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COMSEC Occasional Paper on Main Debt Management Activities
March 2007 – February 2008

Prepared by COMSEC



Commonwealth Secretariat

*Debt Management Section
Special Advisory Services Division*

**Review of Main Debt Management Activities
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1. Activities related to the Inter-Agency Task Force on Finance Statistics

The Commonwealth Secretariat continues to collaborate with Task Force members on activities related to the dissemination of the Debt Guide. The Secretariat remains proactive at sensitizing users of the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) to the new Debt Guide and to debt data methodology and standards. For this purpose, the Secretariat is collaborating with the IMF and its regional partners to offer a series of workshops on the Guide and its application in CS-DRMS for external debt data compilers/back office staff.

During the period under review DMS organized one regional workshop on "External Debt Statistics" held at Perth, **Australia** in August 2007 in collaboration with the IMF and the Western Australian University. With this, regional workshops on External Debt Statistics have been conducted in all the regions of Western Africa, Southern and Eastern Africa, Caribbean region and Asia and Pacific region during 2005-2007. DMS also participated in the IMF course on External Debt Statistics, held in Washington, D.C. in September 2007.

DMS also continues to focus on debt data quality and integrity issues and assists users in data dissemination to the World Bank, IMF and other international organizations. To improve external debt data quality, country specific missions were undertaken during the period under review in **Malawi, India, Cameroon** and **The Gambia**.

2. Development of CS-DRMS 2000+

Work continued on further improving and developing CS-DRMS 2000+ during the period under review. Following the release of CS-DRMS 2000+ (Version 1.2) in February 2006 which includes an optimized version of Management Tools, a new version of the CS-DRMS will be released in March 2008 that would provide better functionalities in data recording and data reporting, including the best standard as prescribed in the Guide and also enable greater and comprehensive debt analysis. The release also address data quality issues reported to us since the release of version 1.2.

To reinforce the usage of the Domestic Debt Module in CS-DRMS 2000+, an **Auctioning Module** has been developed. The module will allow the capture and processing of data on government securities right from the issuance stage that would be transmitted to the domestic debt module. The module also has facilities for analyzing auctioning details. The module has been tested in **Nigeria, Sierra Leone, and Malta** and installed in **The Gambia**. The module will be officially released in April 2008 at Pretoria, South Africa.

DMS also initiated a project on Integrated Financial Management and Information System related to public sector financial system. The project aims at building interfaces between CS-DRMS 2000+ and other public sector financial management systems used by countries for efficient and accurate data keeping. As part of the project, DMS undertook cross-country missions to **Ghana, Tanzania, Barbados** and **Jamaica**. A second phase of the project is planned to commence by mid 2008.

3. Domestic Debt Recording and Monitoring

The rising levels, high interest costs and short maturity structure of domestic debt have been a cause of concern for a number of countries. In response to requests from several such countries, DMS has intensified its assistance in the area of domestic debt management. The measures taken are designed to (a) enhance the institutional capacity for managing domestic debt; (b) initiate the use of the domestic debt module in CS-DRMS 2000+ for capturing data on domestic debt; (c) introduce the Auctioning Module for issuing domestic debt securities in CS-DRMS 2000+ (refer 2 above); (d) organize training workshops on domestic debt management in a bid to develop local capacity; and (e) assist countries restructure their debt portfolio.

As a result of our assistance, a number of countries are increasingly using CS-DRMS 2000+ for domestic debt management. During the period under review, the use of domestic debt module was operationalized in **Sierra Leone**, after a similar exercise in **The Gambia** in 2006. In the previous year, the domestic debt module was implemented in **Nigeria, Sri Lanka** and **Kenya**. For implementation of the domestic debt module in the near future, needs assessment missions were undertaken in Lesotho, **Malawi** and **Ghana**. DMS continues to receive requests for member countries for review missions in Domestic Debt Management and will plan missions to these countries in due course.

Plans are also underway to develop an analytical module in CS-DRMS 2000+ to assist users in domestic debt analysis. This would be based on implementing the recommendations made at a pan-Commonwealth Workshop in Mumbai, **India** held in July 2005 to gather analytical requirements for domestic debt management.

4. Regional CS-DRMS/Debt Management Advisers

In an effort to improve the level and quality of assistance we offer to our client countries, the Commonwealth Secretariat, in collaboration with its regional partners, namely, **WAIFEM, MEFMI, The Eastern Caribbean Central Bank (ECCB),** and the **Ministry of Finance and Economic Planning in Suva, Fiji,** is implementing a project by placing a Regional CS-DRMS/Debt Adviser in each of the following regions: - West Africa, East and Southern Africa, the Caribbean and Pacific region. The four Regional Advisers work closely with the partner organizations to ensure full implementation of CS-DRMS in all user countries under their domain.

