
Meeting of the Inter-Agency Task Force on Finance Statistics
IMF Headquarters, Washington, D.C., United States
April 3-4, 2008

UNCTAD Occasional Paper

Debt Management-DMFAS Programme, UNCTAD Occasional Report: 2007



This note presents some of the main activities of the Debt Management-DMFAS Programme, UNCTAD during 2007. It is organized as follows:

- Programme management
- Capacity building modules
- DMFAS Developments
- DMFAS Installations and Project Implementation
- UNCTAD Debt Management Conference And Advisory Group Meeting: November 2007
- Future Developments

I. PROGRAMME MANAGEMENT

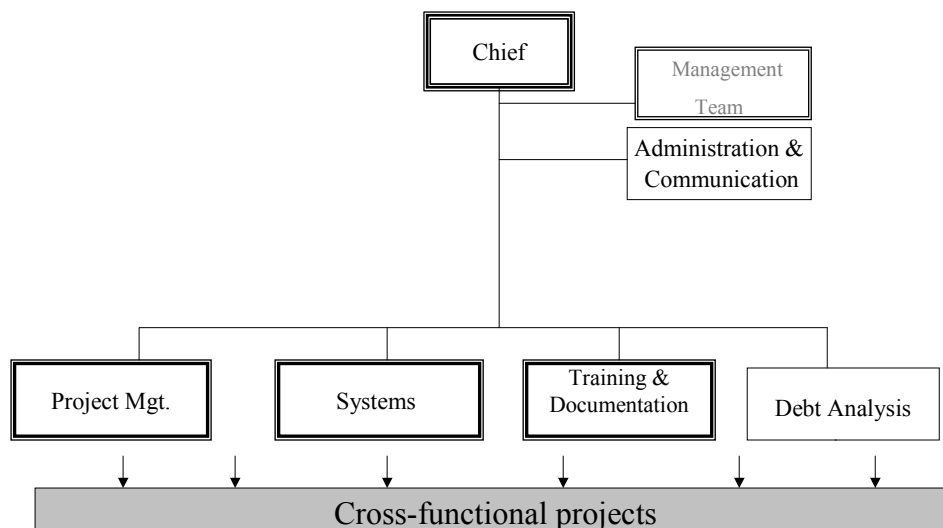
As part of its efforts to improve efficiency and effectiveness, the Programme implemented a number of internal improvements in 2007. These include:

- Internal reorganization along functional lines
- New procedures
- Development of a new management information system

Reorganisation

The internal reorganization resulted in the creation of 4 core units, each with a focus on a specific functional area. Each unit is headed by a coordinator. The key benefits of this new structure are improved coordination and use of resources. Figure 1 shows the new structure.

Figure 1. New structure of Debt Management–DMFAS Programme



Procedures

New procedures were introduced in a number of areas, clarifying responsibilities and streamlining processes. These included the areas of project management and management of consultants. As part of these new procedures, a new training and selection program was established for new consultants.

New management information system

The development of the management information system, the Project Management (PROMAN) system, continued during 2007, with a number of new functionalities introduced to take account of changing needs. Extensive testing and training were carried out and the Programme expects to implement the system in early 2008. The new system is expected to provide more timely and reliable information for management decision-making and reporting.

II. CAPACITY BUILDING MODULES

During 2007, the Programme continued to implement its capacity building modules on debt statistics and data validation and reached an advanced stage on the module on debt portfolio analysis (DPA).

