



**Arab Republic of Egypt**



**Central Bank OF Egypt**

## **Debt Management and DMFAS Experience**

**Tenth Advisory Group Meeting  
Geneva, 26-27 November 2015**

# OUTLINE



- Central Bank of Egypt**
- Debt Management History**
- DMFAS History**
- Registration forms**
- Updating DMFAS database**
- DMFAS v6**
- Reports and Statistics**
- External Debt ,NIR Figures and Solvency Indicators**
- CBE-UNCTAD Collaboration**
- Suggestions for Future DMFAS version**
- Lessons Learnt**

# CENTRAL BANK OF EGYPT (CBE)



- ❑ Central Bank of Egypt (CBE) is an autonomous regulatory body assuming the authorities and powers by the Egyptian Law.
  
- ❑ CBE performs many functions to manage the national economy some of which are :
  - Managing the foreign International Reserves of the country.
  - Regulating the functions of the Foreign Exchange market.
  - Recording and following up on Egypt's External Debt .
  
- ❑ In this regards it is important to mention that there is a direct link and management between Egypt's Net international reserve and external debt specially in term of the matching between the portfolio components for both of them.

## Debt Management History (1)



- ❑ **Before 1978**, there was no consolidated figures of Egypt's total external debt, as there were various governmental agencies that were responsible for producing Egypt's external debt data.
- ❑ **In 1978**, and upon International Monetary Fund recommendation Central Bank of Egypt had taken an important decision, of which a general department has been established within CBE, called "External Debt Statistics Department" (formerly "Loans and External Debt Department (LEDD)").
- ❑ The mandate of this department was to be the sole agency responsible for collecting and producing Egypt's external debt data.
- ❑ Clear instructions issued for all governmental entities to get the final approval on the financial terms of any new loan from Central Bank of Egypt before commitment with new agreement, followed by registration of these loans at CBE on the designed form.

## Debt Management History (2)



- ❑ **In 1985**, and as a result of the huge volume of daily transactions and new loans ,in addition to the needs of generating external debt reports by different classifications and types to be presented to decision makers , Egypt started to look for a debt management system in order to have a centralized database for its public debt, which composed mainly of external debt.
- ❑ The selection process focused on the comparison between UNCTAD DMFAS and Commonwealth CS-DRMS where DMFAS system was finally selected.
- ❑ In 1986, a Centralized Debt Management Unit (DMU) was established within LEDD supporting its functions and responsibilities and to move from the manual to a computerized system.

## DMFAS History



- ❑ **in December 1986**, UNCTAD DMFAS v3 was installed at DMU in collaboration with UNDP, IMF and IDSC (Information and Decision Support Center of the Cabinet).
- ❑ In order for DMFAS to capture the financial terms and conditions of individual loan as specified in each contract , different forms for data collection were designed and sent to the banks operated in Egypt.
- ❑ Building up the debt database was completed by April 1987 and was used during the Paris Club negotiations in May 1987.



## Registration forms A , B and C

- In order for DMFAS to capture the financial terms and conditions of individual loan as specified in each contract. Three registration paper forms (A, B and C ) are used to collect information.

### Registration Form A

It consists of three sub-forms;

- A1) Loan Terms: the main characteristics such as; the borrower, the creditor, reporting bank, loan amount, its original currency, signature date , date drawing limit, and local beneficiary...etc
- A2) Service Schedules: the principal and interest patterns.
- A3) Interest Rates: the applicable interest rate either fixed or variable and other fees .

### Registration Form B

To collect information on real Payments.

### Registration Form C

To collect information on real drawings

## Updating DMFAS Database



- ❑ Operating Banks in Egypt report to CBE any type of external borrowings transactions related to external loans with a maturity of more than one year using the designed registration forms on daily base.
- ❑ As for the short-term debt, banks provide CBE with aggregated outstanding according to debt instruments at the end of each month (loans, deposits, trade credits...etc) showing the position of each category.
- ❑ DMFAS users update DMFAS database with the received information as well as reference files such as exchange and interest rates.
- ❑ The approved Validation Calendar, which was the outcome of the Data Validation workshop, is used to validate the database using data validation features in **DMFAS** to check the accuracy during data entry stage , in addition to reconciliation with external sources such as responsible ministries and local banks.



# DMFAS V6



- ❑ The latest version DMFAS 6 was installed at CBE four years ago in collaboration with State Secretariat for Economic Affairs (SECO) - Switzerland .
  - The database was converted from DMFAS 5.3 to DMFAS 6.
  - The technical/functional training activities were received as per the project plan.
  
- ❑ Support is promptly received from the Helpdesk through out all stages of the project whenever needed.  
Currently the system is functioning properly at CBE.
  
- ❑ The system is being used on daily basis in order to update the database and to generate all types of reports and statistics on a total of 9,008 debt instruments with 21,029 tranches and around half million transaction.

# Reports and Statistics

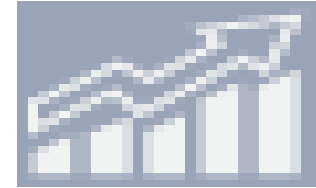


- ❑ CBE is the official source for Egypt's External Debt reports and statistics using DMFAS, for:
  - All decision-makers: CBE management, Cabinet, Line ministries
  - International Organizations: World Bank, IMF
- ❑ The methodology and conceptual framework for external debt statistics is based on External Debt Statistics Guide for Compilers and Users 2013 .
- ❑ As training activities of DMFAS project, two workshops for Debt Statistics and Debt Portfolio Analysis were organized at CBE.

