

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

THE DMFAS PROGRAMME



ANNUAL REPORT 2002

UNCTAD/GDS/DMFAS/2003/1



UNITED NATIONS

New York and Geneva, 2003

THE DMFAS PROGRAMME

ANNUAL REPORT 2002

CONTENTS

1.	INTRODUCTION	3
2.	DMFAS COUNTRY ACTIVITIES	4
3.	DMFAS AND HIPC'S	8
4.	SYSTEM SUPPORT, MAINTENANCE AND DEVELOPMENT	10
5.	DEBT STATISTICS AND ANALYSIS.....	11
6.	TRAINING	12
7.	DOCUMENTATION AND PUBLICATIONS	13
8.	WORLD ASSOCIATION OF DEBT MANAGEMENT OFFICES.....	14
9.	DMFAS ADVISORY GROUP AND TRUST FUND	14
10.	FINANCIAL SITUATION AND FUNDING	15

Tables

Table 1	Status of DMFAS implementation.....	17
Table 2	Operational status of DMFAS in countries.....	18
Table 3	Overview of DMFAS activities from 2000 to 2002	20
Table 4	DMFAS programme summary of yearly expenditures by source	22
Table 5	DMFAS financial report	23
Table 6	Expenditure for the DMFAS programme central operations.....	27
Table 7	Bilateral donors' contributions, 1996–2002	28

Figures

Figure 1	2002 expenditures for the DMFAS programme's central operations, by source	29
Figure 2	Bilateral donors' contributions to the DMFAS programme's central operations, 1996–2002	30

Annex	Country information.....	31
--------------	--------------------------	----

1. INTRODUCTION

The Debt Management and Financial Analysis System (DMFAS) programme was developed by the United Nations Conference on Trade and Development to assist developing countries and countries with economies in transition in strengthening their capacity to manage their debt effectively. Having provided technical assistance in debt management for over 20 years, it is one of the world's major providers of technical and advisory services in this area. At the end of December 2002, the programme was collaborating with 60 low and middle-income countries, including 86 institutions. These countries account for approximately 39 per cent of outstanding and publicly guaranteed long-term debt (LDOD) for all developing countries, representing a total of \$544 billion.¹

Under Goal 8 of the Millennium Development Goals² – to develop a global partnership for development – a related target is to deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long-term. Debt sustainability is further underlined in the Monterrey Consensus, which states that *"Sustainable debt financing is an important element for mobilizing resources for public and private investment. National comprehensive strategies to monitor and manage external liabilities, embedded in the domestic preconditions for debt sustainability, including sound macroeconomic policies and public resource management, are a key element in reducing national vulnerabilities. Debtors and creditors must share the responsibility for preventing and resolving unsustainable debt situations. Technical assistance for external debt management and debt tracking can play an important role and should be strengthened"*.³

In order to help countries achieve sustainable debt management, the programme offers an integrated set of solutions through its framework of technical cooperation projects. The major activity of these projects is the implementation of a standard computerized debt management system for the recording, monitoring and analysis of public debt in debt offices in ministries of finance and/or central banks. These institutions receive training and assistance in the effective use of the system, in particular to establish a complete and up-to-date debt database, to provide timely and accurate debt statistics and to undertake appropriate debt analysis. For the effective implementation of the system, the programme and its projects also provide advice on various debt management issues, including the development of appropriate institutional and administrative structures for effective public debt management and the proper staffing of debt offices.

The software system is maintained and supported by the central team in Geneva. The latest version, DMFAS 5.2, was released in early 2000. Like the previous version of the system, DMFAS 5.2 is available in English, French, Russian and Spanish. One of the most important features of this version is the link with the World Bank's Debt Sustainability Model Plus (DSM+). This analytical tool is designed to assist country officials in formulating a debt strategy – incorporating debt relief or new borrowing alternatives – that is both cost effective and sustainable, and consistent with long-term macroeconomic policies.

