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**Debt Management and Financial Analysis System Programme:  
Occasional Paper - 2013**

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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT



Debt Management and Financial Analysis System  
Programme:  
Occasional Report - 2013



UNITED NATIONS

# Debt Management and Financial Analysis System Programme

## Occasional Report 2013

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# Key achievements and activities in 2013

## ***Impact of capacity-building activities***

- Complete, reliable and up-to-date debt databases: 85 per cent of government and government-guaranteed external debt recorded; 84 per cent of domestic debt recorded.
- Production of debt portfolio reviews in four additional countries; production of data validation calendars in two additional countries, and of draft debt statistics bulletins in nine additional countries (four national workshops and one regional workshop benefiting to 5 MEFMI countries).
- Improved capacity for effective debt reporting: 38 DMFAS clients were participating in the IMF–World Bank’s Quarterly External Debt Statistics database. All of them, with the exception of two, are already providing data (13 are participating in the SDDS/QEDS database and 25 in the GDDS/QEDS database). In addition, 75 per cent of DMFAS clients that accepted to participate in the Public Sector Debt Statistics database effectively reported in 2013 (21 countries over 28 for table 1.1 on Gross central government debt position).
- Eighty-seven per cent of DMFAS client countries effectively reported to the World Bank through the Debtor Reporting System in 2013.
- Contribution to the public financial management (PFM) value chain, as defined under the Public Expenditure and Financial Accountability Programme, in particular under performance indicator 17, recording and management of cash balances, debt, and guarantees, and performance indicator 25, quality and timeliness of annual financial statements.

## ***Continued support to developing country needs***

- Fifty-seven current client countries (86 DMFAS user institutions).

- Twenty least developed countries, 15 landlocked developing countries, three small island developing States.
- Fifteen low-income countries; 25 lower middle-income countries.
- Twenty heavily indebted poor countries.
- In 2013, 103 field missions were implemented: needs assessments, project evaluations, on-the-job training for debt management offices, national and regional workshops, and study tours that resulted in South–South and triangular cooperation.

## ***Active and new country projects***

- Management of 26 active technical assistance projects at the country level.
- Signature of new projects for six countries (El Salvador, Honduras, Lebanon, Nicaragua, Zambia and Zimbabwe), and one addenda to an existing project with Madagascar.

## ***DMFAS users***

- Eight DMFAS 6 installations in six countries.
- More than 81 per cent of all the institutions operating the DMFAS in client countries have adopted the latest versions of the software (DMFAS 5.3 or 6).
- Thirty-six per cent of the user institutions and 46 per cent of the DMFAS countries are using DMFAS 6.

## ***System development and support***

- The Programme continued to enhance the DMFAS 6 software in 2013, in response to client requests.
- Continued delivery of DMFAS 5.3 training activities in client countries: the Philippines and Togo.
- The DMFAS helpdesk received 476 requests and answered a total of 371 queries end of 2013, of

which 90 were DMFAS 5.3 queries and 386 were requests on DMFAS 6; 11 requests were marked for future versions.

- Nine information technology workshops were provided to four countries which are developing interfaces between DMFAS and other integrated financial management information systems (IFMIS).

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

- Participation of DMFAS in 14 events of other technical assistance providers (for example, the IMF, the World Bank, the Macroeconomic Economic and Financial Management Institute of Eastern and Southern Africa, Inter-Agency Task Force on Finance Statistics, the OECD Global Forum and Public Debt Management and the Latin American and Caribbean Debt Group).
- Fourteen cases of collaboration with other institutions under the Debt Management Facility: seven debt management performance assessment missions (Bangladesh, Bosnia and Herzegovina, Chad, Ethiopia, Honduras, Madagascar, Uganda); five medium-term debt strategy (MTDS) missions (Azerbaijan, Bolivia, Burkina Faso, Djibouti, Honduras); two Reform Plan missions in Togo and Sudan; and participation in the fourth Debt Management Facility forum on 2–3 May in Berlin.
- Participation in the annual meeting of the Inter-Agency Task Force on Finance Statistics.

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

- The Doha Mandate reaffirms, inter alia, the importance and the role of the DMFAS Programme in supporting effective debt management (TD/L/427).
- Evaluation reports on UNCTAD's technical cooperation activities to least developed countries, landlocked developing countries and small island developing States (TD/B/WP/223) underlined the need of these countries for continued support in public debt management.
- The Mid-term review of the DMFAS Programme submitted very positive conclusions and constructive recommendations. It highlighted that the programme continues to be highly relevant for developing countries, bilateral donors and other organizations, that there is a very high level of satisfaction among users of its products and services, and that users consider that DMFAS provides a cost-effective solution for their needs

#### ***Improved Programme capacity***

- First year of implementation of the Monitoring and Evaluation Framework.
- Design of the new capacity-development framework.

## Progress in implementing the strategic plan for 2011–2014

The four-year strategic plan for the DMFAS Programme began implementation in January 2011 and its overall objective is to help focus countries to manage their debt effectively and sustainably. This relates to downstream functions most commonly associated with the back and middle debt management offices, which are considered as the foundations for effective debt management. 2013 marked the third year of implementation of the strategic plan during which the Mid-term Review (MTR) of its implementation was conducted. Originally planned for 4 years, from 2011 to 2014, the DMFAS Advisory Group approved the extension by one year of the strategic plan, based on the recommendations of the MTR, to undertake additional activities.

In line with the overall objective and the Programme's comparative advantages, the plan focuses on two main areas: first, strengthening the operational, statistical and analytical debt management functions of governments; and second, improving the capacity of the Programme to deliver responses to meet the needs of developing countries and countries with economies in transition. The logical framework for the strategic plan for 2011–2014 has been completed with strengthened performance indicators, in line with the recommendations of donors. Baseline statistics were defined in order to set benchmarks through questionnaires and surveys with client institutions.

This section outlines the two immediate objectives and expected results for the reporting period.

**Immediate Objective 1:** Focus countries have the capacity and technology to manage their operational, statistical and analytical debt management functions. The first objective concentrates 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 that the Programme faces in delivering 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.

Table 1 provides a summary of the objectives and expected results, as well as achievements in 2013.

The expected results for Immediate Objective 1 are as follows:

- Government information systems established for effectively managing complete, up-to-date and reliable debt databases: in 2013, the DMFAS Programme continued meeting expectations by directly supporting 86 active DMFAS user institutions in 57 countries. As a measure of the progress countries have made in debt recording assisted by DMFAS, 85 per cent of countries have developed comprehensive, reliable debt databases in respect of government and government-guaranteed external debt, as well as 84 per cent of domestic debt. Government capacity improved for effectively reporting on debt, conducting debt analysis and providing inputs to debt strategy. For reporting, 87.5 per cent were reporting effectively to the World Bank's Debtor Reporting System in 2013 and 66 per cent of DMFAS user countries participate to the *Quarterly External Debt Statistics* database. Thirty countries produced annual statistical bulletins.
- Government debt operational risk management and public financial management integration enhanced: increased new development of automatic links between DMFAS and other financial systems; and integration with auction systems in two countries.
- Improved knowledge of debt management and access to information through the 2011 and 2013 Debt Management Conferences (over than 690 participants from more than 110 countries) and DMFAS training events

The capacity-building modules developed by the Programme and delivered through in-country and regional training courses have yielded tangible results. For example, in 2013, eleven national capacity-building workshops resulted in a debt portfolio review produced (the Democratic Republic of the Congo, Honduras, Panama, Paraguay and the Republic of the Congo), three draft debt statistics bulletins in the Republic of the Congo, Oman (follow-up) and Paraguay (follow-up), and two data-validation calendars produced by Indonesia and Lebanon. A regional debt statistics workshop in Luanda, organized jointly with MEFMI, benefited officials from five countries of the region. In addition, two capacity-building workshops resulted in the production of draft procedures manual in the Democratic Republic of the Congo, the Republic of the Congo, and Honduras.

