TFFS
TASK FORCE ON FINANCE STATISTICS

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Occasional Paper on Review of Main Debt Management Activities
March 2014–February 2015

Prepared by the Commonwealth Secretariat

The Commonwealth

Commonwealth Secretariat

Debt Management Section
Special Advisory Services Division

REVIEW OF MAIN DEBT MANAGEMENT ACTIVITIES

March 2014 – February 2015

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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 Debt Guide and debt data methodology and standards.

During the period under review, ComSec in collaboration with Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) organized a workshop for the Southern and East Africa Region to facilitate the effective use of the new version in the CS-DRMS. The workshop, which was held in **Nairobi, Kenya** introduced participants to the functionality in new version of CS-DRMS including compiling and reporting of debt data in conformity with the Guide's instrument and institutional classification.

The project on assisting countries to develop Public Debt Bulletin initiated in 2011 continued during the period under review. Under the project, **Papua New Guinea** was assisted during this period. 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.

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). Country specific missions with focus on improving debt data quality, were undertaken to **Trinidad and Tobago, Namibia, Mozambique and Vanuatu** during the period under review. This is being complemented through data assessment missions designed to determine the integrity of public debt data, and where required, electronically upload domestic debt data into CS-DRMS to create a complete public debt dataset in a single computerized system. **Barbados and Jamaica** were assisted through development of an interface link between the depository system held at the Central Bank and CS-DRMS at MOF. The exercise has resulted in creation of more comprehensive Public Debt Database which would help supporting debt reporting under standards as specified in the Public sector Debt Statistics Guide.

2. Development of CS-DRMS

The latest version of CS-DRMS (version 2.0) was released late 2015. This version incorporates a range of features and represents a significant upgrade over its previous version. New features include the following:

Feature	Description
QPSD	A data export facility for seamless reporting in line with the requirements of the Quarterly Public Sector Debt Statistics (QPSDS). The system has now a built-in template which is automatically populated.
Statistical and analytical reports	New reports for better monitoring and analysis of risks in the portfolio. Examples include: • Average Terms of New Borrowings (by Maturity Groups) • Debt Profile – Risk Indicators – Interest Rate Mix • Debt Profile – Risk Indicators – Currency Mix • Debt Service Profile – Amortisation by Currency • Summary of Gross Debt and Net Debt (Table 5.2 of the Public Sector Debt Guide) • Debt Service Payment Schedules of Gross Debt (Table 5.7 of the Public Sector Debt Guide)
SDMX compliant DRS	The data export utility to generate the necessary files for transmission to World Bank DRS has been made compliant with the statistical data and metadata exchange (SDMX) standards.
Non-business days	Forecast of debt service flows takes into consideration non-business days, for more accurate reporting of debt service. Calendars of non-business days by currency, depository bank or country can be maintained in the system. Additionally, the system allows recording of the various non-business day conventions/rules applied by different creditors.
Exclusion of future disbursements	CS-DRMS now includes an easy to use facility for users to manage their portfolio by either including or excluding future disbursements from loans. It as such allows reporting of debt service flows and stock balances that exclude undisbursed amounts in line with recommendations from the guide
Liability Management Operations	Recording and compilation of flexible loan products with embedded options (currency conversion, interest conversion, interest rate cap, interest rate collar, specified rate fixing). This facility enable borrowers to better manage the currency and interest rate risks of their debt liability

