DMFAS – DEBT MANAGEMENT AND FINANCIAL ANALYSIS SYSTEM

IMPROVING CAPACITIES FOR EFFECTIVE DEBT MANAGEMENT

GLOBAL CONTEXT

Effective debt management is indispensable in ensuring the financing needs of Governments, minimizing borrowing costs and risks and supporting the development of domestic markets. Ultimately, it also helps to reduce the risk of debt crises, which is critical to ensure a stable growth trajectory for sustainable development. Debt crises tend to take long to recover from and trigger serious drops in economic output – they can also undermine a Government's capacity to meet the critical needs of its citizens and to mobilize necessary resources for development. In the current global environment of low interest rates, combined with new forms of borrowing, proper debt management is all the more essential to avoid repetition of past debt crises in developing countries.

Many Governments in developing countries continue to have a limited capacity to build and maintain debt management systems and debt databases. Even middle-income countries with higher capacities may opt for a ready-made and customizable solution, such as that provided by the UNCTAD DMFAS Programme.

The DMFAS Programme is one of the world's leading providers of technical cooperation and advisory services in the area of debt management. It offers countries a set of proven solutions for improving their capacity to handle the day-to-day management of public liabilities and the production of reliable debt data for policymaking purposes. This includes its specialized debt management software, DMFAS, which greatly facilitates the work of the debt office, as well as advisory services and training activities in debt management.

HOW IS MANAGING DEBT MADE MORE FEASIBLE?

DMFAS projects are initiated at the request of Governments. The counterpart ministry or central bank that is involved throughout the process takes ownership of the project. Each project is customized based on the specific needs of the beneficiary country. The project covers the software and the training activities related to the installation and use of the system. Technical assistance projects typically cover the following types of activities:

• Technical training on installing and maintaining the system;

• Basic and advanced functional training covering recording debt instruments, reporting, etc.;

• Specialized training on debt data validation, debt statistics and debt portfolio analysis.

PROGRAMME FACTS AND FIGURES

Scope: All regions

Start date: 1982

Projects implemented per year: 25 (average)

Active DMFAS users: 83 institutions in 57 countries

Website: unctad.org/dmfas

Sustainable Development Goals addressed:

Directly: 17
Indirectly: 1

RESULTS AND IMPACT AT A GLANCE

Testimonies from DMFAS users back its practical solutions and results:

- *"The Philippine Treasury expresses its unending gratitude and appreciation to UNCTAD for its valuable technical assistance to the Philippines without which our country would not have progressed immensely in the area of debt management."* Treasurer, Philippines

- *"Thanks to the joint efforts of UNCTAD and of the DMFAS user team in Albania, we have established an accurate information system on external debt. Its advantages are quite evident in debt management decision-making."* Vice-Minister of Finance, Albania

- *"DMFAS helped us manage our public debt in a more efficient and transparent manner, and proved itself to be an indispensable tool in helping us during the last phases of the Heavily Indebted Poor Countries Initiative in reconciling our public debt data with our creditors."* Director of Public Credit, Ministry of Finance, Honduras

DONORS/ FUNDING SOURCE

Current: Self-financing by some user countries, other international organizations and institutions (e.g. European Commission, African Development Bank, Asian Development Bank, United Nations Development Programme and World Bank) and Multi-donor Trust Fund (Germany, Ireland, the Netherlands, Switzerland and cost-sharing by user countries)

Past: Finland, France, Italy, Norway and Sweden

Debt Management and Financial Analysis System users by number of countries per region, 2017