



Meeting of the Task Force on Finance Statistics

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*Occasional Paper on Review of Main Debt Management Activities
March 2012–February 2013*

Prepared by





Commonwealth Secretariat

Debt Management Section
Special Advisory Services Division

I.

II. REVIEW OF MAIN DEBT MANAGEMENT ACTIVITIES

March 2012 – February 2013

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Review of Main Debt Management Activities March 2012 – February 2013

1. Activities related to the Inter-Agency Task Force on Finance Statistics

The Commonwealth Secretariat (ComSec) continues to collaborate with Task Force members on activities related to the preparation and dissemination of debt statistics work including initiatives on the Public Sector Statistics Debt Guide, revision on External Debt Statistics Guide and various debt statistics dissemination standards. The Secretariat remains proactive at sensitizing users of the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) to the new Debt Guide and debt data methodology and standards. For this purpose, the Secretariat is collaborating with the IMF and its regional partners to offer a series of workshops on the Guide and its application in CS-DRMS for public sector debt data compilers and back office staff.

During the period under review, ComSec in collaboration with the International Monetary Fund and West African Institute for Economic and Financial Management (WAIFEM) organized a workshop for the West Africa Region on the Public Sector Debt Statistics. The workshop, which was held in **The Gambia**, discussed methodological issues and concepts from the Public Sector Debt Statistics Guide (PSDSG) and introduced participants to the functionality in CS-DRMS for compiling and reporting on PSDS in conformity with the Guide's instrument and institutional classification. In addition, ComSec participated in the IMF course on Public Debt Statistics held in **Singapore** and made a presentation on "Debt Statistics Reporting through CS-DRMS". It participated in the Joint Vienna Institute-IMF Statistics Department Course on "External Debt Statistics" and made a presentation on "Private Sector Debt Reporting". It also participated in the IMF/AfDB Training Course on Public Sector Debt Statistics held in Tunis, Tunisia and made a presentation on Debt Statistics Reporting through CS-DRMS"

The project on assisting countries develop Public Debt Bulletin initiated in 2011 continued during the period under review with two countries Mauritius and The Maldives being assisted in this area. A further seven countries from Eastern and Southern Africa region (Malawi, Tanzania, Lesotho, Swaziland, Namibia, Mozambique and Kenya) benefitted from this project through a regional workshop held in Arusha, Tanzania and six countries from the South Pacific (Papua New Guinea, Solomon Islands, Vanuatu, Samoa, Tonga and Cook Islands) participated in a similar workshop held in Sydney, Australia. As part of the data preparation for the Public Debt Bulletin exercise, the Secretariat develops capacity in countries to ensure compliance with the Debt Guides, along with reporting of other analytical and operational aspects of debt management, where data is fully available. This effort is fully supported through the CS-DRMS reporting. The Sydney workshop also covered the enhancements to the CS-DRMS system to support debt reporting in line with the Public Sector Debt Statistics Guide.

Debt data quality and integrity continue to be a focal point for training and capacity building initiatives of the Secretariat's Debt Management Section (DMS). To this end, CS-DRMS is constantly being enhanced to cater for new data dissemination requirements. The collaboration with the World Bank, CS-DRMS is being improved to comply with Statistical Data and Metadata Exchange - SDMX specifications. To this end the facility in CS-DRMS to export external debt data in line with the World Bank Debtor Reporting System requirements has been enhanced to comply with the SDMX standard. External debt data can now be generated in CSV as well as XML format.

To improve debt data quality, country specific missions were undertaken to **Jamaica, Guyana, Trinidad and Tobago, Barbados, Mozambique and the British Virgin Islands**. This is being complemented through data assessment missions designed to determine the integrity of public debt data, and where required, upload domestic debt data into CS-DRMS to create a complete public debt dataset in a single computerized system. Countries assisted under the domestic debt data upload scheme include **Barbados, Jamaica, and Tanzania**. This provided the countries with a more comprehensive Public Debt Database which would support debt reporting under standards as specified in the Public sector Debt Statistics Guide. Similar projects have been initiated in **Lesotho, Swaziland and Seychelles** and at the **Eastern Caribbean Central Bank (ECCB)** to extend this service to the **Eastern Caribbean Currency Union (ECCU)** countries through the **Eastern Caribbean Securities Exchange (ECSE)**.

