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الجمهورية اللبنانية

مكتب وزير الدولة لشؤون التنمية الإدارية  
مركز مشاريع ودراسات القطاع العام

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(à rappeler dans la réponse)

14 August 1995

Dear Mr. van der Kloet,

I am pleased to enclose a copy of the latest Progress Report of the DMFAS Programme.

1994 has been a crucial year for the DMFAS Programme. Significant progress has been achieved in the development of the new and greatly enhanced version of the DMFAS, version 5.0, which is now being installed in the first client countries. Moreover, the DMFAS Programme had to change its funding strategy and, for the first time, organised a meeting for interested donors. A number of donor countries are now supporting the Programme and a continuous dialogue has been established in order to ensure adequate central funding. Finally, a great number of new countries have requested the DMFAS. This will result in a further expansion of the Programme's activities in 1995 and the years to come.

With kind regards.

Republic of Lebanon  
Office of the Minister of State for Administrative Reform  
Center for Public Sector Projects and Studies  
(C.P.S.P.S.)

Yours sincerely,

Enrique Cosío-Pascal  
Chief

Debt Management Unit  
Global Interdependence Division

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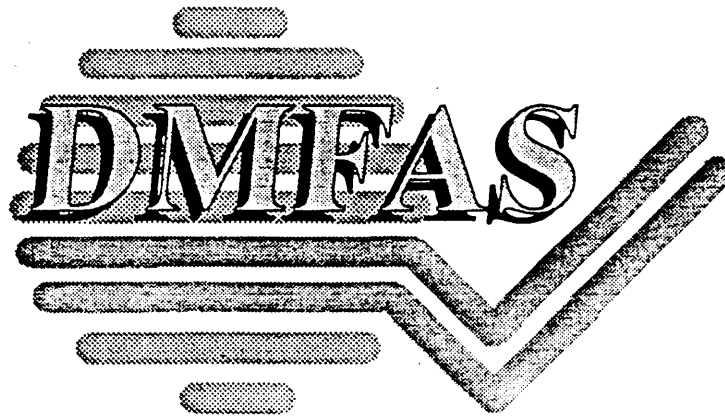
**UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT**