At the crossroads between international and domestic finance, governance and information technology, the DMFAS programme's major focus is on capacity building. Indeed, at the thirty-ninth session of UNCTAD's Trade and Development Board (16–20 September 2002), the DMFAS programme

¹ A 2001 figure according to *Global Development Finance*, World Bank, 2003.

² A measurable framework of 8 goals, 18 targets and 48 indicators adopted in September 2000 by a consensus of experts from the UN secretariat, the IMF, the OECD and the World Bank. By the year 2015, all 191 UN Member States have pledged to meet these goals. These goals and targets come from the Millennium Declaration signed by 189 countries in September 2000 (A/RES/55/2). They represent a partnership between the developed countries and the developing countries determined, as the Declaration states, *"to create an environment – at the national and global levels alike – which is conducive to development and the elimination of poverty"*.

³ Paragraph 47 of the Monterrey Consensus. *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18–22 March 2002* (United Nations publication, A/CONF.198/11, Sales No. E.02.II.A.7), Chapter 1, resolution 1, annex.

was acknowledged by an independent evaluation study⁴ on capacity building as one of UNCTAD's best programmes in this area. The study sees capacity building as the ultimate objective of development assistance, where programmes aim at transferring required skills and knowledge to developing countries and emerging economies so that they may eventually pursue their social and economic progress unassisted. Defining capacity building as "the faculty of a technical assistance programme to enable beneficiary countries to perform and sustain targeted functions on their own as a direct result of that programme", the study assesses capacity-building performance according to five dimensions: relevance, effectiveness, efficiency, sustainability and impact. Along these lines, it considers the DMFAS programme successful in that it combines focus, substantive competence at headquarters, an integrated approach, national ownership, institution building and a long-term perspective.

Capacity building has received greater attention over the last few years, as attested by various resolutions in the United Nations General Assembly, in ECOSOC and at UNCTAD X. Most recently, the General Assembly resolution 57/240⁵ of 20 December 2002, in its para. 13, "*Stresses the need to strengthen the institutional capacity of developing countries in debt management, calls upon the international community to support the efforts made towards this end, and in this regard stresses the importance of initiatives such as the Debt Management and Financial Analysis System, the International Monetary Fund and World Bank guidelines for Public Debt Management and the debt-management capacity-building programme*".

The present report reviews the activities undertaken by the DMFAS programme during 2002. More detailed information about DMFAS activities in each of the client countries can be found in the Annex.

2. DMFAS COUNTRY ACTIVITIES

Location of debt management offices

At the end of 2002, the DMFAS system was used by 86 "debt offices", usually located in the ministry of finance or the central bank (or in some cases the ministry of planning, local government, or export-import bank). The matrix below provides the location breakdown of DMFAS installations for both low and middle-income countries.

Institution	Low-income	Middle-income	Total
Central bank	22	8	30
Ministry of finance	38	10	48
Other	-	8	8
Total	60	26	86

It should be noted that the exact location of the debt office within the institution itself often varies. In central banks, for example, the debt office can be situated in the Balance-of-Payments/Statistics Division (Egypt, Romania) or in the International Department (Dominican Republic). In the ministries of

⁴ *Evaluation of Capacity Building in UNCTAD's Technical Cooperation Activities*, prepared by an independent evaluation team (J.E. Denis, H. Saha, D. Griffiths) and presented to the Working Party on the Medium-term Plan and the Programme Budget at the thirty-ninth session of UNCTAD's Trade and Development Board, TD/B/WP/155 (12 July 2002).

⁵ *Enhancing international cooperation towards a durable solution to the external debt problems of developing countries* (A/RES/57/240).

finance, the debt office is usually part of the Public Debt or Credit Department, but can also be part of the Treasury Department (Philippines), the External Relations Division (Bangladesh) or the Budget Administration Division (e.g. Indonesia). In certain cases it is located in the Accountant General’s Office (Zimbabwe). The mandate of each debt office can therefore differ from one office to another according to the organizational location in which it is found.

Similarly, different institutional combinations can be found with regard to debt recording: sometimes this takes place in both the ministry of finance and the central bank, with each having different database access rights for this purpose. In other installations, one of the two institutions may only have reading access (i.e. no recording).