The Regional Advisers project which started in May 2005 has already made a positive impact both in terms of the speed at which we can respond to users' requests and also the sustained assistance we can now provide. A mid-term evaluation of the project is scheduled later in 2007. The project will end by June 2008.

5. Training on Management Tools

In recent years there has been an increased demand from member countries for assistance in the area of debt analysis. As a response to this need, the Management Tools module in the CS-DRMS which facilitates external debt analysis has been enhanced and optimized with the release of the CS-DRMS version 1.3. To deepen its use, several workshops are being held to benefit the member countries. Under the reporting period, two regional workshops on Management Tools were held in **Lesotho** for the Southern and Eastern Africa member countries in collaboration with MEFMI, and in **Papua New Guinea** for the South Pacific

Region. One similar regional workshop is planned for the Western Africa region in April 2008 in collaboration with WAIFEM and for the Caribbean region in the second half of 2008.

7. Release of the French Version of CS-DRMS 2000+ and training in its use

To extend the use of CS-DRMS 2000+ to francophone countries, a French version of CS-DRMS 2000+ has been developed with project funding from **Organisation Internationale de la Francophonie** (OIF). The project will cover the four-year period 2006-2009. As part of the project, CS-DRMS 2000+ has been translated into French and is currently used by seven countries and two more countries have requested for its installation in the months to come.

The Central African State of Equatorial Guinea became the eighth country to adopt the French version of CS-DRMS 2000+, bringing the total number of countries that use CS-DRMS 2000+ to over 55. Equatorial Guinea's adoption of CS-DRMS 2000+ was facilitated by the Organisation Internationale de la Francophonie, which acts as the Commonwealth Secretariat's partner for the French version.

8. Implementation of CS-DRMS 2000+ in non-Commonwealth countries

The Crown Agents currently acts as the sole distributor of CS-DRMS to non-member countries. The Distributorship Agreement between Comsec and the Crown Agents was reviewed and a new Distributor Agreement signed in October 2005. In October 2005, **Bhutan** became the 56th country to install CS-DRMS under a project implemented by the Crown Agents.

9. Training Activities

- In **March 2007**, DMS organized a regional workshop for South Pacific and Asian clients on Domestic Debt Management. The workshop was held in **Singapore**.
- In **March 2007**, DMS provided training to debt management officials in the West African sub-region on portfolio analysis using the Management Tools facility in CS-DRMS. The workshop, which was held in collaboration with WAIFEM, was held in **Lagos, Nigeria**.
- A regional workshop to 'train the trainers' was held for French speaking users of the application, in collaboration with Pole Dette in **April 2007**. The workshop was held in Douala, **Cameroon**.
- An interstate workshop on the use and functionality of CS-DRMS was organised in May 2007 for four states in India which have adopted CS-DRMS 2000+ to record and manage state debt. The workshop was held in Faridabad, India.
- In May 2007, DMS provided training to 25 participants from the Eastern and Southern African region, on the Domestic Debt management and the securities auction process. The workshop, which was organised in collaboration with MEFMI, was held at **Nairobi, Kenya**

- In June 2007, a regional workshop on "Portfolio Analysis" was organised in **Kingston, Jamaica**. The workshop was attended by 30 participants from the Caribbean region and was conducted in collaboration with the ECCB.
- A pan-commonwealth workshop on 'On-lending' was organised in **London, UK** in June 2007.
- A regional workshop on "Implementing Debt Techniques and Strategies" was organized in July 2007 in **Port Moresby, Papua New Guinea** for the South Pacific Region. The workshop was held in partnership with the Treasury Department, Papua New Guinea and attracted 25 participants.
- In November 2007, DMS participated in the DEMP training provided by the World Bank in **Washington DC, USA**.
- In January 2008, DMS organised a seminar on the benefits of e-learning in debt management. The seminar, which was organised in collaboration with the Commonwealth of Learning, was held in **London, UK**
- In February 2008, DMS, working in collaboration with the ECCB, organised a regional workshop on "Domestic Debt Management" for debt management officials in the Caribbean region. The workshop was held in St Kitts and attracted 26 participants.