Variable interest rate spread	Besides utilising a fixed spread, the system now also allows users to record and manage variable spreads for variable rate loans.
Dashboard	The system comes with an interactive dashboard which provides debt portfolio information at the debt manager's finger tips. Examples of summaries include: • **Stocks and Flows profile:** A facility which allows the user to generate charts based on the stocks and flows profile over a defined period. The data can be broken down by different user selected dimensions such as creditor category, agreement type, etc. • **Currency Composition:** A chart displaying the currency composition of debt stock. • **Pivot Grid:** Allows the user to analyse the aggregated stocks and flows information according to selected dimensions (e.g. creditor category, currency, etc.) and measures (e.g. principal, interest, stock, etc.) • **Payments Due:** Debt service payments due in the next 'n' number of days • **Arrears:** Principal/Interest arrears by creditor category with the provision to drill down to creditor and instrument
DDQ	A business friendly reporting tool which allows debt managers to extract ad-hoc information on their debt portfolio. The portfolio is presented using a business friendly model allowing users to extract required information directly from the model into a grid using simple drag and drop technology.
Lending portfolio	Earlier versions of CS-DRMS allowed countries to record lending instruments but in a separate database. In Version 2.0, lending instruments can be managed as a lending portfolio within the same database as the liability instruments. Reports specifically designed for managing lending instruments have been added. Inclusion of this lending module will allow the management of assets and liabilities within the same database
Data quality monitor	A utility has been added to gauge the quality of the database in terms of how up-to-date the data is, the completeness of actual transactions and presence of arrears, amongst others.

As of now, DMS has conducted three workshops on CS-DRMS v2. Two regional workshops; one for the Caribbean Region and one for the Eastern and Southern Africa Region were organized in collaboration with the ECCB and MEFMI in **St Kitts and Kenya** respectively. Resource persons from the World Bank Treasury, Inter-American Development Bank, Caribbean Development Bank and African Development Bank also facilitated specific sessions at these workshops. A total of 70 users were trained during these two workshops.

ComSec, in January 2015, organised a CS-DRMS 'Train the Trainer' workshop in London to build capacity among potential resource persons to assist countries in the successful adoption of the latest version of the software. The workshop was successfully completed by 20 carefully selected participants, which included consultants as well as country officials coming from various regions. This pool of resources now represents a useful resource base that can dispense training and provide onsite support to countries.

Another workshop is being organized in collaboration with MEFMI in **Swaziland** during March 2015. This training is expected to be followed by another group of around 30 participants.

So far, around 10 countries have already migrated to the new version of CS-DRMS. Several others have already indicated their intention to upgrade to the new version during the first half of the year.

3. Commonwealth Secretariat Public Debt Analytical Tool (HORIZON)

The public debt analytical tool of the Secretariat called HORIZON, which was launched in October 2012 is being deployed in member countries. During the period under review, the tool was used in **Botswana and British Virgin Islands to assist with medium term debt strategy formulation** to guide borrowing decisions while minimizing cost and limiting various market risks associated with the debt portfolio. In **South Africa** an upgraded version of Horizon was installed to support effective and efficient debt management operations. The software is planned to be installed this year in more countries including Mauritius, PNG, Kenya and Nigeria.

4. Policy Support on Debt Management

The Secretariat also delivers assistance on policy support to member countries on various aspects of public debt management including institutional arrangements, legal framework, development of domestic debt market and the formulation of a debt management strategy. In response to a request, **Malta** was assisted with developing a Public Debt Management Act that reflects an effective legal framework and supports sound practice, good governance and prudent principles of debt management. **Tonga and Bahamas** were assisted with the policy advisory assistance on developing domestic bond Market. Policy advisory assistance was provided to **Kenya** on setting up of a Public Debt Office. A mission was fielded to **Bahamas** to review current public debt management arrangement, identify areas that require strengthening and draw up an action plan for assistance to the country. DMS also participated at the CARICOM Central Bank Governors' Meeting to identify policy options for debt reduction in the Caribbean region to sustainable levels.

5. 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 integrated public debt database in the CS-DRMS. During period under the review, **Barbados, Namibia** and **Jamaica** were assisted in uploading of their domestic debt data in CS-DRMS.

6. Developing a Statistical Bulletin for Public Debt

In 2010-11, the Secretariat embarked on a project aimed at improving the dissemination of public debt data through annual public debt Bulletin. The project started with a regional workshop for Southern and East Africa countries followed by another similar workshop for the South Pacific region. Following the two regional workshops, assistance was provided, at the request of member countries in developing statistical bulletins on Public Debt using reporting tools of CS-DRMS. In period under review, assistance on developing public debt bulletin was provided to **Papua New Guinea.**

7. Training Activities

- At the country request, training was provided to **Jamaica** (December 2014) on uploading of domestic debt data in CS-DRMS to create an integrated debt data base.