One more Commonwealth country, Trinidad & Tobago subscribed to the CS-DRMS during the reporting period and the country has since been assisted successfully to install the software and is currently building its debt database using CS-DRMS.

2. Development of CS-DRMS 2000+

DMS continues to work on improving the recording, reporting and analytical functionality in CS-DRMS. To this end, the following enhancements have been included in CS-DRMS which is expected to be released in May 2013:

1. A new data export facility for the Quarterly Public Sector Debt Statistics (QPSDS) Template to enable countries extract relevant data from the CS-DRMS database to populate the template used for the reporting under the QPSDS framework;
2. New reports for better monitoring and analysis of risks in the portfolio;
3. SDMX compliant World Bank Debtor Reporting; and
4. A new facility to forecast debt service flows taking into consideration non-business days, for more accurate reporting of debt service.
5. A new tool to facilitate reporting of debt service flows and stock balance that exclude undisbursed amounts.
6. Recording and compilation of flexible loan products with embedded options.

DMS continued working on the project to link CS-DRMS to Integrated Financial Management and Information Systems related to public sector financial management. The project aims at building an interface between CS-DRMS 2000+ and other public sector information financial management systems (IFMS) used by countries for efficient and accurate recording of debt data. As part of the project, DMS organized a workshop in **London, U.K.** in October 2012 titled, *Leveraging Debt Management for Effective Public Financial Manage: Framework for Interfacing Debt Management Systems with IFMS*. Findings from these missions fed into the core document for the Secretariat's plans on fully integrating CS-DRMS to financial management systems in client countries. The Secretariat assisted **Ghana, Botswana and The Gambia** through in-country missions to provide advisory Support on Interfacing CS-DRMS with IFMS.

As a follow up to an earlier meeting with AFROSAI aimed to kick-start the process of putting in place collaboration arrangement with ComSec for undertaking joint activities in building debt management capacity for auditors in the public sector, a team from ComSec undertook a mission to South Africa for

a meeting with an AFROSAI-E representative on formalizing the relationship between ComSec and AFROSAI-E to develop awareness among public debt auditors in Africa based on a Practical Guide recently published on “Auditing Public Debt Management”. ComSec is now in the process of drafting a Memorandum of Understanding that will stipulate joint activities to promote and raise awareness on debt data audits.

3. Commonwealth Secretariat – Securities Auctioning System (CS-SAS)

The Secretariat continues to enhance the newly developed Securities Auction System (CS-SAS). The module, which captures the processing of data on government securities right from the issuance to settlement, is currently in operation. The Secretariat finalized work on an on-line bidding tool making it possible for sites using CS-SAS to provide for direct placement of their electronic bids in CS-SAS through web-based on-line connections. The tool will thus facilitate debt offices for better management of the issuance of Government Securities.

4. Commonwealth Secretariat Public Debt Analytical Tool (HORIZON)

In the continuing efforts to strengthening the analytical side of its software suite to support the middle and front office functions of debt management the Secretariat completed development work on the tool now branded as Horizon. It was launched in October 2012 at the Commonwealth Finance Ministers Meeting held on the sidelines of the IMF-World Bank Annual Meeting in Tokyo, Japan. HORIZON is a planning and analytical tool that supports the formulation and implementation of a sovereign debt management strategy within a risk management framework. It has been designed as a decision support system to assist debt managers assess debt management strategies based on cost-risk framework, develop an annual borrowing plan including an issuance calendar and assess the impact of various liability management operations.

