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CONFERENCE
ON TRADE
AND DEVELOPMENT

DMFAS

Newsletter

Nº 10 / Spring 1997

Welcome to the tenth issue of the DMFAS newsletter. The demand for DMFAS 5.0 continues to be high: 15 installations of DMFAS 5.0 have been carried out until December 1996! DMFAS 5.0 is now up and running in Argentina, Bangladesh, Ecuador, Egypt, Kazakhstan, Mauritania, Nicaragua, Pakistan, Panama, Paraguay, Romania, Senegal, Uganda, Ukraine, Vietnam, Zambia and Zimbabwe, and a series of installations are ahead of us. The implementations have proven successful and provided a lot of feedback and new ideas to the team. Against this background, the DMFAS Programme organised its second donors meeting which was held in Geneva on 4 June (see article on page 2). The meeting was held soon after UNCTAD IX which took place in Midrand, South Africa, from 27 April until 11 May 1996 (see article on page 2).

The DMFAS Programme is, as always, continuing to improve upon the products and services. Major activities, for example, include collaboration with ESAIDARM (see article on page 3) and translation into Russian. Also the programme is expanding the possibilities for its use. In previous issues, we have already described the link created between the DMFAS and the Argentinean financial administration system, which now represents a so called "integrated system". To date, the programme has received various requests from other countries for the development of such links. Now, a link has been created between the DMFAS and the Pakistani Aid management system (see article on page 6). The DMFAS 5.0 technology is thus offering many possibilities for integration and a lot of flexibility. Enjoy the reading!

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UNCTAD IX AT MIDRAND IN SOUTH AFRICA

➤ The ninth session of the United Nations Conference on Trade and Development (UNCTAD IX) took place in Midrand, South Africa, from 27 April until 11 May 1996 under the theme: "Promoting growth and development in a globalizing world economy". In parallel to the conference, a number of events were organised with the participation of international as well as non-governmental organisations, local governments and the private sector, representatives of trade unions, and a number of distinguished academics. During the roundtables in which Heads of States, Multilateral Agencies and Ministers participated, it was stated that changes and challenges in a global economy highlight the need for a reform of the United Nations system, and within, a more efficient structure of UNCTAD.

UNCTAD IX has responded to those challenges by initiating important reforms designed to give new and real meanings to the partnership for development. Thus, the conference undertook a restructuring and streamlining of UNCTAD's intergovernmental machinery and of its organisational structure. Priorities were set for development action in a globalizing world economy. Those include trade liberalisation and sustainable development, foreign direct investment, competition, environmental policies and measures and the support the development of domestic enterprises, especially small and medium sized ones.

The Midrand declaration underlined the importance of UNCTAD's Technical Co-operation Programme.

As far as the DMFAS Programme is concerned, UNCTAD IX has had very positive results which will significantly contribute to the successful continuation of the Programme. The REPORT OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT ON ITS NINTH SESSION reads:

"This examination of development challenges will integrate the important development lessons learnt about debt management problems from UNCTAD's work in this area¹. Furthermore, it states that UNCTAD should provide continued support for debt management.

SECOND DMFAS DONORS MEETING

➤ On 4 June, the DMFAS Programme held its second Donors meeting in order to raise necessary funding for its central operations at UNCTAD's headquarters in Geneva. As it will be remembered, in September 1994 the Programme organised a first donor's meeting after which a group of bilateral donors including Denmark, Finland, Italy, Netherlands, Norway, Switzerland and Sweden provided financial resources for the continued operation of the DMFAS Programme. As on this previous occasion, the 1996 meeting was attended by Government officials from the traditional donor countries. In addition, UNDP, the IMF and the World Bank were represented. Furthermore, representatives from a major international bank, the Dutch ING bank, attended this event.

