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News from the DMFAS World

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Inside this issue:

Successful completion of project in Togo

In November, the project "Implementation of DMFAS 6 and strengthening debt management capacities in Togo" came to a successful end. It was financed by the European Union (EU). The closing ceremony, which took place in Lomé, was chaired by the Secretary General of the Ministry of Economy and Finance (MEF) and attended by the Director General of Treasury and Public Accounting, the Director of the debt office and representatives of the European Union and UNCTAD.

The project resulted in a better integration of debt management in the larger framework of public finance management and strengthened debt management capacity. Version 6 of the DMFAS was implemented at the MEF and 11 debt management officers and 2 IT experts were trained in its maintenance and use. The project supported the introduction of quality control procedures for the database. Hence, the debt database is now fully reliable and contains central government debt, including domestic debt (UEMOA securities)

(Continued on page 2)

DMFAS 6 installation at the Central Bank of Bolivia

A new UNCTAD technical assistance project started with the Government of the Plurinational State of Bolivia early December 2018 in La Paz, Bolivia. Its main objective is to upgrade the DMFAS system to its latest version, DMFAS 6, at the Central Bank of Bolivia (CBB) in 2019.

The Bolivian Government has received technical support from UNCTAD since the early 1990's, notably with the installation of earlier versions of DMFAS and related training provided to the staff. Debt management functions in Bolivia are spread across different services at the Ministry of Economy and Public Finances (MEPF), the Ministry of Development Planning and the CBB. The country's domestic debt and external debt are recorded separately in two distinct databases, managed respectively by the MEPF and the CBB. Both institutions have been using DMFAS 5.3 for this purpose.

In the last couple of years, upgrading DMFAS to its latest version, DMFAS 6, became a priority for the CBB to keep their debt management software in line with the latest technological standards as well as the best international practices in this area. Through this new project, the staff will also be trained in the use of DMFAS 6, and existing links between DMFAS and the CBB's accounting system will be updated. The DMFAS 6 upgrade will allow the CBB to benefit from enhanced system technical performances, as well as better recording, reporting and analytical capacities for the Bolivian external debt.

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"The debt database is now fully reliable"

and domestic arrears, owed to suppliers. As a side effect, efficiency benefits were observed including a 25% reduction in recording time for loans and securities and a 50% time reduction to produce debt reports.

With UNCTAD's support, the debt officers produced the first central government debt statistics bulletin, which is now available on the MEF website (https://finances.gouv.tg/node/473). It contains 22 tables on external and internal government debt as well as cost / risk indicators of the debt portfolio. The MEF plans to produce its debt statistics bulletin every six months.

Workshop on procedures, October, Lomé, Togo

In addition, a group of 20 Treasury officers benefited from a capacity building workshop on procedures, which is a new course developed by UNCTAD. The agents were trained in the production of additional documentation such as work instructions and operating procedures for DMFAS related tasks. Participants also reviewed existing treasury manuals, including the debt office draft manual initiated with AFRITAC.

Finally, the project supported the development of the interface between the current integrated financial system and DMFAS. The technical documents and user manual have been integrated as an online help into the interface module. This interface will need to be updated once the new integrated system, the SIGFIP, will be operational.

The excellent cooperation between the project's stakeholders has largely contributed to its success, in particular the commitment of the MEF authorities, the support from the European Union as well as close cooperation with the World Bank and the IMF.

During the ceremony, the authorities of the MEF committed to sustain and further deepen the results obtained during the project: "At a time when efforts are being made to renew life into our country's debt management, it seems to me essential that we never tire of stimulating new dynamics in our management methods and tools, with a view to support government action more effectively" said Badanam Patoki, MEF Secretary General.

Regional DMF training workshops on MTDS and DeMPA

The DMFAS Programme co-organized two regional workshops as part of the collaboration between UNCTAD and the Debt Management Facility II.

Participants to the MTDS workshop, October 2018, Geneva

The first regional workshop on Medium-Term Debt Strategy (MTDS) was organized in collaboration with the World Bank and the International Monetary Fund (IMF), from 1 to 5 October 2018 in Geneva.

Eighteen government officials, mainly from Eastern and Central Asian countries, were trained in the identification and formulation of a preferred medium-term debt management strategy, using the World Bank/IMF MTDS tool.

Defining an adequate medium term debt strategy is essential for governments to achieve a composition of a public debt portfolio that captures the country's preferences with regard to the cost-risk tradeoff. The workshop walked the participants through the various stages of the MTDS methodology, covering the new features of the analytical tool and focusing on strategy formulation as well as the interpretation of their output.

