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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT



**DMFAS Programme, UNCTAD  
Occasional Report: 2011**



UNITED NATIONS

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## Key achievements in 2011

### *Continued support to developing country needs*

- 58 current client countries and 90 DMFAS-user institutions.
- 20 Least Developed countries (LDCs), 17 land-locked developing countries (LLDCs), 3 small island developing state (SIDS).
- 15 low-income countries (LICs); 26 lower middle-income countries (MICs).
- 20 heavily indebted poor countries (HIPC).

### *New beneficiary country / institutions*

- Lao PDR became the 68<sup>th</sup> country to adopt the DMFAS system and the Ministry of Finance of Lao PDR became the 104<sup>th</sup> beneficiary institution since the Programme inception in 1981.
- Armenia became the 69<sup>th</sup> country to adopt the DMFAS system and the Ministry of Finance of Armenia became the 105<sup>th</sup> beneficiary institution.

### *Active and new country projects*

- Management of 34 active technical assistance projects at the country level.
- Signing of new projects for 13 countries (Burundi, Democratic Republic of Congo, Georgia, Guinea Bissau, Honduras, Indonesia, Iraq, Madagascar, Philippines, Rwanda and Uganda), including 2 new DMFAS country (Armenia and Lao PDR)

### *System development and support*

- As of December 2011, DMFAS 6 was installed in 15 institutions in 13 countries: Armenia (MoF), Argentina (MoE and Province of Buenos Aires), Dominican Republic (MoF), Egypt (MoF and CBE), Guatemala (MoF), Panama (MoF), Paraguay (MoF), Philippines (Treasury), Rwanda (MoF), Georgia (MoF), Uganda (MoF) and Venezuela (MoF).
- Eight DMFAS 6 installations between January and December 2011: Armenia, Dominican Republic, Egypt (MoF), Georgia, Guatemala, Paraguay, Philippines and Uganda.
- Some institutions ran DMFAS 6 in parallel with DMFAS 5.3 for a specified trial period. Other

institutions immediately adopted DMFAS 6; some adapted existing links between DMFAS and their integrated financial management information systems (IFMIS).

- The Programme continued to enhance the DMFAS 6 software in 2011, in response to client requests.
- DMFAS 5.3 installations in 2 new institutions: Lao PDR and Vietnam.
- Continued delivery of DMFAS 5.3 training activities in client countries: Angola, Burundi, Guatemala, Guinea-Bissau, Honduras, Lao PDR, Oman, Zimbabwe, and Vietnam.
- More than 81 per cent of all the institutions operating the DMFAS system in client countries have adopted the latest versions of the software (DMFAS 5.3 or 6).
- The DMFAS helpdesk received a total of 650 queries in 2011, of which 340 were DMFAS 5.3 queries and 310 were requests on DMFAS 6.
- 14 participants benefited from a DMFAS 6 Train for Trainers workshop in Geneva.
- IT workshops were provided to 5 countries which are developing interfaces between DMFAS and other IFMIS: Angola, Dominican Republic, Paraguay, Nicaragua, and Philippines.

### *Impact of capacity-building activities*

- 5 capacity-building workshops; results were a debt portfolio review produced by Nicaragua, a data validation calendar produced by the Republic of Congo and Zambia and a debt statistics bulletin is prepared by Angola and Mali.
- 112 field missions were implemented in 2011: needs assessments, project evaluations, on-the-job training for DMOs, national and regional workshops, and study tours that resulted in South-South and Triangular Cooperation.
- 82 per cent of DMFAS clients using the DMFAS system for external reporting. All DMFAS clients expected to report to the World Bank's Debtor Reporting System (DRS) were doing so, and almost two-thirds of DMFAS clients were

reporting to the Quarterly External Debt Statistics (QEDS) database of the IMF. In addition, two fifths (20 of 49) of the active DMFAS clients invited to participate in the Public Sector Debt Statistics database in 2010 has agreed to do so with one-third (16) already reporting.

#### ***Coordination and sharing of best practices***

- Participation of DMFAS in 12 events of other TA providers (e.g. IMF, WB, MEFMI, INTOSAI, TFFS) in 2011.
- 10 collaborations with other institutions under the Debt Management Facility (DMF): 6 DeMPA (Burkina Faso, Central African Republic, Tajikistan, Vietnam, Zambia, Zimbabwe); 3 MTDS (Armenia, Indonesia, Kyrgyz Republic), and coordination with the World Bank on a regional MTDS workshop (Indonesia).
- Contribution to the new Public Sector Debt Statistics Guide, produced by the IMF, as part of the Inter-Agency Task Force on Finance Statistics (TFFS); participation in the annual TFFS meeting.
- Delivery of 1 seminar for auditors at the Brazilian Audit Institution.
- Participation in 5 meetings and workshops for auditors in collaboration with INTOSAI Development Initiative (IDI) in 2011.

#### ***Financial achievements of the Programme***

- 1 new donor started supporting the Programme in 2011, namely the European Commission, bring the total to 8: European Commission, France, Germany, Ireland, Italy, the Netherlands, Norway, and Switzerland.
- 5 multi-year commitments were made by Programme donors (up from 4 in 2010).
- The majority of DMFAS user countries participated in the Programme's cost-sharing mechanism. Cost-sharing contributions from January through December 2011 had already exceeded the amount recovered in 2010.

#### ***Continued relevance of the Programme***

- Nearly 85 per cent of all DMFAS beneficiaries – since the launch of the Programme in 1981 – are still relying on the DMFAS system for the management of their day-to-day debt, rather than on any other system.
- Evaluation reports on UNCTAD's technical cooperation activities to LDCs, LLDCs, SIDs and SWVSEs (TD/B/WP/223) underlined their need for continued support in public debt management.

## Progress in implementing the strategic plan 2011 to 2014

The new four-year Strategic Plan for the DMFAS Programme began implementation in January 2011. During the four year period 2011 to 2014 the overall objective of the strategic plan is **to help focus** countries to managing their debt effectively and sustainably. This relates to downstream functions most commonly associated with the back and middle DM offices, and that are considered as the foundations for effective debt management (see figure 1, DM pyramid).

The Strategic Plan 2011-2014 builds on the success of the Programme's previous four year plan 2007-2010, while benefiting from the lessons learned in that period. The recommendations of the 2009 Midterm Review and the DMFAS Advisory Group meeting in 2009 provided valuable inputs to the strategy. In line with the overall objective and the Programme's comparative advantages, the plan focuses on two main areas: strengthening the operational, statistical and analytical DM functions of governments; improving capacity of the Programme to deliver responses to meet the needs of developing countries and economies in transition. The logical framework for the Strategic Plan 2011-2014 is currently being completed with strengthened performance indicators, in line with requests of donors at the meeting in November 2010. Baseline statistics are currently being defined, through questionnaires and surveys with client institutions. This will **strengthen the monitoring and evaluation framework of the Programme**. Although this is a time consuming and resource-intensive process, the investment will be most beneficial by providing practical and objective measures of the Programme's progress.

This section outlines the two immediate objectives and expected results for the first half of 2011.

Immediate Objective 1, **Focus countries have the capacity and technology to manage their operational, statistical and analytical debt management functions**. The first objective focuses on providing direct solutions to the needs of developing countries in debt management.

Immediate Objective 2, **The DMFAS Programme has improved capacity to deliver effective, efficient and**

**sustainable responses to country needs**. This second objective focuses on meeting internal challenges the Programme faces to deliver the solutions of objective 1. Under this objective the Programme will strengthen the portfolio of public goods it provides, its methods of delivery of those goods and services, and the sustainability and predictability of its financing.

2011 marks the first year in the new four-year Strategic Plan. Table 1 provides a summary of the objectives and expected results, as well as some initial achievements between January and December 2011. As table 1 shows, delivery has already begun in some key areas, leading to these early results.

In 2011, the DMFAS Programme has met expectations by directly supporting 90 active DMFAS-user institutions in 58 countries, including the addition of 2 new client countries: Armenia and Lao PDR. The Programme provided effective ongoing support to user countries through its helpdesk, which responded to 650 requests during the reporting period. The Programme provided country technical assistance, namely delivering 112 capacity-building and other activities during the reporting period. The Programme is actively managing 34 technical assistance projects, with 13 new projects signed in 2011.

Building on the positive conclusions of the 2009 Mid-term review that capacity-building modules developed by the Programme and delivered through in-country and regional training have tangible results. For example, in 2011, 5 national capacity-building workshops (Angola, Congo, Mali, Nicaragua and Zambia) resulted in a debt portfolio review produced by Nicaragua, debt statistics bulletins in Angola and Mali, and a data validation calendar produced by Republic of Congo and Zambia. A regional DPA workshop in Rwanda jointly with MEFMI benefited 19 officials from 4 countries.