During the meeting, presentations were made by Mr. Enrique Cosio Pascal, Chief of the DMFAS Programme, Mr. Lars Kalderen, former Director of the Swedish Debt office, Mr. Peter Hall, Executive Director of the Eastern and Southern African Initiative on Debt and Reserves management (ESAIM) and Mr. Andrew Bvumbe, Chief Economist at the Reserve Bank of Zimbabwe.



The meeting was held soon after UNCTAD IX, which had underlined the importance of UNCTAD's technical co-operation and its overall effort to focus its work on activities that provide practical assistance to developing countries. The DMFAS Programme, which is one of UNCTAD's largest technical co-operation programmes, is widely recognised for its success. At the meeting, donors were generally supportive, but also urged UNCTAD to lessen its dependence upon them and to ensure the long term financial viability of the DMFAS Programme. This could be done by increasing the share of regular budget resources or by charging user countries for DMFAS products and services. Since the meeting, bilateral discussions have taken place in order to obtain financial contributions from interested donors. Also, further discussions within UNCTAD are taking place in order to address the issues raised by the donor community.

¹ TD/378, 5 August 1996: REPORT OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT ON ITS NINTH SESSION held in Midrand, South Africa, from 27 April to 11 May 1996. Page 37, Paragraph 87.

DMFAS 5.0 WORKSHOP IN MUTARE, ZIMBABWE

UNCTAD, in co-operation with the ESAIDARM secretariat, arranged the first DMFAS 5.0 workshop in Mutare, Zimbabwe from 7 to 24 October, 1996. The workshop was an introduction to DMFAS version 5.0 for member countries of ESAIDARM and was attended by representatives from Uganda, Zambia and Zimbabwe, all of which had already installed DMFAS 5.0.

Since all the represented countries were experienced users of DMFAS 4.1Plus, the workshop emphasised on those features where DMFAS 5.0 significantly differs from previous versions of the system, such as the data entry facilities for multi tranche loans, user defined reporting, sub-setting with Oracle Browser as well as the different tools now available to the user for extracting data directly from the data base without passing through the reporting facilities of DMFAS 5.0 itself.

One of the main objectives of the workshop



was to expose the users to the vast reporting capabilities now available in the system. This being recognised, however, it is clear that DMFAS 5.0 requires substantially more training than earlier versions of the system and that this introduction needs to be followed up with more specialised workshops for different groups of users in the near future.

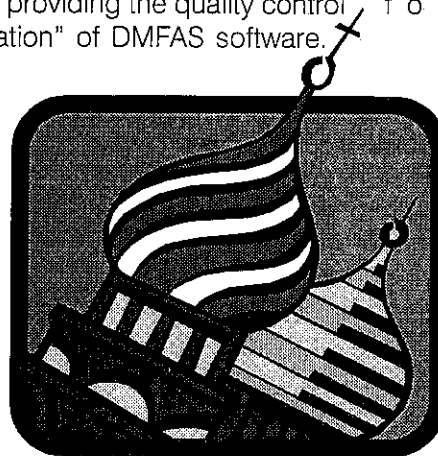
DMFAS 5.0 SOON IN RUSSIAN

Since 1995 the DMFAS Programme has been active in East Europe and the CIS region. Projects have been initiated with Belarus, Kazakhstan, Ukraine and Uzbekistan and

hopefully soon in Moldova. It is expected that in the coming years several other countries from the region will request DMFAS services. It is clear, therefore, that there is a definite need for a Russian version of DMFAS 5.0. The World Bank is executing a debt management project in Moldova, Belarus and Ukraine, funded by the Canadian Government, and agreed to collaborate closely with UNCTAD in the production of the Russian version.

The Canadian government is funding the translation, carried out by a Canadian based translator. The World Bank is administering the donation and providing the quality control for the "Russification" of DMFAS software.

Meanwhile, the DMFAS team has been reinforced by a Russian economist, who will manage and backstop the projects in the relevant countries.