It was the 2nd MTDS training workshop organized in Geneva within the Debt Management Facility (DMF) framework and participants acknowledged its usefulness in strengthening their understanding of the MTDS tool and its application in their home countries.

The second regional workshop on debt management performance assessment (DeMPA) took place in Abidjan, from the 5 to 19 November 2018, in partnership with the Ministry of Finance of the Côte d'Ivoire that provided the facilities and logistical support for the workshop. The workshop was opened by Mr. Coulibaly, Cabinet Director of the MoF.

Twenty-four participants from 13 Francophone West African countries as well as Madagascar, Djibouti and Haiti attended the workshop.

The DeMPA tool is a methodology developed principally by the World Bank for assessing national performance through a comprehensive set of performance indicators spanning the full range of government debt management functions. The DeMPA highlights strengths and weaknesses in government debt management practices in each country. The workshop was elaborated in such a way that the participants would in the future be able to organise or participate in DeMPA-related initiatives, based on the practical knowledge gained through exercises, presentations and case studies in Abidjan, and using the material freely available on the World Bank website. (www.dmfacility.org).

Participants at the Debt Regional DeMPA workshop, Abidjan, Côte d'Ivoire, November 2018

Zambia Debt statistics workshop

"The workshop ... concluded with a road map to launch a first debt statistical bulletin"

As part of the on-going technical cooperation project between the Bank of Zambia, the Ministry of Finance of Zambia and UNCTAD's DMFAS Programme, a Debt Statistics workshop took place in Chisamba, Zambia, from 19 to 23 November 2018.

Representatives of the Ministry of Finance's Investment and the Debt Management Department, the Office of the Internal Auditor, and the Bank of Zambia (Ecomonics Department and Financial markets Department) joined together to improve current practices regarding the compilation and dissemination of debt statistics in Zambia. The workshop provided training on the key statistical concepts defined in the External and Public Sector Debt Guides and concluded with a road map to launch a first debt statistical bulletin, to be published in collaboration between the Ministry of Finance and the Bank of Zambia. The first publication is expected to be available during the first quarter 2019, reporting on central government debt and total external debt as of end 2018. Successive publications will be produced quarterly, with the ambition to broaden the coverage to include the whole public sector.

The workshop was immediately followed by a one-week practical training on DMFAS to assist staff the Investment and Debt Management Department in producing the tables selected for the debt statistical bulletin.

Participants at the Debt Statistics workshop , Chisamba, Zambia, November 2018

A brief history of debt:

Part III — The Roman Empire

"The elite of the Roman Senate were involved heavily in private lending, both as creditors and borrowers"

Due to the Empire's vast extent and long endurance, the institutions and culture of Rome had a profound and lasting influence on the development of language, religion, architecture, philosophy, law and forms of government in the territory it ruled, particularly, in Europe.

At its peak, the Roman Empire had conquered much of the known world. It covered a population of up to 130 million people over a span of 1.5 million square miles. The Empire built 50,000 miles of roads, as well as many aqueducts, amphitheaters, and other works still in use today.

The Roman Empire at his peak[1]

In general, ancient Rome bore an aversion to public debt; however, in exceptional cases, money was borrowed to finance the Punic wars. This policy was perpetuated by the emperor Augustus and his successors. Roman documents frequently mention private debt and the crises they caused.

For example, the historian Tacitus wrote about one crisis occurring in 33 A.D.: "Loan interest was an ingrained evil in the city of Rome, a very frequent abuse of sedition and discord strongly disapproved of".

Tacitus also refered to the "Law of the Twelve Tables", text dating from 450 B.C. and to the prohibition of usury, most likely enacted as of 342 B.C.

The Empire had no central bank to monitor the money supply or to control economic conditions. Almost no regulations governed the banking system. The banking system under the Empire allowed the exchange of extremely large sums without the physical transfer of coins, which led to fiat money.

A professional deposit banker (*argentarius*, *coactor argentarius* or later *nummularius*) received and held deposits for a fixed or an indefinite term, and lent money to third parties. Generally, available capital exceeded the amount needed by borrowers, so loans were extended on risky terms.

The elite of the Roman Senate were involved heavily in private lending, both as creditors and borrowers, making loans from their personal fortunes on the basis of social connections.