During the reporting period, the Programme continued ongoing work to update capacity-building modules on debt statistics and debt data validation. These updates take into account DMFAS 6, as well as the latest international standards in debt management, such as coverage and classification as defined in the new Public Debt Statistics Guide produced by the International Task Force on Debt Statistics and the Quarterly External Debt Statistics (QEDS).

The Programme continued to support countries' capacity to produce reports and to meet external reporting requirements. For example, all DMFAS countries expected to report to the World Bank Debtor Reporting System (DRS), were doing so by the end of the period and two-thirds of DMFAS client countries were reporting to the QEDS database, and already. In addition, two-fifths (20 of 49) of active DMFAS clients invited to participate in the Public Sector Debt Statistics database during 2010 has agreed to do so, with one-third (16) already reporting.

Progress continues in implementation of the new web-based DMFAS version 6. By the end of December 2011, the DMFAS 6 software was installed in 13 countries and 15 institutions. 8 installations took place between January and December 2011, namely: Armenia, Burundi, Dominican Republic, Egypt, Guatemala, Paraguay, Philippines and Uganda. A large number of installations are foreseen over the coming years based on current requests from governments, as well as numerous DMFAS 6 project proposals close to signature or in the pipeline.

The development of DMFAS 6 was the biggest project that the Programme has ever undertaken. The quality of the new software is attested by client institutions already using DMFAS 6 for their day-to-day operations, specifically debt recording and reporting. Due to the revolutionary nature and special features of DMFAS 6, some institutions immediately began using DMFAS 6 for their day-to-day operations, even integrating DMFAS 6 into their IFMIS systems. Other institutions chose to run DMFAS 6 in parallel with DMFAS 5.3 for a specified time period. As with the introduction of any new software system, the Programme continues to work closely with its clients, learning where the software can be strengthened and possibly refined to serve the evolving needs of our clients. Accordingly, the Programme continues to enhance the DMFAS 6 software.

Three different instruments have been designed to ensure efficient cost-sharing and to cover a part of the running costs of the Programme: maintenance fees, development fees, and project management cost-recovery. Maintenance and development fees were created in 2002. The maintenance fee for DMFAS 6 has been adjusted to the income levels of client countries per the World Bank classifications, better

reflecting countries ability to share costs. This graduated maintenance fee policy was recommended by the DMFAS Advisory Group in 2009. In 2011, as an objective in the new strategic plan, all new DMFAS 6 project proposals include a maintenance agreement with the new graduated annual fees. Project management cost-sharing is a standard mechanism in technical cooperation programmes and will continue to be systematically included in all project proposals in the current and coming years.

The 2007-2010 Strategic Plan placed considerable importance on coordination with other stakeholders. The Programme continues to pursue this objective in the new Strategic Plan 2011-2014. By increasing its coordination with other providers, DMFAS has adopted a policy of avoiding duplication, sharing best practices and maximizing support to other providers. A key result, as expected, has been the alignment of the Programme's work within its areas of competitive advantage. This was fully achieved by redefining the Programme's scope within the debt management capacity-building pyramid model (see Figure 1) to cover debt recording, operations, statistics and basic analysis layers, also referred to as the "downstream activities". All Programme activities during the period conformed to these areas of competitive advantage. Cooperation involved providing support for the activities of other providers in the upper layers of the debt management 'pyramid' model in Figure 1: risk analysis, debt strategy and debt sustainability analysis.

In avoiding duplication, the Programme's initiative of systematically sharing its mission calendar with other providers continued to be very useful in 2011. Between January and December 2011, cooperation with other providers involved participation as resource persons in 12 joint events organized by international and regional partners. For example, it organized an MTDS regional workshop (Indonesia) jointly with the World Bank that included 28 participants from 15 countries; a meeting between the DMFAS Programme and the Asian Development Bank took place in Geneva to strengthen collaboration between the two institutions in delivering technical assistance in the Asian region; it participated in a DMF meeting in Bern organized jointly by the World Bank and the Government of Switzerland (SECO). This was



a very useful forum for networking with partners and clients.

In sharing best practices and providing active support for new international initiatives that improve coordination, the Programme has been involved with other organizations in a number of areas. It continues its active contribution to the Task Force on Finance Statistics (TFFS). The Programme continues to be an important implementing partner to the Debt Management Facility (DMF) led by the World Bank. In 2011, the Programme participated in 6 DeMPA missions (Burkina Faso, Central African Republic, Tajikistan, Vietnam, Zambia, Zimbabwe), 3 MTDS missions (Armenia, Indonesia, Kyrgyz Republic) and 1 regional MTDS workshop (Indonesia). Additionally, the Programme continues its partnership with the new International Aid Transparency Initiative (IATI), which was established to promote the decisions of the Paris Declaration for Aid Effectiveness and the related Accra Agenda for Action. Involvement in this initiative was a response to the recommendation of the 2007 Advisory Group meeting that the Programme should support countries' needs in the area of aid management, given the interdependent linkages between debt management and aid management in many developing countries. The Programme has

actively collaborated with the INTOSAI Development Initiative (IDI) of the International Organization of Supreme Audit Institutions (INTOSAI). In this respect, the Programme delivered a seminar for auditors at the Brazilian Audit Institution in 2011.

As foreseen in the Strategic Plan 2011-2014, work has begun to create two additional regional centres, in addition to the centres in Bamako and Buenos Aires. For example, discussions have begun with MEFMI on a preliminary proposal for a regional centre in Zimbabwe. The proposal was shared with the client countries of the region and their feedback was requested through a survey. This will contribute to the Programme's goal of a stronger regional presence and stronger coordination with local partners, particularly in Africa.

In summary, the DMFAS Programme has gotten off to a good start with the implementation of its new Strategic Plan in 2011. The Programme needs to focus on continuing to refine DMFAS 6 and to progressively implement the distribution of the new system.

**Table 1. Summary of achievements of the 2011–2014 strategic plan**

Objective	Expected result	Results as of 31 December 2011	Overall progress
<p>1. Focus countries have the capacity and technology to manage their operational, statistical and analytical debt management functions</p>	<p>1.1 Government information systems established for effectively managing complete, up-to-date and reliable debt databases</p> <p>1.2 Government capacity improved for effectively reporting on debt, conducting debt analysis and providing inputs to debt strategy</p> <p>1.3 Government debt operational risk management and PFM integration enhanced</p> <p>1.4 Improved knowledge of debt management and access to information</p>	<p>90 institutions in 58 countries using the DMFAS system (2 new client countries in 2011)</p> <p>8 institutions upgraded to DMFAS 6, 1 institution upgraded to DMFAS 5-3</p> <p>13 new projects signed; 34 projects currently managed in total</p> <p>650 helpdesk requests answered between January – December 2011</p> <p>112 capacity building and other missions implemented in 2011, including 7 needs assessments requested by Governments</p> <p>2 client countries produced debt data validation calendars. 1 client country produced a debt portfolio review; 2 clients produced debt statistics bulletins.</p> <p>All expected DMFAS countries reporting to the Debtor Reporting System</p> <p>16 officials from 13 DMFAS countries served as speakers or moderators at the 8<sup>th</sup> UNCTAD DM Conference, 14-17 November 2011</p> <p>2 Treasury Management systems with DM components were investigated as requested by client institution</p>	<p><b>On target</b></p> <p>Strong presence in user countries, providing a range of products and services to serve their DM needs</p> <p>Steady implementation of DMFAS 6, with robust demand coming from existing and new client institutions</p> <p>Providing continuous support to clients through software development and helpdesk services</p>
<p>2. The DMFAS Programme has improved capacity to deliver effective, efficient and sustainable responses to country needs</p>	<p>2.1 Improved predictability, sustainability and cost-sharing in Programme financing</p> <p>2.2 Programme operations coordinated with other DM TA providers</p> <p>2.3 Improved effectiveness and efficiency in Programme operations</p>	<p>European Commission joins the donor community in 2011; multi-year commitments from donors in 2011</p> <p>New project proposals contain graduated cost sharing for DMFAS 6 development and annual maintenance fees, as recommended by DMFAS Advisory Group in 2009</p> <p>DMFAS 6 development ongoing in response to client requests during implementation stage</p> <p>14 participants benefited from a DMFAS 6 Train for Trainers workshop in Geneva</p> <p>2 capacity building modules, debt statistics and data validation, are being enhanced with latest international best practices</p> <p>1 proposal for regional centre in Zimbabwe under discussion</p> <p>Participation in 8 Debt Management Facility events (5 DeMPA, 2 MTDS, 1 regional MTDS jointly with World Bank)</p> <p>Member of IATI for linkage between aid and DM, and SDMX harmonizing data exchange</p>	<p><b>On target</b></p> <p>Successful broadening of donor pool, multiyear financing, and cost-sharing</p> <p>Avoiding duplication through strong collaboration with partners, taking part in new initiatives</p> <p>Results-oriented planning and monitoring with transparent and inclusive involvement of stakeholders</p>