During the reporting period, the Programme completed the revision of the capacity-building modules on data validation and debt statistics. 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 Sector Debt Statistics Guide* produced by the Inter-agency Task Force on Debt Statistics, the *Quarterly External Debt Statistics* and *Public Sector Debt Statistics* databases.

The Programme continued to support countries' capacity to produce reports and to meet external reporting requirements. For example, 87.5 per cent of DMFAS client countries effectively reported to the World Bank through the Debtor Reporting System (end 2013). Thirty-eight of DMFAS clients are participating to the *Quarterly External Debt Statistics* database of the IMF jointly developed with the World Bank. All of them, with the only exception of two (Syria and Mongolia) are already providing data. Moreover, among the 38 DMFAS participating countries, 29 have already reported for at least Table 1 for the second quarter of 2013. Twenty-one have started reporting to the *Public Sector Debt Statistics* database representing 75 per cent of the DMFAS countries that accepted to report.

Progress continued in the implementation of the new web-based DMFAS version 6. By the end of 2013, the DMFAS 6 software was installed in 26 countries and 31 institutions. Eight installations took place during the period, namely: Bangladesh (Ministry of Finance

and Central Bank), El Salvador (Ministry of Finance), Iraq (Ministry of Finance), Lebanon (Ministry of Finance), Nicaragua (Ministry of Finance and Central Bank) and Zimbabwe (Ministry of Finance). 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 to by client institutions, as attested by the findings of the Mid-Term Review, already using DMFAS 6 for their day-to-day operations, specifically debt recording and reporting. The MTR evidenced that DMFAS is a high quality debt recording tool and is extremely relevant to the needs of user institutions. Due to the evolving 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 integrated financial management information systems. As with the introduction of any new software system, the Programme continued to work closely with its clients, learning where the software can be strengthened and possibly refined to serve their evolving needs. Accordingly, the Programme continued to enhance the DMFAS 6 software, including the new debt securities instrument approach, the enhanced auction platform, the debt reorganization module, the short-term and private sector debts modules, the expansion of the debt service operations recording, the analytical elements (debt ratios, sensitivity analysis and average terms), 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 (including reporting transactions at a given closing date and the recording of extended amendments).

With respect to the Programme's financing, 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. The maintenance fee for DMFAS 6 has been adjusted to the income levels of client countries based on the World Bank income group classification, better reflecting countries' ability to share costs. This graduated maintenance fee policy was recommended



by the DMFAS Advisory Group in 2009. In 2013, in line with the objective of the strategic plan, all new DMFAS 6 project proposals included 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 coming years.

The Programme provided effective ongoing support to user countries through its helpdesk, which responded to 371 requests during the reporting period. It supplied country technical assistance, namely delivering 103 capacity-building and other activities during the reporting period. The Programme is actively managing 26 technical assistance projects, with six new projects signed so far in 2013 and one amendment to an existing project.

The Programme's achievements contribute to the overall improvements in the following components as defined under the Public Expenditure and Financial Accountability (PEFA) Programme, in particular under performance indicator 17, recording and management of cash balances, debt, and guarantees, for dimension (i) on quality of debt data recording and reporting; and performance indicator 25, quality and timeliness of annual financial statements, for dimension (i) on completeness of the financial statements and dimension (iii) on systems for contracting loans and issuance of guarantees.

The strategic plan places considerable importance on coordination with other stakeholders (figure 1) and the Programme continued to pursue this objective. 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, 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 2) 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 2: risk analysis, debt strategy and debt sustainability analysis.

In avoiding duplication, the Programme's initiative of systematically sharing its mission calendar with other providers continues to be very useful in 2013. This year, cooperation with other providers involved participation as resource persons in 14 joint events organized by international and regional partners. For example, it participated in the Organization for Economic Cooperation and Development's (OECD) twenty-second Public Debt Management Global Forum, and in two regional workshops on public debt statistics organized by the IMF in Tunisia and France.

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 continued its active contribution to the Task Force on Finance Statistics. The Programme continues to be an important implementing partner to the Debt Management Facility led by the World Bank. In 2013, the Programme participated in seven debt management performance assessment missions (Bangladesh, Bosnia and Herzegovina, Chad, Ethiopia, Honduras, Madagascar and Uganda), five medium-term debt strategy (MTDS) missions (Azerbaijan, Bolivia, Burkina Faso, Djibouti, Honduras) and two reform plan missions in Togo and Sudan.

As foreseen in the strategic plan 2011–2014, progress has been made towards the creation of a new regional centre; discussions continue with the Macroeconomic and Financial Management Institute of Eastern and Southern Africa on a preliminary proposal for a regional centre in Zimbabwe. This will contribute to the Programme's goal of a stronger regional presence and stronger coordination with local partners, particularly in Africa.

In its efforts to further improve efficiency and effectiveness of the Programme's operations and better measure performance, a new monitoring and evaluation (M&E) framework has been developed and is being implemented for the first year at the level of project management activities. In addition, the Programme conducted in 2013 an evaluation of the effectiveness of the DMFAS 6 functional training delivered in 2012, showing a high level of satisfaction.

A large majority of participants rated the overall effectiveness of DMFAS 6 training as excellent (38.7%) or good (48.4%), which is quite similar to the 2011 results. Finally, the Programme has developed in line with the strategic plan, a new capacity-development framework for DMFAS learning products which includes a variety of new or enhanced learning and knowledge-sharing activities.

At mid-term of implementation of the strategic plan, a review was conducted by an independent team of consultant. It concluded that, "on the basis of the current strategic plan, notably, 1) to strengthen the capacity of governments to manage their operational, statistical and analytical debt management functions; and 2) to improve the capacity of DMFAS Programme to deliver effective, efficient and sustainable response to their needs, were also being met".

In addition to the Mid-Term Review, the Programme was audited by the Office of Internal Oversight Services (OIOS) and was reviewed in the framework of an external evaluation of the UNCTAD subprogramme 1 on Globalization, interdependence and development (TD/B/WP/252). Both evaluations highlighted the continued relevance and effectiveness of the Programme. Conclusions of the external evaluation on subprogramme 1 states: "DMFAS effectiveness in delivering capacities has been confirmed". The Joint Inspection Unit evaluation of UNCTAD conducted in 2012 noted that "the success of DMFAS has been recognized on many occasions by the TDB as an example to be followed in the functioning and good management practices in reporting on impact and performance of the activities." (JIU/REP/2012/1, § 60, 61, 63 and 64).

In summary, the DMFAS Programme has continued with the positive implementation of the strategic plan, building on the good progress made in 2011, 2012 and 2013. With one year extension of the current strategic plan, the Programme will further focus on continuing to refine DMFAS 6 and to respond to countries' specific needs.

