



Debt Management Performance Assessment Tool (DeMPA)

Case-studies on Scoring Selected Indicators

Objective of the exercise:

The following 3 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 if the information provided is sufficient for scoring of each dimension and indicator and identify any information gaps;
2. Make its 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:

**EREHWON
CASE STUDY B**

DPI-6 Coordination with Fiscal Policy

Forecasts are provided on total central government debt and debt service both by the Department of Public Credit (DPC) at MoF and Central Bank of Erehwon as part of the yearly budget preparation. No sensitivity analysis to interest and exchange rates are undertaken in this process. No DSA on total public and publicly guaranteed debt has yet been undertaken by the government. However, DPC has received training in conducting a DSA, and there are plans to regularly conduct DSAs.

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 only ad-hoc information sharing on debt transactions and on central government cash-flows with the central bank, mainly due to lack of reliable cash-flow forecasts. With the new integrated financial management information system (IFMIS) which is under installation, the cash-flow forecasts should substantially improve.

While the Central Bank of Erehwon Act stipulates that the Government can borrow from the Central Bank up to a limit of 20% of revenue approved in the budget for a tenor of up to 1 month, the Government has not been adhering to the tenor and only clears the borrowing at the end of the financial year.

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 done on concessional terms with a grant element of at least 35 percent. There is no assessment of the most beneficial/cost-effective terms for external borrowing as all external borrowing is sourced from the established multilateral and bilateral lending agencies on terms and conditions that are set by these agencies. There are no documented procedures for borrowing in foreign markets. Legal advisors are only used when loan negotiation has been completed and their assistance is required to complete documentation.

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	

DPI-15 Debt Reporting

The financial accounts in Erehwon do not contain debt information. The official debt information is provided in a statistical bulletin (the Fiscal Bulletin) published quarterly on the website of the Ministry of Finance by the Macroeconomic and Fiscal Directorate. The Department of Public Credit (DPC) provides figures for the bulletin, which is currently published with some time delay. The latest published report (April 2007) presented the debt information for end-December 2006. DPC meets the external debt reporting requirements of the WB's Debtor Reporting System (DRS), both in terms of content and timeliness. Total non-financial public sector debt to all external entities is reported, however, data on domestic debt is not reported.

The quarterly Fiscal Bulletin contains only overall debt information, e.g. outstanding stock by instrument, lenders and currency composition. There is no information on the interest rate basis, residual maturity and debt ratios/indicators.

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	