Figure 1. Overview of the 2011-2014 Strategic Plan

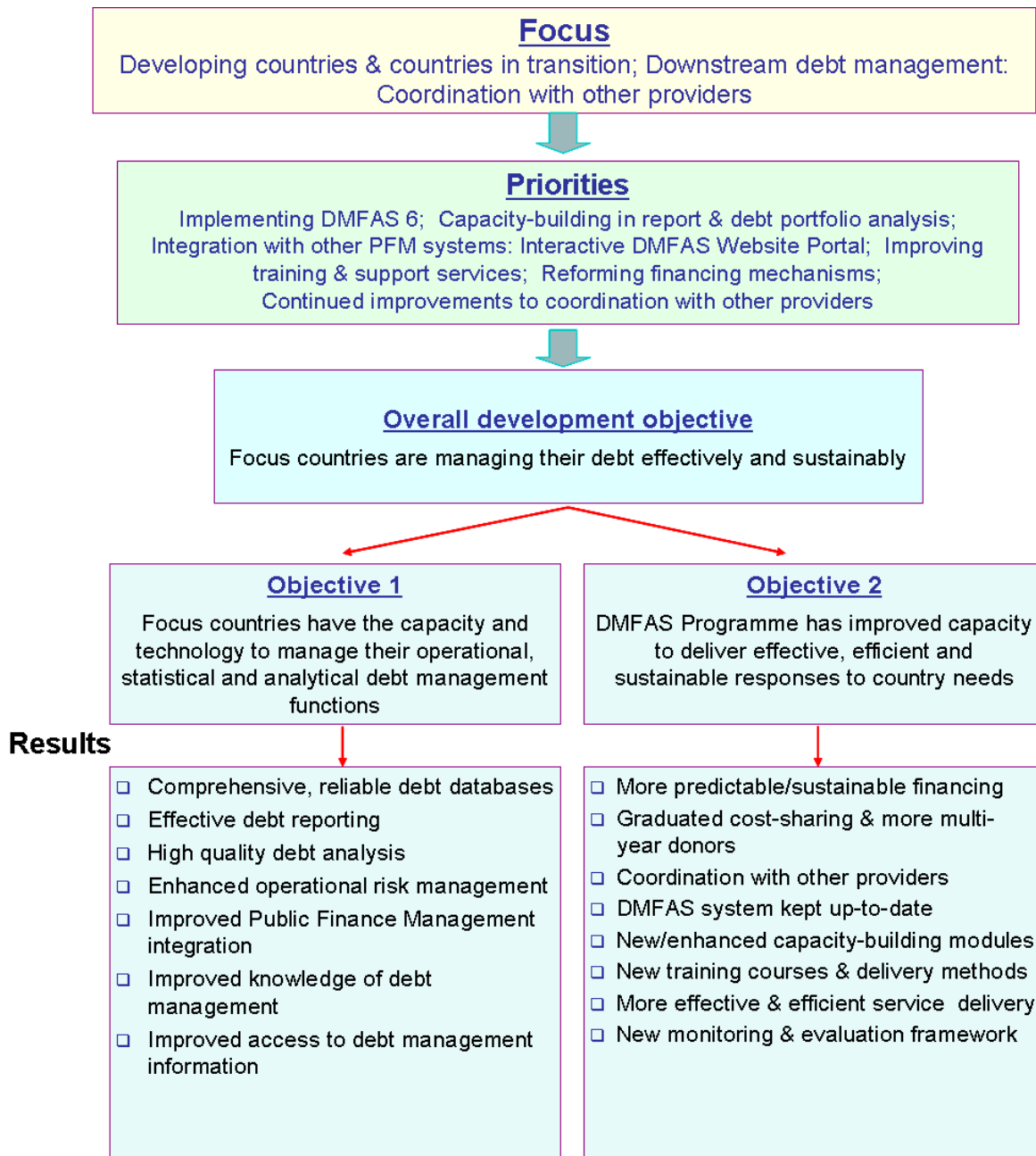
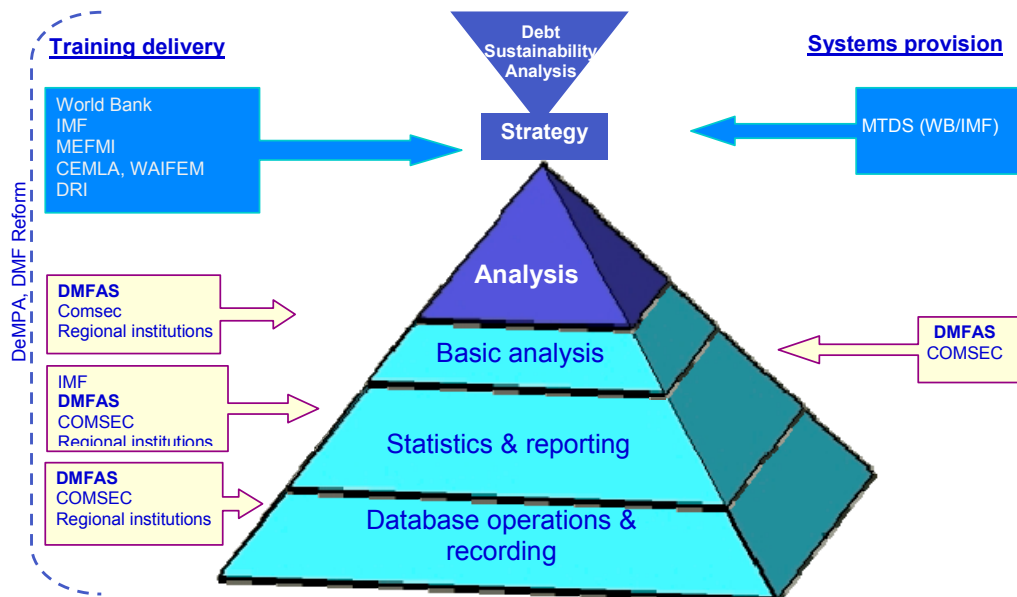


Figure 2. The DMFAS Programme’s capacity-building framework and the main actors providing technical assistance in debt management



Capacity-building takes place at different levels, and no single institution can adequately provide support in all areas. The figure also shows where the DMFAS Programme fits in this international capacity-building framework, based on its comparative advantages.

The DMFAS Programme is one of the principal providers of activities that could be considered more “downstream”, which include the maintenance of debt databases, debt data validation, day-to-day debt transactions, debt statistics and basic debt analysis. Consequently, assistance includes the implementation of debt management software, and the provision of related training and ongoing support.

The Programme’s capacity-building activities aim to support countries by strengthening their capacities at generating validated debt information and producing meaningful statistical and analytical reports on public debt in a sustainable, consistent and periodic manner.

#### **Providing technical assistance through the implementation of country projects**

Channeling of the Programme’s technical assistance to countries is mostly carried out through the implementation of country projects, which are managed by project managers. Where possible, the DMFAS software and its related services are provided in any of the following five languages: Arabic, English, French, Russian and Spanish. The Programme is currently translating its system into Portuguese, through a project financed by the Swiss Economic Cooperation Organization.

DMFAS country projects encompass the wide range of products and services provided by the Programme. Activities include installation of the DMFAS software and training in its use; assistance in database creation; data validation; statistical reporting; and support for debt analysis. Many projects also assist governments in the development of appropriate legal, administrative, technical and organizational environments in support of debt management. Additionally, they may cover assistance in establishing appropriate communication and information flows, or in linking the debt database to different information systems such as payment, budgeting, treasury and accounting systems, or to an

integrated financial management information system (IFMIS). The Programme also organizes country participation in national and regional workshops, as well as study tours and international meetings.

The length of each individual country project will vary, depending on the number of activities involved and the funding available. It is important to emphasize that the Programme’s technical cooperation with each country does not stop with the completion of each project. The Programme provides an ongoing maintenance service to DMFAS client countries, which operates beyond project activities. This includes the provision of system updates and enhancements to keep pace with the rapid developments in international financial practices and information technology, as well as documentation, the helpdesk, and other services.

#### **The DMFAS strategic plan**

The DMFAS Programme follows four-year strategic plans, based on a performance framework which states clearly the outputs, activities and indicators of achievement for each of the Programme’s objectives. The current strategic plan 2011-2014 takes into account the conclusions and recommendations of the 2009 Mid-term Review, the changing needs of DMFAS beneficiary countries, the experience accumulated by the Programme over 30 years, and the evolving nature of debt management policies and tools. The plan focuses on the Programme’s comparative advantages in relation to other providers of technical assistance, particularly in the area of operational debt management, from debt data recording, statistical reporting up through basic debt analysis.