The launch was very well received with our client countries acknowledging the constant effort to equip them with better tools and means to effectively manage debt. The software suite has been subjected to a rigorous user acceptance testing. It has been piloted at the South African National Treasury and ComSec and the South African National Treasury will be organising its maiden training workshop in Cape Town, South Africa during March 2013. The system will be deployed in its client countries following the workshop.

5. Developing Debt Databases for Sub-National Debts

In the continuing efforts to assist member countries improve the management of sub-national debt to help reduce the impact of the contingent liabilities on central government budget, ComSec has provided CS-DRMS to Kaduna State, Nigeria making a total of three states using CS-DRMS in Nigeria. Haryana State, India is the latest State to request installation of CS-DRMS. In total, 8 States in India will now be using CS-DRMS.

6. Policy Support on Debt Management

In response to member countries requests, the Commonwealth Secretariat assisted a number of countries by providing policy support on various aspects of public debt management including institutional arrangements, development of domestic debt market and the formulation of a debt

management strategy. In **March 2012** DMS assisted **Sierra Leone** through an advisory mission on developing the domestic debt market to facilitate expansion of fiscal space, reduction of rollover risk and enable the country to raise longer term funds for investments in physical infrastructure.

In July 2012, DMS fielded a mission to **Tonga** to provide technical assistance on developing the domestic debt market in Tonga focusing two specific aspects namely: examining the feasibility of substitution of external debt with domestic debt; and facilitating long term development of the bond market. In August 2012 in response to a request from the Government made against the backdrop of rising debt, DMS fielded a mission to **Barbados** to assist the Government put in place a strong and well equipped Debt Management Unit with reformed policy framework, institutional arrangement and a robust legal framework to guide public debt management.

In **November 2012**, against the backdrop of persistent high levels of public debt post the 2010 debt exchange program, DMS in response to a request, undertook a mission to **Jamaica** to provide advice on the appropriate strategy and reforms to address the debt problem. In **December 2012**, DMS in response to request fielded a mission to the **British Virgin Islands** to review the current arrangements for public debt management, identify areas that require strengthening and draw up an action plan for assistance to the country.

7. Monitoring Private Sector External Debt

As a follow up on a Plan of Action ComSec agreed with the Reserve Bank of the Republic of Malawi in 2011 to assist them **build Private Sector External Debt (PSED) database using the CS-DRMS**, ComSec placed a Consultant at the Bank who successfully completed the exercise and trained Bank staffs in the process

8. Developing a Public Debt Database in CS-DRMS

The Secretariat continued implementing the project on interfacing domestic debt in CS-DRMS initiated in 2010 to assist countries develop public debt database in the CS-DRMS. As a result the following countries **Tanzania, Barbados, Sierra Leone, Lesotho, and Seychelles** were assisted to interface their Central Depository System (CDS) with CS-DRMS.

9. Developing a Statistical Bulletin for Public Debt

The Secretariat continued working with member countries to assist them develop statistical bulletins on Public Debt using the reporting facility available in CS-DRMS. Two countries **Mauritius** and **The Maldives** were successfully assisted in developing Debt Bulletin based on the Debt Report Template and Guidelines developed by the ComSec. In addition the Secretariat in collaboration with MEFMI organized in Arusha, Tanzania, a regional workshop on developing a Public Debt Bulletin attended by eight MEFMI countries (**Malawi, Tanzania, Lesotho, Swaziland, Namibia, Mozambique, Kenya and Angola**). A similar workshop was organized by ComSec in Sydney, Australia attended by six countries from the South Pacific (**Papua New Guinea, Solomon Islands, Samoa, Tonga, Vanuatu, and Cook Islands**). Following the two regional workshops a number of the participating countries have requested in-country training in developing Debt Bulletins to enable timely and accurate reporting on their debt position using best standards of debt data methodology and compilation principles.

