



Case-studies on Scoring Selected Indicators

Objective of the exercise:

The following case studies are intended to illustrate and resolve common problems in the scoring of indicators DPI- 6, 7, 9, and 15.

For each indicator, information is provided on the state of affairs as found in a typical debt management (DeM) Performance Report. The group will assess the relevance and adequacy of the information provided, and agree on the score for each indicator or dimension in accordance with the requirements of the DeMPA Tool (February 2008) and Guide (February 2008).

Required:

Each group needs to:

1. Judge whether the information provided is sufficient for scoring each dimension and indicator and identify any information gaps;
2. Assessment of the score for each indicator, citing the evidence for that score.

Each group should report back their findings at the plenary session. All cases should be prepared, as reports will be made in turn by each group, indicator by indicator, and other groups will be invited to comment (computers available on request).

Group Number:

Facilitator:

Room No:

UTOPIA CASE STUDY B

DPI-6 Coordination with Fiscal Policy

Forecasts are provided on total central government debt and debt service by Reserve Bank of Utopia and the MoF to the Technical Committee of Public Debt and the Budget Unit as part of the annual budget preparation. Sensitivity analysis to changes in interest and exchange rates is not undertaken for any of the major currencies in which the government borrows externally, and neither has this been formally incorporated into the budget exercise.

A DSA on total public and publicly guaranteed debt has been undertaken annually and is incorporated in budget analysis. For the DSA all external debt is converted into dollar exposure at a specific point in time; the exchange rate impacts of cross-currency changes are not assessed. The DSA forms an input in the debt management strategy. The Debt Management Directorate (DMD) works together with the Reserve Bank of Utopia on the debt strategy.

Score:

Required

1. Is it possible to rate this indicator? Is there sufficient evidence? If not, what additional evidence should be obtained?
2. If the evidence is sufficient, what is your rating for the following dimensions?

Dimension	Score
1. Coordination with fiscal policy through the provision of accurate and timely forecasts on total debt and debt service under different scenarios.	
2. Availability of key fiscal variables and/or an analysis of debt sustainability, and the frequency with which debt sustainability analysis is undertaken.	
Overall Score	

DPI-7 Coordination with Monetary Policy

There is ad-hoc information sharing on debt transactions and on central government cash flows with Reserve Bank of Utopia. The Integrated System of Administrative Financial Management and Audit (SIGFA) is expected to be integrated with the Debt Management System and Securities recording system (DeMSyS version 5.3) by December 2007 and will ensure greater efficiency and effective information sharing.

The Reserve Bank of Utopia Act No. 317 enacted in October 1999 permits government to meet temporary liquidity shortfalls by accessing financing from the Reserve Bank of Utopia. This has to be cleared within the same financial year and there is a ceiling on the amount. However, the government has not accessed this facility for the past six years. In addition, liquidity shortfalls can be financed by MoF through the issuance of short term paper. This option was established in the Public Debt Law.

Score:

Required

1. Is it possible to rate this indicator? Is there sufficient evidence? If not, what additional evidence should be obtained?
2. If the evidence is sufficient, what is your rating for the following dimensions?

Dimension	Score
1. Coordination with monetary policy implementation through information sharing on debt transactions and government’s current and future cash flows.	
2. Extent of a limit to direct access of resources from the Central Bank.	
Overall Score	

DPI-9 External Borrowing

All external borrowing is on concessional terms with a grant element of at least 40 percent in practice (stipulated by the IMF, PRGF 35 percent). The Debt Management Directorate (DMD) has the technical capacity to undertake an assessment of the most beneficial/cost effective terms for external borrowing. This assessment is not routinely undertaken for all loans. With the introduction of new creditors (e.g. China and India), DMD is increasingly required to provide an assessment prior to each loan negotiation. This does not apply each loan negotiation from the IDA/ADB loans¹ which are on fixed terms and for thus, the Project Cycle Management Department officials (who negotiate the loans) are confident of assessing the terms. There are no formalized procedures for the involvement of DMD's analytical input in the loan negotiation process. Legal advisers are generally not contacted at an early stage during the loan negotiating process. They are usually contacted at the very end of the loan-negotiating stage. There are no documented procedures for borrowing in foreign markets.

Score:

Required

1. Is it possible to rate this indicator? Is there sufficient evidence? If not, what additional evidence should be obtained?

2. If the evidence is sufficient, what is your rating for the following dimensions?

Dimension	Score
1. Degree of assessment of the most beneficial/cost-effective borrowing terms and conditions (lender or source of funds, currency, interest rate and maturity).	
2. Availability and quality of documented procedures for borrowing in foreign markets.	
3. Availability and degree of involvement of legal advisors.	
Overall Score	

¹ IDA/ADB loan being at fixed terms – the Project Cycle Management Department is able to independently assess the loans.

DPI-15 Debt Reporting

Reporting of central government external and domestic debt fully meets all statutory and contractual reporting requirements in a timely manner. However, the overall picture of the total stock of outstanding central government debt is not provided in the public domain. External and domestic debt data is presented separately in Reserve Bank of Utopia publications. Domestic debt data is given in Utopian dollars, while external debt is reported in US dollars, making it difficult to aggregate. Private sector debt is presented in the balance of payments, but not compiled by either DMD or Reserve Bank of Utopia.

Although all the data on debt are recorded, validated and available in statistical useable format with DMD, these are not publicly disseminated. A debt statistical bulletin is not published.

Score:

Required

1. Is it possible to rate this indicator? Is there sufficient evidence? If not, what additional evidence should be obtained?
2. If the evidence is sufficient, what is your rating for the following dimensions?

Dimension	Score
1. Meeting statutory and contractual reporting requirements of central government debt to all domestic and external entities.	
2. Meeting statutory and contractual reporting requirements for total non-financial public sector debt and loan guarantees to all domestic and external entities.	
3. Quality and timeliness of the publication of a debt statistical bulletin (or its equivalent) covering central government debt.	
Overall Score	