#### **Funding of the DMFAS Programme**

The Programme is largely funded thanks to the generous support of bilateral donors. Since 2000, these have included the European Commission, France, Germany, Ireland, Italy, the Netherlands, Norway, Sweden and Switzerland.

Support is also provided by beneficiaries through a cost-sharing mechanism, and by UNCTAD’s regular budget.

# Activities and impact

## 1 Capacity development

The Programme's overall objective of helping countries develop their capacity to better manage their debt pervades all aspects of the Programme's work. This section describes the status of the Programme's capacity-building activities at the country project level from January to December 2011. It also describes how capacity-building is provided by means of relevant training activities, and summarizes the implementation and operational status of DMFAS in the countries at the end of 2011.

### 1.1 Impact at the country level

In line with the strategic plan, the priorities of the Programme in 2011 in delivering its services were:

- To respond to the increase in requests from user countries for the Programme's products and services;
- To respond to the changing nature of countries' needs for services in different areas of debt management, including the linking of DMFAS with other financial management software; and
- To enhance the Programme's capacity to deliver its expertise – both in qualitative and quantitative terms – by upgrading the skills of the central staff, possible outsourcing and decentralization of certain tasks, and improvements to accountability and the reporting of field operations.

### *Increasing demand from DMFAS clients*

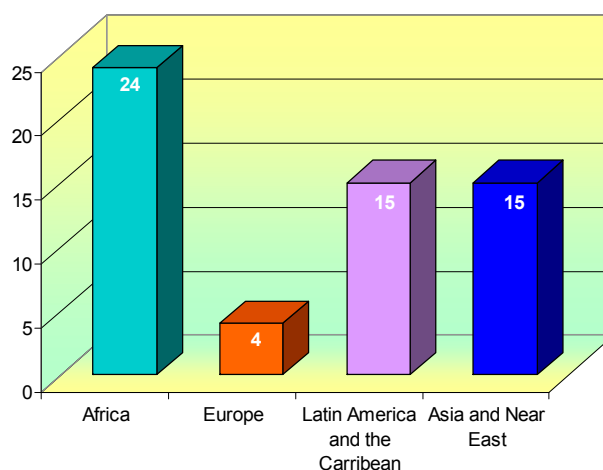
Since its inception in 1981 through December 2011, the Programme has provided technical assistance to a total of 69 countries and 106 institutions. The vast majority of these countries – 58 in total – are active DMFAS clients, with some former clients reactivating negotiations for DMFAS technical assistance projects. Figure 3 shows the geographical breakdown of the 58 active countries.

In 2011, two new countries (and institutions) became DMFAS clients: the Ministry of Finance of Lao PDR and the Ministry of Finance of Armenia.

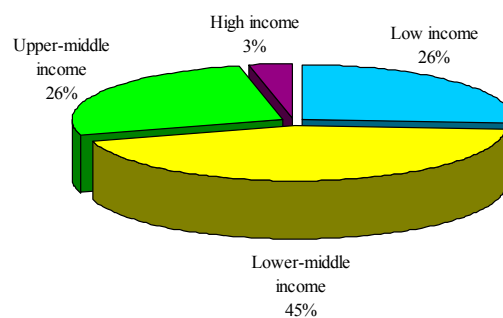
Overall, new project agreements for 13 countries were signed in 2011, namely: Armenia, Burundi ,

Democratic Republic of Congo, Georgia, Guinea Bissau, Honduras, Indonesia, Iraq, Lao PDR, Madagascar, Philippines, Rwanda and Uganda.

**Figure 3. Geographical distribution of active DMFAS users, December 2011**



**Figure 4. Active users of DMFAS, by income group, December 2011**



### *Responding to the changing nature of countries' needs*

DMFAS clients range from low-income structurally weak economies to more advanced middle-income developing economies. This variety in client types further accentuates the diversity and scope of the technical assistance provided by the Programme. Figure 4 provides a breakdown of the countries that were using DMFAS at the end of 2011. As is shown, the vast majority of DMFAS clients belong to the low-income and lower-middle-income category.

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**Box 1. Integration of DMFAS as a means to empower governments to implement Paris Declaration principles**

For the last ten years, the DMFAS Programme has regularly provided assistance to the Ministry of Economy and Finance (MoEF) of Burkina Faso to build up a comprehensive database on public debt. After the recording of the latest round of debt cancellations from the Multilateral Debt Relief Initiative (MDRI) in 2007, the DMFAS database, which is managed by an especially dedicated unit of the Public Debt Department, reached a good level of completeness and reliability.

Burkina Faso is heavily aid-dependent and its government has recognized the need to improve the management of aid flows in order to better target the priority sectors defined in its national poverty reduction strategy. To this effect, in 2007, the MoEF launched a national IT project for the recording of all external financial information into one integrated system. As the DMFAS system will be a major element of this integrated system, the DMFAS Programme as provided support to the MoEF to ensure that all external funds at their commitment stage are automatically transferred into the DMFAS system and that all debt payments executed from the DMFAS are accounted for in the budget execution system.

This integrated system was being finalized in 2010, and its roll-out phase is planned for 2011. Its implementation will not only contribute to further improving the reliability of the DMFAS database, but it will also significantly strengthen the government's capacity to harmonize and coordinate external assistance in line with the principles set out in the Paris Declaration. The high level of integration reached by DMFAS within this system is unprecedented in the region and could serve as a model for other countries in supporting their own their efforts towards better targeting of foreign assistance to priority sectors.

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DMFAS projects must take into account the different situations that countries find themselves in, whether they are low-income or middle-income countries. One example of a major difficulty still facing many low-income countries is the capacity to recruit and retain qualified staff. This difficulty is manifested in a need for repeated training in the fundamentals of debt management, including debt recording and putting into place appropriate information flows on debt data. Achieving and maintaining level 1 of the DMFAS pyramid (the creation of an updated and validated debt database, as described in the introduction) is therefore a major challenge in itself. Middle-income countries are usually stronger at the lower levels of the pyramid, and are therefore more concerned with receiving technical assistance from the Programme to improve their capacity at the higher strata of the pyramid (statistics and reporting).

In response to the needs of middle-income countries, the Programme worked to improve the DMFAS system's analytical functions in DMFAS 6. It also finalized the development of a new capacity-building module in debt portfolio analysis.

The Programme continues to pay particular attention to the needs of heavily indebted poor countries (HIPCs).

Of the 39 countries eligible for debt relief under the HIPC initiative in 2011, 20 were DMFAS clients. In addition to training and advice in debt management, the Programme's assistance in helping countries build comprehensive debt databases actively contributes to their ability to reach completion point. This is because having a computerized debt management system is one of the triggers for arriving at completion point, as has happened for Haiti and the Central African Republic in the past (see Annual Report 2009).

Two recent trends in debt management have shaped the range of services of the DMFAS Programme: the growing importance of domestic financing, and the need to integrate the DMFAS system into the larger financial or aid management system. Firstly, capacity-building in domestic debt management is increasingly being included in DMFAS projects. Significant improvements in the DMFAS system's ability to manage domestic debt are included in version 6 of DMFAS. Secondly, linking debt management to general financial management as well as aid management has become essential. An example of the positive impact on a DMO of integrating its DM software with an integrated financial system is described in Box 1. The main focus of the Programme with regard to these interfaces is to provide technical assistance in

designing, building and maintaining the relevant links. In 2011, the Programme delivered workshops and technical support for ongoing development of links in three countries: Angola, Nicaragua, and the Philippines.

Thirteen countries currently link DMFAS with other financial management systems, with some upgrading their links to DMFAS version 6:

- Argentina (Ministry of Finance and Province of Rio Negro),
- Dominican Republic (Ministry of Finance),
- Ecuador (Ministry of Finance),
- Gabon (Ministry of Finance),
- Guatemala (Ministry of Finance),
- Honduras (Ministry of Finance),
- Indonesia (link with internal systems)
- Iran
- Moldova
- Nicaragua (Central Bank)
- Panama (Ministry of Finance) and
- Paraguay (Ministry of Finance).
- Yemen (Ministry of Finance, Central Bank and Ministry of Planning and International Cooperation)

Countries that are recipients of aid are also interested in linking DMFAS with their aid management systems. In 2011, the Programme continued to monitor country requests and cooperate with partners, such as UNDP.