**The DMFAS Programme**

**Progress Report 1994**

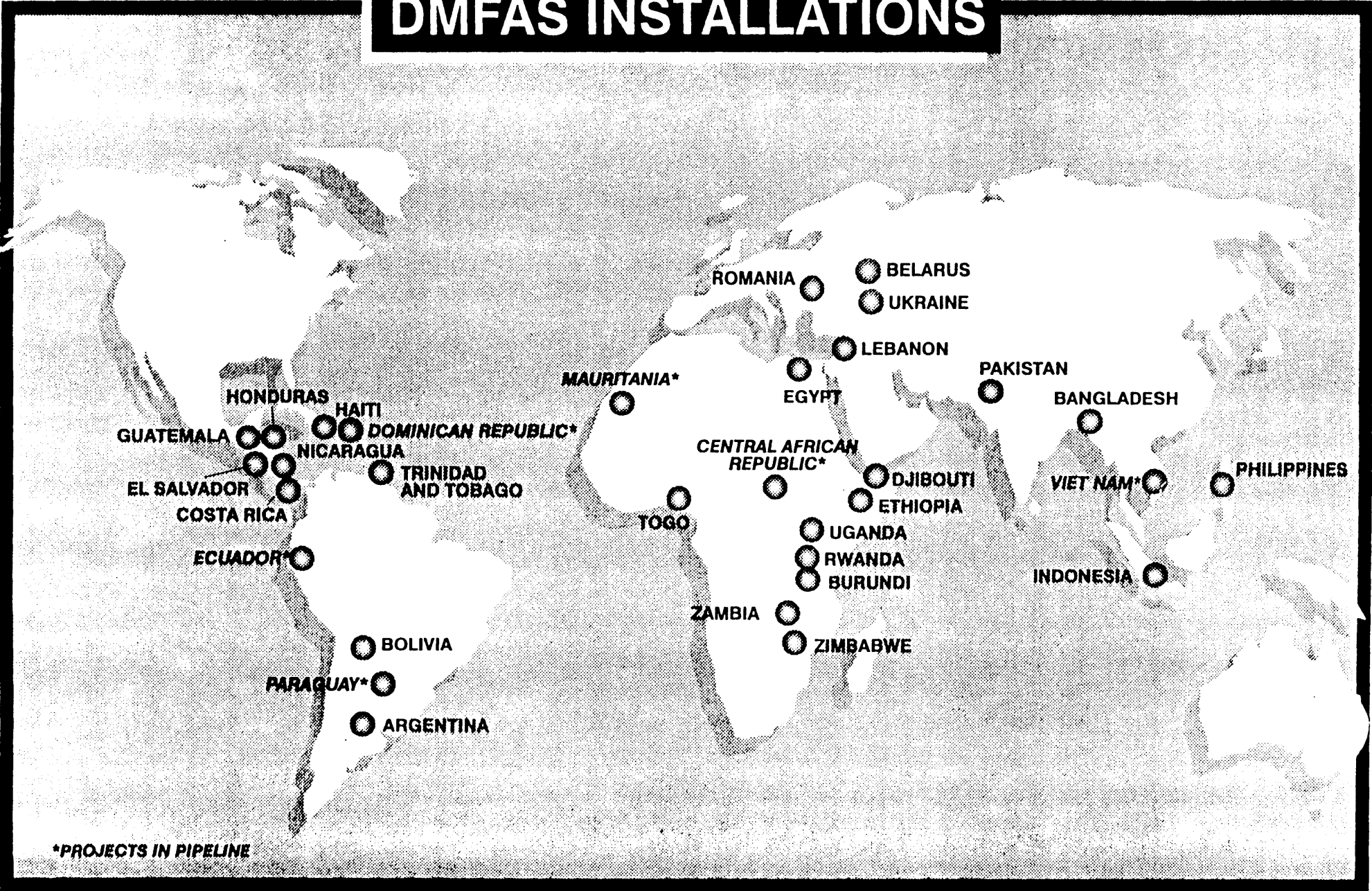


# The DMFAS Programme



## Progress Report 1994

# DMFAS INSTALLATIONS



\*PROJECTS IN PIPELINE



## CONTENTS

<b>1. INTRODUCTION</b>	<b>5</b>
<b>2. FIELD ACTIVITIES</b>	<b>5</b>
<b>2.1 Country Projects</b>	<b>5</b>
2.1.1 Africa	5
2.1.2 Asia	7
2.1.3 Caribbean	8
2.1.4 Central and Eastern Europe	8
2.1.5 Latin America	9
2.1.6 Middle East	10
<b>2.2 Regional Projects</b>	<b>11</b>
2.2.1 ESAIDARM	11
<b>2.3 Seminars</b>	<b>12</b>
<b>3. SYSTEM DEVELOPMENT</b>	<b>12</b>
<b>3.1 Software Development</b>	<b>12</b>
<b>3.2 Beta Testing</b>	<b>13</b>
<b>3.3 Support to current installations</b>	<b>13</b>
<b>4. COUNTRY VISITS PREPARING THE IMPLEMENTATION OF DMFAS 5.0</b>	<b>13</b>
<b>5. DOCUMENTATION, INFORMATION AND LIAISON</b>	<b>14</b>
<b>5.1 Documentation</b>	<b>14</b>
<b>5.2 Newsletter</b>	<b>14</b>
<b>5.3 Other Activities</b>	<b>14</b>
<b>6. FUTURE ACTIVITIES</b>	<b>14</b>
<b>6.1 DMFAS 5.0 installations</b>	<b>14</b>
<b>6.2 Development and Maintenance</b>	<b>14</b>
<b>6.3 Support</b>	<b>15</b>
<b>6.4 Capacity Building</b>	<b>15</b>
<b>6.5 Translations of the system and its documentation</b>	<b>15</b>
<b>7. FUNDING</b>	<b>16</b>
<b>8. DONORS MEETING</b>	<b>17</b>
<b>9. CONCLUDING REMARKS</b>	<b>17</b>

<b>ANNEX I</b>	<b>Summary account of bilateral support - Trust funds</b>	<b>19</b>
<b>ANNEX II</b>	<b>Summary account of project expenditures and project information</b>	<b>20</b>

## **1. Introduction**

In 1994, a number of countries, most of them classified as severely indebted middle income countries by the World Bank, managed to improve their external payments position and gain easier access to international financial markets. However, most of the countries classified as severely indebted low income countries, experienced an aggravation of their external debt situation. This trend, which could be observed already in previous years, leads to a segmentation into two groups of debtor countries.

On the one hand, the improvement of the debt situation of the first group of countries is supported by enhanced debt management and the conclusion of rescheduling agreements, while on the other hand, it is evident that there is still a growing need for further assistance for the second group. Next to the decline in exports and overall economic performance, the debt problem needs to be resolved to support developing countries efforts to restore growth.

Moreover, there will be a growing need for debt management of countries that only now enter in international borrowing like the CIS countries. Countries of this region have drastically increased external borrowing in the past three years and are yet expected to further expand external borrowing in the future. Thus, it is important for those countries to implement effective debt management systems at an early stage. A number of CIS countries have already decided to implement the DMFAS in 1995 and beyond and projects are underway for several of them.

In 1994, activities were focused on the development of the new version, DMFAS 5.0, which will replace the current DMFAS version 4.1Plus.

DMFAS 5.0 is a much improved and user friendly version of the system based on Oracle's relational database software. It now runs under DOS/Windows and allows the use on a network. Several delegations from user countries visited Geneva in the last quarter of the year to receive a demonstration of the new version and plan its implementation. By the end of the year, the beta version of DMFAS 5.0 was user tested in Argentina. Its release is foreseen for March 1995.

At the end of 1994, Version 4.1Plus of the DMFAS was installed in all of the 24 countries using the DMFAS system. Moreover, the countries currently using DMFAS 4.1 Plus are expected to convert to the new version within the next two years.

Finally and in order to illustrate the global impact of the DMFAS Programme, it has been estimated that by the end of 1994 the total debt outstanding and disbursed of the countries using the DMFAS is more than USD 300 billion. In other words, more than USD 300 billion of external liabilities were being managed with the DMFAS by the end of 1994, which is estimated to have costed so far around USD 14 million (excluding the UNCTAD regular budget contribution but including the cost of all the country installations), thus less than 0.004 percent of the amount being managed.

## **2. Field Activities**

### **2.1 Country Projects**

#### **2.1.1 Africa**

##### **Burundi**

The DMFAS is installed in the Ministry of Finance since 1987. The project terminated successfully in 1991 and UNCTAD continues to provide support.



A delegation from the Ministry of Finance and the Central Bank visited Geneva in October 1994 for a demonstration of DMFAS 5.0 (See 4 'Country Visits' on page 13).

### **Central African Republic**

The Government has chosen to install the DMFAS following a demonstration/needs assessment mission in June 1994. It is to be installed at the Caisse Autonome d'Amortissement des Dettes de l'Etat (CAADE). A project document has been signed and activities are scheduled to start in the second quarter of 1995.

The project is being financed by the World Bank's PAGE project (Projet d'Appui a la Gestion Economique). The purchase of the necessary computer equipment is being funded by a separate World Bank agreement with the Government.

### **Djibouti**

The DMFAS has been operational in the Ministry of Finance since 1987. A mission is planned in 1995 to evaluate the conditions for the implementation of DMFAS 5.0.

### **Ethiopia**

The DMFAS is installed in the Ministry of Finance since 1988. A mission will take place in 1995 to provide further training and plan the conversion to the new version of the system.

### **Rwanda**

The DMFAS is installed in the Ministry of Finance. In 1994, the debt management project in Rwanda was interrupted due to political developments.

In December, a DMFAS staff member participated in a mission to Rwanda to analyse the financial situation of the debt and to study the organisational situation of the debt management unit. The mission took place within the framework of a UNDP project to re-establish the public administration in Rwanda. UNCTAD is ready to restart activities as soon as an official request from the Government is received.