10. Assistance on Debt Data Quality

Following a very successful e-Learning course on the CS-DRMS external debt module in 2011 ComSec rolled out the second e-Learning course during 15 May to 15 August 2012 to develop more capacity in debt recording and management. The course which was run by the Commonwealth of Learning based in Canada, trained 39 participants from 23 countries bringing the total number of participants since it was introduced to 109. DMS responded to a request from **Jamaica, Mozambique, Malawi, Guyana, and British Virgin Islands** and provided assistance in debt data validation and the use of CS-DRMS for debt data compilation. Trinidad and Tobago also subscribed to the CS-DRMS and is currently being assisted in building and validating public and publicly guaranteed debt database. Training was also given to enable its effective use in debt data compilation.

11. Attachment for Country Debt Managers in ComSec

ComSec hosted two groups working with the CS-DRMS one at the Ministry of Finance Sierra Leone and the other from the Central Bank, Tanzania. The attachment for the group from Sierra Leone provided them with an opportunity to work with the CS-DRMS support and development team to aid in developing their skills to provide vital IT support for the CS-DRMS system at the Ministry of Finance, Sierra Leone. The Central Bank of Tanzania on the other hand intends to start using CS-DRMS for recording and managing private sector external debt. The attachment thus provided them with an opportunity to familiarize with the CS-DRMS module for managing private sector external debt. It was also an opportunity for ComSec to use feedback from the team to further fine tune the CS-DRMS functionalities especially for private sector debt recording.

12. Training Activities

- At the request of the countries' ComSec provided in-country training in Developing a Debt Bulletin using the CS-DRMS database for **Mauritius (April 2012); The Maldives (September 2012)**. It also implemented a similar workshop at the regional level for **CS-DRMS countries in the South Pacific** in Sydney Australia (**June 2012**).
- Similarly, at the request of the countries', ComSec conducted in-country training in using the CS-DRMS for Debt Recording and Management for Guyana (May 2012); Trinidad and Tobago (October 2012); and the British Virgin Islands (December 2012). During the workshops participants were apprised of the new functionalities and reports compliant with PSDS Guide standards.
- In **April 2012**, ComSec, through the services of a consultant provided training to officials in the Ministry of Finance, **Jamaica** in debt data quality. Similar training was provided to the Ministry of Finance, Guyana (May 2012); Trinidad and Tobago (November 2012) and Mozambique (February 2013).
- In **December 2012**, ComSec participated in the Joint Vienna Institute-IMF Statistics Department Course on External Debt Statistics and made a presentation on "Private Sector Debt Statistics Reporting based on the concepts and principles of private sector debt in relation to the External Debt Statistics Guide.

- During **May-August 2012** ComSec rolled out the second e-Learning course during to develop more capacity in debt recording and management. A total of 39 Debt Managers from 23 enrolled and successfully completed the course.

In addition, the Secretariat participated in a number of conferences/meetings organized by other organizations as indicated below:

- Task Force on Finance Statistics (TFFS) Meeting, Washington, DC, March 2012.
- World Bank Stakeholder's Forum on Debt Management Facility, Accra, Ghana, June 2012.
- 12th OECD-WBG-IMF Global Bond Market Forum:- May 2011, France
- OECD's Global Forum on Public Debt Management, Paris, France, January 2013.
- "The Second Annual Meeting of the Caribbean Association of Debt Managers (CARADEM) and the Eight Annual Meeting of the Group of Latin American and the Caribbean Debt Management Specialists (LAC Debt Group): La Antigua, Guatemala, July 2012.
- OECD's Global Forum on Public Debt Management, Paris, France, January 2013.
- World Bank Sovereign Debt Management Forum, Washington, DC, October 2012.