## 1.2 The DMFAS Programme's training modules

Table 2 provides a breakdown of how DMFAS capacity-building activities were distributed by region in 2011. Altogether, the Programme organized or co-organized 112 capacity-building events so far in the year, including on-the-job training, national and

regional workshops, study tours and interregional seminars, as well as needs assessments and project evaluation missions. Of these, 30 related to DMFAS 6, 8 to needs assessments and 6 to advanced capacity building in debt portfolio analysis, debt statistics and data validation. In addition, the Programme participated in 11 activities organized under the World Bank's Debt Management Facility, including the coordination of a regional Medium Term Debt Strategy workshop in Indonesia in March 2011 and the DMF Stakeholders' Forum in Switzerland in June 2011. It also provided resource persons for 12 international and regional seminars organized by other TA providers including the Asian Development Bank, African Development Bank, Commonwealth Secretariat and the INTOSAI Development Initiative. The "Transregional Capacity Building Programme in Public Debt Management Audit" conducted by the INTOSAI Development Initiative (IDI), started in 2008 and the DMFAS Programme was one of the cooperating partners involved with the INTOSAI Working Group on Public Debt (WGPD), and the United Nations Institute for Training and Research (UNITAR). This Programme, together The objective was "to enhance professional and organizational capacity of target Supreme Audit Institutions (SAI) in public debt management audit". The DMFAS Programme's contribution was to provide its expertise and training in debt management to participating SAIs and introduce them to the use of DMFAS. A total of 30 SAIs from countries in Africa, Asia and Europe benefited from the Programme, of which 23 use DMFAS in their debt management offices. In November 2011, the "Transregional Capacity Building Programme in Public Debt Management Audit" came to a successful end and was closed during an exit meeting held in Geneva.



**Table 2. Regional distribution of DMFAS capacity-building and other activities, January to December 2011**

	East Asia and Pacific	Europe and Central Asia	Latin America and the Caribbean	Middle East and North Africa	North America	South Asia	Sub-Saharan Africa	Grand Total
DMFAS functional training	4	3	7	4			9	27
ICT installations / trainings / links	7	3	5	1			4	20
Development of version 6			3					3
Capacity-building in data validation, debt statistics and debt portfolio analysis			2				4	6
MTDS, DeMPA	1							
Needs assessments		1	1			1	5	8
Project Management	4	1	4	1			1	11
Partner coordination	3	5		1			3	12
Other, Study tours, Train for Trainers		10	3				2	15
<b>Total</b>	<b>19</b>	<b>26</b>	<b>26</b>	<b>7</b>	<b>0</b>	<b>1</b>	<b>33</b>	<b>112</b>

DMFAS missions are carried out by consultants and/or central staff. With the aims of encouraging South–South cooperation and sharing best practices, the Programme regularly hires proficient DMFAS users from debt offices in developing countries to be consultants, to train new users in the debt offices of other developing countries. Advisors can be fielded for longer periods for certain projects to provide continued on-site support and debt management advisory services.

As described in the strategic plan 2011-2014, the Programme is placing increasing emphasis on the results of capacity-building, using more objectively verifiable indicators. This new emphasis is reflected in the capacity-building modules that the Programme is developing and implementing, described in the introduction: debt data validation, statistics, and debt portfolio analysis. The modules are generally delivered via workshops, as the initial activity, after which support is provided, either through missions or from UNCTAD headquarters, until the final output is produced. Assistance is also extended to ensure that the products are sustainable. They are complementary to the activities of other international organizations at more advanced levels of debt analysis and debt strategies.

The outputs of the capacity-building modules correspond to the different layers of the Programme’s pyramid-based capacity-building framework and also build upon each other. Based on the validated

database resulting from a validation workshop, for example, a debt statistics workshop can be conducted, resulting in a comprehensive and relevant statistical bulletin. This can then be used in the next capacity-building module – debt portfolio analysis – in which the debt portfolio is analyzed. The output can be a portfolio review, as in the case of Bangladesh, Costa Rica, Egypt, Indonesia, Sudan and Yemen. Subsequently, the results of the debt analysis module can be used to perform risk analysis and debt sustainability analysis, support for which is provided by other international institutions.

Table 3 illustrates the total number of capacity-building modules that have been implemented in countries since the first year of their implementation (2004-2011). The result has been the production of debt statistical bulletins which may be used internally by the country or disseminated externally. Some examples of bulletins produced are:

- a quarterly bulletin for Bangladesh;
- a six-monthly bulletin for the Central African Republic;
- an annual statistical bulletin for Ethiopia;
- a six-monthly bulletin for Haiti;
- a quarterly statistical bulletin for Indonesia;

- a joint Bank Indonesia - Ministry of Finance monthly statistical bulletin on external debt for Indonesia ;
- a bulletin for external debt in Rwanda;
- a six-monthly bulletin for Sudan;
- a bulletin for external and domestic debt in Togo;
- an annual statistical bulletin for Vietnam ; and
- a six-monthly bulletin for Yemen

These capacity-building events have also led to the production of procedures for validation of their debt data and sustainability of the project results in the long term.

In 2011, 5 national capacity-building workshops were conducted. These included a data validation workshop in the Republic of Congo, a debt statistics workshop in Angola and a debt portfolio analysis workshop in Nicaragua, a data validation workshop in Zambia and a follow-up workshop in Mali on debt statistics. A regional workshop of DMFAS 6 and debt portfolio analysis was organized jointly with MEFMI in Rwanda in which 19 officials from four countries participated.

In addition, a regional DMF activity was organized by the Programme, jointly with the World Bank. A regional MTDS workshop in Indonesia included participants from 15 countries.

**Table 3. Implementation of capacity-building modules during the period 2004– December 2011**

	2004	2005	2006	2007	2008	2009	2010	2011	2004–2011
<b>Total</b>	<b>1</b>	<b>3</b>	<b>8</b>	<b>8</b>	<b>24</b>	<b>21</b>	<b>15</b>	<b>6</b>	<b>86</b>
Debt portfolio analysis	0	0	0	0	1	6	3	2	12
Debt portfolio analysis: follow-up	0	0	0	0	0	0	3	0	3
Debt statistics	1	2	3	4	9	6	3	1	29
Debt statistics: follow-up	0	0	0	0	4	2	3	1	10
Data validation	0	1	5	4	7	5	3	2	27
Data validation: follow-up	0	0	0	0	3	2	0	0	5
<b>Regional workshops</b>	<b>1</b>	<b>0</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>9</b>
Debt portfolio analysis	0	0	0	0	1	1	1	1	4
Debt statistics	1	0	2	1	0	0	0	0	4
Data validation	0	0	1	0	0	0	0	0	1
<b>National workshops</b>	<b>0</b>	<b>3</b>	<b>5</b>	<b>7</b>	<b>23</b>	<b>20</b>	<b>14</b>	<b>5</b>	<b>77</b>
Debt portfolio analysis	0	0	0	0	0	5	2	1	8
Debt portfolio analysis: follow-up	0	0	0	0	0	0	3	0	3
Debt statistics	0	2	1	3	9	6	3	1	25
Debt statistics: follow-up	0	0	0	0	4	2	3	1	10
Data validation	0	1	4	4	7	5	3	2	26
Data validation: follow-up	0	0	0	0	3	2	0	0	5

***Enhancing its capacity-building modules, other training materials, and consultants***

The Programme organized a two-week training ***workshop on DMFAS 6 and Introduction to Debt Portfolio Analysis in Geneva*** in February 2011. This was attended by UNCTAD *consultants* and

Programme staff. There were a total of 14 participants who contributed to testing and development of DMFAS 6 as part of the training exercises. Participants included some potential new consultants, to increase the resource pool for delivering DMFAS 6 to countries in the requested languages.

The functional and technical training modules related to DMFAS 6 new analytical features and the DMFAS 6 reorganization module were completed during the period.

In addition, in response to the evolving needs of the developing countries, as well as the latest advances in the area of debt statistics, debt audit and more broadly debt management, the Programme has embarked on developing the second versions of its capacity building modules on debt statistics and data validation. The guidelines introduced in the *Public Sector Debt Statistics: Guide for Compilers and Users*, the update to the *External Debt Statistics: Guide for Compilers and Users* and the *Handbook on Securities Statistics*<sup>1</sup> are also being incorporated. Significant progress has been made with the data validation module, which also responds advances related to the release of DMFAS 6.

### 1.3 Operational status of DMFAS in countries

As of December 2011, 58 countries (90 institutions) were actively (or reactivating) use the DMFAS system, out of 69 countries (106 institutions) using the system since the Programme's inception. This represents a fidelity rate of nearly 85 per cent over a period of 30 years. In 2004, the percentage of countries actively using DMFAS was 80 per cent. The increased fidelity rate shows the continued relevance of the system to developing countries. Also, in 2011, two new countries adopted the DMFAS system, namely Armenia and Lao PDR. In 24 client countries, the system is being used by more than one institution. In about half of these cases, the system was shared by the two institutions. Otherwise, each institution had its own database. Sharing between institutions is an option that is being selected more and more often by DMFAS clients, thanks in particular to the Advanced Security function, which manages access rights for the institutions involved and enables complete coordination in public financial management.