### **Togo**

The DMFAS is installed in the Fonds National d'Amortissement de la Dette. UNCTAD continues to provide technical backup and support. FNAP is engaged in a large computerisation project in which DMFAS 5.0 will be a central component.

### **Uganda**

The DMFAS is installed in the Ministry of Finance and the Bank of Uganda since 1985. A delegation from the Bank of Uganda visited Geneva in September 1994 (See 4 'Country Visits on page 13).

During 1994 the Ministry of Finance and Economic Planning has taken a more active role in the management of Uganda's public debt, and an official confirmation has been received that the Ministry intends to install DMFAS version 5.0 at the same time as the Bank of Uganda.

Uganda joined ESAIDARM in 1994 and is now receiving DMFAS support through UNCTAD's Chief Technical Officer (See 2.2.1 'ESAIDARM' on page 11).

### **Zambia**

The DMFAS is installed in two institutions since 1985, one in the Bank of Zambia, containing private and parastatal debt, and one in the Ministry of Finance, containing public and publicly guaranteed debt. The installation in the Bank of Zambia has functioned satisfactorily, while the one in the Ministry of Finance has had serious problems due to staff turnover. After two years of

practically interrupted operation of the DMFAS system, the Ministry of Finance has in 1994 resumed use of the computer system. In 1994 a major effort has been made to rebuild the data base, an effort which has been supported by ESAIDARM and local advisors co-operating closely with UNCTAD.

Zambia joined ESAIDARM in 1994 and is now receiving DMFAS support through UNCTAD's Chief Technical Officer (See 2.2.1 'ESAIDARM' on page 11).

A delegation from the Ministry of Finance visited Geneva in October 1994. (See 4 'Country Visits on page 13).

### **Zimbabwe**

The DMFAS is installed and fully operational in the Reserve Bank of Zimbabwe since 1986. In 1994, Zimbabwe joined ESAIDARM and is now receiving DMFAS support through UNCTAD's Chief Technical Advisor (See 2.2.1 'ESAIDARM' on page 11). The Ministry of Finance, Economic Planning and Development has during 1994 received training on DMFAS 4.1Plus and taken over responsibility for data entry of government debt.

One mission took place to Zimbabwe in September 1994, with the objective of implementing DMFAS 4.1 Plus in the Ministry of Finance and the Bank of Zimbabwe and provide training in its use to both institutions. Zimbabwe is the last country to implement DMFAS version 4.1Plus. Furthermore, Zimbabwe has decided to implement version 5.0 and will send a mission to Geneva in early 1995 to discuss required investments and timing of the implementation mission (See 4 'Country Visits on page 13).

### **Pipeline**

*During 1994, needs assessment/demonstration missions were fielded to three countries in the region. In addition, a number of African countries have requested needs assessment missions for 1995 to evaluate the possibilities of implementing the DMFAS.*

## **2.1.2 Asia**

### **Bangladesh**

The DMFAS system has been installed at the Economic Relations Division of the Ministry of Finance since September 1992. A Chief Technical Advisor was appointed for the first two years of the project. In September, the project was extended for an additional year. Future activities include the installation of DMFAS 5.0 in a single-user environment, the conversion of data to the new version and training in its use. Furthermore, the project foresees local computer training and the participation of debt unit officials in a DMFAS 5.0 presentation/evaluation mission to Geneva. The project has financed part of the necessary programming work which will enable the DMFAS to monitor grants and projects to meet the specific requirements of the Ministry of Finance. The DMFAS 5.0 implementation mission is scheduled for the summer of 1995.

### **Indonesia**

The DMFAS is installed and operational in the Ministry of Finance. The implementation of Phase II of the DMFAS project, which includes further support to the operation of the system and addresses institutional matters, is under consideration.

A delegation from Indonesia visited Geneva in October 1994 (See 4 'Country Visits on page 13).

## **Pakistan**

The DMFAS is installed in the Economic Affairs Division (EAD) of the Ministry of Finance since 1985. UNCTAD fielded a mission in early 1994 to convert the Pakistan data base from version 4.1 to 4.1Plus and to give further training thereon, and also review the institutional mechanisms for debt management in the Economic Affairs and Statistics Division (EASD) of the Ministry of Finance. The mission prepared a comprehensive report including concrete proposals for improving the institutional set-up of EASD. This report was shared with the Asian Development Bank which has recently initiated a project on strengthening the institutional set-up of EASD. It is hoped that this project may also contribute financially to the implementation of DMFAS version 5.0 in Pakistan.

## **Philippines**

DMFAS version 4.1Plus is installed in the Bureau of the Treasury, Department of Finance. Negotiations are well under way with UNDP and a bilateral donor to obtain funding for the commencement of the project's second phase. Phase II would involve the installation of, conversion of data to, and training in DMFAS 5.0 in a network environment as well as improving the institutional structure for the effective functioning of the DMFAS.

## **Pipeline**

*One Asian country has requested a needs assessment mission to evaluate the possibilities to implement the DMFAS for 1995.*

### **2.1.3 Caribbean**

#### **Haiti**

The DMFAS is installed in the Central Bank, but the project has come to a standstill due to political developments.

#### **Trinidad and Tobago**

The DMFAS is installed in the Public Sector Finance Management Unit and the Treasury Division of the Ministry of Finance, and in the Central Bank since 1987. A mission took place in April to install DMFAS version 4.1Plus in the Central Bank and the Ministry of Finance, convert the data base from version 4.1 to 4.1Plus and to train officials in the use of the new software.

A delegation from the Central Bank visited Geneva for a demonstration of DMFAS 5.0 in October (See 4 'Country Visits on page 13).

### **2.1.4 Central and Eastern Europe**

#### **Belarus**

During 1994, Belarus requested implementation of DMFAS and the UNDP approved a preparatory assistance project. The project will be carried out in close collaboration with the World Bank, which is implementing a subregional project for debt management capacity building in Belarus, Ukraine and Moldova. A mission is scheduled for April 1995 to analyse the institutional framework and install version 4.1 Plus. This installation will serve to familiarise the users with computerized debt management and enable them to carry out data entry before receiving version 5.0 in Russian.