Capacity building in debt management

The role of the DMFAS programme has always been to provide a standard system to debt offices. Implementation of the system in the country, however, is specific to each country project and is part of how the programme helps countries build their capacity in debt management (see box 1).

Box 1. Debt management capacity building

Capacity building in debt management can be compared with the construction of a “pyramid”. As depicted in the above diagram, there are three visible corners at the base, namely Structure, Staffing and Systems. These are the cornerstones for capacity building. At the top of the pyramid is Strategy.

In order to develop a debt strategy, one has first to establish a Debt database, produce relevant Statistics and, finally, undertake relevant Analysis. These three layers are the building blocks towards strategy and policy-making.

Building capacity in sovereign debt management can take several years and country situations vary widely. They are shaped by the type of financing available to the Government (i.e. bilateral and multilateral official loans, private loans, capital markets, financial derivatives), the exchange rate regime, the quality of the macroeconomic and regulatory policies, the overall institutional capacity, the country’s credit standing and its objectives for public debt management. Thus, there cannot be a set of binding practices or mandatory standards or codes. It is important to underline that the pyramid can be built in different ways. However, it will need the cornerstones and the building blocks referred to above.

Number of user countries and institutions

An overview of the status of DMFAS country project implementation is provided in table 1. After increasing regularly over the previous 10 years, with an average of approximately five new countries joining the programme each year, the number of countries remained stable in 2002. At the end of the year, the DMFAS programme was collaborating with 60 countries. Over the next three years, it is expected that there will be approximately three new countries joining the programme each year.

In 19 countries the system is set up in both the ministry of finance and the central bank, and the number of countries choosing to link these two institutions electronically through DMFAS (on a wide area network) is increasing. Eighty-six institutions have DMFAS and the total number of new user institutions within the existing countries is expected to grow by three to five every year.

By the end of the year, new projects were being finalized or being prepared for several countries. In particular, negotiations and project preparations were undertaken during 2002 to provide the system to three new countries – Algeria (Central Bank), Chile (Central Bank) and Congo (Ministry of Finance). In existing countries, new projects were being negotiated to provide four additional central government institutions (Dominican Republic, Rwanda, Trinidad and Tobago, and Uganda) with DMFAS.

Furthermore, the programme continued to receive requests from non-traditional clients, such as local governments (provinces and municipalities). In Argentina, the central Government has already implemented the system in a number of provinces and has provided training and support under the guidance of the programme.

Operational status of DMFAS implementation

Table 2 provides an overview of the operational status of DMFAS installations around the world. As can be seen, four institutions are still using DMFAS version 4.1 Plus (Central African Republic, Djibouti, Egypt and Ethiopia) and are expected to convert to the latest version of DMFAS (5.2) during 2003. Version 5.2 has already been installed in 68 institutions in 46 countries; three other institutions are expected to upgrade from DMFAS version 5.1 to 5.2 during 2003.

At the end of 2002, DMFAS was not operational in 10 of the countries in which it is installed. Three of these countries have decided to develop and use their own system (Colombia, Peru and Ukraine) and the other seven are experiencing operational difficulties due to institutional, personnel and/or technical problems (Central African Republic, Djibouti, Guinea-Bissau, Kazakhstan, Sao Tome and Principe, Senegal and Uzbekistan).

As can be seen from table 2, the programme attempts to monitor the extent to which the system is being used by the institutions concerned. The following stages have been differentiated:

- Stage 0** System installed, but not used
- Stage 1** Database kept up to date regularly and validated
- Stage 2** System used for monitoring and internal reporting
- Stage 3** System used for the publication of statistical bulletins and/or other periodical publications
- Stage 4** Staff have received (basic or advanced) training in the use of DSM+ for debt analysis

These stages correspond to the various levels of the pyramid concept outlined in box 1 and its three broad – categories debt data, debt statistics and analysis.