Major efforts have been undertaken in the technical area to make the system available in Russian. The DMFAS software as well as different hardware (TransCyrillic fonts, keyboard drivers) have been evaluated to assess the changes involved in the translation of the system. This was necessary because the Cyrillic alphabet uses completely different characters from the Latin one. While the widely used 7 or 8 bits (single byte) ASCII character sets are adequate to represent the Latin alphabet, the Cyrillic alphabet requires 16 bits (multibyte) character sets to represent each character. At present, Personal Oracle software is being tested for the translation of the system including the utilisation of the Russian character set. In any case, a Russian version of Windows 95 is needed: even though the English version of Windows 95 has the capability to run East European applications through the multilanguage support feature to create documents or run programs in many different languages, the Windows 95' default character set must be in Russian to run the Russian Version of DMFAS 5.0. Therefore, future users of DMFAS 5.0 will have to acquire a Russian version of Windows 95 to be able to run the system.

THE ROLE OF DEBT ANALYSIS IN AFRICAN MACROECONOMIC MANAGEMENT

Cornilious M. Deredza

President DMFAS Club (Anglophone Africa)²

The African debt problem is not only the problem of scarcity of external resources, but for many countries aggravated by the accumulation of debt service arrears, in spite of repeated bilateral, multilateral and commercial debt reorganisation measures. What seems to be missing, therefore, is the analytical capacity to accurately anticipate the levels of external financing requirements to meet the targeted growth or, as a minimum, an early warning mechanism to project the debt burden relative to countries' ability to pay, thereby showing, in advance, when debt unsustainability and the debt trap would occur.

Private and non-private capital flows are only available to a limited extent, and official lending is more and more tied to the application of policies aiming at macroeconomic stability and economic liberalisation and deregulation. Consequently, it has become important for African countries to not only analyse their financing needs, but to analyse the behaviour and pattern of external financing sources and terms, as well as the scope for resorting to domestic financing.

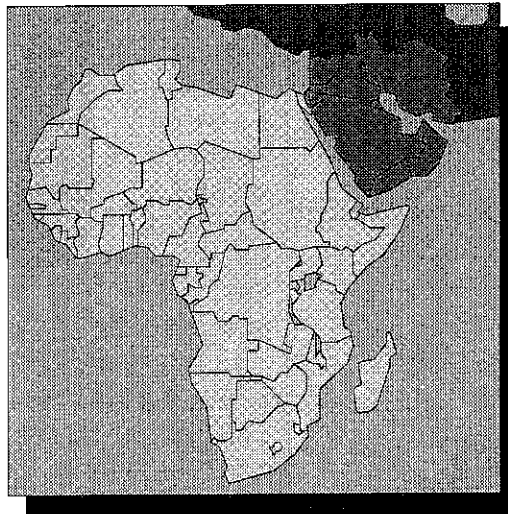
At the same time, international financiers, although increasingly becoming convinced of the unsustainability of the external debts of certain poor African countries, have also justifiably continued to require reassurance that external financial assistance is being utilised efficiently for intended purposes. By reviewing and reporting on the utilisation of disbursed finances, by various sectors and purposes in the economy, debtor countries can provide that assurance.

But how else is debt analysis relevant to mac-

roeconomic management and the scarcity problem. Firstly, detailed and comprehensive debt analysis provides a more objective basis for assessing a country's international creditworthiness relative to other comparable countries. This, in turn, dictates the terms on which the country can competitively access external finance. Secondly, debt analysis is essential in quantifying a country's external financing requirements, in terms of either new money or debt relief. Thirdly, the socio-economic impact of different levels and types of domestic and external financing, should be examined as part of strategic debt analysis. Fourthly, and based on the quantified financing needs and rigorous impact analysis, it is possible and crucial to wholistically analyse, in a macroeconomic perspective, the sustainability of a country's domestic and external public and private sector debt, on a medium and long term basis.

