

United Nations Conference on Trade and Development (UNCTAD)



**A programmatic approach for debt
management in LICs:
Where do we stand and next steps**

*Sovereign Debt Management Forum
Workshop 6*

Washington, 26 Oct. 2010

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UNCTAD's perspective

- ❑ DMFAS Programme has supported 100 institutions in 66 countries since 1982

- ❑ Focus on 'downstream' capacity-building - complementary to and inter-dependent to DMF

- ❑ DMF partner since 2009

- ❑ DMF participation:
 - ✓ 5 DEMPA missions
 - ✓ 4 MTDS missions
 - ✓ 4 training events



DEMPA: Benefits

- ❑ **Objective, comprehensive view** of the status of debt management in a country
- ❑ **Standard assessment criteria;** all stakeholders talking the same language
- ❑ **Important instrument** for identifying needs for improvement
- ❑ **Benchmarking:** facilitates monitoring progress over time
- ❑ **Provides debt managers with strong arguments** for getting required support



DEMPA: Lessons learned

- ❑ Useful means of identifying weaknesses government wasn't aware of
- ❑ Importance of understanding of national and regional particularities
- ❑ Careful attention needed to explaining that scores are not the most significant output
- ❑ Potential as excellent catalyst for improving coordination amongst development partners IF all partners are aware
- ❑ Important to discuss the 'what's next' after DEMPA
- ❑ For countries with significant aid inflows, focus on debt management may not be sufficient



DEMPA: Suggestions

- ❑ **Increase support for self-assessment** by the country
– repeatability and comparison
- ❑ **Aid/project management:** Reinforce assessment of links between debt management and aid/project management
- ❑ **Reinforce assessment of sub-national** debt management
- ❑ **Expand audience:** inform all significant development partners at national level (promote DEMPA more)
- ❑ **Add checklists:** to provide clear, quickly viewed, easily comparable, more granular complement to the high-level scores



MTDS

□ **Benefits:**

- Provides solid analytical approach and quantitative discipline for strategy formulation
- Produces clear framework for country's future strategy
- Can have a real impact when government is committed to improving their debt strategy formulation

□ **Lessons learned:**

- Strategy formulation successful only when there is a consolidated, comprehensive and reliable debt data
- Timing of mission with national plans is critical success factor
- Methodology facilitates multi-disciplinary teams working effectively
- Government officials need to have a solid analytical background to be able to use the tool



MTDS

Suggestions:

- Make tool more intuitive and user-friendly
- Availability in French and Spanish
- Adapt methodology to LIC circumstances & priorities (fewer options, high concessionality)
- Reinforce capacity-building functions of missions
- Add a recommended 'roadmap' for next steps to the final report



Training events

❑ Benefits:

- Course well-organised, good trainers and facilities
- Excellent opportunity for knowledge sharing

❑ Suggestions:

- For MTDS training, use case studies consistently throughout course
- Ensure profile of participants



DMF as an integrated framework

- ❑ DMF has increased overall awareness of debt management
- ❑ Effective forum for coordination among providers
- ❑ DMF has lot more potential as catalyst for strengthening debt management - not just in LICs
- ❑ Reinforcing synergies with debt sustainability analysis would improve impact
- ❑ Engaging broader community of development partners would improve sustainability of results
- ❑ Establishing a coordinated 'plan of action' for countries would enhance overall benefits



What more could be done?

Address common problems - many countries also need assistance in strengthening capacity in managing:

- Reform of Institutional & Legal structures
- Linkage debt and aid management
- Sub-national debt
- Private Sector External Debt
- Cash management
- Capital markets & investor relationships
- Asset & Liability management; Contingent Liabilities
- Integration debt management into overall Public Finance Management





Thank you