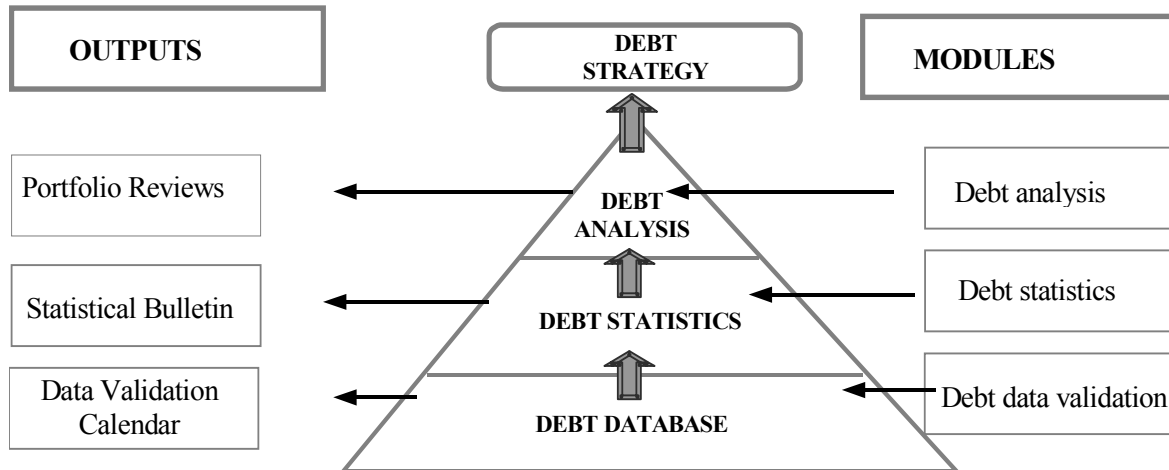
Debt Portfolio Analysis Module

The module on debt portfolio analysis is intended to provide a framework for developing a debt portfolio review, which describes the evolution, magnitude and composition the debt. The prerequisites for meaningful and sustainable debt portfolio analyses are sound and comprehensive debt databases, and comprehensive and debt statistics generated from these databases. The DMFAS Debt Portfolio Analysis Module is therefore the natural extension of the previous capacity building modules on data validation and debt statistics and follows the Programme's capacity building approach. (see Figure 2)

The output of this module is a portfolio analysis which could provide inputs into other levels of analysis such as risk analysis and debt sustainability analysis.

It is expected that this module will be piloted and dissemination started in 2008.

Figure 2: DMFAS capacity building approach



Debt Statistics and Data Validation modules

The Programme continued to deliver workshops on debt statistics during the year. The following table gives a breakdown of our activities relating to our capacity building modules over the 2004-2007 period.

Table I: Summary Capacity Building Modules: Debt Statistics & Data Validation: 2004-2007

	2004	2005	2006	2007	2004-2007
TOTAL	1	3	8	8	20
Debt Statistics	1	2	3	4	10
Data Validation	0	1	5	4	10
REGIONAL WORKSHOPS	1	0	3	1	5
Debt Statistics	1	0	2	1	4
Data Validation	0	0	1	0	1
NATIONAL WORKSHOPS	0	3	5	7	15
Debt Statistics	0	2	1	3	6
Data Validation	0	1	4	4	9

The next table details the workshops on debt statistics and data validation conducted in 2007:

Table II: Workshops on Debt Statistics and Data Validation: 2007

REGIONAL Capacity Building Workshops		PERIOD	LOCATION
1. Latin American Debt Statistics Workshop	Debt Statistics	23-27 April 2007	Panama
NATIONAL Capacity Building Workshops		PERIOD	LOCATION
1. Honduras, Debt Statistics	Debt Statistics	12-23 Feb., 2007	Tegucigalpa
2. Congo, Dem. Rep.	Debt Statistics	5-16 Mar.2007	Kinshasa
3. Nicaragua	Data Validation	27 Jun.–5 Jul. 2007	Managua
4. Iraq	Data Validation	30 June-6 July 2007	Amman
5. Venezuela, Debt Statistics	Debt Statistics	17 Sep.-2 Oct. 2007	Caracas
6. El Salvador	Data Validation	5-18 Nov., 2007	San Salvador
7. Ethiopia,	Data Validation	10-14 Dec. 2007	Addis Ababa

So far, these modules have helped countries develop data validation calendars, and debt statistical bulletins. The validation calendars provide a schedule of activities which would assist a country keeping its database updated, and validated: fundamentally what to validate, why, when, with whom and how. The module on debt statistics has supported the production/enhancement of the country's debt statistical bulletins, and promoted consistency with the latest international standards, particularly the *Debt Guide*¹. It has helped the country/institution define the coverage, frequency, timeliness and relevant tables to be included in the bulletin/s, as well as clearly enunciated sources, definitions and methodology.

Some progress was made in the enhancement of these modules. These activities will continue in 2008.

Cooperation with International Agencies

The Debt Management–DMFAS Programme continued its close collaboration with other organizations and entities involved in debt management during the year. For debt statistics, it organized a regional seminar on debt statistics in Panama, together

¹ Bank for International Settlements, Commonwealth Secretariat, Eurostat, International Monetary Fund, Organization for Economic Co-operation and Development, Paris Club Secretariat, United Nations Conference on Trade and Development and World Bank (2003), *External Debt Statistics: Guide for Compilers and Users*.

with the IMF and the Ministry of Economy and Finance of Panama (see Table II above). It also participated in two IMF courses in debt statistics and in the TFFS meeting (see Table III).

Table III: Other Workshops/Meetings on Debt Statistics and Data Validation

OTHER Statistics and Validation Workshops/Seminars/ Meetings	PERIOD	LOCATION
1. TFFS Meeting	29-30 March 2007	Geneva
2. IMF Debt Statistics	10-28 September 2007	Washington
3. IMF Debt Statistics	8-19 October 2007	Vienna

Other events of partner institutions in which the Programme participated included a LAC Debt Group meeting, in Costa Rica, in April, a World Bank workshop on its Government Debt Management Performance Assessment (DeMPA) Tool in Washington in November, in a UNDP RSC-MEFMI workshop in South Africa in November; in a debt sustainability workshop organized by BMZ, in Germany in November, and in an AFRITAC workshop on debt reorganization and DMFAS in December. Comments have also been provided to the World Bank on the DeMPA and some support has been provided to the World Bank and the IMF on the Medium Term Debt Management Strategy (MTDS).