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

Objective	Expected result	Results as of 31 December 2012	Overall progress
<b>1. Focus countries have the capacity and technology to manage their operational, statistical and analytical debt management functions</b>	1.1 Government information systems established for effectively managing complete, up-to-date and reliable debt databases 1.2 Government capacity improved for effectively reporting on debt, conducting debt analysis and providing inputs to debt strategy 1.3 Government debt operational risk management and PFM integration enhanced 1.4 Improved knowledge of debt management and access to information	<p>Under result 1.1: 86 institutions in 57 countries using the DMFAS, of which 31 institutions in 26 countries are using DMFAS 6 (36 per cent of institutions and 46 per cent of client countries are using DMFAS 6); Improved debt data coverage: 85 per cent of government and government guaranteed external debt; 84 per cent of domestic debt recorded; external debt recorded; 15 central banks monitoring private external debt using DMFAS 6.</p> <p>Under result 1.2, two additional countries produced debt data validation calendars; four more client countries produced a debt portfolio review; and three additional clients produced debt statistics bulletins bringing the number of DMFAS countries producing a debt statistical bulletin to a total of 30. Eighty-seven per cent of DMFAS countries reported to the Debtor Reporting System (2<sup>nd</sup> quarter 2013). Seventy-five per cent of DMFAS clients that accepted to participate in the <i>Public Sector Debt Statistics</i> database effectively reported in 2013 (21 countries over 28).</p> <p>Thirty-eight DMFAS clients are participating in the <i>Quarterly External Debt Statistics</i> database of the IMF–World Bank. In addition, from the 28 DMFAS user countries that accepted to participate in the Public Sector Debt Statistics database 21 reported (75 per cent effectively for Table 1.1–Gross Central Government Debt Position).</p> <p>Under result 1.3, 2 countries integrated DMFAS with their auction systems and 17 countries linked the DMFAS to other financial management systems.</p> <p>Under result 1.4, over 690 participants from 110 countries attended the 2011 and 2013 Debt Management Conference. s.</p>	<p><b>On target</b></p> <p>Clear progress made in helping countries to build sustainable capacity to independently record, report and analyse their debt.</p> <p>Increasing number of countries integrating debt with public financial management.</p> <p>Steady implementation of DMFAS 6, with robust demand coming from existing and new client institutions.</p>
	<b>2. The DMFAS Programme has improved capacity to deliver effective, efficient and sustainable responses to country needs</b>	2.1 Improved predictability, sustainability and cost sharing in Programme financing 2.2 Programme operations coordinated with other debt management technical assistance providers 2.3 Improved effectiveness and efficiency in Programme operations	<p>Five multi-year commitments from donors in 2013 and 7 donors in total</p> <p>Cost sharing increased to a 17 per cent yearly average</p> <p>DMFAS 6 development ongoing in response to client requests during implementation stage</p> <p>Update of 2 capacity-building modules on debt statistics and data validation completed.</p> <p>Planning for a regional centre in Zimbabwe.</p> <p>Participation in 14 DMF events (seven DeMPA, five MTDS and two Reform Plans) and 14 additional joint events with other technical assistance providers.</p> <p>Coordination with IATI for linkage between aid and debt management, and SDMX harmonizing data exchange.</p> <p>Implementation of the monitoring and evaluation framework; development of the capacity development framework.</p>

Figure 1. Overview of the 2011–2014 strategic plan

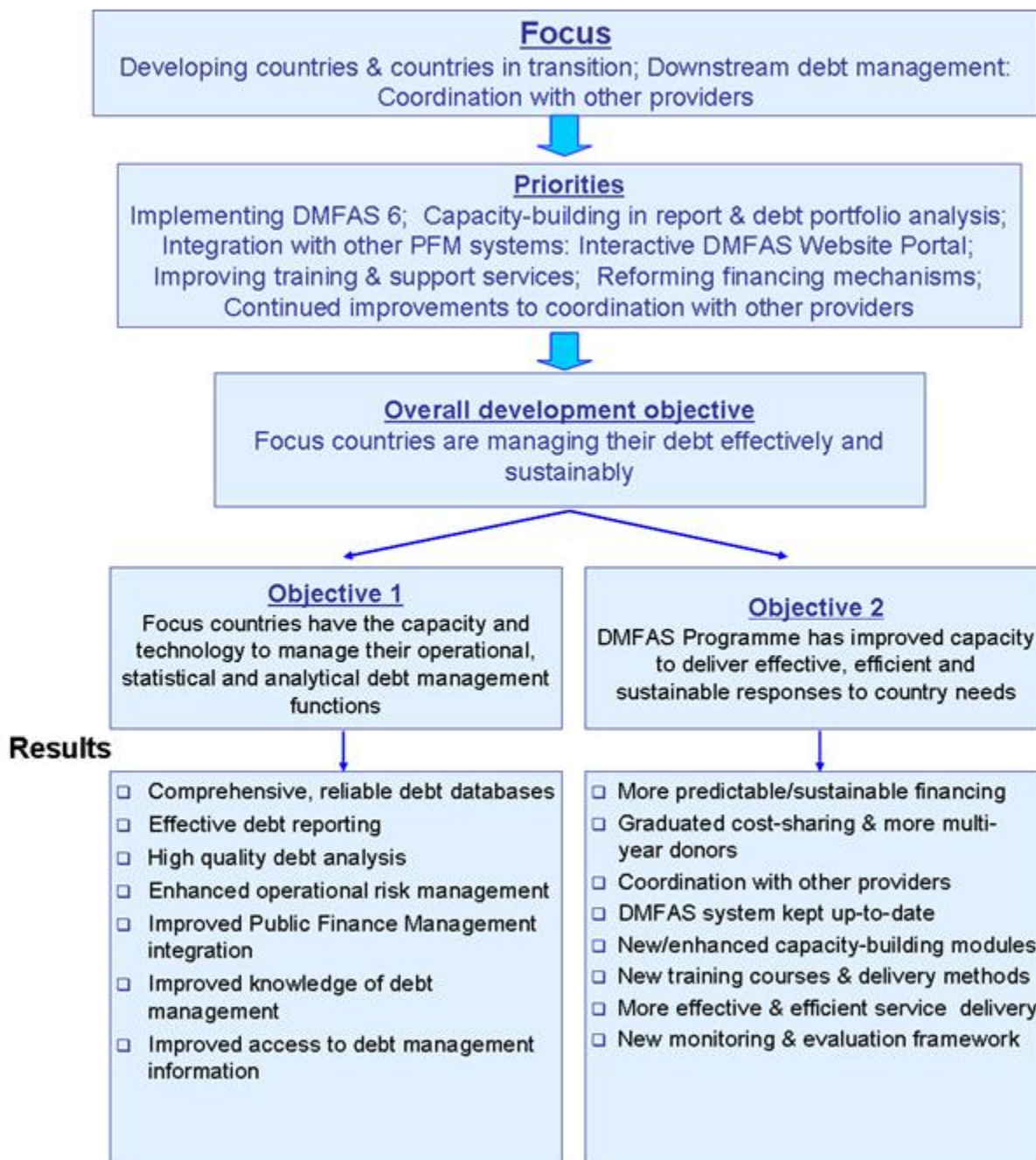
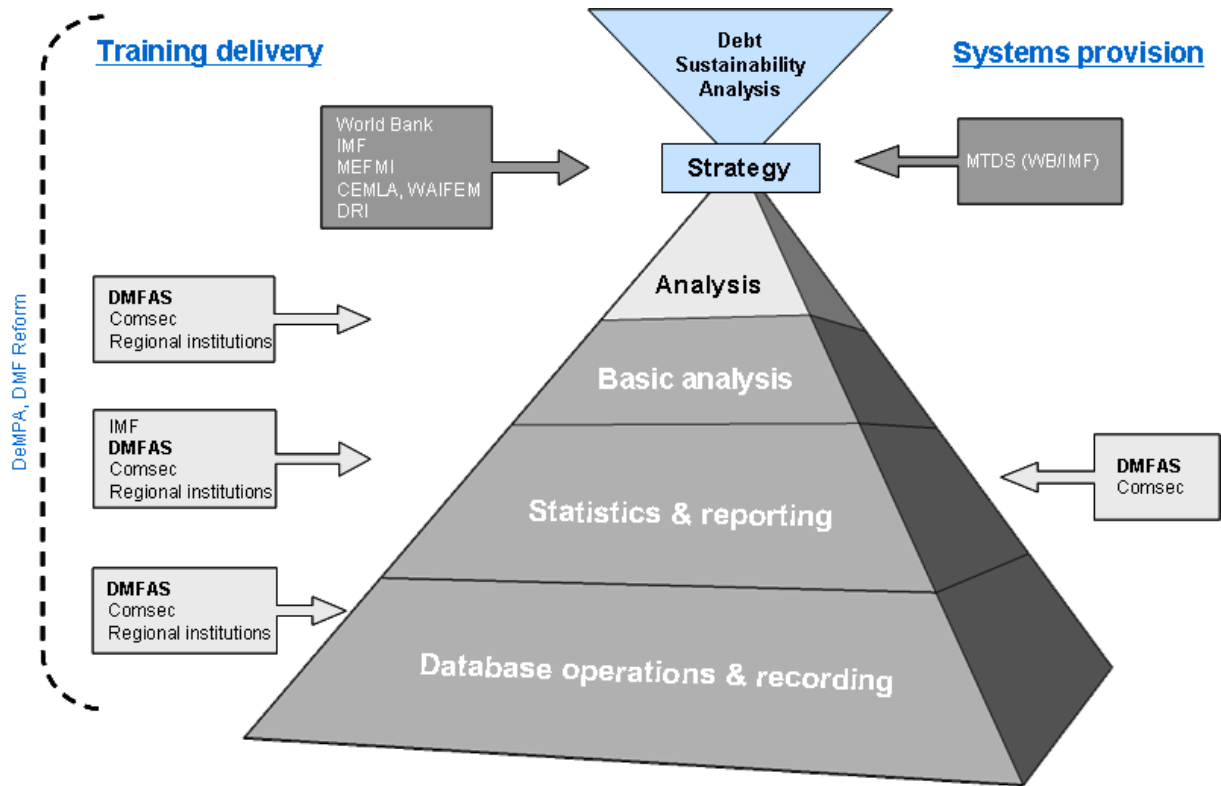


