



## Capacity-building modules of the DMFAS Programme



# DEBT PORTFOLIO ANALYSIS MODULE

## Background

Debt portfolio analysis (DPA) is the first step in debt analysis. It forms the basis for both the design of debt strategy as well as debt sustainability analysis.

The prerequisites for a meaningful DPA are sound, comprehensive data sets and relevant debt statistics. The DPA module therefore complements and expands upon the other capacity-building modules on data validation and debt statistics.

## What is DPA all about?

A DPA typically examines the nature, composition and structure of an existing government debt portfolio, reviewing the past trends over a given period of time.

DPA also analyses the debt statistics, including the factors underpinning the changes over time and the debt indicators. This generally involves an assessment of how external factors, including exchange rate and interest rate fluctuations, may influence future debt stocks and flows. A DPA also evaluates factors such as exposure to various currencies and lenders in terms of comparative advantages and disadvantages.

Depending on the audience, the module can include: an assessment of the institutional arrangements for conducting a DPA; an introduction to liabilities management operations; and an introduction to the links between debt portfolio and risk analysis.

**In today's world of high volatility, a regularly conducted DPA is more relevant than ever and an indispensable part of prudent debt management.**

## Capacity-building activities implemented by the DMFAS Programme

- Assessing the existing capacity of the government institution (including the institutional environment, policy instruments and organizational arrangements) and establishing goals concerning the capacity to be developed;
- Providing training and follow-up activities appropriate to the institution;
- Providing assistance and advisory services.

## Objectives of the module

With the DPA module, your institution will be able to:

- Identify the main issues relating to debt portfolio analysis;
- Apply best practices and techniques to assess the cost/profile of a debt portfolio;
- Develop a draft proposal for the establishment or refinement of a debt portfolio review.

## Outputs

- A draft proposal for the introduction or enhancement of the debt portfolio review, including:
  - Up-to-date status of the existing debt portfolio and factors underpinning its evolution;
  - Composition and structure of the debt portfolio;
  - Debt ratios: values and trends;
  - Cost indicators;
  - Risk indicators (interest risk, currency risk, refinancing risk);
- Proposed programme for implementation of the DPA review in light of the agreed scope, frequency and timeliness of publication;
- Continued support by the DMFAS Programme as required.

## Targeted audience

- Debt managers whose responsibilities include managing or monitoring debt portfolios;
- Debt officers with some familiarity on the use of DMFAS for reporting and analysis purposes;
- Senior or mid-level officials who use debt information in order to develop awareness of the different types of reports and classifications used in producing debt portfolio reviews, and who can influence the production and dissemination of portfolio reviews;
- A broader community of users of debt portfolio reviews and other analytical reports, such as government and central bank debt analysts and those involved in strategy formulation.



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### Outline of the workshop

#### Day 1

Opening ceremony \* Registration \* Introduction and overview \* Participants' experience and expectations \* The purpose of DPA? \* Debt in the macroeconomic context \* Practical exercise on debt in the macroeconomic context

#### Day 2

Summary session \* Total debt composition \* Debt by creditor and debtor \* Debt by economic sector \* Interest/currency/maturity composition \* Currency composition \* Maturity composition \* Net flows and transfers \* Use and limitations of debt indicators

#### Day 3

Summary session \* Introduction to analytical tools and mathematical concepts \* Practical exercises on debt analysis

#### Day 4

Summary session \* Countries' experiences in conducting a DPA and institutional arrangements for conducting DPA \* Working groups

#### Day 5

Summary session \* Working groups \* Prerequisites for conducting a DPA in the home country \* From DPA to risk management \* Evaluation of course \* Wrap-up \* Certificate distribution

### How can I obtain the capacity-building module on DPA?

In general, all DMFAS activities at the national level are implemented through a technical cooperation project between UNCTAD and the government institution that requests a DMFAS Programme product or service.

After receiving a request from the government institution, UNCTAD will conduct a needs assessment during which a dedicated project manager will meet with the institution's staff to discuss their challenges and requirements and to recommend the activities to be integrated into a project document for subsequent signature and funding.

Some activities can also be provided in the framework of regional workshops at the initiative of regional or international organizations.

For further information, please contact the DMFAS Programme:

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### About the DMFAS Programme

Integrated as a key activity of UNCTAD, the DMFAS Programme is part of the Debt and Development Finance Branch of the Division on Globalization and Development Strategies. Its overall objective is to strengthen the capacity of developing countries and countries with economies in transition to manage their debt in an effective and sustainable way, in support of poverty reduction, development and good governance.

The DMFAS Programme offers countries a set of proven solutions to improve their capacity to handle the management of public liabilities and to produce reliable debt data for policymaking purposes. This includes its specialized debt management software, also called DMFAS, as well as advisory services and training activities in debt management. The Programme has so far provided its products and services to 106 institutions in 69 countries.

### Other capacity-building modules offered by the DMFAS Programme

#### *Debt data validation*

The objective of this training is to increase understanding on the importance of ensuring the availability and maintenance of a reliable DMFAS debt database; to identify measures to improve policy instruments that have an impact on data quality in an institution; to identify measures to improve the organizational arrangements in an institution (for example, functions manual, debt management procedures and resources).

#### *Production of a statistical bulletin on debt*

The objective of this training is to help developing countries and countries with economies in transition to produce reliable and timely statistics on external and public debt that are consistent with international standards, or to assist those already producing a debt statistical bulletin in improving it.