III. DMFAS DEVELOPMENTS

The Programme's main product – its Debt Management and Financial Analysis System (DMFAS) – is constantly evolving to meet new needs. In response to the increasing reliance of governments on domestic financing, for example, in 2007, the Programme continued the development of its new securities module. This comprehensive module will be a key component of version 6, the next major release of DMFAS. The Programme also made important technical and functional enhancements to the current version, DMFAS 5.3.

DMFAS 5.3

In 2007, new functionalities for the generation of data validation queries, statistical bulletin tables and managerial reports using DMFAS 5.3 were finalized and tested.

DMFAS 6.0

The development of the next version of DMFAS, version 6, was well on its way in 2007. Much of the system design for the new version was successfully carried out. Numerous technical specifications relating to the architecture, technology and structure of the new version were also produced and validated.

Version 6 will be highly modular so as to ensure its easy and flexible customization for all users. It will integrate key technological advancements such as:

- Robust security
- Full web-enabling

- A modern look-and-feel of the interface
- Up-to-date facilities for exporting data to risk management systems
- Intuitive menu structures and simplified navigation
- Convenient interfaces with local and regional systems

Enhancements to the following features will be included:

- Debt securities and auction module
- Debt reorganization
- Private sector external debt
- Additional debt service operations
- Banking and non-banking dates
- Debt portfolio analysis
- Enhanced reporting features

In addition, the future version will offer end users the following benefits:

- Powerful analytical and managerial tools for debt analysis and reporting
- Flexible installations that make it easy to set up regional centres, decentralize debt management activities and share resources between institutions (for example, the MoF and Central Bank)
- Optimized system performance
- Improved simulations
- The testing of a new tool for the generation of standard managerial reports

DMFAS 6.0 Release

The DMFAS 6.0 will be released in two stages:

- August 2008. This advanced release will include the debt securities module, improved reporting features, improved analytical features and the DMFAS Portal.
- Second Quarter 2009. Release of full version.

DMFAS Support and Maintenance

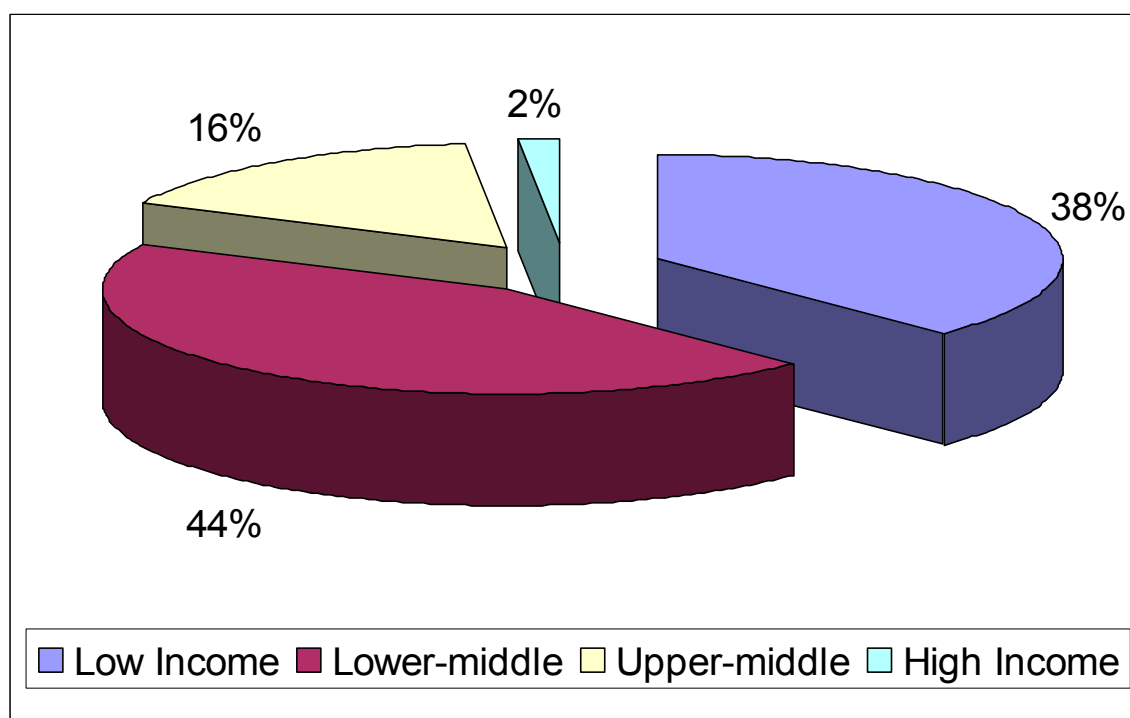
Extensive support in using the DMFAS system, including assistance and advice on a wide range of functional and technical issues, was made available by the Helpdesk to all DMFAS client countries and institutions throughout the year