In view of the multi-dimensional nature of debt analysis, it is necessary to approach debt analysis in a methodical manner. This means that the size, structure and composition of the existing debt stock, debt service and any accumulated arrears need to be historically reviewed in detail, in terms of creditor countries and categories, debtor categories and guarantees status, sectoral distribution, currency composition, maturity and grace period, and interest rate structure. The historical and current debt profile should also be reviewed by type and nature of finance.

As part of debt analysis, detailed projections of the existing debt and debt service should be reviewed in conjunction with projections of macroeconomic variables so that key debt ratios can be determined, as part of projected debt sustainability



² The DMFAS Club is a forum for the exchange of debt management and related experiences and knowledge among countries using the United Nations Conference on Trade and Development's Debt Management and Financial Analysis System (DMFAS). Cornilious Deredza is the Club's representative in Anglophone Africa, and is an economist from Reserve Bank of Zimbabwe, currently seconded to Eastern and Southern African Initiative in Debt and Reserves Management as Regional Technical Officer for UNCTAD.

analysis. The review of the debt should thus be done in the macroeconomic context, i.e. the review need to relate the past and projected behaviour and effects of the debt and its components to the performance of the whole macroeconomy and its key sectors. The latter will obviously be dictated by a country's economic policy objectives, possibly in line with certain macroeconomic measures intended to liberalise and deregulate the economy, through a blend of fiscal, monetary and financial policies.

Clearly, external debt will have implications for foreign exchange and balance of payments management, through exchange rate movements and capital inflows and outflows. External debt will also influence public sector expenditure and revenue, through public and publicly-guaranteed debt service and debt and aid inflows. Monetary policy will respond to capital movements, and could imply more limited capacity to control broad money supply, as the latter has both a domestic and foreign component. In addition, external debt could be viewed as a major or alternative source of finance for productive investment, so that it could be a significant determinant of economic growth and development. It is therefore important to be able to trace the macroeconomic linkages in the economy as part of debt sustainability analysis.

Most African countries do in fact undertake some routine review of their public domestic and external debt. However, the general tendency for a number of them has been to undertake regular but routine and only modest statistical reviews of the national domestic and external debt portfolios, as part of basic official debt monitoring. Admittedly, this has provided useful updates and insights on national debt trends to economic policy-makers and the general interested public. But the analysis has tended to be modest and has been mainly limited to statistical reviews, rather than to the more macroeconomic and incisive type, which is more relevant for macroeconomic policy and active debt management.

It is encouraging, however, to note that a few African countries are beginning to realise the need for a methodical and comprehensive approach to debt analysis. For instance, nine African countries, which are members of the Eastern and Southern African Initiative in Debt and Reserves Management (ESAIDARM), did some initial assessment of their debt analysis needs in the early 1990s. More recently, these countries have benefited from two sub-regional debt strategy workshops, held for member States of Eastern and Southern African Initiative in Debt and Reserves Management (ESAIDARM) by

the ESAIDARM Secretariat, in late 1995 and early 1996, as a capacity-building follow-up to the identified debt analysis needs. These countries are making considerable progress in improving and strengthening their national technical, analytical and strategic capacity, as part of broad sub-regional capacity building efforts in all aspects of domestic and external debt and aid management in Eastern and Southern Africa. Consequently, they are gaining a better analytical understanding of all pertinent aspects of debt analysis, including improving their institutional and human capacity to design macroeconomically consistent and sustainable national domestic and external debt strategies, and more realistically estimating their financing requirements, within the constraints of available global financing. In effect, these countries have become more articulate on debt sustainability issues.

Finally, it is important to note that the economic relevance of debt analytical capacity cuts across all African debtor countries, regardless of the current severity of the debt problem. For the highly-indebted poor income (HIPC) African countries which are potential beneficiaries of the proposed Multilateral Debt Facility (MDF), for instance, developing their analytical capacity will mean that they will be more prepared to analyse the potential real or present-value gains to be had from the implementation of both Paris Club "enhanced" Naples terms and the debt service relief on multilateral debt, taken together or separately. They therefore will be able to assess and convincingly quantify their external financing needs to attain once-and-for-all debt sustainability. It also means that, for African countries which are currently not debt distressed, there will be analytical capacity, as an early warning system, to more effectively anticipate domestic and external debt crises, and to recommend appropriate preventive debt strategies and policies, through the instrumentality of their analytical capacity in debt management.