#### **Romania**

In September 1994, DMFAS 4.1Plus was installed in the Ministry of Finance and the Central Bank in Romania. The staff in both institutions have been trained in the use of the system. The project is

financed by a Japanese grant and administered by the World Bank. Preparations have been made to install DMFAS 5.0 in 1995.

### **Ukraine**

Like Belarus, Ukraine requested the implementation of the DMFAS in 1994 and will receive UNDP support for this purpose. The implementation of the DMFAS in Ukraine will take place in close collaboration with the project of the World Bank to improve external debt management within the sub-region. A needs assessment mission is scheduled for March 1995.

*UNCTAD will produce a Russian version of DMFAS 5.0 with the assistance of the World Bank. Several other countries of the region have expressed their interest in the system and more needs assessment missions will follow in 1995.*

## **2.1.5 Latin America**

### **Argentina**

The DMFAS was installed in the Ministry of Finance in Argentina in October 1993. During 1994, the data base was completed and the staff trained in the use of the software. The system is now fully operational and used extensively. Another important achievement is the reorganization of the debt administration. The administration of domestic debt, formerly responsibility of the Central Bank, was moved to the debt unit in the Ministry of Finance. In September 1994, a delegation from Argentina visited Geneva to discuss the modalities of an implementation of version 5.0 in Argentina. Argentina will be the first country to receive the new version in March 1995 (See 4 'Country Visits on page 13).

From 14 November to 16 December, the beta testing of DMFAS 5.0 took place in the Ministry of Finance. By carrying out data checks during this testing, Argentina was able to reclaim money on overpayments and it discovered that one creditor did not apply its contract terms correctly (See 3.2 'Beta Testing 'on page 13).

The existence of reliable debt data, thanks to the introduction of the DMFAS, has brought some remarkable savings to the government budget. On several occasions, the Dirección de Administración de la Deuda Pública has been able to correct claims for interest payments by lenders who inadvertently overcharged in their original claims. Moreover, as a reward for punctuality in servicing World Bank debt, the Bank waived 0.25 percent of interest due to it during the fiscal year 1993/94, which brought a savings of around USD 18 million (a larger amount is expected for 1994/95). The overall savings due to a more effective debt management is estimated at around USD 25 million.

### **Bolivia**

DMFAS 4.1 Plus was installed in the Ministry of Finance of Bolivia and the Central Bank in 1994 and DMFAS users received the necessary training. Both institutions carried out the entry of loan data into the system. The data entry will be completed and both databases will be merged in early 1995. Bolivia is currently preparing a new round of Paris Club negotiations with UNCTAD assistance using DMFAS data.

In October 1994, two delegates of the Ministry of Finance visited Geneva (See 4 'Country Visits on page 13).

### **Costa Rica**

The DMFAS is installed in the International Finance Department of the Central Bank and in the Ministry of Finance. The Central Bank has the lead responsibility for registering debt data, and is currently one of the most sophisticated users of the DMFAS, producing, for example, its own

country-specific documentation and the Central Bank's Statistical Bulletin. The DMFAS is also installed in the Electricity Institute of Costa Rica (ICE), a state enterprise. The Central Bank released two experienced staff members, fully conversant with the DMFAS, for a DMFAS assignment to Bolivia where they installed DMFAS version 4.1Plus.

### **Ecuador**

In 1994, a mission took place to Ecuador to assess the possibilities of an installation in the Ministry of Finance and the Central Bank. A project document is under preparation, planning the installation of DMFAS in the Ministry of Finance, the Ministry of Planning and the Central Bank.

### **El Salvador**

The DMFAS is installed in the Ministry of Finance, but no trained staff is available for its utilisation because the DMFAS operation has been transferred to another section without replacement.

### **Guatemala**

The DMFAS is installed in the Ministry of Finance of Guatemala.

### **Honduras**

During 1994, a project funded by the Institutional Development Fund of the World Bank was initiated in order to provide further training and support in the use of the DMFAS. It addresses the needs of the Ministry of Finance and the Central Bank, where the DMFAS was installed under the UNCTAD/ECLAC regional project. The Ministry of Planning will also participate in some of the training activities, in preparation for the installation of DMFAS version 5.0.

### **Paraguay**

A needs assessment mission took place in December 1994 and a project document was prepared, planning the installation of DMFAS 5.0 in the Ministry of Finance and the Central Bank in 1995. The government wishes to implement the system on a wide area network, thus linking the Central Bank and the Ministry of Finance and the Ministry of Planning of Paraguay to a single database. The Central Bank is currently involved in a large computerisation project involving state of the art technology for a wide area network, thus offering the possibility to implement the DMFAS for the first time in such a system.

### **Nicaragua**

The DMFAS is installed in the Central Bank since 1986. Presently, there is a project financed by the IDB on public financial management of which the DMFAS is a major ingredient. Nicaragua is expected to implement version 5.0 in 1995, which will also be installed in the Ministry of Finance.

### **Pipeline**

*Following needs assessment missions, two more Latin American countries are negotiating the implementation of the DMFAS in 1995. Two other Latin American countries requested a mission to evaluate the possibility to implement DMFAS 5.0 in 1995.*

## **2.1.6 Middle East**

### **Egypt**

The DMFAS is installed in the Central Bank since 1986. Egypt has the largest debt database of all the countries currently operating the DMFAS, composed of more than 5,000 loans with approximately 20,000 schedules.

In 1994, the National Project Director invited UNCTAD to demonstrate DMFAS 5.0 and to discuss the modalities of a DMFAS 5.0 implementation.

### **Lebanon**

DMFAS 4.1Plus is installed in Lebanon in the Council for Reconstruction and Development, the Ministry of Finance and the Banque du Liban since 1994. A delegation from Lebanon visited Geneva in October 1994 (See 4 'Country Visits on page 13).

