

DMFAS Programme News

February 2013

Upcoming 9th UNCTAD Debt Management Conference

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UNCTAD will be organizing its ninth biennial Debt Management Conference and the DMFAS Programme Advisory Group Meeting from 11 to 15 November 2013.

The Conference is an important international event in which officials and other professionals working in the area of debt management are able to obtain perspectives and discuss the latest developments in the area of debt management.

The DMFAS Programme Advisory Group Meeting will be held back-to-back with the Conference from 14-15 November 2013, which provides an opportunity for countries to discuss their needs and views and to discuss UNCTAD's role in debt management.

DMFAS Donors' meeting 2012

Every year, donors of the DMFAS Programme meet to review the progress in the implementation of the DMFAS Strategic Plan. This annual meeting is an opportunity to discuss the Programme's strategic directions and expectations as to how it can best continue to offer solutions to meet the needs of beneficiary countries in the area of debt management.

The latest 2012 Donors' meeting took place in Geneva in early December 2012 to specifically review progress of the implementation of the 2011-2014 DMFAS Programme Strategic Plan, present ongoing improvements in the area of monitoring and evaluation, and assess the financial situation. The meeting was attended by representatives from the European Union, Germany, Ireland, Italy, the Netherlands, Norway and Switzerland.

Based on the discussions, donors congratulated the Programme for the clear value added through its assistance to developing countries. They expressed their satisfaction that the Programme focuses on its clear areas of comparative advantage, the "downstream activities", including the maintenance of debt databases, debt data validation, debt operations, internal and external debt reporting, debt statistics and basic debt analysis. Furthermore, they recognized the active role the Programme is taking in collaborating with and coordinating its work with other technical assistance providers.

In addition, donors expressed their appreciation for the concrete results achieved in implementing the current DMFAS Strategic Plan and for the excellent quality of the assistance the Programme provides to its clients in responding effectively to their needs. Moreover, the Programme received valuable recommendations for continuing to improve the efficiency of the support provided to beneficiary countries. The DMFAS Programme would like to thank its donors for their continued support and for the trust they place in its work.



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

Collaboration with Middle East countries

Iraq signs a new project for the implementation of DMFAS 6.0

In September 2012, a new technical assistance project was signed between the Ministry of Finance of Iraq and the DMFAS Programme. The objective of the project is to improve Government's capacity in public debt management by upgrading the DMFAS system to DMFAS 6.0 and strengthening the analytical skills of the debt office staff, particularly in the middle office.

The Government of Iraq and the DMFAS Programme have been collaborating in the area of debt management since 2005 when the DMFAS 5.3 system was first installed in the country.

This new project is implemented on the basis of an original configuration of partners due to the security constraints imposed by the United Nations. It is based on a partnership with Ernst and Young in Iraq that is in charge of the installation and maintenance of the DMFAS system in the country. This arrangement was already used in the past for the implementation of 5.3 in Iraq and proved to be efficient way of allowing the DMFAS Programme to implement projects in the country despite UN travel restrictions. Training workshops will be organized in Jordan as part of this arrangement.



Delegation from the Ministry of Finance of Iraq

Conversion of the database and technical training

In early December 2012, a delegation from the Ministry of Finance and Ernst and Young came to Geneva for two weeks for the first activity of the project. The delegation worked on the conversion of the Iraq database to DMFAS 6.0 and received technical training for the installation of the system. This training resulted in the system being successfully installed in Baghdad in January, thus allowing the debt experts to test the system and practice the basic functions of the DMFAS 6.0. Based on this first training experience, a functional training will be organized in Amman in the 2nd quarter, 2013.



Staff of the Loans Department, Sultanate of Oman

Successful completion of DMFAS 5.3 project in Oman

In October 2012 were conducted the last two activities of the technical assistance project in Oman entitled "Strengthening Public Debt Management". These activities, namely the debt statistics workshop and the final evaluation, were conducted with the Loans Department of the Ministry of Finance. The debt statistics workshop resulted in the production of a draft debt statistical bulletin which will serve as the basis for the first debt statistical bulletin to be produced by Oman, which is expected to be published in the first quarter 2013.

In 2010, the Ministry of Finance of Oman signed its first technical cooperation project with UNCTAD in the area of public debt management. This project was aimed at strengthening the debt management capacities in the Loans Department, especially in the area of reporting, through the adoption of the DMFAS system. This project was self-financed by the Government of Oman.

DMFAS version 5.3 (Arabic version) was installed in the Loans Department, and the debt officers received training on database administration, basic and advanced functionalities, as well as on data validation and debt statistics. The DMFAS 5.3 software replaced a locally-developed debt management software. The project came to a successful end, and the debt experts of the Loans Department use the DMFAS system on a daily basis to fulfill their debt management responsibilities. The Sultanate of Oman is the first Gulf country using the DMFAS system.