Figure 2. The DMFAS Programme’s capacity-building framework and the main actors providing technical assistance in debt management



## 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 in 2013. 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 2013.

#### 1.1 Impact at the country level

In line with the strategic plan, the priorities of the Programme in 2013 in delivering its services are:

- 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;

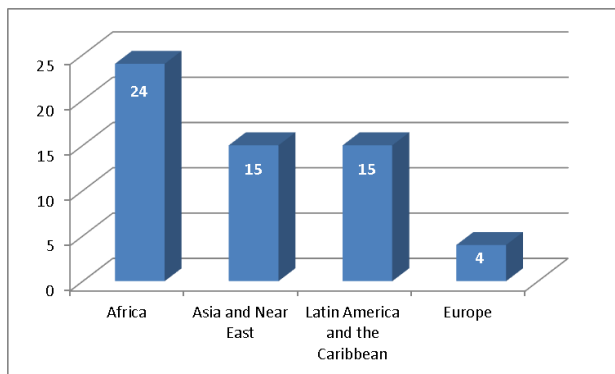
- To enhance the Programme’s capacity to deliver its expertise – both in qualitative and quantitative terms – by upgrading the skills of the central staff, possible outsourcing and decentralization of certain tasks, and improvements to accountability and the reporting of field operations.

**Increasing demand from DMFAS clients**

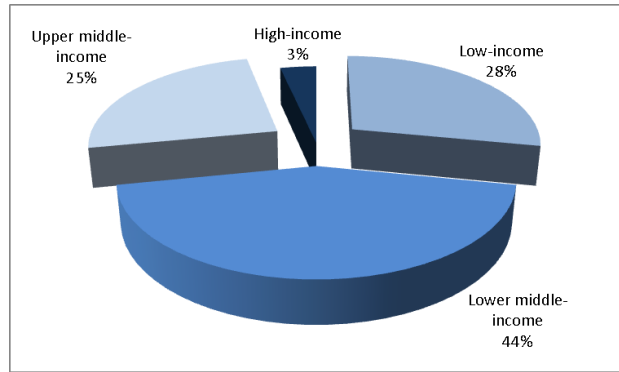
Since its inception in 1981, the Programme has provided technical assistance to a total of 69 countries and 106 institutions. The vast majority of these countries – 57 in total – are active DMFAS clients, with some former clients reactivating negotiations for DMFAS technical assistance projects. Figure 3 shows the geographical breakdown of active countries.

Overall, new project agreements for six countries signed in 2013, namely: El Salvador, Honduras, Lebanon, Nicaragua, Zambia and Zimbabwe and one addendum to an existing project with Madagascar.

**Figure 3. Geographical distribution of active DMFAS users, 2013**



**Figure 4. Active users of DMFAS by income group, 2013**



**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 type 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 2013. As is shown, the vast majority of DMFAS clients belong to the low-income and lower-middle-income category. See annex 3 for a breakdown by country.

DMFAS projects must take into account the different situations that countries find themselves in and 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 the introduction of 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) are therefore major challenges in themselves. 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’s analytical functions in DMFAS 6. It also tested the new capacity-building module in data validation and completed the update of the capacity building module on debt statistics.



The Programme continues to pay particular attention to the needs of heavily indebted poor countries. Of the 39 countries eligible for debt relief under the HIPC initiative in 2013, 20 are 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 was the case with Haiti and the Central African Republic in the past and Guinea-Bissau more recently.

Two 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 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's ability to manage domestic debt are included in DMFAS 6. Secondly, linking debt management to general financial management as well as aid management has become essential. The main focus of the Programme with regard to these interfaces is to provide technical assistance in designing, building and maintaining the relevant links. At the end of 2013, the Programme delivered workshops and technical support for ongoing development of links in six countries: Bangladesh (4 workshops), Democratic Republic of the Congo (2 workshops), Indonesia, Nicaragua (two workshops), the Philippines and Uganda.

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

- Argentina (Ministry of Finance and Province of Rio Negro)
- Bolivia (Ministry of Finance)
- Burkina Faso (Ministry of Finance)
- Dominican Republic (Ministry of Finance) 7
- Guatemala (Ministry of Finance)
- Honduras (Ministry of Finance)
- Indonesia (link with internal systems, including Treasury modules)
- Iran (Islamic Republic of- Central Bank)
- Jordan (Ministry of Finance)
- Nicaragua (Central Bank)
- Panama (Ministry of Finance)
- Paraguay (Ministry of Finance)
- Philippines (Bureau of Treasury and Central Bank)
- Republic of Moldova (Ministry of Finance)
- Venezuela (Bolivarian Republic of)
- Viet Nam (Ministry of Finance)
- Yemen (Central Bank and Ministry of Planning and International Cooperation)

Two countries have developed a link between the DMFAS and their auction systems.