DMS will collaborate with the **Commonwealth of Learning** (COL), based in Vancouver, to develop an e-learning programme in debt management, including the use of CS-DRMS. This is a medium term project and we expect to begin our e-learning activities as from the next financial year (2008/09)

10. Advisory work in debt management

To assist **Kenya** develop a stable and accurate database for grants-in-aid, DMS organized a mission to Nairobi in February 2007. The mission reviewed the existing status of the grants data and made recommendations on how CS-DRMS 2000+ could assist in monitoring grant flows. The mission also reviewed the possibility of using CS-DRMS to monitor and track project disbursement

DMS also participated in a seminar on "Improving Sovereign Debt Management" organised by the Centre for International Development, in **Cambridge, MA, USA** in April 2007.

DMS also worked extensively with the IMF and World Bank in developing the framework for the medium-term debt strategy and debt sustainability framework. DMS participated in the MTDS exercise held by the IMF and World Bank in **Ghana** in February 2008.

To develop capacity in private debt management, DMS responded to a request from the government of Botswana and fielded a assessment mission to **Gaborone, Botswana** in April 2007. The mission made a number of recommendations which will be implemented in collaboration with the government during 2008/09.

In a bid to further understand the reporting requirement of our partner organizations, DMS paid a visit to the Head Quarters of the Asian Development Bank in **Manila, Philippines** in August 2007.

We are currently assisting a number of countries in various areas related to debt management including:

- **Malta:** Setting up of a debt office, review of institutional arrangements for debt management and implementation of CS-DRMS 2000+ in the Ministry of Finance.
- **Sierra Leone:** Improving Domestic Debt Recording and Management
- **Mozambique:** Full implementation of CS-DRMS 2000+ maintenance release and the rationalizing of institutional arrangements for debt recording roles between the Ministry of Finance and Central Bank. As part of this activity, a short-term Adviser (jointly funded by MEFMI and ComSec) has implemented CS-DRMS 2000+ and refined the debt database.
- **Guyana:** Improving debt recording and management at the Ministry of Finance
- **Botswana:** Monitoring and recording of Private Sector Debt.
- **Seychelles:** Implementation of CS-DRMS 2000+.
- **Cameroon:** Enhancing debt management capacity in the Ministry of Finance and full implementation of CS-DRMS 2000+.
- **The Gambia:** Enhancing debt management capacity in the Ministry of Finance and full implementation of CS-DRMS 2000+.
- **Kenya:** Setting up of a debt office, review of institutional arrangements for debt management and implementation of CS-DRMS 2000+ in the Ministry of Finance and Central Bank of Kenya.

11. Commonwealth HIPC Forum and other HIPC related activities

During the reporting period, the Commonwealth Secretariat continued to provide targeted technical assistance, at the country level, to some of the 12 HIPCs that use the CS-DRMS. HIPC countries which have benefited from our in-country training workshops on debt management and the use of CS-DRMS during the reporting period include **Cameroon, The Gambia, Ghana, Guyana, Malawi, Mozambique and Tanzania**. The Gambia reached completion point in 2007.

DMS also participates and plays an active role in the annual Commonwealth HIPC Ministerial Meetings. DMS will thus participate in the forthcoming meeting to be held in Washington D.C. on April 9, 2008

**Debt Management Section
Commonwealth Secretariat
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Annex 1

Review of Debt Management Activities: February 2007 – March 2008

Dates	Event	Location	Comments
26 Feb – 2 March 2007	Mission to Kenya: review of grants database and use of Disbursement module by ERD	Nairobi Kenya	Completed Country specific activity
13 – 14 March 2007	In-house workshop on Application Testing	London UK	Completed DMS Staff & Consultants
19 – 20 March 2007	Discussions with UNCTAD	London UK	Completed
19 – 23 March 2007	Mission to Mozambique – merging of multilateral & bilateral databases	Maputo Mozambique	Completed Country specific activity
26 March - 3 April 2007	Domestic Debt Workshop for Asia and Pacific countries	Singapore	Completed
26 – 30 March 2007	Regional Management Tools Workshop for West Africa (with WAIFEM)	Lagos Nigeria	Completed
29 – 30 March 2007	DMS participation in the TFFS	Geneva	Completed
6-9 April 2007	***** Easter Holidays *****		
6 April 2007	Improving Sovereign Debt Management: The Commonwealth Secretariat's Perspective – Presentation at the Centre for International Development	Cambridge, MA, USA	Completed
12 – 14 April 2007	Commonwealth HIPC Ministerial Forum (CHMF)	Washington DC USA	Completed
16 – 20 April 2007	Review mission to Malawi	Lilongwe Pretoria	Completed Country specific activity
19 – 20 April 2007	Participation in the panel of the Pole Dette Training of Trainers (Fellows) Programme	Douala Cameroon	Confirmed
23 – 27 April 2007	Botswana: Needs assessment for the recording of private sector debt	Gaborone Botswana	Completed
23 April – 4 May 2007	CS-DRMS 2000+ Workshop for four states in India	NIFM, Faridabad India	Completed
23 – 27 April 2007	Regional Domestic debt workshop inc. Auctioning Module for Eastern and Southern Africa (with MEFMI)	Nairobi Kenya	Completed