### **Pipeline**

*Following requests by the respective government, UNCTAD presented the DMFAS to another Middle Eastern country during a needs assessment mission in December. The installation of DMFAS 5.0 is envisaged for 1995, and the translation of the DMFAS into Arabic is planned.*

## **2.2 Regional Projects**

### **2.2.1 ESAIDARM**

A Technical Co-operation Agreement between the Eastern and Southern African Initiative in Debt and Reserves Management (ESAIDARM) and UNCTAD was signed on September 24, 1994. It foresees that UNCTAD and ESAIDARM will collaborate to

- develop and provide capacity building and training services in debt and reserves management to ESAIDARM's users of DMFAS;
- develop and advise on management systems and procedures in debt and reserves management;
- participate in internal evaluations of the ESAIDARM pilot project in order to develop analysis and advice for the ESAIDARM Board of Governors and UNCTAD on the future of the cooperation, and to provide information required for donor's external evaluations.

UNCTAD will under this Agreement contribute the DMFAS software, as well as its in-depth expertise in various areas of debt management. UNCTAD will also directly participate in a range of ESAIDARM's products and services, primarily through a Chief Technical Officer (CTO) and by allocating central Geneva-based resources whenever feasible. The Chief Technical Officer started his assignment October 1, 1994. A Regional Technical Officer (RTO) has also been recruited and started his assignment on December 1. During the year ESAIDARM has made significant progress in all of its areas of activity and UNCTAD has actively contributed to this progress by supporting ESAIDARM's seminars, training and institution building activities, mainly through the CTO and the RTO, and by assigning central resources to ESAIDARM.

### **BCEAO**

In 1992, UNCTAD prepared a project document for the installation of the DMFAS at BCEAO headquarters and in its agencies. The project still faces difficulty in securing the necessary funding.

### **Arab Monetary Fund**

In 1994, UNCTAD received an official request from the Arab Monetary Fund inviting DMFAS to send a mission to Abu Dhabi to discuss the modalities of mutual cooperation in the area of debt management for the AMF member countries.

## **2.3 Seminars**

During 1994, DMFAS provided resource persons to the following seminars and workshops, where the DMFAS was demonstrated. This gave DMFAS and the participating countries an opportunity to exchange information and receive feedback on debt management issues.

### **World Bank Seminar on Debt Management in Sofia 11 to 22 April 1994**

This seminar was organised by the World Bank and was attended by 26 participants from 12 East European and central Asian countries. A number of country projects, such as Belarus and Ukraine, resulted from the presentations made during the seminar. Other countries expressed their interest in the system and are expected to request a follow-up.

### **BCEAO Debt Management Seminar in Dakar May 1994**

This was a regional seminar on public debt management of the countries of the West African Monetary Union organised by the BCEAO. The main aim of this seminar was to analyse the debt management situation in these countries in order to formulate proposals to harmonise the management of debt in the Union.

### **World Bank Seminar on Debt Management in Tashkent 6 to 17 June 1994**

UNCTAD presented DMFAS 5.0 and 4.1 Plus in this seminar organised by the World Bank and the Central Bank of Uzbekistan. It was attended by 21 participants from 4 countries (Albania, Kazakhstan, Kyrgyzstan and the host country Uzbekistan).

### **ESAI DARM workshop on Debt Data Collection and Recording 5 to 21 September 1994**

This was a workshop on debt data collection and recording, organised by ESAI DARM, which took place in Darwendale, Zimbabwe.

### **IDB Course on External Debt Management in Guinea Conakry, Republic of Guinée 5 - 8 December 1994**

Two members of the DMFAS team took responsibility for teaching six out of eight subjects in this course on external debt management, which was organised jointly by the Institut Islamique de Recherches et de Formation (IIRF) of the Islamic Development Bank (IsDB) and the Centre de Formation of the Banque Centrale de la République de Guinée (BCRG). The course covered such issues as institutional arrangements for effective debt management, organisation of a debt office, control of debt, renegotiation of debt and the use of computers for debt management. Recommendations to the respective Governments as a result of this course will be published by the IsDB together with the background documentation used during the different sessions.

## **3. System Development**

### **3.1 Software Development**

The system development activities were concentrated on programming and testing of DMFAS 5.0. The build stage, during which the bulk of all programming work was accomplished, ended in mid-September 1994 with an internal quality assurance review within the DMFAS programme. During this phase, the programmers were working with beta (preliminary) versions of Oracle's latest software tools, so that many design decisions had to be made based on the expected functionality of the final versions of those tools. Although working at the very edge of technology enabled the programme to provide a state of the art software, it also resulted in a postponement of approximately three months at the implementation stage.

Work on the final phase of the system development plan - the Implementation phase - began on September 16 and will be completed in February 1995. This phase includes further internal system testing, the provision of the final touches to the outlook of the software, a general demonstration of DMFAS 5.0 in Geneva (See 4 'Country Visits' on page 13), the validation of a country exercise and the production of the final version based on the results of the country testing (See 3.2 'Beta Testing' on page 13). This phase also includes the production of the system documentation.

### **3.2 Beta Testing**

The new version was user tested on a local area network in the Debt Unit of the Ministry of Finance in Argentina during mid-November / mid-December. This exercise was carried out by a selected test team in line with a predefined test plan to ensure that all functions were working correctly, to discover eventual errors and to receive suggestions for improvements by the users.

The activities covered system installation, data conversion, data entry, training, report preparation, and cross checking the results obtained with DMFAS 5.0 with those obtained from the current version, 4.1Plus.

The system was very well received by the end-users. No major surprises were encountered during the testing period in terms of functionality and coverage. It was found that the system was so user friendly that the on-line help facilities rarely had to be used by users already familiar with 4.1Plus. A number of useful end-user suggestions were recorded for later incorporation. A precise log was kept of all anomalies and bugs discovered and corrected. The testing clearly proved that DMFAS 5.0 is a viable and functional system, user tested and accepted.

### **3.3 Support to current installations**

The DMFAS central team has continued to provide technical support to DMFAS users through the "hotline" service and technical backstopping missions. Using the "hotline" service, users are able to contact the technical team in Geneva either by phone or fax or E-mail to receive assistance for queries or problems encountered.

