


Debt Management Performance Assessment Tool (DeMPA)

Debt Records and Reporting

DeMPA Workshop
April 2009




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Effective debt management requires comprehensive *debt records...*

- that are accurate, consistent, complete, and timely
- in order to monitor, settle, and account for all domestic and external central government debt, loan guarantees, debt-related transactions, debt restructuring, and debt relief
- and this includes, inter alia, recording of all holders of government securities issued in the domestic market

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Debt records may be incomplete or not timely updated...

- Lack of coordination and information exchange between the different entities involved in negotiating, contracting and mobilizing funds
 - Disbursement of external loans could be initiated by line Ministries or PIU without engaging the DMO
 - On-lending data may be updated with delay
- Problems with the debt recording system or with the recording process itself
- T-Bills and T-Bonds records could be kept with the CB or the Stock Exchange in a different database and exchange of info with MoF may be slow

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Data requirements are more complex for domestic bonds traded in the secondary market...

- As bonds change hands in the secondary market, the issuer needs to make sure that the registrar keeps adequate records of bond holders
- Registry of government securities (GS) is the official record of absolute ownership, legal or beneficial title or interest in GS
 - Upon award of GS at the auction, the securities awarded record are downloaded into the dealers' account in the Registry
 - Every sale/purchase of GS by a dealer reduces/increases its GS account in the Registry
- Third party custodians are usually established to avoid abuse by dealers

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Central Securities Depositories (CSD) are often the Registrars for book entry of dematerialized or immobilized securities...

- Physical securities are immobilized to reduce operational risk involved in the movement of the certificates.
- GS are increasingly dematerialized to eliminate the operating risks posed by the issuance, trading, and transportation of certificated paper
- Membership
 - Brokers
 - Custodian banks
 - Corporate or individuals


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A lack of comprehensive debt records...

- increases the risk of missed, miscalculated, and misdirected payments
- impedes the ability to analyze and report on the financial and other characteristics of the debt portfolio
- undermines investor and public confidence in the government's ability to manage and service the debt


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Characteristics of effective debt recording include...

- a **debt database** that...
 - is accurate, consistent, complete, and timely
 - has tight controls and security
 - has the capability to interface with the government's financial management information and accounting systems
- a **domestic securities registry system** that...
 - is accurate, consistent, complete, and timely
 - has tight controls and security
 - is governed by an agency agreement between the government and the registrar
 - is complemented by mechanisms to gather information on beneficial ownership in the case of nominee accounts




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The DeMPA scoring methodology (DPI 14) emphasizes...

- the completeness and timeliness of central government debt records

Central government domestic, external, and guaranteed debt, plus debt relief, debt restructuring, and other debt-related transactions

		
Complete and available within a 3-month lag	...within a 2-month lag	...within a 1-month lag
- the completeness, timeliness, and security of the domestic securities registry system...
 - including how frequently its records are reconciled and audited

Registry of holders of government securities

		
Up-to-date and secure records	...and audited within the last 3 years	...and subject to annual audit

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Sound debt management requires comprehensive *debt reporting*...

- on central government and total non-financial public sector debt outstanding and debt-related transactions
- to meet statutory and contractual reporting obligations
- to satisfy the needs of market participants and market-infrastructure providers for information
- to facilitate transparency and accountability of the government's debt management activity

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Characteristics of effective debt reporting include...







- regularly publishing *information*...
 - on the stocks and flows of the debt and debt-related transactions
 - including measures of risk and cost
 - that is accurate, complete, and timely
 - that satisfies, at a minimum, statutory and contractual requirements to all domestic and external entities...
 - that is disseminated consistent with international reporting standards
- coverage of both the *central government* and the *non-financial public sector*
- publishing a *debt statistical bulletin* for central government debt and loan guarantees...
 - including risk measures of the debt portfolio

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The DeMPA scoring methodology (DPI 15) emphasizes...

- meeting all statutory and contractual reporting requirements




<i>Central government debt</i>	 <i>Fully compliant, with data that are within 6 months of the reporting period</i>	 <i>...within 3 months of the reporting period</i>	 <i>...within 1 month of the reporting period</i>
<i>Total non-financial public sector debt and loan guarantees</i>	 <i>Fully compliant, with data that are within 9 months of the reporting period</i>	 <i>...within 6 months of the reporting period</i>	 <i>...within 3 months of the reporting period</i>

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The DeMPA scoring methodology (DPI 15) emphasizes...

- the availability, quality, and timeliness of a debt statistical bulletin for central government debt and loan guarantees

<i>Debt statistical bulletin (or its equivalent)</i>	 <i>Information on debt stocks, flows, and ratios, published annually, with data that are not more than 6 months old</i>	 <i>...plus information on basic risk indicators, with data that are not more than 3 months old</i>	 <i>...published semi-annually</i>
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Thank you!

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