30 April - 1 May 2007	Regional User Group Meeting for Eastern and Southern Africa	Nairobi Kenya	Completed
21 May – 1 st June 2007	CS-DRMS 2000+ version 1.3 In-country testing event (in collaboration with ECCB)	St Kitts & Nevis	Completed
31 May – 9 June 2007	Domestic debt assessment for Sierra Leone	Freetown Sierra Leone	Completed
4 – 12 June 2007	Regional Management Tools Workshop for the Caribbean (in collaboration with ECCB)	Kingston Jamaica	Completed
18-20 June 2007	Workshop on On-Lending Requirements	London UK	Completed
June 2007	Regional Workshop on report specifications and report writing for West Africa	Lagos Nigeria	Completed
25 June – 6 July 2007	CS-DRMS Management Tools Workshop for the Pacific	PNG	Completed
13 – 23 August 2007	External Debt Statistics and Methodology Workshop for Asia and Pacific countries	Perth Australia	Completed
27 – 28 August 2007	DMS visit to the Asian Development Bank	Manila Philippines	Completed
6- 10 August 2007	Cameroon – review mission	Yaoundé Cameroon	Completed
17-21 September 2007	DMS participation in the IMF External Debt Statistics Course	Washington DC USA	Completed
12-14 October 2007	MEFMI Executive Forum & Review of CS-DRMS Project	Georgetown Guyana	Completed
8 – 12 October 2007	Guyana: Review mission	Georgetown Guyana	Completed
8-12 October 2007	Workshop on External Debt Statistics (organised by IMF)	Vienna Austria	Completed
15 October 2007	Workshop on External Debt Statistics (organised by IMF)	Vienna Austria	Completed
22 -26 October 2007	Domestic debt assessment for Lesotho	Maseru Lesotho	Completed

29-30 October 2007	Visit to South Africa to review the Auctioning Module	Pretoria South Africa	Completed
22 – 26 October 2007	CS-DRMS mission to The Gambia (jointly with DRI)	Banjul The Gambia	Completed
22 – 26 October 2007	DMS visit to COFACE/OIF/Banque de France/AFD	Paris France	Completed
2 November 2007	CS-DRMS Management Meeting with Crown Agents	London UK	Completed
7 – 8 November 2007	World Bank DeMPA training workshop	Washington DC USA	Completed
29 October - 20 November, 2007	IMF CAR Modelling	Washington DC USA	Completed
29 – 30 November 2007	DMS visit to African Development Bank (AfDB)	Tunis Tunisia	Completed
3 – 7 December 2007	Debt negotiation & re-negotiation (organised by EAD/LCAD)	Accra Ghana	Completed
29 November – 3 December, 2007	CS-DRMS Presentation to Govt. of Maharashtra Discussion with RBI on CS-DRMS installation Sub-national Debt Project Review Meeting with MOF	India Delhi/Mumbai	Completed
5-12 December 2007	Sub-national Debt Project: Data Validation Mission to Assam and Karnataka	Guwahati / Bangalore India	Completed
11-13 December	OECD Forum on Public Debt Management	Amsterdam	Completed
23-30 January 2008	Sub-national Debt Project: Data Validation Mission to Jharkhand and Uttarakhand - Review	Ranchi and Dehradun	Completed
28-31 January 2008	US Treasury Annual Conference	Miami, Florida	Completed
11-12 February 2008	E-learning Seminar	London	Completed
25-29 February 2008	Mozambique: Needs Assessment Mission on Domestic Debt and Bilateral Debt Data Validation	Maputo	Completed
22-29	Domestic debt workshop for the	St Kitts	Completed

February 2008	Caribbean region (organised by ECCB) + User Group Meeting		
27 February – 4 March 2008	Medium Term Debt Strategy in Ghana – Joint IMF-World Bank-ComSec Mission, 27 February – 11 March 2008	Accra	Completed
5-6 March 2008	World Bank Stakeholder's Conference on Debt Management	Oslo, Norway	Completed
10-14 March 2008	Regional Workshop on External Debt Analysis 10-19 March (jointly organised with MEFMI)	Lesotho	Completed

For a list of forthcoming activities, please visit our web site: www.csdrms.org

Enquires about this document should be directed to: csdrms@commonwealth.int