DEBT MANAGEMENT OFFICE
NIGERIA

OVERVIEW OF IT SYSTEMS FOR DEBT MANAGERS:
The case of Nigeria
By: Ibrahim M. Natagwandu
Assistant Director, Policy, Strategy and Risk Management Dept.

OUTLINE

• Imperatives of IT support in Debt Management
• The CS-DRMS
• Features of CS-DRMS
• Interconnectivity of the CS-DRMS
• External and Domestic Modules
• Access and Database management
• Support and Maintenance
• Strengths and Weaknesses
• Plans for Upgrade
• Preferred IT System?
• Conclusions
Imperatives of IT Support in DeM

• The need to have an appropriate supporting IT infrastructure in public debt management stems from the following:
  – Accurate debt recording and prompt settlement function
  – Periodic Report Generation
  – Efficient database management
  – Use of other Management tools
The CS-DRMS

• The debt management application used in the DMO Nigeria is the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS)

• The system functions through an integrated local Area Network comprising dedicated and back-up servers for a conducive DeM business process.

• The CSDRMS was first developed in 1985 and is currently used in 59 countries. The current version of the software is CS-DRMS 2000+ Version 1.3
Features of the CS-DRMS

• The software has the following modules:
  – **Domestic and external debt** recording and settlement
  – **Management tools**: It facilitates detailed analysis of the debt portfolio

  – **Reporting facility**: It allows users the flexibility to modify existing reports or create customised reports tailored to their reporting requirements.

  – **Data Export Link**: This module allows the transfer of data to other systems such as the World Bank’s Debt Strategy Module (DSM+) and Debt Reporting System (DRS), as well as third party debt sustainability software such as Debt Pro.
Features of CS-DRMS (Ctn’d)

**Risk Management Function:** The CS-DRMS can be used to handle some aspects of operational risk issues as it has several inbuilt mechanisms to validate data entered into the system. It also provides over 250 standard reports built into the system which assist the user to monitor the life cycle of the loans as well as validate the database.
Interconnectivity of the CS-DRMS

- **Auctioning and Trading:** The system does not have a securities auctioning module, neither does it have an external interface with the auctioning platform of the Central Bank of Nigeria (T24), which the DMO currently uses for securities issuance.
  
  - However, DMO is working towards establishing an interface btw the CS-DRMS and the T24 through the use of an automated VPN link.

- **Interface with the Market:** There is no interface with secondary market activities on the system or any other financial system.
  
  - However the GIFMIS project is expected to be integrated with the CS-DRMS
Interconnectivity of CS-DRMS (Ctnd)

• **Interface with MoF and OAGF:** The software has no link with the fiscal data of the MoF or Cash management data of the OAGF. Data and information from these agencies are manually fed into the system.

  – However, COMSEC is planning to shift the current debt recording database version+ to a new technological platform that will easily capture the flow of information within the departments and agencies responsible for debt mgt practices.

**Interface with Risk Management Model:** The CS-DRMS has no direct link with the Risk Management applications of the Middle Office of the DMO i.e. Cost-at-Risk (CaR) Model and the MTDS Model. Customised data generated from CS-DRMS are used on theses risk Management templates.
Access and Database Management

- All the operational departments of the DMO in the Front, Middle and Back Offices have general access to the software, with limited access and no access to some specific modules.

- Some external stakeholders like COMSEC, WAIFEM, and the GIFMIS project are also granted web-based access into the software.
Support and Maintenance

• **IT support on the CS-DRMS** in primarily provided by the IT-IS unit of the DMO on an on-going basis and sometimes in collaboration with the Commonwealth Secretariat.

• **Disaster Recovery Site:** The DMO also maintains an offsite back-up facility for the CS-DRMS as part of its operational risk mitigation plan.

• **Upgrade Plans:** There are continuous upgrade plans and improvements on the current ICT infrastructure based on the reports of the ICT standardization assessment which was conducted to benchmark the DMO’s ICT services/support using the ITIL framework.
Strengths

• Strengths:
  – Forecast and effect debt service payments on a timely basis.
  – Generate reports which may signal warnings of possible debt servicing problems.
  – Use the management tool module for external debt to analyse the sensitivity of the debt portfolio to changes in interest rates, exchange rates, and other key macroeconomic variables;
  – Has wide use (59 countries) and reputable vendors with prompt user support service.
  – Enjoys continuous upgrade.
Weaknesses

• Does not have on-lent sub-national debt module
• The domestic debt module is not as robust as the external debt module
• Limited internal and external connectivity
• No contingent liability recording and monitoring module
• No in-built market risk management module
Preferred IT System

• Even though the CS-DRMS has its own strengths, a more preferred IT system would be one that has solutions to all identified weaknesses of the CS-DRMS.

  – Such a system should be able to, in addition to the above weaknesses, have a robust auctioning and trading platform and good Debt Sustainability Analysis (DSA) modules that would aid in fine-tuning debt policy and strategy on an on-going basis
THANK YOU FOR YOUR KIND ATTENTION