ESAIDARM NOW MEFMI

With effect from 1 January 1997, ESAIDARM has been transformed and re-named into MEFMI, the Macroeconomic and Financial Management Institute of Eastern and Southern Africa. MEFMI will extend ESAIDARM's mandate which focused primarily on capacity building in public sector external debt management and training in reserves management to incorporate domestic debt, private sector external debt and aid management. In addition, it will apply the capacity building approach to reserves management and prioritize training in other areas of macroeconomic management.

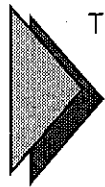


DEVELOPMENT OF AN INTEGRATED AID MANAGEMENT/DEBT MANAGEMENT SYSTEM FOR THE GOVERNMENT OF PAKISTAN

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INTRODUCTION



The Economic Affairs Division (EAD) is responsible for aid management and debt management in the Government of Pakistan.

In 1994, the EAD requested the Asian Development Bank (ADB) to fund the development of a computerised aid management system to co-ordinate the aid programmes of the various donors and to manage more effectively the implementation of aid funded projects. The EAD also identified, in their debt management system, a requirement for the power and user friendliness of the new DMFAS 5.0.

Consequently, it was decided to develop an entirely integrated management information system for the EAD combining the required functionalities of a new aid management system (AMS) with the advanced features for debt management of UNCTAD's new DMFAS 5.0. The integrated, aid management / debt management system would be able to monitor and manage a development project through the entire project cycle, from its initial identification, through the process of project negotiations, loan signing, and actual implementation until the completion of the final payment of the loan instrument under which the project was funded.

THE AID MANAGEMENT SYSTEM

The new AMS was developed in the EAD by the ADB funded Project Team, and was built on the same type of database (ORACLE 7.1) used for DMFAS 5.0. UNCTAD assisted the Project Team during this time to ensure that the new AMS would interact smoothly with DMFAS 5.0 to send and receive data.

The programming of the new AMS is now complete, and the system is fully tested and operational. Similar to DMFAS 5.0, the AMS is an advanced combination of power and user friendliness. But, whereas DMFAS 5.0 is an indispensable tool for debt management, the purpose of the AMS is to monitor the project preparation process, from

project identification through concept clearance through to signing of the loan agreement, and covering all activities in between, such as donor missions, meetings of approving bodies, preparation of loan documents, etc.

The AMS is a monitoring tool, a research tool, a reporting tool and a management tool. It maintains information on project design, project approval and project negotiation, leading up to the signing of the loan agreement. It also facilitates the monitoring of project implementation by using disbursements as a surrogate indicator for physical progress. By measuring actual disbursements against the plan, or by monitoring breakages or irregularities in the flow of actual disbursements, it is possible to determine when a project is running into implementation problems. Consequently, the AMS has the capability to inform the EAD at an early stage of the need for investigative and remedial action.



THE INTEGRATED SYSTEM

- ◆ The EAD's new aid management / debt management system is a fully integrated system.
- ◆ The aid management and debt management components are built on the same powerful, relational database software, ORACLE 7.1.
- ◆ They employ a virtually identical 'graphical user interface' (GUI).
- ◆ They share the same data sets, so that data can be transferred transparently from one system to the other without any special operator intervention.
- ◆ And, they run simultaneously and interactively on the same computer server and local area network, comprised of over 30 work stations.

The AMS features a user interface that is virtually identical to the DMFAS user interface, thereby enabling quick user familiarity with both systems. The AMS software is menu driven, and offers field level help, pop-up lists for field and code selection, and mouse driven operation.

The outputs of the AMS include the existing reports of the EAD, as well as a wide range of new

reports and analyses made possible by the establishment of the integrated aid and debt management database.

