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

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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 DEMP A missions
  - 4 MTDS missions
  - 4 training events
DEMBA: 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
DEMFA: 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
DEMIP: 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
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
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