Apart from support for DMFAS 5.0, UNCTAD will continue to provide support for users of version 4.1Plus for as long as there are countries still using this version.

## **4. Country Visits preparing the Implementation of DMFAS 5.0**

In the period 22 September to 28 October, DMFAS 5.0 was presented to nine user countries at UNCTAD headquarters in Geneva. The countries that visited were: Argentina, Bangladesh, Bolivia, Burundi, Lebanon, Indonesia, Trinidad and Tobago, Uganda and Zambia. The delegations received a demonstration of the new version and discussed details of the implementation of DMFAS 5.0 in their countries. The meetings served as a useful exchange of experience about the national systems currently in use. Moreover, the visitors' comments provided some useful inputs for the further development and refinement of the DMFAS 5.0. The delegations commented very positively on the new features.

Since DMFAS 5.0 needs significantly more computer capacity, the clients were advised on the purchase of the necessary new equipment and they were provided with a list of hardware and software requirements adapted to their needs. Six out of nine countries that visited the DMFAS team in the Autumn decided to use DMFAS 5.0 on a network.

To sum up the results of the visits and to ensure a successful transition to the new system, the respective delegations and UNCTAD drafted a letter of agreement for the implementation



missions. More client countries are expected to visit the DMFAS team in Geneva during the first quarter of 1995.

Funding for the implementations may be a problem for some of the countries.

## **5. Documentation, Information and Liaison**

### **5.1 Documentation**

During 1994, a set of documentation has been developed, including the On-line help, a Debt Management Procedures Guide and a Debt Management Glossary, the latter in English, French and Spanish. The On-line help provides technical help for the use of the system and information about the relevant financial topics. It will be the basis for the DMFAS Reference Guide to be produced in 1995.

In addition, a training framework has been developed, outlining the structure and contents for the DMFAS training modules. The development of the training modules has started in 1994 and will be continued in 1995 (See 6.4 'Capacity Building' on page 15).

### **5.2 Newsletter**

The fifth and sixth issues of the DMFAS Newsletter were published in English, French and Spanish. The Newsletter continues to be produced biannually. It provides a forum for DMFAS users to share experiences in debt management, and to give information on the development of the DMFAS, technical issues, and country experiences. It is now sent to a growing number of readers in governments, institutions involved in debt management and international organisations.

### **5.3 Other Activities**

A demonstration version of DMFAS 5.0 has been developed in English. A Spanish and a French version are being developed and will be available in 1995.

Contacts were maintained with the European Bank for Reconstruction and Development to discuss possible co-operation in delivering technical assistance to Eastern Europe and the CIS countries. Contacts were also maintained with a number of regional organizations such as the Islamic Development Bank, the Arab Monetary Fund and the Central American Monetary Council.

## **6. Future Activities**

### **6.1 DMFAS 5.0 installations**

In 1995 and beyond, DMFAS 5.0 will be installed in all countries that are already using the DMFAS. Therefore, UNCTAD will carry out a number of implementation missions to install the new version, convert the data and to provide the necessary training. The modalities for these implementation missions were discussed during visits of the respective countries to Geneva (See 4 'Country Visits' on page 13').

### **6.2 Development and Maintenance**

The DMFAS technical team will continue the development and improvement of the system using the feedback they receive from the implementation of version 5.0 in the different countries. The

programme will be customised for the different countries implementing change requests and country specific report formats.

Taking into account that some countries will be using DMFAS 4.1 Plus for at least another year before they will be able to convert to DMFAS 5.0, a third update of DMFAS 4.1Plus will be developed in early 1995.

### **6.3 Support**

The DMFAS Programme will continue to produce the DMFAS Newsletter to provide a forum for debt managers and DMFAS users to learn and share experience in the area of debt management. The Programme will also carry on providing technical support to DMFAS installations, via technical backstopping missions and by the "hot-line" for resolution of users' problems.

### **6.4 Capacity Building**

The central Geneva DMFAS team will continue to provide training and advice for operational users of the DMFAS. In 1995 and 1996, the training activities have to be increased since the new version requires more skills than previous ones due to its complexity. A specialised training programme will be necessary. The DMFAS programme has developed a training framework as a basis for future training activities. The training offered will cover general and specialised training needs and will be addressed to all levels of debt management involved. The different training modules will be elaborated in 1995.

One of the aims of the training framework is to train future trainers from user countries and regional institutions, such as ESAIDARM. Once acquired sufficient expertise in the use of the system, these trainers should be able to disseminate instruction in the use of the system in their country and region.

*For this purpose, most of the central training activities in 1995 and 1996 will focus on the provision of training materials to be used within national and regional projects, and training of trainers. Attention will also focus on training local technical support personnel to ensure that they are able to perform day-to-day system maintenance. Officials from institutions where the DMFAS is installed will continue to be used as consultants and trainers in DMFAS projects, and the formation of users' groups will be encouraged.*

### **6.5 Translations of the system and its documentation**

In 1995, the system and its documentation will be translated into different languages. This includes Spanish, French, Russian and possibly an Arabic version of the system. Currently, the system is being translated into Spanish by consultants and Central team staff. The Spanish system is expected to be ready by Spring 1995. The development of a French version will start in 1995, depending on the availability of funds, it will be available by the second half of 1995.

In 1995, DMFAS 5.0 will be installed in a number of CIS countries, thus implying the development of Russian version of the system. It is currently under discussion to translate the system with the support of the World Bank in order to make the Russian version available as soon as possible. *The translation will start as soon as resources for this project are found.* Moreover, for this venture, it is envisaged to extend the DMFAS central team by one Russian speaking staff to ensure the coherence of the versions and to contribute to the development of a training programme in Russian.

The development of an Arabic version is being considered and funds are being sought for this task.