To compile these outputs, the AMS retrieves data from both the AMS data sets and the DMFAS data sets. For this purpose, a total of seven new views have been created in DMFAS and three in DMFASREF (the DMFAS reference files), which are linked to the AMS reporting module. Similarly, a total of nine new views have been created in the AMS for accessing DMFAS objects required for the AMS reporting module. The SQL script files for all of these views are located in the AMS.

DMFAS maintains all reference codes in the code data dictionary entity and uses Code Groups and Code Fields. Conversely, the AMS uses a plain reference coding approach and maintains a separate entity for each Code Group. To co-ordinate the reference code dictionary scheme with the plain coding scheme, the views on the DMFAS tables, which were created for the AMS reporting module, concatenate Code Group and Code Fields of the reference code to result in a single field.

An example of the integrated structure and operation of the aid management / debt management system is the use of disbursements flow as a surrogate indicator for project progress. Rather than construct special modules in the AMS to generate and maintain amortisation schedules, the Project entity in the AMS has been linked seamlessly with the Loan/Tranche entity and Disbursement Transaction entity in DMFAS in order to relate the projects with their respective loans/grants and disbursements. Consequently, data generated in DMFAS and required by the AMS is fully available to the AMS.

Further to the monitoring of project progress, the AMS has the facility to record both the Withdrawal Applications made by a project to the donor, and the pertinent details of each contract that is awarded in a project. As DMFAS does not maintain data on Withdrawal Applications or Contract Awards, links have been developed with the Disbursement entity in DMFAS. The AMS is therefore able to make full use of the relevant disbursement data.

TRAINING AND MAINTENANCE

The advantages of an integrated aid and debt management system include training and maintenance. Under the new integrated system, the EAD's officers and staff have to learn only one type of user interface, and technical staff have to learn only one type of software. This promotes economy, efficiency and sustainability.

³ IBRD, Financial Products and Services Group, 1818 " H" Street, NW Washington D.C. 20433 U.S.A. This article is based on the WB Brochures: Offer of Currency Choice for Existing IBRD Currency Pool Loans, and Major Terms and Conditions of IBRD loans.

ACKNOWLEDGEMENTS

In closing, it should be noted that full credit for the successful design and programming of the integrated system goes to the internationally respected firm of information technology consultants, Systems (Pvt.) Ltd., of Lahore, Pakistan, in association with the dedicated officers and staff of the Economic Affairs Division, Government of Pakistan.

CHOICE OF CURRENCY OPTIONS FOR WORLD BANK LOANS

The World Bank is offering a set of new options for broader currency choice for existing and new loans. Borrowers may now select loans denominated in single currency (SCL) without volume restriction. Moreover, they will be able to convert their existing IBRD loans to the offered currency of their choice. This offer concerns about 300 borrowers in respect to 2000 individual loans. These new loan terms are in response to mounting requests among the borrowers for broader currency choice and for more flexibility to select loan terms.

This article will give a brief overview of the available options. For more information, please contact IBRD³.

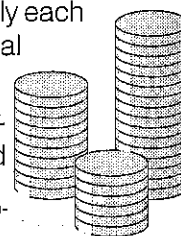
NEW LOAN COMMITMENTS:

IBRD offers three loan products for new loan commitments.

1. Currency pool loans
2. Libor based single currency loans
3. Fixed rate single currency loans.

1. *Currency pool loans* are multi-currency obligations which are committed in US Dollar equivalent. Each borrower's obligation is a share of the pool and has the same currency composition as all other currency pool loans. At least 90 per cent of the US Dollar equivalent value of the pool is maintained in fixed currency ratios of 1 USD: 125 JPY:2DEM equivalent (consisting of Deutsche Mark, Netherlands Guilders and Swiss Frank). These ratios are revised every 5 years, the next revision is foreseen for 2001. Currencies recalled by the Bank are part of this pool. These loans have a variable lending rate which is reset semiannually each 1 January and 1 July plus a contractual lending spread of 50 basis points.