Honduras, a success story

UNCTAD has recently started a new project on the implementation of DMFAS 6.0 in Honduras. DMFAS 6.0 has been installed at the Ministry of Finance, and will be installed at the Central Bank and at the Supreme Court of Accounts. The objective of this new project is improving the analytical capacities for debt management and establishing the basis for the formulation and implementation of a debt strategy. This includes establishing the appropriate institutional setting, systems and training of staff at the institutions involved.

Honduras is remarkable in many aspects: It has the most extensive coverage of a debt database among the DMFAS countries. The database managed by the Ministry of Finance contains all relevant data on public debt and grants, including domestic debt issues, loans with Government guarantees, on-lent loans, debt contracted by parastatal enterprises and, since 2009, municipal debt. The Central Bank manages private non-guaranteed debt and domestic issues regulating monetary policy.

While the Ministry of Finance manages the public debt operatively as well as strategically and produces a statistical bulletin on public debt, the Central Bank conducts intensive analysis on the country's economic and financial situation. Honduras has graduated from the HIPC and MDRI initiatives and thus considerably improved its debt situation over the last 10 years. Having acquired access to private debt markets, the country is now facing new challenges in finding the ideal debt composition in terms of cost and risk. As part of the new project, the Ministry of Finance is also strengthening its analytical capacities in the middle office, through the use of DMFAS 6.0's analytical features and workshops on debt portfolio analysis and debt strategy, the latter jointly implemented by the World Bank, IMF and UNCTAD.

Honduras also aims at improving the transparency and reliability of its debt information. According to national law, the Tribunal Superior de Cuentas is obliged to audit the country's public debt every year to produce specific reports on the debt.



Management of the debt office in Honduras

Those audit reports include financial information as well as management audit.

The auditors received prior training by the International Organization of Supreme Audit Institutions (INTOSAI) in the framework of the INTOSAI Development Initiative (IDI) for training auditors on auditing public debt. In addition, DMFAS was installed in the Supreme Court of Accounts and UNCTAD's resident Chief Technical Advisor provided training on debt concepts, debt statistics, debt registration and the creation of specific audit reports. As a result, the auditors have acquired important knowledge about the entire debt management process, including contract negotiation and implementation stages besides the payment of debt obligations. This not only facilitates the work of the Tribunal, it also fosters the efficient collaboration of auditors and debt officers allowing them to use the same concepts and definitions. Moreover, it improves the data quality by providing another qualified control instance. By having more reliable data, the transparency is greatly improved, which has a positive impact on Honduras' debt ratings and access to finance.

DMFAS 6.0 update

DMFAS 6.0 is currently installed in 23 institutions in 20 countries and preparations have been initiated for installation in 2 more Institutions (Iraq and Bangladesh) for the end of the first quarter 2013.

New enhancements of the DMFAS 6.0:

- Security and Auditing features: the Extended Auditing module, including the possibility of generating reports on different closing dates, has been tested and is ready for distribution as part of the next release.



DMFAS capacity building in debt portfolio analysis

The DMFAS Programme's area of comparative advantage lies with the so-called downstream activities. In order to support countries in their endeavor to develop their debt strategies, the DMFAS Programme offers training in basic debt analysis. Accordingly, the Programme has launched a new capacity building module on debt portfolio analysis (DPA). The DPA workshop is aimed at improving the capacity of public debt managers to assess structure, dynamics and risks of sovereign debt portfolios.

This training is delivered through theoretical presentations and hands-on exercises, during which participants become familiar with best practices to evaluate the costs of a debt portfolio and its exposure to the main market risks (refinancing, interest rate and exchange rate risks); understand the basics of deterministic and stochastic risk modeling; appreciate the implications of the different debt instruments and monitor the implementation of debt strategies.

The final output of a DPA national workshop is draft Debt Portfolio Review (DPR), which is a concise and cost/risk focused description of the debt portfolio evolution (on the basis of debt data coming from DMFAS only). By publishing their debt portfolio review (DPR), countries may also use this report as a valuable investors' relations tool. Furthermore, conducting a DPA constitutes a building block towards deeper analysis allowing countries to be in a better position to conduct Mid-Term Debt Management Strategy (MTDS) and Debt Sustainability Analysis (DSA) in collaboration with other technical assistance providers, such as the Debt Management Facility by the World bank.

Selected current and upcoming events

Project coordination mission, Bangladesh, February

Data validation workshop, Lebanon, February

MEFMI workshop, Angola, February

DMF MTDS mission, Sudan, February

DMFAS 6.0 Installation and maintenance training, Bangladesh, February-March

DMFAS 6.0 Installation and maintenance training, Nicaragua, March

DMFAS 6.0 Basic functional training, Bangladesh, March

DMFAS 6.0 Technical training, Lebanon, March

DeMPA mission, Ethiopia, March

DMFAS 6.0 Advanced functional training and design of a procedures manual, Democratic Republic of Congo, March-April

Technical needs assessment, Nicaragua, April

Support to interface development, Nicaragua, April

DMFAS 6.0 Database conversion, Zambia, April

DMF MTDS regional workshop, Uganda, April

DMF Baseline mission, Uganda, April



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