The DMFAS Programme analyses the evolution of countries in their overall implementation of the DMFAS system. Five main stages of implementation have been identified, which are numbered from 1 to 5. These stages reflect the DMFAS pyramid concept

described in the introduction, with its three broad categories: database operations and recording, statistics and reporting, and support for basic debt analysis. As the stages are progressive, only the highest stage per reported year is given, with the exception of stage 5, which is indicated separately. Where DMFAS is no longer being used by a country, the abbreviation N/A (not applicable) is used. Where DMFAS is integrated within other national financial management systems, the abbreviation IFMS is used.

If a country is shown as being at the highest stage – stage 5 – this means that staff have received training in the use of DMFAS for analysis, either in producing an analysis of the debt portfolio (i.e. review), in formulating debt strategies (i.e. as part of an MTDS mission) during the year reported. It does not attest to the ability of staff to use the DMFAS for debt analysis on a routine basis.

Stage 4 is reached when the country is regularly using the DMFAS database for external reporting, and in many cases for the production of statistics. Not all countries at this stage use the DMFAS system to the same degree. Some, such as Indonesia, use it to produce regular debt statistical bulletins. Others may only use the system for external reporting to international organizations, such as the World Bank. (One of the features of the DMFAS system is an automatic facility that allows countries to report to the World Bank's Debtor Reporting System.)

The stage 2 and stage 3 status mean that DMFAS is being regularly updated and used for monitoring and internal reporting, without necessarily being used for external reporting or for the publication of statistics. Stage 1 status for a country in a reported year indicates that the DMFAS system was installed, but that the database was not completed, or the system was not fully operational. In most stage 1 cases, the database was still being built or being converted from a locally developed DM system to the DMFAS system.

Where countries have decided to discontinue use of the DMFAS software for the time being, the abbreviation N/A (not applicable) is used. In those cases where countries have stopped using DMFAS, this has mainly been due to reasons beyond the control of the DMFAS Programme, such as institutional, staffing or political problems. In certain cases, countries have decided to develop their own system.

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<sup>1</sup> <http://www.tffs.org/PSDStoc.htm>

## 2 Systems management

As countries constantly evolve in their debt management capacities and in their borrowing choices, so must the DMFAS system constantly evolve both functionally and technically, in order to effectively serve countries' needs. Cutting-edge system development is therefore one of the main objectives of the Programme, whether this be through updates to the version already implemented by countries, or through the development of entirely new versions of the system.

In line with the Programme's Strategic Plan, the Programme's system management focused in particular on the following areas during the year:

- System development, including refining the new version of DMFAS – version 6, in response to country needs;

- Implementation of the new version of DMFAS and updates in countries
- Support and maintenance

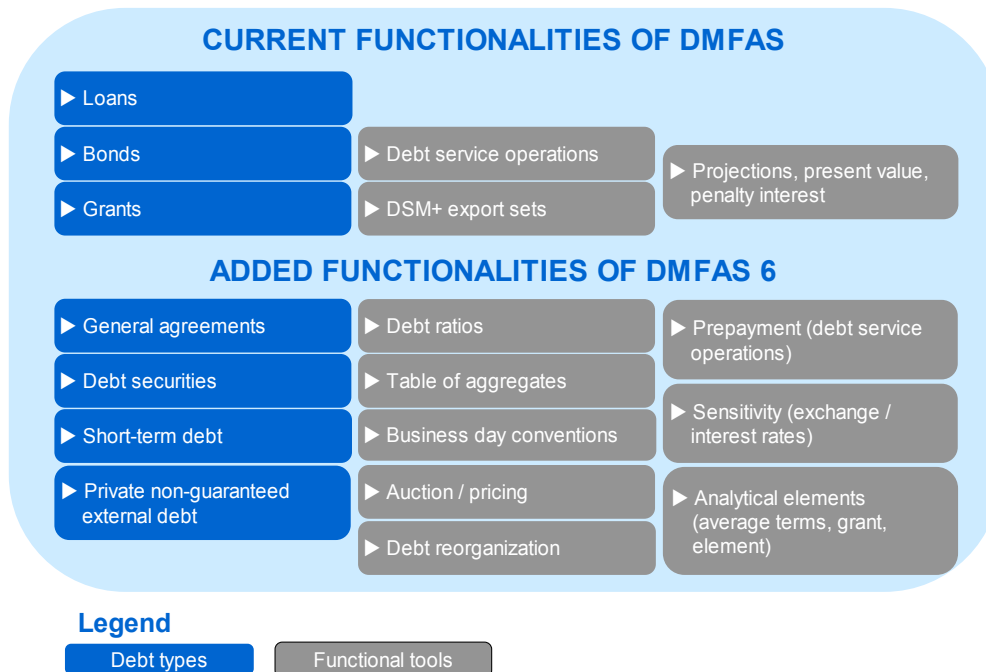
### 2.1 System development

#### DMFAS 6

The Programme officially launched DMFAS 6 at the DMFAS Advisory Group meeting in November 2009. As shown in figure 5, DMFAS 6 offers many new functionalities:

- Perform back office functions such as recording debt contracts, handle transactions and dealing with payment requirements.

Figure 5. Functionalities of DMFAS



- Facilitate interfaces with other analytical software, such as debt sustainability, risk analysis models and with integrated management systems.
- Support analysis activities such as determine the impact of future new borrowings, debt

reorganizations as well as assess risk of exchange and interest rate volatility.

- Facilitate debt portfolio analysis, run simulations, sensitivity analysis and produce debt ratios directly from the database.

- Perform auctions with DMFAS 6 or to transfer detailed results from country's specific auction software.
- Provide managerial information to front office officials in a consolidated and user-friendly way.
- Use the system through a Web browser, on intranets and/or through the internet, thus opening a whole new range of possibilities for users, such as linking several institutions through the internet.

The establishment of new policies and periodic monitoring of the project advances were priorities during the period.

The creation of a Project Steering Committee and a Technical Focal Group permitted the implementation of corrective measures including timely adjustments to the project plan where needed.

During the reporting period, the Programme's development strategy continued as in 2010, that is the majority of the development was outsourced while the priority of the central team was on distribution of the new version.

In that context nearly all the features included in the first block of the systems development plan were delivered, integrated and tested by the end of December 2011. This includes all the functions of DMFAS 5.3 in addition to the new debt securities instrument approach, the enhanced auction platform sponsored by Panama, the debt reorganization module, the short term and private sector debts modules, the expansion of the systems operations, the enhancements to the open source query tool as well as the completion of the Control Panel components including the powerful System Security and the new Auditing module.

In conjunction with the documentation team, final adjustments were included during the period to the Graphical User Interface. As a consequence, DMFAS 6 is currently available in English, Spanish and French.

For the preparation of the systems distribution, the technical documentation and the automatic data conversion programs were also updated during the reporting period.

In the context of the elaboration of the new version of the technical documentation (e.g. Systems Architecture, Systems Security, Error Handling), a new framework to facilitate the development of

interfaces with other application was defined, and its future implementation is planned.

The specification work of the new features to be included in DMFAS 6 in future deliveries was also intense during the period. The sequence of work was the following:

- i) Debt Securities - new calculation methods (Sukuk), Advance analytical modules, MTDS interface, Extended amendments records, and Data export to Access;
- ii) Extended Auditing, Table of Aggregates, and Extended Debt Reorganization;
- iii) Interface with DSF, DRS –SDMX, and Workflow.

During the implementation of the new version, more initial problems than anticipated were encountered and a review of the development plan priorities was necessary. Improvements to system performance became a priority, and also the related generation of user defined reports and the calculation of very large groups of data. The end of October 2011 was established as the project milestone to correct all the encountered errors, and to enhance the system performance.

Important advances were also implemented on the quality assurance side. In March 2011, the Train for Trainers workshop was used to do extensive testing by experienced DMFAS consultants and staff. This activity was a valuable and thorough check of the DMFAS 6 software by experienced UNCTAD consultants and users from DMFAS client institutions.

Several rounds of deliverables were received, reviewed, tested and distributed during the period. The final objective is to accomplish the established milestone with a more stable and error-free DMFAS 6 version, that will be the base to continue the planned new development and scheduled distribution.

## **2.2 Installation of DMFAS and its updates in countries**

### ***Installation of version 6***

As of December 2011, DMFAS 6 was installed in 15 institutions in 13 countries: Armenia (MoF), Argentina (MoE and Province of Buenos Aires), Burundi, Dominican Republic (MoF), Egypt (MoF and CBE), Guatemala (MoF), Panama (MoF), Paraguay (MoF),

Philippines (Treasury), Rwanda (MoF), Georgia (MoF), Uganda (MoF) and Venezuela (MoF).

8 installations took place during the reporting period.

Preparations have been initiated for DMFAS 6 installation missions in Gabon, Indonesia, Madagascar and Mongolia.