- In country hands-on-training in the latest version of CS-DRMS and data validation issues was provided to **Namibia, Vanuatu and Mozambique.**

- In March 2014, at the request of **Guyana**, an in-country workshop on Domestic Debt was conducted at Georgetown for the benefit of debt managers from the Ministry as

well as Central Bank. The participants were also trained on recording and reporting facility of CS-DRMS in respect of domestic debt

- In-country training on Developing a Debt Bulletin using the CS-DRMS were provided to **Papua New Guinea** (February 2014)

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

- IMF- World Bank Workshop on Medium term Debt Management Strategy, Vienna, October 2014
- Latin American and Caribbean Debt Group-VIII Thematic Workshop, Washington D.C., USA, December 2014
- World Bank -Sovereign Debt Management Forum, Washington D.C., USA, December 2014
- Commonwealth UN – Representatives Financing for Development, New York, January 2015

Debt Management Section
Commonwealth Secretariat
London
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Commonwealth Secretariat: Review of Debt Management Activities:
February 2014-January 2015

Month	Event	Location
February 2014		
	Regional Workshop on CS-DRMS organized in collaboration with MEFMI	Nairobi, Kenya
	Piloting of CS-DRMS Version 2	Nairobi, Kenya
	Developing a Debt Bulletin	Papua New Guinea
March 2014		
	Needs Assessment Mission	Nassau, Bahamas
	Training on Domestic Debt Management and CS-DRMS	Georgetown, Guyana
	Formulation and Implementation of MTDS	Gaborone, Botswana
	Piloting of CS-DRMS Version 2	New Delhi, India
April 2014		
	Piloting of CS-DRMS Version 2	Bridgetown, Barbados
	Policy Advisory Work on Formulation of Public Debt Act	Valetta, Malta
	Debt Data Validation in CS-DRMS	Port of Spain, Trinidad and Tobago
June 2014		
	Policy Advisory Work on Formulation of Public Debt Act	Valetta, Malta
	Debt Data Validation in CS-DRMS:	Port of Spain, Trinidad and Tobago
August 2014		
	Policy Advisory Support on Medium-term Debt Management Strategy Formulation:	British Virgin Islands
	Building an integrated public debt database using CS-DRMS Version 2.0	Windhoek, Namibia
September 2014		
	Joint COMSEC/MEFMI In-Country Assistance on CS-DRMS Upgrade and Training on the Use of CS-DRMS Version 2:	Maputo, Mozambique

	Deployment of Horizon	South Africa
	Policy Advisory Work on Debt Market Development	Tonga
October 2014		
	Deployment of CS-DRMS Version 2.0:	Vanuatu
	Participation in Workshop on Designing Government Debt Management Strategies	Vienna
November 2014		
	Finalization of Public Debt Management Act	Valetta, Malta
	Policy Advocacy on Caribbean Debt Initiative	Port of Spain, Trinidad and Tobago
	Policy Advisory Work on Debt Market Development	Nassau, Bahamas
December 2014		
	Latin American and Caribbean Debt Group – VIII Thematic Workshop	Washington D.C., USA
	Sovereign Debt Management Forum	Washington D.C., USA
	Upload of Domestic Debt Data and Deployment of CS-DRMS:	Bridgetown, Barbados
	Upload of Domestic Debt Data and Deployment of CS-DRMS	Kingston, Jamaica
January 2015		
	Training of Trainers Workshop on Use of CS-DRMS version 2:	London, UK
	Commonwealth UN-representatives Financing for Development	New York, USA
	Setting up of a Debt Management Office	Nairobi, Kenya
February 2015		
	Upgrade of CS-DRMS to latest version	Nairobi, Kenya
	Developing a Debt Bulletin	Trinidad and Tobago