Debt Management: Capacity-Building Needs

by

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD
Managing the Debt; Competences in Debt management

Presented by Mpoza Isaac David
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At
10th UNCTAD Debt management Conference
On
23rd November 2015
Structure of Presentation

- Background
- Debt Management Reform triggers
- Debt management (DM) Reform Plan
- DMO structure and staffing
- Capacity Needs in DM
- Capacity Needs interventions
- Conclusion
Back ground

- Beneficiary of HIPC+ and MDRI: No debt distress threats
- Debt strategies formulation since -1991 with emphasis on borrowing from highly concessional financing & now productive sectors
- Fragmentation of DM roles between Macro-economic mngt, Accountant General’s office and the Central bank-end to end grasp
- No dedicated staff – trained ones prone to rotation/flight e.g MEFMI fellows
Debt Management Reform triggers

- Increasing Debt Stock in nominal terms; questionable sustainability

- Growing need for large infrastructure projects (dams, T-lines, Roads, SGR) and widening social services requirements (UPE/USE, de-congesting Referrals)

- Multiple reporting units on Debt numbers and unclear roles and responsibilities

- Apparent poor co-ordination between Debt, Fiscal and Monetary/Exchange rate Policy
Debt Management Reform triggers

- Dwindling ODA, New Development financing Agenda, emergency of alternative financing mechanisms e.g. ECA facilities, sovereign Bonds, PPPs, private sector

- Shallowness/ Volatility in Domestic market

- Broadening scope of debt-Private Sector/Sub-national debt, Public enterprises, PPPs obligations, Contingent liabilities, Implicit Pensions
Debt management Reform Plan

- Governance
  - Organization structure, staffing/retention and capacity building
  - Legal Framework including relationship with BoU

- Strategy and risk management
  - Debt management strategy: benchmarks
  - Debt recording and Reporting
  - Contingent liabilities-Guarantees, on-lending, implicit?

- Domestic Securities Market Development
  - Review of Primary dealer System
  - Market deepening
    - Retail savings
    - Secondary trading/liquidity
    - WHtax
DMO structure and staffing

- All Staff – Civil Servants and US T Advisor
- Director (1), Commissioners(3) and Asst. Commissioners(7)
- Economists and Finance Officers(22), Accountants(12), IT(3) and Legal(2).
- Economists and Accountants Common cadre subject to rotation; specialised training undertaken where deployed
- Capacity building support in DM obtained from:
  - Sovereign states; Turkey, Australia and South Africa
  - UNCTAD
  - MEFMI
  - IMF; East Afritac
  - World bank
  - UNITAR

[Organogram DDCM.docx]
Capacity Needs in Debt management

- Public Policy –SDGs, NDP II, Sector priorities
- Portfolio and Risk management
- Market Research and Analysis
- Communication/Negotiation -legal interpretations, elimination of onerous clauses & drafting
- Model Development and Cost-risk analysis- stress testing, What if analysis, forecasting
- Debt strategy formulation and monitoring
- Design of debt reform programmes
- Use of diagnostic tools for PDM assessment and debt market dev’t-DemPa, MTDS tool kit, DSFramework
Capacity Needs in Debt management

- PPP/Contractor facilitated Financing mngt and readiness for Sovereign Bond issues
- Contingent liabilities; identification, valuation and regulation
- Debt Registration and settlement using particular systems-Reconciliation and financial reporting
- Preparation of debt reports and statistical bullet-ins and their analysis
Capacity Needs Interventions

- Certified training - CFA, CIMA, ACCA, IOC
- Advisory Services
- Post Graduate studies - Public policy, Development
- Systems hands on training - DMFAS, AMP, IFMS, CSDRMS
- NBF Paper and Sector reviews
- International Regional and In-house Debt Seminars/ Practioners’ programmes
- Retention and Facilitation
Conclusion

- Changes in the Model of Development financing; Local revenue mobilization & Private sector and blending, Dwindling ODA and large infrastructure requirements
- Increases in the nominal value of debt and decline in liquidity/solvency ratios calls for prudence
- Poor project implementation slowing GDP growth, achievement of PDOs and impacts debt limits
- Retention, capacity building and facilitation of debt managers-critical