Countries that are recipients of aid are also interested in linking DMFAS with their aid management systems. In 2013, the Programme continued to monitor country requests with the intention to cooperate with relevant partners, such as the United Nations Development Programme (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 2013. Altogether, the Programme organized or co-organized 103 capacity-building events, 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, 13 related to DMFAS 6 functional training and another 15 to DMFAS 6

installations, training and development of links with integrated financial management systems. Thirteen were held on advanced capacity-building in debt portfolio analysis, debt statistics, data validation and procedures manual. These comprised: two data validation workshops in Indonesia and Lebanon; one regional debt statistics workshop with MEFMI in Angola, in which representatives from five countries (Angola, Rwanda, Uganda, Zambia and Zimbabwe) participated, another debt-statistics workshop in the Republic of the Congo,

and two follow-up debt statistics missions in Oman and Paraguay; and four debt portfolio analysis workshops in the Democratic Republic of the Congo, Honduras, Panama, and the Republic of the Congo, and one follow-up mission to Paraguay. In addition, missions to the Republic of the Congo and Honduras resulted in the development of draft procedures manuals. In addition, the Programme participated in 14 activities organized under the World Bank's Debt Management Facility: seven debt management performance assessment (DeMPA) missions to Bangladesh, Bosnia and Herzegovina, Chad,

Ethiopia, Honduras, Madagascar and Uganda; five medium-term debt strategy missions to Azerbaijan, Bolivia, Burkina Faso, Djibouti and Honduras; and two Reform Plan missions in Sudan and Togo. The Programme also provided resource persons for 14 additional international and regional seminars organized by other technical assistance providers, including the Asian Development Bank, IMF, OECD, World Bank and MEFMI.

**Table 2. Regional distribution of DMFAS capacity-building and other activities, January–December 2013**

	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	Total
DMFAS functional training	3		5	2		2	4	16
Information and communications technology installations / trainings / links	1		5			5	5	16
Capacity-building in data validation, debt statistics, debt portfolio analysis and other capacity-building workshops	1		5	2			5	13
MTDS, DeMPA and Reform Plan		2	3	1		1	7	14
Needs assessments	1							1
Project management	4		2			3	4	13
Partner coordination	1	5	1	1	1		5	14
Other, study tours, training of trainers	3	6	3	1			3	16
<b>Total</b>	<b>14</b>	<b>13</b>	<b>24</b>	<b>7</b>	<b>1</b>	<b>11</b>	<b>33</b>	<b>103</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 as 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, like in the Philippines where an UNCTAD expert was posted for nine months as advisor

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 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 analysis – in which the debt portfolio is analysed. The output can be a portfolio review, as in the case of the Democratic Republic of the Congo, Honduras, Panama, the Republic of the Congo and Paraguay, and the results 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 (2004–2013). 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 half-yearly bulletin for the Central African Republic;
- An annual statistical bulletin for Ethiopia;
- A half-yearly bulletin for Haiti;
- A quarterly statistical bulletin for Indonesia;
- A joint Bank of Indonesia–Ministry of Finance monthly statistical bulletin on external debt for Indonesia and a quarterly Central Government debt bulletin by the Ministry of Finance;
- Yearly, quarterly and monthly bulletins in Paraguay;
- A bulletin for external debt in Rwanda;
- A half-yearly bulletin for Sudan;
- A bulletin for external and domestic debt in Togo;
- An annual statistical bulletin for Viet Nam;
- A half-yearly 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.

**Table 3. Implementation of capacity-building modules during the period 2004–2013**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004– 2013
<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>22</b>	<b>11</b>	<b>119</b>
Debt-portfolio analysis	0	0	0	0	1	6	3	2	5	4	21
Debt-portfolio analysis: follow-up	0	0	0	0	0	0	3	0	1	1	5
Debt statistics	1	2	3	4	9	6	3	1	6	2	37
Debt statistics: follow-	0	0	0	0	4	2	3	1	2	2	14
Data validation	0	1	5	4	7	5	3	2	7	2	36
Data validation: follow-	0	0	0	0	3	2	0	0	1	0	6
<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>2</b>	<b>1</b>	<b>12</b>
Debt-portfolio analysis	0	0	0	0	1	1	1	1	1	0	5
Debt statistics	1	0	2	1	0	0	0	0	0	1	5
Data validation	0	0	1	0	0	0	0	0	1	0	2
<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>20</b>	<b>10</b>	<b>107</b>
Debt-portfolio analysis	0	0	0	0	0	5	2	1	4	4	16
Debt portfolio analysis: follow-up	0	0	0	0	0	0	3	0	1	1	5
Debt statistics	0	2	1	3	9	6	3	1	6	1	32
Debt statistics: follow-	0	0	0	0	4	2	3	1	2	2	14
Data validation	0	1	4	4	7	5	3	2	6	2	34
Data validation: follow-	0	0	0	0	3	2	0	0	1	0	6

***New developments in capacity-building modules, other training materials, and consultants***

In response to the evolving needs of the developing countries as well as the latest evolutions 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 data validation module is complete. The guidelines introduced in *Public Sector Debt Statistics: Guide for Compilers and Users*, the update to the previous *External Debt Statistics: Guide for Compilers and Users* and the *Handbook on Securities Statistics*<sup>1</sup> have been

incorporated into the revised debt statistics module. This was presented during the regional debt statistics workshop that took place in Angola in February in collaboration with MEFMI. Changes were incorporated based on the results of the workshop and final validation is being undertaken.

Two new functional training modules, DMFAS 6 Reference Files and What's New in Loans, were produced and validated. As a result, all modules on functional training planned for the DMFAS 6 project have been produced. A new technical training module on Security and Auditing has been developed this year and is now ready for validation. In 2013, the Programme also developed a new capacity-development framework for DMFAS learning products which includes a variety of

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

new or enhanced learning and knowledge-sharing activities. It aims at increasing the efficiency and effectiveness of its learning interventions through the introduction of a new methodology, the development of stand-alone learning material (tutorials, job aids), new e-learning resources (demos), collaborative and peer-to-peer learning through a community of practice, as well as formalizing training assessment through the introduction of DMFAS certification. Another key aspect of the capacity-development framework relies on the development of a knowledge-sharing tool to provide access to debt related information available within the DMFAS Programme.

### 1.3 Operational status of DMFAS in countries

At the end of 2013, 57 countries (86 institutions) were actively using (or reactivating) the DMFAS, out of 69 countries (106 institutions) using the system since the Programme's inception. This represents a fidelity rate of 83 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. In 23 client countries, the system was 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. More details can be found in annex 1.

The DMFAS Programme analyses the evolution of countries in their overall implementation of the DMFAS. 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 IFMIS is used. Annex 2 shows the operational status of the DMFAS software over the seven-year period leading up to 2013 (that is, 2006–2013), as evaluated and revised by the Programme.

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 (that is, review), or in formulating debt strategies (that is, 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 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 is an automatic facility that allows countries to report to the World Bank's Debtor Reporting System).

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 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 debt-management system to the DMFAS.

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.