The performance indicators related to the use of the system have to be integrated into a broader framework in order to evaluate the overall performance or capacity of an institution and/or country in the area of debt management. One should therefore also look at the structure and staffing of the debt offices, as well as other relevant elements, for example the existence and regular meeting of a debt strategy committee.

Integrated financial management systems and DMFAS

The trend for countries to link DMFAS with their own integrated financial management systems (IFMS) is expected to continue. One of the most important features here is the support that the DMFAS programme can provide on the operational level of debt management (mainly in the debt offices in ministries of finance). By facilitating automation of the preparation of payment orders and disbursement operations, the system allows for transparency in the servicing of debt obligations and in the execution of the budget. Through electronic links covering the full cycle of the debt service operation, DMFAS helps to ensure the safe flow of operations through cash management in the treasury module, execution of the budget in the budget module and registration of transactions in the accounting module. This process eliminates manual handling during the operational process of repaying public debt, which has always been one of the key areas of risk.

DMFAS user countries building integrated systems are essentially located in Latin America, namely Argentina, Bolivia, Ecuador, Guatemala, Honduras, Nicaragua, Panama, Paraguay and Venezuela (see table 2). In the area of IFMS, the DMFAS programme focuses mainly on providing advisory services to the national teams through workshops or by providing technical assistance in building and maintaining the relevant links.

Scope of country projects and collaboration/coordination with regional support centres

As mentioned above, the implementation of DMFAS is country-specific and has to be seen as part of the wider capacity-building efforts promoted by the programme. DMFAS country projects encompass a wide range of activities beyond installation of the DMFAS software and training in its use. Most projects assist governments in the development of appropriate legal, administrative, technical and organizational environments in which the system operates. Other areas of assistance may include database building, the defining of external borrowing strategies, the establishing of appropriate communication and information flows, financing techniques, credit analysis and debt renegotiation. The programme also organizes workshops and study tours, and participates in national, regional and training seminars.

The installation of DMFAS, its implementation and any relevant training are carried out by consultants and/or central staff during missions to the country institution. In certain projects, advisers are fielded for longer periods to provide continued on-site support and debt management advisory services (see table 3).

The DMFAS programme is also increasingly carrying out project activities in coordination with other entities such as other United Nations executing agencies and private consultancy companies (see box 2).

Box 2. Coordination with another organization/private entity in the execution of a debt management project: the case of Viet Nam

The DMFAS programme is currently co-implementing a comprehensive debt management project in Viet Nam with the Crown Agents, an international development company based in London.

This three-and-a-half-year project (VIE/01/010), with a total budget of \$2.3 million provided by the Australian and Swiss Governments, as well as by the United Nations Development Programme (UNDP), is comprehensive in its scope. It addresses all functional areas of debt management from operational to broad institutional issues and incorporates capacity-building activities for all Government institutions and entities concerned with the country's external debt management.

In this partnership, the Crown Agents are responsible for the implementation of three of the five objectives of the project that deal with the institutional, legal, fiscal, debt strategy and sustainability issues. The DMFAS programme, in addition to providing project design and management expertise as part of the preparatory work for this project, is responsible for reinforcing the Government's operational capacity to monitor, report on and analyse its external debt instruments.

Close coordination is critical between the two major co-implementing agencies as the output of the objective under the responsibility of one is required in order to successfully implement the objectives under the responsibility of the other. UNCTAD, the Crown Agents and the Government's Project Management Unit have set up monitoring and implementing mechanisms to ensure the smooth execution of this partnership.

In addition, and as part of its efforts to expand regional decentralization through increased networking, the DMFAS programme encourages and participates in regional and subregional projects, and seeks collaboration and partnership agreements with those regional organizations involved in helping their member countries in the area of debt management. In that connection, it is currently negotiating a memorandum of understanding with Pôle Dette⁶ regarding the delivery of joint activities in the area of debt management capacity building and within the framework of a regional DMFAS support centre (to be based in Yaoundé, Cameroon). The agreement should be signed in 2003 and a project document will then be submitted to donors in order to raise funds for this joint undertaking. In the meantime, some of these joint activities have already started (see section 6).

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_10626