Debt Management Section
Commonwealth Secretariat
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Annex 1

**Commonwealth Secretariat: - Review of Debt Management Activities:
March 2012 -February 2013**

Dates	Event	Location
March 2012		
	DMS Retreat	London, UK
	Advisory Mission for Formulating Domestic Debt Market Development Roadmap	Freetown, Sierra Leone
	Interfacing Domestic Debt Data in CS-DRMS	Abuja, Nigeria
	Task Force on Finance Statistics Meeting	Washington D.C., USA
April 2012		
	Developing a Debt Bulletin	Port Louis, Mauritius
	Debt Data Validation in Jamaica	Kingston, Jamaica
	Comsec-MEFMI Workshop on Debt Bulletin	Dar es Salaam, Tanzania
May 2012		
	Review Mission on Debt Management	Maputo, Mozambique
	IMF Workshop on Public Sector Debt Statistics	Singapore
	External Debt Data Validation	Georgetown, Guyana
	Interfacing Domestic Debt Data in CS-DRMS	Bridgetown, Barbados
	Interfacing Domestic Debt Data in CS-DRMS	Kingston, Jamaica
	Training on CS-DRMS	Georgetown, Guyana
June 2012		
	Advisory Mission on the Use of CS-DRMS to Support Public Debt Management Operations	Trinidad, Trinidad & Tobago
	Regional Pacific Workshop on CS-DRMS and Debt Bulletin	Sydney, Australia
	World Bank Stakeholder's Forum on Debt Management Facility	Ghana, Accra
	User Acceptance Test on PDAT	India
July 2012		
	CARDEM Meeting	La Antigua, Guatemala
	LAC Debt Group Meeting	La Antigua,

		Guatemala
	Formulating Domestic Debt Market Development Roadmap in Tonga	Nuku'alofa, Tonga
	Development of Private Sector External Debt Database in CS-DRMS	Lilongwe, Malawi
July 2012		
	CARDEM Meeting	La Antigua, Guatemala
	LAC Debt Group Meeting	La Antigua, Guatemala
	Formulating Domestic Debt Market Development Roadmap in Tonga	Nuku'alofa, Tonga
	Development of Private Sector External Debt Database in CS-DRMS	Lilongwe, Malawi
August 2012		
	Review of Institutional Arrangements for Public Debt Management in Barbados	Bridgetown, Barbados
	Meeting with WIPRO on PDAT Development	Chennai, India
September 2012		
	Developing Public Debt Bulletin	Male, Maldives
October 2012		
	Installation of CS-DRMS	Port of Spain, Trinidad & Tobago
	Launch of PDAT – Commonwealth Finance Ministers Meeting	Tokyo, Japan
	Debt Data Audit and Training on CS-DRMS	Port of Spain, Trinidad & Tobago
	Building Public Debt Database in CS-DRMS	Port of Spain, Trinidad & Tobago
	Piloting of PDAT Implementation for formulation and implementation of debt management strategy	New Delhi, India
	World Bank Sovereign Debt Management Forum	Washington D.C., USA
November 2012		
	Policy Advisory Support on Debt Sustainability	Kingston, Jamaica
	Piloting of PDAT Implementation for formulation and implementation of debt management strategy	Pretoria, South Africa
	Review of Building of Public Debt Database in CS-DRMS	Port of Spain, Trinidad & Tobago
	Comsec-WAIFEM-IMF Regional Workshop on Public Sector Debt Statistics Guide	Banjul, The Gambia

	Interfacing database for Developing Domestic Debt Data in CS-DRMS	Kingston, Jamaica
	Interfacing database for Developing Domestic Debt Data in CS-DRMS	Bridgetown, Barbados
December 2012		
	Training on CS-DRMS and scoping mission	Road Town, British Virgin Islands
	Discussion with SWIFT	Brussels, Belgium
	IMF Training Workshop on External Debt Statistics	Vienna, Austria
January 2013		
	Follow up Pilot Work on Horizon	Pretoria, South Africa
	OECD Global Forum on Public Debt Management	Paris, France
February 2013		
	Development of Debt Bulletin	Papua and New Guinea
	Review Meeting on Debt Management	
	Colombo, Sri Lanka	
	External debt database validation and building of integrated Debt database in CS-DRMS 2000+	Mozambique
	Interfacing database for Developing Domestic Debt Data in CS-DRMS	Sierra Leone