## 2. Systems management

As countries constantly evolve in their debt-management capacities and in their borrowing choices, so must the DMFAS 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.

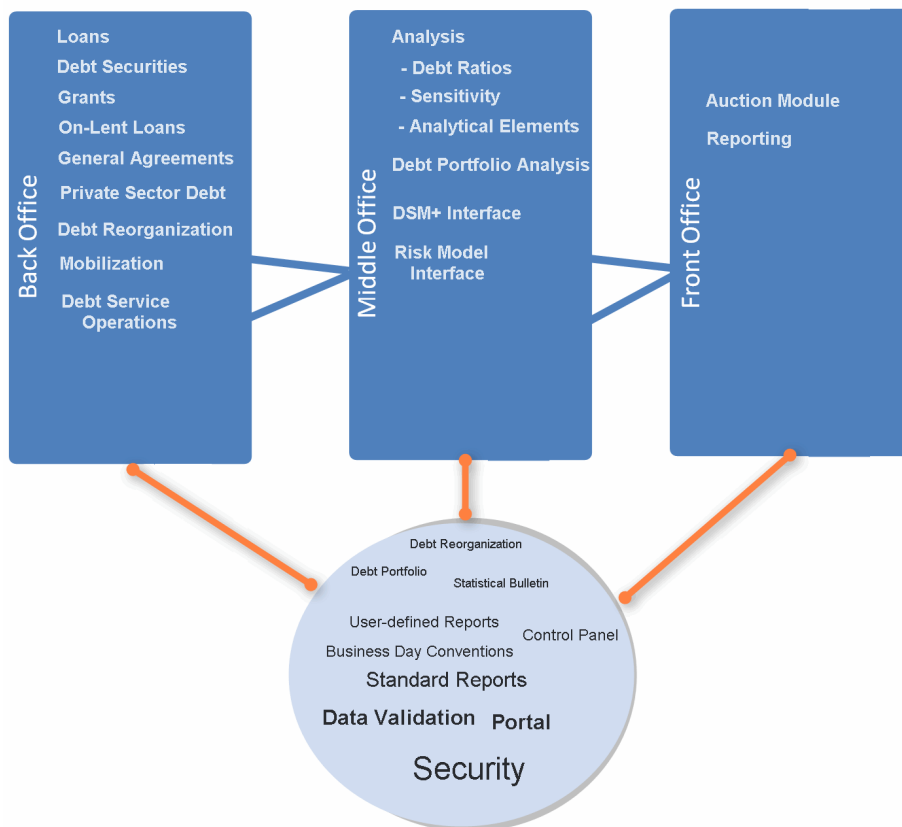
### 2.1 System development

#### 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:

- Performs back office functions such as recording debt contracts, handling transactions and dealing with payment requirements;

Figure 5. Functionalities of DMFAS



- Facilitates interfaces with other analytical software, such as debt sustainability and risk analysis models;
- Supports analysis activities such as determining the impact of future new borrowings, debt restructurings as well as assessing the risk of exchange and interest rate volatility;
- Facilitates debt portfolio analysis, runs simulations, sensitivity analysis and produces debt ratios directly from the database;
- Performs auctions or permits transfer of detailed results from country's specific auction software;
- Provides managerial information to front office officials in a consolidated and user-friendly way;
- Allows use of 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.

During the reporting period, the Programme's development strategy to outsource the development of new features of DMFAS 6 continued to be implemented in close coordination with the central team.

In that context, nearly all the features included in the first three blocks of the system's development plan were delivered, integrated and tested. This includes all the functions of DMFAS 5.3 in addition to the new debt securities instrument approach, the enhanced auction platform, the debt reorganization module, the short-term and private sector debts modules, the expansion of the debt service operations recording, the analytical elements (debt ratios, sensitivity analysis and average terms), 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 (including reporting transactions at a given closing date and the recording of extended amendments).

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 programmes were also updated during the reporting period.

In the context of the elaboration of the new version of the technical documentation (for example, systems architecture, systems security, error handling), a new framework to facilitate the development of interfaces with other applications 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 progress of work is the following:

- (a) Increased scope of instruments: private external and short-term debt modules were being finalized and the *Sukuk* module was under final testing;
- (b) Reporting and analysis: enhanced analytical reporting, risk indicators, query tool, classification and security audit module were implemented;
- (c) Data quality improvements: extended auditing and extended amendments were implemented, while a new data verification feature was under analysis.

The elaboration of the user requirements documents for the interface with the Debt Sustainability Framework, the Debtor Reporting System, the Statistical Data and Metadata Exchange, the managerial and template reports and the workflow has been rescheduled for the next period.

The latest installations and testing of the system deliverables demonstrated that the system performance problems were solved and that the servers' hardware capacity is key for the proper functioning of DMFAS 6.

Several rounds of deliverables were received, reviewed, tested and distributed during the period.

## 2.2 Installation of DMFAS and its updates in countries

### *Installation of version 6*

At the end of 2013, DMFAS 6 was installed in 31 institutions in 26 countries: Argentina (Ministry of Economy and Province of Buenos Aires), Armenia (Ministry of Finance), Bangladesh (Central Bank and Ministry of Finance), Burundi (Ministry of Finance), the Congo (Caisse Congolaise D'Amortissement), the

Democratic Republic of the Congo (Bureau de la dette), the Dominican Republic (Ministry of Finance), Egypt (Ministry of Finance and Central Bank of Egypt), El Salvador (Ministry of Finance), Gabon (Ministry of Finance), Georgia (Ministry of Finance), Guatemala (Ministry of Finance), Honduras (Ministry of Finance), Indonesia (Ministry of Finance), Iraq (Ministry of Finance), Lebanon (Ministry of Finance), Madagascar (Central Bank), Mongolia (Ministry of Finance), Nicaragua (Ministry of Finance and Central Bank), Panama (Ministry of Finance), Paraguay (Ministry of Finance), the Philippines (Treasury), Rwanda (Ministry of Finance), Uganda (Ministry of Finance and Central Bank) the Bolivarian Republic of Venezuela (Ministry of Finance) and Zimbabwe (Ministry of Finance).

Eight installations took place during the reporting period in Bangladesh (Central Bank and Ministry of Finance), El Salvador (Ministry of Finance), Iraq (Ministry of Finance), Lebanon (Ministry of Finance), Nicaragua (Ministry of Finance and Central Bank) and Zimbabwe (Ministry of Finance).

In some cases, for example in Argentina or Lebanon, 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 those of Armenia, Guatemala and the Dominican Republic, immediately utilized the new version for day-to-day operations, with DMFAS helpdesk support.

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

More than 81 per cent of all institutions operating the DMFAS in client countries have adopted one of the latest versions of the software (DMFAS 5.3 or 6). Of the 75 installations being used, DMFAS 6 was installed in 31 institutions, DMFAS 5.3 was being used in 40 institutions, DMFAS 5.2 was being used in five institutions and older versions of DMFAS 5.2 (for example, 5.1 or 4.1 Plus) were no longer actively used (see annexes 1 and 2).

### ***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 provided support to Bangladesh, the Democratic Republic of the Congo (Bureau de la dette) and the Philippines in the development of a link between their own systems and the DMFAS 6. The Programme also supported the Government of Indonesia in the development of a link between DMFAS 6 and additional Treasury modules.

At the Central Bank of the Philippines, the Programme continued to provide technical support on the migration of the Bank's Integrated External Debt Management System, an in-house-developed system, to the DMFAS 6.