In some cases, for example in Argentina, DMFAS 6 was initially used in parallel with DMFAS 5.3, in order to test the integrated environment that includes interfaces with accountancy, treasury and budget modules. Other country institutions, such as Armenia, Guatemala and Dominican Republic, immediately utilized the new version for day-to-day operations, with DMFAS Helpdesk support.

As with the development of any new software, DMFAS 6 continues to be strengthened and refined in response to the experiences and requests of the clients.

In addition, the Programme launched by the end of September 2011 an Acceptance Test Plan that is being tested in a group of pilot case installations. This Acceptance Test Plan will provide a standardized framework to facilitate clients' adoption of the new DMFAS version.

### ***Installation of version 5.3***

In 2011, DMFAS 5.3 was installed in Lao PDR, a new DMFAS client country, and Vietnam.

More than 81 per cent of all institutions operating the DMFAS system in client countries have adopted one of the latest versions of the software (DMFAS 5.3 or 6). Of the 76 installations being used, DMFAS 5.3 was being used in 54 institutions; DMFAS 5.2 was being used in 6 institutions and older versions of DMFAS 5.2 (e.g. 5.1 or DMFAS 4.1 Plus) were no longer actively used.

### ***Advisory services, including links with other systems***

As has already been mentioned, the Programme provides support to countries wishing to link DMFAS with other systems, including integrated financial management systems.

Additionally, the Programme continued to provide technical support on the analysis of the migration of the integrated external debt management system of the Philippines (Central Bank) to DMFAS 5.3. as well as to provide support on the validation exercise of the migrated data to the DMFAS system.

Analysis and specification of the data migration of government securities to DMFAS 6 at the Bureau of Treasury of the Philippines was also undertaken.

The Programme also conducted national workshops on creating and or updating interfaces, conceptual design and interface development, in different countries. These included Angola, Nicaragua, Dominican Republic, Argentina, Jordan and the Philippines.

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## **Box 2 Extending debt management coverage and deepening intra-institutional linkages in Indonesia**

Indonesia has been using the DMFAS system since 1988. DMFAS is currently installed in the Ministry of Finance (MOF) and Bank Indonesia. The MoF Directorate General of Debt Management (DGDM) uses DMFAS for monitoring government external debt and, recently, the Directorate of Subsidiary Loan Agreements (DSLGA) began using it to develop a database on subsidiary loans agreements. Bank Indonesia uses DMFAS for recording external debt. Monthly reconciliation is undertaken by DGDM and Bank Indonesia, and a monthly statistical bulletin on Indonesia's external debt is produced jointly by these two institutions.

Although significant progress has been made, the debt management environment has changed considerably, and the Government has requested additional support in five key areas: extension of the coverage to public sector debt completion of the database on on-lent loans; improvement of transparency and rationalisation of statistical publications; strengthening of the debt analysis function, building on the capacity to produce timely, consistent and comprehensive statistics; integration of the DMFAS with other Government financial management systems; and strengthening the IT and staff capacities.

In order to respond to these requests, a comprehensive 3.5 year technical cooperation project was developed jointly between UNCTAD and the Government of Indonesia. Funding for the project was secured from the Government of Switzerland (SECO). Project activities commenced in December 2011.

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### ***Ongoing DMFAS support and maintenance provided to countries***

Extensive support in using the DMFAS system, including assistance and advice on a wide range of functional and technical issues, was made available by the helpdesk to all DMFAS client countries throughout the year. This support was provided by fielding technical missions, by sending programs and instructions by CD, by e-mail, telephone and fax, and through the UNCTAD FTP server. Where applicable, databases were also sent by clients and installed in Geneva to facilitate the resolution of queries and problems.

The DMFAS helpdesk received a total of 310 client requests on DMFAS 5.3 between January and December 2011. Of these, 303 requests were resolved, 5 were marked for future versions, and 2 were in process.

The DMFAS helpdesk received a total of 340 client requests on DMFAS 6 as at the end of 2011. Of these, 281 requests were closed, 4 for future versions, 2 were reopened and 53 assigned.

Continuing work begun in 2010, the Programme continues to monitor and refine its online TRAC system, which is open-source, to register and track client requests to the Helpdesk.

### ***User documentation***

Nearly all of the user documentation planned for the DMFAS 6 project has been produced, validated and distributed. This includes the DMFAS 6 User's Guide, the Control Panel User's Guide, user documentation supplements as well as the on-line help systems for DMFAS 6 and the Control Panel.

A new version of the on-line help which provides full coverage of all the DMFAS 6 modules was delivered and integrated into the system.

New documentation developed this year includes supplementary guides on DMFAS reports, private non-guaranteed external debt and short-term debt. A new guide on the installation, deployment and configuration of DMFAS 6 was prepared and tested.

A new brochure called *Debt Management and Financial Analysis System, version 6: the solution for debt management offices* (UNCTAD/GDS/DMFAS/MISC/2011/1) was officially published in English and French.

A major outsourcing project for the localization of DMFAS 6 user documentation and on-line help in French and Spanish was launched in March and completed in September. This project required significant preparatory work from the Central Team in the area of glossaries, terminology, localization of graphics and file engineering.

Several rounds of deliverables were received, reviewed and tested. The final outputs, which were tested and validated, were determined to be of good quality.

A new training module on the DMFAS 6 Analysis module was developed, validated and distributed. Another training module, DMFAS 6 Reorganization underwent external validation. In addition, several of the existing training modules have been translated into French.

Furthermore, the Programme has taken concrete and innovative steps to reinforce the systematic and standardized evaluation of DMFAS 6 training. This has so far resulted in detailed evaluation reports which have been communicated to our beneficiary institutions.

To improve the efficiency of the evaluation process, the Programme has acquired a new on-line survey tool to gather complete participant feedback while ensuring the confidentiality of information. It is expected that this process will gradually replace paper evaluations.

### 3 3. Programme management

As part of its efforts to improve overall efficiency and effectiveness under objective 2 of the Strategic Plan, and in order to better deliver on objective 1, a number of improvements by the Programme's general management, administration and communications activities continued to be implemented in 2011. These changes were reflected in the following goals:

- To ensure mutually beneficial relations and cooperation with external partners and other agencies in debt management;
- To strengthen synergies within UNCTAD;
- To mobilize resources effectively and to improve the efficiency and effectiveness of the Programme's administrative processes;
- To strengthen communications and information-sharing;
- To secure reliable, stable and predictable financing.

#### 3.1 Ensuring mutually beneficial relations and cooperation with external partners and other agencies in debt management

In recent years, momentum has been intensified among the various providers to coordinate capacity-building efforts using a more holistic approach to meeting the multi-faceted challenges that developing countries face in building their debt management capacity. Efforts have been made to clearly understand the comparative advantage of each capacity-building provider compared to others, and partnerships have been strengthened. The DMFAS Programme firmly believes in this coordinated and harmonized approach to the provision of debt management capacity-building services by providers of technical assistance to countries. Active collaboration also helps to ensure that best practices are shared.

In 2011, efforts by the Programme to strengthen its collaboration with the other main organizations involved in providing debt management included the regular sharing of information on technical assistance activities, such as mission schedules and reports, where possible. It also included organizing joint workshops, and participation in each other's events. Additionally, collaboration included direct participation as an implementing partner in such initiatives as the World Bank's Debt Management Facility. Another important example was UNCTAD's continued participation (through the DMFAS Programme) in the Inter-Agency Task Force on Finance Statistics, which strives to improve the capacity of countries to produce reliable statistics.

##### **World Bank**

The Programme collaborated with various departments involved in debt management within the World Bank. These included the Bank's Development Data Group, the Treasury, the Banking and Debt Management Group, and its Economic Analysis and Debt Department. The Programme meets each of these departments at least once a year to discuss modalities of cooperation.

In 2011, collaboration with the World Bank has included the following:

*Debt Management Facility (DMF):* Having contributed to the design of the DMF during its conception, the Programme officially became a partner in 2009. The downstream activities of the Programme are



complementary to the upstream work of the DMF, and there is a clear interdependency between the activities of DMF and of the Programme. Under the DMF Grant Agreement for the period 2009-2010, the DMFAS Programme agreed to participate in seven missions, including two training events. By mid 2010, this agreed number had already been reached. As such, an Amendment to the Agreement was signed in the year for DMFAS participation in 6 additional missions. The Programme's participation in these DMF activities received positive feedback from the DMF stakeholders as well as the country beneficiaries. In 2011, 10 DMF missions were completed: 6 DeMPA (Burkina Faso, Central African Republic, Tajikistan, Zambia, Zimbabwe, Vietnam), 3 MTDS (Armenia, Indonesia, Kyrgyz Republic), and coordination of a regional MTDS workshop (Indonesia) jointly with the World Bank.

*Debtor Reporting System:* The Programme both encourages and assists countries technically in providing information to the Bank's Debtor Reporting System (DRS).