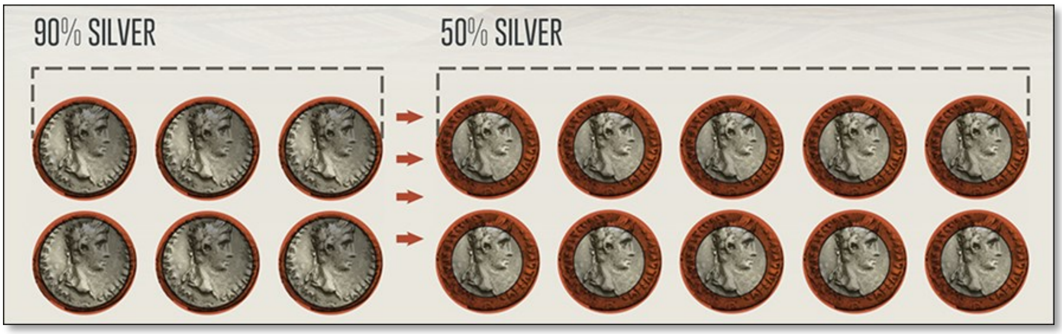
Roman banks typically kept less in reserves than the total deposits of customers as they had no incentive to insure customers' deposits in the event of a bank run. Romans at the time believed that anyone involved in commerce should have access to credit. This tendency toward fiat money caused the money supply to fluctuate constantly.

During the first 220 years of the Empire, the major coin used was called the *denarius*. This silver coin was worth approximately a day's wages for a skilled laborer or craftsman. These coins were initially of high purity, holding about 4.5 grams of pure silver.

However, with a finite supply of silver and gold, Roman spending was limited by the number of *denarii* that could be minted. The answer was to debase the coin by decreasing its silver content; thus, it became possible to produce more silver coins at the same face value.

During the crisis of the 3rd century, more than 50 emperors reigned, most of whom were murdered, assassinated or killed in battle. With soaring logistical and administrative costs, the Romans levied more and more taxes against the people to sustain the failing Empire.

" Emperors … dynasties debased the currency as they were under pressure to finance military spending"



Doing more with less ![2]

Emperors of the Antonine and Severan dynasties debased the currency as they were under pressure to finance military spending. During the reign of Commodus, inflation emerged suddenly, damaging the credit supply.

Bankers lost confidence in coins issued by the government. Despite Diocletian's introduction of the *gold solidus* and monetary reforms, the credit market of the Roman Empire never regained its former robust state.

The real effects of debasement took time to materialize. By 265 A.D., when only 0.5% silver remained in a denarius, prices skyrocketed 1,000% throughout the Roman Empire.

Worthless money, soaring taxes and hyperinflation gradually destroyed most trade, leading to the eventual demise of the Roman Empire which ceased to exist by 476 A.D. *Sic transit gloria mundi*.

As Julius Caesar once said, "*usus magister est optimus*" or "experience is the teacher of all things".

A Roman denarius

[1] Bennett, Julian (1997). Trajan: Optimus Princeps : a Life and Times. Routledge. ISBN 978-0-415-16524-2. Fig.1 .Regions east of the Euphrates river were held only in the years 116–117.

[2] Graphic from visualcapitalist.com

Sources:

http://www.cadtm.org/Personal-endebtment-and-debt

https://www.visualcapitalist.com/currency-and-the-collapse-of-the-roman-empire/

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

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

Save the date !!

The next UNCTAD Debt Management Conference & DMFAS Advisory Group Meeting will be held in Geneva from 18 to 22 November 2019

Current and planned upcoming events

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

- **Debt statistics workshop, Rio Negro, Argentina,** September 2018
- **DMFAS 6 technical and basic functional, Eritrea,** September-October 2018
- **DMFAS 6 advanced functional training, Burkina Faso,** September-October 2018
- **Procedures workshop and follow-up, Togo,** October & November 2018
- **IT training on database structure, Angola**, November 2018
- **Regional DeMPA workshop (partner collaboration), Côte d'Ivoire,** November 2018
- **Debt statistics workshop, Guinea Bissau,** November 2018
- **Debt statistics workshop, Zambia,** November 2018
- **Final project evaluation mission, Togo,** November 2018
- **Follow-up data validation workshop, Ecuador,** November-December 2018
- **Data validation workshop, Pakistan,** December 2018
- **Preparation for update of interface, Bolivia,** December 2018
- **Analysis of workflows & business processes and mid-term evaluation mission, Sudan,** December 2018
- **Ad hoc DMFAS 6 technical and functional training, Uzbekistan**, December 2018
- **DMFAS 6 functional training, Eritrea,** December 2018
- **Data validation workshop, Ethiopia,** December 2018
- **Data validation workshop, Burkina Faso,** January 2019
- **Database conversion, Pakistan**, January 2019
- **Debt statistics workshop, Ethiopia,** January-February 2019
- **DMFAS 6 Installation & maintenance training and basic functional training, Pakistan**, January-February 2019
- **DMFAS 6 Installation & maintenance training and basic functional training, Bolivia**, February 2019

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