The Programme also conducted national workshops on creating and/or updating interfaces, conceptual design and interface development, in different countries, such as Bangladesh, Indonesia and the Democratic Republic of the Congo.

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

Extensive support in using the DMFAS, 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 programmes and instructions through the TRAC system, 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 Programme continues to monitor and refine its online Trac System, which is open-source, to register and track client requests to the helpdesk.

The DMFAS helpdesk received a total of 90 client requests on DMFAS 5.3 between January and December 2013. Of these, 89 requests were resolved and one is waiting (see annex 4a for details).

The DMFAS helpdesk received a total of 386 client requests on DMFAS 6 in 2013. Of these, 282 requests were closed,

11 are marked for future versions and 93 assigned for processing or queries to clients. See annex 4b for details.

### **User documentation**

Work continued in order to complete and update user documentation for DMFAS 6 which includes the DMFAS 6 User's Guide, the Control Panel User's Guide, DMFAS 6 Installation Guide, user documentation supplements as well as the on-line help systems for DMFAS 6 and the control panel. In particular:

- New versions of the English on-line help systems were released in February, June, August and September 2013. They included numerous updates and corrections including auctions, sukuk, drawing requests, closing dates, background processing and data exports;
- A new user documentation supplement on DMFAS 6 Auctions was developed;
- The first version of the Trac system documentation was produced and tested. It consists of a Quick Reference, Frequently Asked Questions and a Glossary;
- DMFAS 6 installation guide for Oracle 11g was updated.

With regard to the French and Spanish versions of the user documentation, a new set of deliverables was received from the localization company; these include user documentation supplements on analysis, auctions, private non-guaranteed external debt and short-term external debt. Translation of help systems was being finalized. It should be noted that the localization process results in a more advanced version of the English version compared to the French and Spanish ones.

Two new functional training modules, DMFAS 6 Reference Files and What's New in Loans, were produced and validated, including the related documentation. As a result, all modules on functional training planned for the DMFAS 6 project have been produced. A new technical training module on Security and Auditing has been developed this year and is now ready for validation.

Based on the on-line survey tool acquired by the Programme to gather complete participant feedback

while ensuring the confidentiality of information, the second comprehensive evaluation report on functional trainings delivered in 2012 was produced in 2013.

## **3. Programme management**

As part of its efforts to improve overall efficiency and effectiveness under objective two of the strategic plan, and in order to better deliver on objective one, a number of improvements by the Programme's management on administration and communication continue to be implemented in 2013. These changes are 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 intensified among the various providers to coordinate capacity-building efforts using a more holistic approach to meeting the multifaceted 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 2013, efforts by the Programme to strengthen its collaboration with the other main organizations involved



in providing debt management include the regular sharing of information on technical assistance activities, such as mission schedules and reports, where possible. They also include organizing joint workshops, and participation in each other's events. Additionally, collaboration includes direct participation as an implementing partner in such initiatives as the World Bank's Debt Management Facility. Another important example is the continued participation by UNCTAD (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 collaborates with various departments involved in debt management within the World Bank. These include the World Bank's Development Data Group, the Treasury, the Banking and Debt Management Group, and the Economic Analysis and Debt Department. The Programme meets each of these departments at least once a year to discuss modalities of cooperation.

In 2013, collaboration with the World Bank includes the following:

*Debt Management Facility:* 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 Debt Management Facility 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 the same year for DMFAS participation in six additional missions. The Programme's participation in these DMF activities received positive feedback from the DMF stakeholders as well as the country beneficiaries. In 2013, 14 debt management facility missions were completed: seven debt management performance assessments missions (Bangladesh, Bosnia and Herzegovina, Chad, Ethiopia, Honduras, Madagascar and Uganda), five medium-term debt strategy missions (Azerbaijan, Bolivia, Burkina Faso, Djibouti, Honduras), two Reform Plan missions in Sudan and Togo and coordination of a regional medium-term

debt strategy workshop in Uganda in April, jointly with the World Bank. In addition, the DMFAS Programme participated in the fourth Debt Management Facility Stakeholders' Forum that took place in Berlin, Germany, in May.

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

### **International Monetary Fund (IMF)**

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 the IMF also includes coorganization of workshops on debt statistics, and participation by both organizations in the Inter-agency Task Force on Finance Statistics (TFFS), which has so far been active in developing guidelines for external debt, public debt and securities statistics, and in coordinating capacity-building activities in debt statistics. The DMFAS Programme participated in the annual meeting of the TFFS in the Paris, France, 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.

### **Macroeconomic and Financial Management Institute of Eastern and Southern Africa**

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.

The Programme jointly organized in February a regional debt statistics workshop in Luanda with MEFMI.

### **United Nations Development Programme**

The DMFAS Programme's collaboration with UNDP in 2013 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 14 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, coordinates activities.

### ***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; (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 pursuing important strategic partnership, which can 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 and the Development Gateway Foundation software.

### ***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, EUROSTAT, the IMF, OECD, the World Bank and the Commonwealth Secretariat (COMSEC) are also participating.

A plan was discussed in 2010 between the DMFAS Programme, the World Bank and COMSEC delegates to utilize SDMX to produce and remit the countries' information to the Debtor Reporting System. Development of the required specifications for the implementation of the new methodology started in 2011 and continues to be implemented.

### **3.2 Synergies within UNCTAD**

Within UNCTAD, the DMFAS Programme and the Debt and Finance Analysis Unit (its sister unit within the Debt and Development Finance Branch) collaborate and address debt issues jointly. In 2013, key examples of collaboration included the preparation of UNCTAD reports for the Trade and Development Board for the UNCTAD secretariat and the office of UNCTAD's Secretary-General. This collaboration also included the sharing of one staff member, who is responsible – among other duties – for helping improve and deliver the DMFAS Programme's capacity-building module in debt portfolio analysis. In addition, the DMFAS Programme actively cooperated with the Debt and Development Finance Branch in the implementation of United Nations Development Account projects of the Branch on asset and liability management and risk management. In this regard, the DMFAS Programme participated in the organization and delivery of the workshop that was held in Bolivia on Asset Management Liability. In addition, the DMFAS Programme assisted the Branch in the organization of the assessment mission in Zambia on sovereign contingent liabilities under the project "Strengthening Capacity for Effective Asset and Liability Management in National Debt Management Offices".

The development of the new DMFAS web portal is the outcome of a joint project with UNCTAD Information Technology Section. This fruitful collaboration resulted in the launching of the new portal in November 2013 at the occasion of the 9<sup>th</sup> DMFAS Advisory Group meeting.

The DMFAS Programme also contributes to a number of UNCTAD and United Nations reports. In 2013, these included the:

- UNCTAD *Annual Report 2012*;
- Annual Trust Fund Progress Reports;
- Report by the UNCTAD secretariat on technical cooperation activities carried out in 2012 (cluster 11: strengthening the debt-management capacity of developing countries).

In line with Trade and Development Board decision 492 (LIV) (of 2007) 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 strategic plan, the Programme continued monitoring and improving its efficiency. This is reflected in the points highlighted following.

#### ***Mid-term review***

A mid-term review (MTR) of the Programme was carried out by two independent consultants from May to October 2013. The MTR aimed at determining the continued relevance and fulfilment of the Programme’s objectives, and its development efficiency, effectiveness, impact and sustainability (see terms of reference of the MTR in Annex 10). The evaluation consisted of a review of DMFAS Programme documentation and products, a quantitative and a qualitative study of user satisfaction of the Programme’s services, a study of donors’ satisfaction, interview with key partners and several donors and field missions to Indonesia, Madagascar and Uganda.