#### ***International Monetary Fund***

The Programme is in regular contact with two main departments of the IMF. These are the Statistics Department, and the Monetary and Capital Markets Department. Contact with IMF also includes co-organization of workshops on debt statistics, and participation by both organizations in the Inter-Agency Task Force on Finance Statistics, which has so far been active in developing guidelines for external debt statistics and in coordinating capacity-building activities in debt statistics. The DMFAS Programme participated in the annual meeting of the Task Force in Bern, in March.

The Programme also collaborated, where possible, with the IMF regional technical assistance centres in Central and West Africa (Central AFRITAC and West AFRITAC), with the shared objective of helping countries to strengthen their human and institutional capacity to design and enact policies that promote growth and reduce poverty.

#### ***MEFMI***

The Programme has an ongoing collaboration with the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI), which includes 13 countries from this region. Five of the countries belonging to MEFMI are DMFAS client

countries, namely Angola, Rwanda, Uganda, Zambia and Zimbabwe.

#### ***United Nations Development Programme***

The DMFAS Programme's collaboration with UNDP in 2011 included UNDP funding for certain country projects and information-sharing with the UNDP country offices in DMFAS client countries, as well as collaboration through the "One United Nations" framework.

#### ***The Latin American and Caribbean Debt Group and the Inter-American Development Bank***

With 15 active DMFAS client countries in the Latin American and Caribbean region, UNCTAD takes a keen interest in the regional capacity-building activities organized by the Latin American and Caribbean Debt Group, and, where possible, tries to coordinate activities.

#### ***International Organization of Supreme Audit Institutions (INTOSAI)***

The DMFAS Programme and the INTOSAI Development Initiative (IDI) have continued to collaborate, regarding the Programme's contribution to development by IDI of a transregional capacity-building programme for the auditing of public debt management. The audit programme aims to enhance the professional and institutional capacity of target supreme audit institutions in public debt management audit. In 2011 the Programme delivered a seminar for auditors at the Brazilian Audit Institute and participated in 3 meetings / workshops for auditors, in collaboration with INTOSAI Development Initiative.

#### ***International Aid Transparency Initiative (IATI)***

The DMFAS Programme continued to participate in the IATI Technical Advisory Group, an initiative launched in Accra in September 2008 during the High-level Forum on Aid Effectiveness. The Technical Advisory Group was set up in 2009 to provide technical advice to the IATI Steering Committee. This collaboration is consistent with the Programme's commitment to the Paris Declaration for Aid Effectiveness and Transparency and the Accra Agenda for Action, and answers requests from many DMFAS user countries, such as Burundi, the Democratic Republic of the Congo, Haiti and Rwanda.

As a member of the Technical Advisory Group, the DMFAS Programme participated in (a) the definition

of an aid information standard; (b) the common definitions of aid information; (c) the common data format, designed to facilitate easy and rapid electronic interchange of data; and (d) a code of conduct which describes what information donors will publish and how frequently.

In the context of the IATI collaboration, the Programme is currently discussing an important strategic partnership, which could have concrete implications for developing countries. Indeed, the objective is to link debt management to aid management in the context of the governments overall public administration through interfaces between the DMFAS system and the Development Gateway Foundation (DGF) software. To this end, the DMFAS Programme is exploring the possibilities of a country-level study with DGF and exchanging technical information with its counterpart.

#### ***Statistical Data and Metadata Exchange (SDMX)***

SDMX is an initiative aiming to study business practices in the field of statistical information that would allow more efficient processes for the exchange and sharing of data and metadata within the current scope of their collective activities. The DMFAS Programme decided to adopt the SDMX standards to follow evolving international practices. The Bank for International Settlements, the European Central Bank (ECB), EUROSTAT, IMF, OECD, the World Bank and COMSEC are also participating.

A plan has been discussed between the DMFAS Programme, the World Bank and COMSEC delegates to utilize SDMX to produce and remit the countries' information to the Debtor Report (DRS).

### **3.2 Synergies within UNCTAD**

Within UNCTAD, the DMFAS Programme and the Debt and Finance Analysis Branch (its sister unit within the Debt and Development Finance Branch) collaborate and address debt issues jointly. During the period, key examples of collaboration included the preparation of UNCTAD reports for the Trade and Development Board for the UNCTAD Secretariat and office of UNCTAD's Secretary-General. This collaboration also includes the sharing of one staff member between the Debt Research Unit and the DMFAS Programme, who is responsible – among other things – for contributing to the improving and

delivering of the DMFAS Programme's capacity-building module in debt portfolio analysis.

The DMFAS Programme also contributes to a number of UNCTAD and United Nations reports. In 2011, these included the:

- *UNCTAD Annual Report 2010*; and
- Annual Trust Fund Progress Reports;
- Report of the Secretariat on Technical Cooperation Activities carried out in 2010 (cluster 11: strengthening the debt management capacity of developing countries)
- Update of the Thematic Clustering of Trust Funds

Additionally, in line with Trade and Development Board decision 492 (LIV) to establish thematic trust funds within and among divisions of UNCTAD, the DMFAS Programme continued to play an active role in the implementation of a thematic cluster of technical cooperation in the area of debt management, entitled "Strengthening the debt management capacity of developing countries", which is cluster 11 of the 17 clusters. These clusters aim to streamline UNCTAD's technical cooperation.

### **3.3 Effective resource mobilization and improved efficiency and effectiveness of the Programme's administration**

In line with the second objective in the 2011-2014 Strategic Plan, the Programme continued monitoring and improving its efficiency. This is reflected in the following points:

#### ***Decentralization***

One objective of the Programme's Strategic Plan 2011-2014 is to establish two new regional support centres, in addition to the regional centres already in operation (Bamako, Mali and Buenos Aires, Argentina). In 2011, the Programme and its regional partner MeFMI, initiated discussions to develop a regional centre in Harare, Zimbabwe. This proposal will be distributed to governments in the region for their feedback.

#### ***Enhancing capacity to deliver products and services***

In 2011, the DMFAS Programme adopted an improved logical framework methodology based on lessons learned from the strategic plan 2007-2010. This log-frame enables improved monitoring and

implementation of technical assistance projects. This is in line with best international practices in this area.

### **Results-based monitoring and evaluation**

Internal improvements in monitoring and evaluation procedures through more transparent and inclusive involvement of stakeholders. For example, the May 2011 Newsletter was issued and posted on the Programme website. Periodic activities calendars were distributed to stakeholders, keeping them informed of Programme TA country activities, regional events, and cooperation with implementing partners.

### **3.4 Improved communications and information-sharing, within and outside the Programme**

In 2011, the Programme continued to implement its electronic newsletter presenting in a short and attractive format the main current trends and activities in the work of the DMFAS Programme. In keeping with its usual practice, the Programme produced the *Annual Report 2010*, which presents the activities of the Programme up until the end of December 2010.

Since 2008, the Programme has been sharing its calendar of upcoming missions with its partners. This initiative has proved successful, as partners are increasing their coordination and exchange of information. The Programme has since made this a standard communications activity, with the calendar systematically being sent out on a quarterly basis to partners.

In 2011, the Programme continued to actively contribute to the UNCTAD projects PORTAL, an internal centralized database containing the most relevant information about UNCTAD's projects, including descriptions of activities, income and expenditure

### **3.5 Debt Management Conference and DMFAS Advisory Group**

UNCTAD's 8<sup>th</sup> Debt Management Conference was held from 14 to 16 November 2011 within the work plan of UNCTAD's Globalization and Development Strategies Division. The Conference was immediately followed by the 8<sup>th</sup> DMFAS Advisory Group Meeting on 17 and 18 November.

The Conference, organized by UNCTAD every two years, provides a regular forum for sharing experiences and exchanging views between governments, international organizations, academia, the private financial sector, and civil society on current issues in debt management. It brings together senior-level national and international debt managers and experts from around the world to discuss some of the most pertinent topics in both external and domestic debt, debt management and public finance today.

This year, the Conference attracted the highest level of participation compared to earlier conferences, both in terms of numbers, and countries/institutions. 380 participants attended from 107 countries and 16 international and regional institutions. In addition, among the participants were an unprecedented number of high-level officials, including the Head of State of Iceland, Ministers, Central Bank Governors and other senior officials. Sixty-two per cent (62%) of the participants came from the ministries of finance and central banks of various countries. In addition, senior representatives from 16 international and regional institutions were also present.

This year the focus of the Conference was on the impact of the global financial crisis, and on different country experiences in debt crisis containment and management.

Topics included:

- Principles for responsible sovereign lending and borrowing
- The rising debt of the developed world and implications for developing countries
- Debt Resolution Mechanisms
- Interactions between government domestic borrowing needs and the corporate sector
- Management of risks in debt management
- Debt management and integrated public financial management
- The capacity building needs of developing countries
- International organisations' responses to the changing needs of developing countries