IV. DMFAS INSTALLATIONS AND PROJECT IMPLEMENTATION

Since 1982, the Programme has supported 66 countries and 99 institutions. The vast majority of these – 56 countries – are still active users of the DMFAS system. The latest country to choose DMFAS is Cambodia, which signed its first project document with the Programme in February 2007. DMFAS client-countries range from low income and structurally weak countries to more advanced middle-income developing countries.

Chart 1 provides the breakdown of countries currently using DMFAS according to Income Group, at the end of 2007. As can be seen, of the 56 current country users of the DMFAS system, 21 countries – representing 38 % of total DMFAS users – are low-income, 25 are lower-middle income (45%), 9 are upper-middle (16 %), and one is high-income (2%). In other words, the vast majority of DMFAS countries belong to the low and lower-middle income category.

Chart 1: Active Users of DMFAS by Income Classification - 2007



The Programme currently manages a portfolio of over 40 active projects. In 2007, 10 new projects were signed, including Argentina (Province of Rio Negro), Central African Republic (Ministry of Finance), Cambodia (Ministry of Economy and Finance), Chad (Ministry of Finance), Costa Rica (Ministry of Finance), El Salvador (Ministry of Finance), Indonesia (Ministry of Finance), Mongolia (Ministry of Finance), the Republic of Moldova (Central Bank and Ministry of Finance) and Romania (Ministry of Finance).

New projects were also being negotiated for 30 current or former user country institutions.

Altogether, during 2007, the Programme organized, co-organized or participated in 94 capacity-building events. Of these, 80 were at the national level activities (including DMFAS installations and training, workshops, project management missions and needs assessment missions), six at the regional level, and four at the international level.

V. UNCTAD DEBT MANAGEMENT CONFERENCE AND ADVISORY GROUP MEETING: NOVEMBER 2007.

In November 2007, the Programme organized UNCTAD's Sixth Debt Management Conference and its 6th DMFAS Advisory Group. More than 250 participants from over 70 countries attended the two events. The conference brought together representatives from governments, international organizations, the private financial and legal sector, academia and civil society to examine some of the most pertinent issues in debt management and debt policy today. In particular it provided an opportunity for debt managers and policymakers around the world to interact and share experiences in debt management and public finance.

The DMFAS Advisory Group was established by the Trade and Development Board, in its decision 462 (XLVII) of September 2000, which recommended that advisory groups for certain programmes, including the DMFAS Programme, be established to advise the Secretary-General of UNCTAD on issues affecting these programmes, including options for ensuring their financial sustainability. This was the Sixth DMFAS Group meeting, and the Group made a number of recommendations, including:

- Reiterates the continued importance of debt management and of effective Technical Assistance in response to the changing needs of developing countries and countries in transition. In this regard, it expresses appreciation for the work of UNCTAD's DMFAS Programme.
- Stresses the importance of the continued support from the DMFAS Programme to developing countries and countries in transition in building their capacity to improve debt management.
- Requests UNCTAD to participate in initiatives with other providers of technical assistance for debt management that are designed to clarify the support available to debt management offices for debt sustainability analysis.
- Emphasises the need for UNCTAD to deliver the new version of the DMFAS system, version 6, as soon as possible, to respond to the evolving needs of debt management offices.
- Stresses the need for comprehensive capacity-building in debt management offices in implementing DMFAS version 6 and related areas.
- Encourages UNCTAD to continue its efforts to strengthen coordination with other providers of technical assistance for debt management.
- Regarding the organisation of the DMFAS Advisory Group itself, the Meeting recommends that:
 - The current structure of the DMFAS Advisory Group be maintained;
 - The meetings of the DMFAS Advisory Group continue to be held in conjunction with the UNCTAD biennial Debt Management Conference;
 - The length of the meetings be extended to two days;
 - Member countries of the DMFAS Advisory Group be given the opportunity to comment on the agenda in advance of the meetings;
 - The DMFAS Advisory Group meetings include focused discussion groups.

VI. FUTURE DEVELOPMENTS

The 2008-2009 (April 2008-March 2009) work plan is currently being elaborated. This will include the following:

- Continued improvements in Programme Management
- Continued improvements in project formulation and implementation
- Development to f DMFAS 6.0, and related documentation
- Advance release of DMFAS 6.0
- Portfolio Analysis module
- Further enhancements to the modules on debt data validation and debt statistics
- At least three regional workshops
- Continued delivery of capacity building activities at the national level