## 7. Funding

The DMFAS Programme has established itself as one of the major providers of a standard computer-based public debt management software as well as in related services of public liabilities management. However, the development of the Programme since its inception in 1980 has been achieved against a background of insecure funding. Apart from the Chief and the Programme Officer (who are financed from the UNCTAD regular budget) the rest of the Programme's staff in Geneva have either been financed through UNDP and bilateral donors, or have been associate experts financed by their respective national governments. The core staff in Geneva, which consists of around ten professionals, is supplemented by consultants who work for short periods on specific projects, and chief technical advisors who are assigned to country or regional projects outside UNCTAD headquarters.

Over the years the DMFAS Programme has built a human resource capacity within its staff, with a high level of skills both in the technical and project management area. As one evaluator of bilateral assistance to the programme stated: *"It is important to note that maintaining the staff in Geneva ensures the continuation of high-level services to the DMFAS country projects and ensures that the DMFAS is kept up-to-date with the changing debt situation and with improvements in computer technology"*.

The DMFAS Programme thus heavily relies on extra-budgetary funding to cover the costs of the core staff in Geneva. Within the framework of the Joint Programme for debt management of UNDP, UNCTAD and the World Bank, UNDP originally committed itself to provide funding for a four year period, from 1992 to 1996. However, during 1994 it encountered severe financial pressures and has been forced to cut back on all funding, including interregional projects. As a consequence, UNDP withdrew practically all its financial commitments to the Joint Programme for 1995 and 1996. Increasing resource constraints at UNDP have also meant that it has become more and more difficult to secure funding for country and regional activities.

Table 1 (Thousands of USD)	Cumulative expenditures Until 1991	Year expenditures			Cumulative expenditures incl. 1994 (a)	Estimated expenditures 1995
		1992	1993	1994		
UNDP	4,205	1,075	1,184	1,416	7,880	564
Other Sources			64	404	468	656
Funds in Trust (b)	2,133	549	374	331	3,387	2,010
<b>TOTAL</b>	<b>6,338</b>	<b>1,624</b>	<b>1,558</b>	<b>2,151</b>	<b>11,735</b>	<b>3,230</b>

(a) Includes expenditures in projects in which UNCTAD participated as associated agency. Between 1985 and 1989 expenditures corresponding to these UNCTAD activities are estimated at around US\$170,000.

(b) Includes imputed contribution of France in the form of a senior expert in debt management, from 1985 to mid-1992.

As can be seen from Table 1, the annual extra-budgetary expenditures from UNDP witnessed an increase in 1993 and 1994, due to UNDP financing of the interregional project within the framework of the Joint Programme. However, this will drop dramatically in 1995.

Notwithstanding the slight decrease in the bilateral funding, from US\$ 374,016 in 1993 to US\$ 331,019 in 1994, it is expected that this type of funding will increase substantially and cover practically 100 per cent of the DMFAS Programme central funding needs in 1995. A summary account of bilateral support and its comments is to be found in annex I.

In 1994, the Government of Norway provided US\$ 89,710 for an Associate Expert and US\$ 82,802 for general programme contribution and support for debt management missions. The Government of Italy provided US\$ 16,036 for an Associate Expert and US\$ 28,113 for general programme contribution. The Government of the United Kingdom provided US\$ 55,691 in the form of a JPO / Associate Expert and the Government of France US\$ 17,717 in support for debt management missions to the BCEAO countries. The Government of the Netherlands provided, through the Eastern and Southern African Initiative in Debt and Reserves Management (ESAIRDAM), US\$ 40,950 for the UNCTAD Chief Technical Officer assigned to the ESAIRDAM Secretariat. For details of country project expenditures, see annex II.

## **8. Donors Meeting**

Due to the financial constraints of UNDP, UNCTAD was thus required to seek urgently additional funding to support its technical cooperation programme in debt management. Paradoxically, this happened at a time when the DMFAS Programme was entering a phase of expansion with an increasing demand for products and services from client countries, as well as requests from new countries to obtain the Programme's support on debt management.

In September 1994, UNCTAD organised a donors meeting with the objective to seek funding for the central operation of the DMFAS Programme for 1995 and 1996 and to establish a close and continued partnership with interested donors. The meeting was chaired by Mr. Lars Kalderen, former Director of the Swedish Debt Office, and attended by representatives of Denmark, Finland, France, Italy, Japan, the Netherlands, Norway, Switzerland, the United Kingdom, the United States and UNDP. Guest speakers from Argentina, Egypt and Uganda described their experience in the area of debt management and, in particular, the benefits their countries obtained from DMFAS projects.

By the end of 1994 Denmark, Italy, the Netherlands, Norway and Switzerland, had each committed a contribution to the DMFAS Programme and Sweden is expected to follow soon.

## **9. Concluding Remarks**

The year 1994 has marked a turning point in the evolution of the DMFAS Programme. Thanks to the support of the UNDP since 1991, the Programme has been able to achieve impressive progress which paved the way for a significant expansion of its activities in the years to come. Against a background of financial insecurity, it has shown its capacity to sustain its efforts to provide high-quality technical assistance services in the area of debt management. By year-end, the Programme could look to the future with great confidence: with the support of a strong group of interested donors and partners, it is providing a high-quality product and related services to an increasing number of client countries.

The release of DMFAS 5.0 will give client countries access to a state-of-the-art computer-based debt management system that will allow them to monitor, manage and analyse their external debt in an even more effective way. The increasing demand from existing and new client countries proves that the Programme responds to a real need. During 1995 and 1996, the new system will be

installed in more than 30 countries. While country funding for the implementation of projects becomes readily available from a variety of sources, the Programme will continue to seek core funding to cover the costs of its central operation in Geneva. An important success story for the DMFAS Programme in 1994 was the Donors Meeting, from which the concrete pledges made will enable the DMFAS Programme to fulfil its commitments to its client countries in 1995 and to some extent in 1996.

Overall, the DMFAS Programme has now firmly established itself and proven its worth to donors, partners and clients alike. As an example, the following conclusions were drawn from recent discussions with staff from the World Bank and the Inter-American Development Bank, concerning technical assistance on *Integrated Financial Management Systems (IFMS)*.

