

# Improved debt management in **ETHIOPIA**

"Ethiopia has been using DMFAS for about three decades, and it would be impossible to manage Ethiopia's total public debt:- repay its debt service on time, monitor disbursements, capture public debt data based on various international debt relief initiatives, and prepare the Medium Term Debt Strategy, Debt Sustainability Analysis, and other analytical and statistical reports if it weren't for DMFAS."

Yohannes Hailu Tesfa Director, Debt Management Directorate

### **DEBT MANAGEMENT CONTEXT**

Ethiopia has used DMFAS since 1988. The initial DMFAS project enabled the Ministry of Finance (MoF) to computerize the external debt portfolio, manage associated payments and report on the external debt position.

Subsequent updates of the DMFAS functional and technical assistance have since enabled MoF to also record and report on all government domestic debt.

Debt officers have received training in data validation, reporting, statistics and debt portfolio analysis. Support has also been provided in database administration and in interfacing DMFAS with other government financial systems.

**TODAY** 

#### IMPACT OF DMFAS' TECHNICAL ASSISTANCE

In 2008, with DMFAS technical assistance, the government produced its first debt statistical bulletin. This bulletin is currently produced and published on a quarterly basis on the MoF website. Its publication is an example of best international practice in transparency and good governance.

Ethiopia has developed and maintains a comprehensive, up-to-date and reliable database on all central government debt, government guaranteed, non-guaranteed debt as well as on-lending. The data is used to support analysis and policy decisions, as well as negotiations with creditors. Overall, recording and reporting have been strengthened and debt operations made more efficient.

"At least 75% of debts are reconciled quarterly."

PEFA, 2019

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#### **GOVERNANCE**

No computerized database Reliance on hard copy records

Installation of DMFAS 4.1+. 5.3 and 6

Public debt data is recorded in DMFAS system & used for operations, reporting & analysis

## **DEBT**

Data not fully reliable

Functional training and data validation Public debt data is complete, up-to-date and reliable in a single database

### **DATABASE**

Complicated reporting procedures

DMFAS debt statistics workshops

Simplified reporting procedures Publication of quarterly Debt statistical bulletin

REPORTING

Debt statistics not published

DMFAS debt portfolio

MoF regularly produces and publishes an

### **ANALYSIS**

Debt analysis produced on an ad-hoc basis

analysis workshops

annual Debt Portfolio Review

### **INTEGRATION**

Debt management not integrated with other systems

IFMIS workshops

DMFAS is integrated with Treasury system for payments