Managing the Debt: Competencies in Debt Management

by

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD
Tenth UNCTAD Debt Management Conference

Debt Management Capacity-building Needs - Responses by International Organizations

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UNCTAD’s DMFAS Programme

- Multi-stakeholder initiative supported by cost-sharing by beneficiaries, bilateral donor contributions (European Commission, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Switzerland, Sweden), and UNCTAD’s regular budget.

- Provider of technical assistance in debt management

- Support for over 100 institutions in 67 countries since 1981

- Mission: Assist countries in strengthening their capacity to manage their debt with the ultimate objective of promoting better use of public financial resources to improve the living conditions of the people
Problems we address

- **Public debt is a core development issue**
  
  Assist developing countries in attaining long-term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief and debt restructuring, as appropriate, and address the external debt of highly indebted poor countries to reduce debt distress (SDG Goal 17.4)

- **Effective debt management is essential**
  
  ‘...The monitoring and prudent management of liabilities is an important element of comprehensive national financing strategies and is critical to reducing vulnerabilities.’ (Addis Ababa Action Agenda)
  
  ‘Borrowing is an important tool for financing investment critical to achieving sustainable development, including the sustainable development goals. …… However, borrowing needs to be managed prudently.’ (Addis Ababa Action Agenda)

- **Many countries do not yet have the capacity to effectively manage their debt**

  ‘Many countries have yet to reach the minimum standards in some key areas.’ (United Nations Secretary-General, 2015)

- **Critical importance of timely, reliable debt data**

  ‘It is critical to ensure the availability of comprehensive, reliable debt databases that cover all aspects of the evolving debt portfolio and adequate support for debt statistical capacity and reporting.’ (United Nations Secretary-General, 2015)
Our focus

• Supporting governments to build sustainable capacity to manage public debt effectively

• Providing concrete, practical solutions for strengthening staffing, structure and systems

• Capacity development in the ‘downstream’ areas of debt management (debt recording, operations, reporting & statistics, facilitating debt analysis)

• Helping governments to build and maintain these FOUNDATIONS FOR EFFECTIVE DEBT MANAGEMENT

• These foundations are essential for the effective management of public debt ....
Sustainable development

Debt sustainability

Lower-cost borrowing

Transparency

Well-informed decisions

Medium-term debt strategies

Accurate, timely debt servicing

Debt recording

Institutional & legal framework

Comprehensive, reliable debt database

Debt management system

Operational framework

Poverty reduction

Reduced debt distress

Better governance

Coordinated policies

Debt sustainability analysis

Effective debt reporting

Reliable debt statistics

Improved reputation

Effective debt reporting

Reliable debt statistics

Medium-term debt strategies

Accurate, timely debt servicing

Debt recording

Institutional & legal framework

Comprehensive, reliable debt database

Debt management system

Operational framework

Well-informed decisions

Coordinated policies

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Sustainable development

- Debt sustainability
- Poverty reduction

- Lower-cost borrowing
- Reduced debt distress

- Transparency
- Better governance
- Improved reputation

- Well-informed decisions
- Coordinated policies

- Medium-term debt strategies
- Debt sustainability analysis
- Borrowing plans

- Accurate, timely debt servicing
- Effective debt reporting
- Reliable debt statistics

- Comprehensive, reliable debt database

- Debt Recording
- Debt data validation

- Institutional & legal framework
- Debt management system
- Operational framework

- Accurate, timely debt servicing
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Medium-term debt strategies

Debt sustainability analysis

Borrowing plans

Accurate, timely debt servicing

Effective debt reporting

Reliable debt statistics

Comprehensive, reliable debt database

Debt Recording

Debt management system

Institutional & legal framework

Operational framework

published
Damaged reputation

Poor planning & decision-making

Lack of information

Weak coordination

Debt distress

Increased vulnerability

Higher cost of borrowing

Difficulty securing funding

Lack of information

Weak coordination

Debt distress

Increased vulnerability

Higher cost of borrowing

Difficulty securing funding

Poor planning & decision-making
Sustainable development

- Debt sustainability
- Poverty reduction
- Lower-cost borrowing
- Reduced debt distress
- Transparency
- Better governance
- Improved reputation
- Well-informed decisions
- Coordinated policies
- Medium-term debt strategies
- Debt sustainability analysis
- Borrowing plans
- Accurate, timely debt servicing
- Effective debt reporting
- Reliable debt statistics

Comprehensive, reliable debt database

- Debt Recording
- Debt data validation

Institutional & legal framework

Debt management System

Operational framework

Accurate debt servicing

Good governance

Development

Poverty reduction

Better governance

Improved reputation

Coordinated policies

Well-informed decisions

Medium-term debt strategies

Debt sustainability analysis

Borrowing plans

Accurate, timely debt servicing

Effective debt reporting

Reliable debt statistics

Comprehensive, reliable debt database

Institutional & legal framework

Debt management System

Operational framework
Future direction

1. Commitment to providing sustained, relevant response as public service
   - New strategic plan 2016-2019

2. Adapting to evolution of debt management & technology
   - Major new version of DMFAS – **DMFAS 7**
   - Expanding coverage of debt data & functionality (Total Public Sector Debt, Contingent Liabilities, Hedging/derivatives, Accrual Accounting, Operational Risk Management, Front Office…)
   - New reporting & statistical standards, Managerial reporting, Mobile computing
   - New capacity development framework: new products & delivery methods (Autonomous Learning, Blended learning, Collaboration platforms)

3. Continued engagement with all stakeholders
   - DMFAS Advisory Group; Donor Consultation meetings

4. Intensified cooperation, coordination & partnership
   - Focusing on areas of comparative advantage & complementarity
   - Avoiding duplication; Maximising synergies
Thank You