These workshops helped in improving both the external debt statistics and quarterly external Risk measurements report.



## Examples of Reports and Statistics (1)



- ❑ Monthly Reports: it consists of executive summary of debt outstanding and set of aggregated reports and graphs at the end of the month sorting by many type of classifications to be presented to CBE management , cabinet and concerning ministries.
- ❑ World Bank DRS Reports.
- ❑ Quarterly External Debt Statistics.
- ❑ Quarterly External Risk Measurements Report: it is analytical report to measure and estimate the risk and the effect of exchange rate and interest rate fluctuations on external debt portfolio as well as the financing risk , also it contains debt ratio and financial indicators comparing with the peer countries, to be presented to the top management of CBE.

# Examples of Reports and Statistics (2)



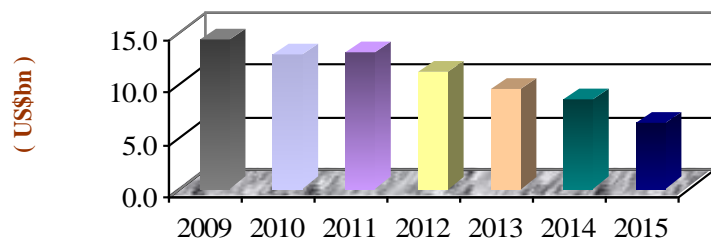
□ External Debt Position: it consists of group of detailed reports and graphs mainly regarding development of external debt outstanding for series of years as well as the debt service projection sorted by various of classifications to be published on CBE website.

## Paris Club Bilateral Debt Rescheduled Debt

### Outstanding Stock as at End of June

Country	Total Debt			
	2012	2013	2014	2015
United States	2,327.62	2,110.54	1,887.42	1,658.28
Germany	1,767.95	1,803.31	1,837.24	1,444.66
Japan	2,873.78	2,115.59	1,880.97	1,390.46
France	2,114.27	1,830.53	1,494.20	862.29
Spain	404.06	338.42	267.55	189.11
Switzerland	289.33	241.20	193.72	120.62
Italy	249.74	210.38	167.71	119.31
Austria	284.99	247.89	203.34	115.81
Canada	148.43	127.09	104.93	72.34
Denmark	109.37	104.30	98.66	71.44
United Kingdom	136.34	113.07	100.61	66.49
The Netherlands	80.79	82.38	83.89	65.93
Australia	123.74	92.68	69.98	37.48
Belgium	44.99	38.04	31.93	18.40
Sweden	22.70	19.60	14.77	7.67
Norway	5.17	4.39	3.55	2.61
<b>Grand Total</b>	<b>10,983.27</b>	<b>9,479.41</b>	<b>8,440.47</b>	<b>6,242.90</b>

Medium and Long-Term  
Public & Publicly Guaranteed External Debt  
**Paris Club Bilateral Debt**  
**Rescheduled Debt**  
Outstanding Stock as at End of June





## External Debt ,Net International Reserve (NIR) figures and solvency Indicators ( End of June 2015)

End of June 2015	Figure & Indicators
External Debt	US\$ 48,063 million
Net International Reserve (NIR)	US\$ 20,080 million
External Debt/GDP	15%
Debt Service/Exports	12.7%

- The table above shows that Egypt's External Debt reached about **US\$ 48.1 Billions** as at end of June 2015 ,meanwhile the net international reserve reached about **US\$20.1 Billion** at the same position .
- In spite of that ,Egypt have a smooth maturity profile extends to year 2050, and comparing with the recommended international indicators also with peer countries the solvency ratios indicate a safe level to meet debt service obligations, as Egypt is fully committed with all external debt service obligations due .

# CBE-UNCTAD Collaboration



- ❑ CBE is always counting on UNCTAD support and help to achieve the objectives of the fruitful cooperation projects between Egypt and UNCTAD, which extends since thirty years ago.
- ❑ Currently the latest project "EGY0T9AG-Strengthening public debt management" is completed successfully at CBE.  
CBE would like thank all DMFAS Programme team for their appreciated efforts and support during all stages of the project that resulted in having the latest version of DMFAS (v6) fully operational.
- ❑ Another outcome and sign of this valuable collaboration that helped DMFAS staff at CBE to have a long and deep experience with DMFAS and external debt issues, UNCTAD requested the services of CBE team to deliver DMFAS training to DMFAS users in the other countries.

## Suggestions for Future DMFAS version



- ❑ Include a standard link with Reuters and Bloomberg.
- ❑ Add new standard templates to be generated automatically from DMFAS, such as QEDS Template and form 4 of the World Bank
- ❑ Integrate the TRAC system into the DMFAS System.
- ❑ Update DMFAS Website with Frequently asked Countries questions, experiences and challenges .
- ❑ Organize regional workshops (for Arab countries), every 2 years for example, so that they can share experiences with respect to the borrowing plans, debt issues and DMFAS usage.

## Lessons Learnt



- Having a sole external debt office in the country with clear duties and responsibilities to be responsible for collecting and producing external debt reports and statistics is an important key for effective debt management.
- Having a reliable debt management system such as DMFAS plays an efficient role in covering what the debt office needs to meet its objectives and mandates.
- Developing debt officers capacity through continuous training is the key of sustainability and success of the debt office capacity building.
- Following the latest international standards in the area of debt management is very important to communicate efficiently with the different players such as creditors, international organizations, etc. Using DMFAS system and the training from UNCTAD have been very helpful to us for this.





Thank You