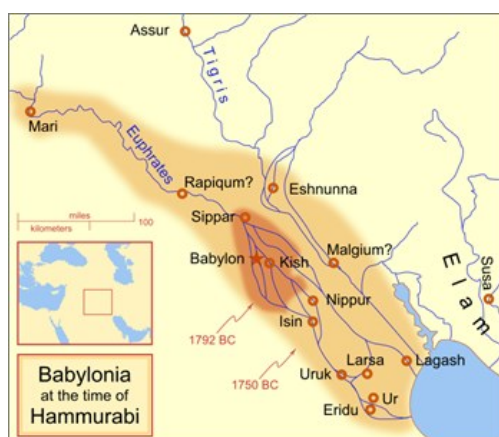
New module parameters

A brief history of debt: Part I—Babylon

In our everyday work, we tend to think of debt as a modern invention dating back to only a few centuries. While ingenious forms of debt have arisen in modern times, such as the use of plastic credit cards, debt in fact has existed since the dawn of time.

In this seven-part series, we will be looking at the history of debt and its consequences on both ancient and modern societies. In this article, we examine Babylon, one of the earliest city-states.

As civilization developed, the need for a legal system became essential. Hammurabi, king of the first dynasty of Babylon, established one of the most complete legal codes around 1750 B.C. Copied on stone, the Code of Hammurabi consisted of 282 laws including the famous "an eye for an eye, a tooth for a tooth" ("lex talionis"). It remained unchanged for most of the millenium. It also addressed unfair practices existing at the time.



Some of this code relates to the issue of credit and its price; that is, interest. Indeed, loans existed before the use of coins. In the code we find the first written attempt to regulate interest rates. "Hammurabi established a ceiling or maximum rate of interest that a moneylender could charge a borrower. On loans of grain, which were repayable in kind, the maximum rate of interest was limited to 33 1/3% per annum. On loans of silver, the maximum legal rate was established at 20% although some records have revealed a few rare instances when the rate of interest charged was as high as 25%."¹

According to the Code of Hammurabi, every loan in Babylon had to be witnessed by a public official and duly recorded in a written contract. The penalty for charging more than the legal rate was the cancellation of the debt. "Collateral could be

pledged in the form of land or some possession. For example, a debtor could also pledge his wife, children or slaves. In extreme cases, the debtor could even pledge his own person, but the law forbade personal slavery of a debtor beyond three years.

For example, creditors were forbidden from calling a loan made to a farmer prior to harvest. If the crop failed due to weather conditions, all interest on the loan would be cancelled for that year. In the case of houses, due to the scarcity of wood, a door could be used as collateral. Architects were held responsible for defects in construction and could be put to death if the building collapsed and killed the occupant."¹

Contracts etched into clay tablets provide evidence of man's early social and economic behavior several thousand years ago. The sophistication of embryonic banking institutions is also surprising. While there were no instant transfers of money, during some periods, drafts, accounts, transfers, deposits, bearer notes and even overnight rates of interest have been discovered.

With the widespread use of credit, history is marked with debt crises occurring regularly since the Babylonians right through into modern times. One way rulers addressed such crises was through the periodic debt amnesties or cancellation. For example, Hammurabi issued four debt cancellation edicts in thirty years following the tradition of his predecessors. At that time, such measures meant that debtors would recover the land and freedom they had lost to creditors.

Coming next, debt in Ancient Greece ...

"In the code we
find the first
written attempt
to regulate
interest rates"



Code on clay tablets : Hammurabi's
code at the Louvre Museum.

Sources: ¹<https://www.armstrongeconomics.com/research/a-brief-history-of-world-credit-interest-rates/3000-b-c-500-a-d-the-ancient-economy/>

https://en.wikipedia.org/wiki/Code_of_Hammurabi

Current and planned upcoming events

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

- Reform Plan mission (partner collaboration), Djibouti, February-March
- DMFAS 6 technical training, Rwanda, March
- Validation of interface, Albania, March
- Data validation workshop, Guinea-Bissau, March
- Debt Management Performance Assessment (partner collaboration), Uganda, March
- Debt statistics workshop, Togo, March
- DMFAS 6 installation and maintenance training, Burkina Faso, March
- Conversion, installation and maintenance training, Ecuador, March–April
- DMFAS 6 basic functional training, Burkina Faso, March–April
- Medium-Term Debt Management Strategy (partner collaboration), Angola, April
- DMFAS 6 basic functional training, Rwanda, April
- DMFAS 6 basic functional training, Ecuador, April–May
- DMFAS 6 functional training, Bangladesh, April–May
- DMFAS 6 customized training, Togo, April–May
- Needs assessment mission, Bangladesh, May
- Debt Portfolio Analysis workshop, Togo, May
- DMFAS 6 advanced functional training, Guinea-Bissau, May–June
- Debt Management Performance Assessment mission (partner collaboration), Senegal, May–June
- DMFAS 6 advanced functional training, Ecuador, June 2018



DMFAS
PROGRAMME

UNCTAD
Palais des Nations
CH-1211 Geneva 10
Switzerland

Phone: +41 22 917 5924
Fax: +41 22 917 0045

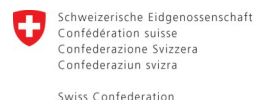
E-mail:
dmfas@unctad.org

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