1. A system like the DMFAS fulfills a core of common needs for all countries.
2. A system like the DMFAS is very expensive to develop. Therefore, it is a waste of resources for a country to develop one on its own if there is one available on the market, which it can acquire by paying only the marginal cost for the training, the installation and the maintenance.
3. Given the cost of such a system and the limited demand for it (only one system per country) the margin for profits is nil or very low, making it unattractive to the private sector. It thus falls within a "public goods" market structure, i.e. its price equals its marginal cost.
4. The technical assistance, provided within the context of supplying this kind of system, is also different in spirit from the traditional "capacity building approach". Indeed, besides the embodied capacity building provided through training in the use of the system, the technical assistance is more geared towards providing a permanent service that will reduce costs through economies of scale rather than passing the know-how to develop and maintain such a system.
5. The cost of maintaining and enhancing such a system would be supported in part by the users and in part by interested donors sharing the costs, thus making it more affordable.

## ANNEX I

## Summary account of bilateral support - Trust Funds (a)

Project	Total allocation (up to 31.12.94)	Cumulative Expenditures (incl. 1994)	Expenditures 1994	Comments
Federal Republic of Germany	268,352	268,352		Associate experts. (1987-1989) (c)
Netherlands	200,089	192,764		General programme contribution. (1986-1989) (c)
Netherlands	310,186	310,186		To support debt management activities in African countries. (1991-1993) (c) (d)
Belgium	172,089	172,089		Associate expert. (1987-1989) (c)
Norway	225,921	225,921		Associate expert. (1988-1991) (c)
Norway	292,448	206,829	89,710	Associate expert.
Norway	335,172	294,614	82,802	General programme contribution and support for debt management missions.
Italy	796,897	794,084	28,113	General programme contribution.
Italy	144,510	144,510	16,036	Associate expert. (1992-1994) (c)
United Kingdom	228,459	228,459	55,691	Associate expert. (1992-1994) (c)
France	17,392	17,717	17,717	Support for debt management missions. BCEAO countries. (1994) (c)
ESAI DARM (b)	135,600	40,950	40,950	UNCTAD Chief Technical Officer assigned to the ESAIDARM Secretariat.
<b>TOTAL</b>	<b>3,127,115</b>	<b>2,896,475</b>	<b>331,019</b>	

(a) Does not include the contribution of France in the form of a senior expert in debt management (from 1985 to mid-1992).

(b) Eastern and Southern African Initiative in Debt and Reserves Management.

(c) Project duration

(d) List of participating countries: Burundi, Ethiopia, Rwanda, Uganda and Zambia.

A summary account of project expenditures and project information

Country Projects	Expenditures (US dollars)			Overview as of 31 Dec. 1994	
	Total allocation (up to 31.12.94)	Cumulative (incl.1994)	1994	DMFAS Installed	Completed project
<b>UNDP funded</b>					
Argentina	59,350	59,350		DPS only	
Bangladesh (a)	763,303	557,275	243,755	4.1 Plus	
Bolivia	52,870	52,870		4.1 Plus	
Burundi	124,726	119,148		4.1 Plus	x
Costa Rica	33,000	35,740		4.1 Plus	x
Djibouti	140,500	140,239		4.1 Plus	x
Egypt	946,872	926,173		4.1 Plus	x
El Salvador				4.1	x
Ethiopia	165,000	130,192	-3,749	4.1 Plus	
Guatemala				4.1 Plus	x
Guyana	82,987	73,646			x
Haiti (b)	180,155	178,892		4.1	x
Honduras				4.1 Plus	x
Indonesia	450,342	455,096		4.1 Plus	x
Lebanon	33,136	33,136	20,768	4.1 Plus	x
Liberia	109,268	109,268		4.0	x
Madagascar	144,432	144,432		3.0	x
Malaysia	52,575	52,575		3.0	x
Nicaragua	37,000	37,000		4.1 Plus	x
Pakistan	427,659	427,659	5,708	4.1 Plus	x
Peru	55,000	58,109		DPS only	x
Philippines	380,830	377,118		4.1	x
Rwanda	331,102	249,225	-1,788	4.1 Plus	
Togo	151,325	136,321		4.1 Plus	x
Trinidad & Tobago	75,705	75,705		4.1 Plus	x
Uganda	218,915	213,276		4.1 Plus	x
Zambia	185,755	185,755		4.1 Plus	x
Zimbabwe	141,590	141,580		4.1 Plus	x
<b>TOTAL UNDP Country</b>	<b>5,343,397</b>	<b>4,969,780</b>	<b>264,694</b>		

Other Sources

Argentina (c)	923,506	361,101	297,103	4.1 Plus	
Bolivia (d)	55,970	40,784	40,784	4.1 Plus	
Ecuador (e)	35,265	34,786	34,786		x
Romania (f)	58,816	31,474	31,474	4.1 Plus	
<b>TOTAL Other Sources</b>	<b>1,073,557</b>	<b>468,145</b>	<b>404,147</b>		

Regional/Interregional UNDP

Central America (g)	171,563	164,228			x
Interregional (h)	905,139	897,885			x
Interregional (i)	2,173,200	2,133,374	1,150,710		
<b>TOTAL Regional</b>	<b>3,249,902</b>	<b>3,195,487</b>	<b>1,150,710</b>		

<b>TOTAL UNDP</b>	<b>8,593,299</b>	<b>8,165,267</b>	<b>1,415,404</b>		
<b>TOTAL</b>	<b>9,666,856</b>	<b>8,633,412</b>	<b>1,819,551</b>		

- (a) Government-executed project with UNCTAD as Cooperating Agency.  
 (b) Waiting for political climate to improve to continue activities.  
 (c) Fully financed by the Government through cost-sharing with UNDP  
 (d) Government cost-sharing with UNDP  
 (e) World Bank loan for a Needs Assessment Mission on technical cooperation.  
 (f) World Bank Japanese Grant  
 (g) Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua.  
 (h) First phase of the UNDP/UNCTAD/World Bank Joint Programme completed December 1992  
 (i) Full-fledged UNDP/UNCTAD/World Bank Joint Programme.

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