The conclusions of the MTR were presented to the users and donors at the next DMFAS Advisory Group meeting, in November. Results of the MTR recognized the

relevance and the effectiveness of the Programme. The recommendations (See Annex 9) serve as a valuable input for the Programme as the most of the recommendations have been adopted by the Advisory Group.

#### ***Decentralization***

One objective of the Programme’s strategic plan 2011–2014 is to establish two new regional support centres. The experience of operating two centres, in Buenos Aires and in Bamako, has provided the Programme with opportunities to improve the decentralization process, including incorporating lessons learnt from the closure of the DMFAS centre in Mali in 2012 due to the security situation. Attention is placed in finding alternative solutions and reliable funding for the regional centres.

Initiated in 2011, and based on lessons learnt, the Programme and its regional partner, the Macroeconomic and Financial Management Institute of Eastern and Southern Africa, continue discussions to develop a regional centre in Harare.

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

Internal improvements are implemented in monitoring and evaluation procedures through more transparent and inclusive involvement of stakeholders.

In line with Objective 2 of the Strategic Plan, the DMFAS Programme established a project to improve monitoring and evaluation (M&E) of the technical assistance projects and to objectively measure their performance. As a result, the Programme developed an M&E framework including a comprehensive set of M&E activities which is being implemented in pilot countries for the first year. The M&E will strengthen monitoring of DMFAS Technical Cooperation Projects used to track progress and better address countries’ needs. Evaluation of DMFAS Projects contributes to assessing Programme’s effectiveness and ensuring accountability to stakeholders; and strengthen internal coordination while facilitating information sharing, work flow, and learning.

In addition, the Programme conducted in 2013 an evaluation of the effectiveness of the DMFAS 6 functional training delivered in 2012, showing a high level of satisfaction. A large majority of participants rated the overall effectiveness of DMFAS 6 training as excellent (38.7%) or good (48.4%), which is quite similar to the 2011

results. These efforts to systematically evaluate DMFAS 6 functional training continues in 2013.

In 2013, an external evaluation of the UNCTAD subprogramme 1 on Globalization, interdependence and development (TD/B/WP/252) was conducted. It highlighted the relevance and effectiveness of the DMFAS Programme. The report finds that the DMFAS Programme has gained a competitive advantage through its expertise and a good track record in the field and that technical assistance requests received by the Programme confirm continued demand for its services. Conclusions state: "Its effectiveness in delivering capacities has been confirmed".

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

The DMFAS Programme revamped its website and the new DMFAS portal was launched during the 9<sup>th</sup> DMFAS Advisory Group meeting in November. The website, developed with the support of UNCTAD Information Technology Section, includes new features to better inform the public on the Programme's work and better serve DMFAS clients. The new DMFAS portal offers a more relevant, modern, accessible and interactive website with new functionalities. In particular, it improves the timeliness and availability of new information, improves its communications with DMFAS stakeholders, and offers new services through a secure client area. The content of the DMFAS website has been entirely revamped to be more attractive and provide more useful information, including a resource center on debt management accessible to the public. The secure client area offers specific services to the DMFAS users including the functional and technical documentation, capacity-building material and self-training quizzes. A user forum will be implemented in 2014.

In addition, the Programme continues 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. Three issues of the DMFAS newsletter were published, in February, June, and December, and were posted on the Programme website in English and French.

Periodic activities calendars are distributed to stakeholders, keeping them informed of Programme technical assistance country activities, regional events, and cooperation with implementing partners.

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 keeping with its usual practice, the Programme produced the *Annual Report 2012*, which presents the activities of the Programme until the end of December 2012.

In 2013, 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 9<sup>th</sup> Debt Management Conference was held from 11 to 13 November 2013 within the work plan of UNCTAD's Globalization and Development Strategies Division. The Conference was immediately followed by the 9<sup>th</sup> DMFAS Advisory Group Meeting on 14 and 15 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 had a high level of participation, both in terms of representations from countries and user institutions.

The focus of the Conference was on external shocks, debt crisis prevention, and transparency in debt management, including country experiences. Topics included:

- External shocks, financial stability and debt;
- Debt restructuring mechanisms;
- Debt sustainability: After the HIPC Initiative and the global crisis;
- Effective debt strategies in the current macroeconomic environment;
- Optimal sources of financing;
- Contingent liabilities;
- Debt portfolio: Composition and risk management;
- Debt data and transparency: Challenges and the capacity-building needs of countries.

Back-to-back the Debt Management Conference, the DMFAS Programme organized its 9th Advisory Group Meeting and annual donors meeting. The Advisory Group Meeting provides the opportunity for beneficiaries, donors and development partners to discuss the Programme's capacity building activities in debt management, its debt management and financial analysis (DMFAS) system, and the future direction of the Programme. In particular, it examined progress on the implementation of the strategic plan and DMFAS responses. The Mid-Term review recommendations were presented and the DMFAS Programme shared its responses to allow the Advisory Group to discuss the proposals. In addition, the new DMFAS web portal was officially launched and presented during the meeting.

### **3.6 Challenges faced by the DMFAS Programme in 2013**

As with any programme DMFAS faced a number of challenges during the year and addressed them.

After being closed in 2012, the DMFAS West Africa office located in Bamako, Mali could not be reactivated and activities continue to be implemented from headquarters. In implementing the agreed plan to further decentralize some functions, the Programme needs to carefully evaluate the different options available for locating these new offices. Any decision will take into account costs and

prioritization for Africa as well as the lessons learned from the existing regional centres.

In addition, the Programme continues to outsource the translation of new user documentation supplements to face the growing demand of material in French and Spanish.

Among the key challenges faced by developing countries in managing debt are dealing with high staff turnover and the updating of skills, organizational procedures and information management systems in order to keep pace with the dynamic changes in global finance and public financial management practices. The Programme thus needed to factor these realities into its support interventions during the year, maintaining adequate flexibility to address these needs.

In regard to the technical dimension, the Programme faces some challenges in facilitating the development of links between the DMFAS software and other financial management systems. The DMFAS Programme supports its client countries in designing the link and, countries are responsible for its programming and implementation. This set up requires countries to have the national capacity to programme and maintain the link. However, practice shows that a number of countries are dependent upon the DMFAS Programme's support and do not have the necessary resources to maintain the links in the longer term. Specific requests made to the Programme to fully develop the links need to be examined in light with the scarce resources available. Another challenge is that the Programme is relying on external consultants to implement some of its activities. However, only a limited number of competent experts are available in the market, in particular for French-speaking experts, and this can impact the timely delivery of activities. Training for new consultants has continued in 2013 based on the experience gained in the previous years, with a view to raising the number of experts.

In order to fully implement the new monitoring and evaluation framework and thus maximize its effectiveness and efficiency, there is a need to develop a new computer system which will require considerable investment. This will be included in the 2014 workplan.

Finally, the Programme receives numerous demands for advanced capacity building in debt analysis including for more upstream activities, for example in risk analysis and

linkages. Many of these demands are beyond the areas covered by the strategic plan 2011–2014. The challenge the Programme has, and will have, is to try to incorporate

timely responses and coordinate with partners where applicable.