2. *Libor based SCL* are committed and repaid in the currency selected



by the borrower. Currently, the Bank offers DEM, FRF, GBP, NLG, JPY, CHF and USD. It is possible to obtain SCL in more than one currency tranche to obtain multi-currency liabilities. The variable rate is comprised of a base rate, equal to six months LIBOR, and a spread.

3. *Fixed rate SCL* are committed and repaid in the currency selected by the borrower, and are available in the same currencies as the Libor based SCL. The lending rate for fixed rate SCL is based on the fixed rate equivalent of the LIBOR for the appropriate maturity of the loan (i.e. the amortizing swap rate), plus a spread. The rate is set on semiannual fixing dates for loan amounts disbursed during the preceding six months period. This means the rate is not fixed at commitment, but on portions of the loan as it disburses. In fact, the fixed-rate SCL will have as many fixed-rate subloans (tranches) as semesters in which there are disbursements. The rate remains fixed for those amounts during the repayment period. For DMFAS 5.0 users, this will mean that the loan will have as many tranches as semesters in which disbursements occur.

Access to SCL will be available to all IBRD borrowers, provided that the member country or the borrower has no unconverted VLR82 loans⁴.



CONVERSION OF EXISTING LOANS:

IBRD is proposing to borrowers three choices for managing the currency risks of their existing currency pool loans:

1. Retain the terms of the existing currency pool loans
2. Convert undisbursed loan balances to single currency loan terms
3. Convert the loans to one of four new single currency pools with a currency composition that would be shifted over time to either USD, JPY, DEM or CHF.

1. *Retaining currency pool loans:* The borrower has no need for conversion. The old currency pool loan terms remain unless the borrower requests conversion to another option.

2. *Converting the undisbursed balance to SCL:* If the borrower chooses this option, the undisbursed part of the loan will be converted to a SCL in the currency (ies) selected by the borrower. It is also possible to select Libor or fixed rate SCL terms. The undisbursed loan amounts converted to LIBOR-based SCL will maintain the same remaining maturity as prior to the conversion. The amortization schedule for loan amounts converted to SCL terms will not exceed the original final

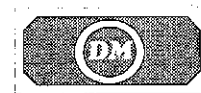


maturity of the currency pool loan. balances can either be kept in the currency pool or converted to one of the new single currency pools as described below.



3. Conversion to Single Currency Pool (SCP)

Terms: This option provides currency choice for disbursed currency pool loan balances and undisbursed balances. Borrowers are offered the choice of converting their existing loans into one of four new pools which would be shifted over time to either USD, JPY, DEM or CHF. Variable rates for each of the new pools will be set equal to the semester average cost of the IBRD borrowing which is allocated to fund each pool. Fixed rates will carry the same fixed lending rate as in the original agreement. For borrowers who convert both undisbursed and disbursed balances of their loans to one of the new pools, the original maturities will be preserved. If undisbursed balances are converted to SCL and only the disbursed balance is converted to SCP, the remaining maturities and amortization schedules of the disbursed amounts will be converted *pro rata*⁵. All borrowers with IBRD loans will be eligible for this option, including borrowers that no longer qualify for those terms. This concerns borrowers who have graduated from borrowing from the Bank, as well as those - like many African countries - who now qualify for IDA credits. If options 2 or 3 are chosen, the loan agreements have to be amended, while for option 1 the borrower preserves status quo.



WHICH OPTION TO CHOOSE?

Each of the choices has to be evaluated carefully on a loan-by loan basis in light of loan portfolio and currency needs of the country. SCL or SCP can help or hinder a country in achieving its debt management objectives. For countries who have a clear idea of what currency exposure is appropriate to reduce their risks, the offer of currency choice can be a substantial benefit. For those who do not, the relatively balanced currency pool could be appropriate. However, this could also be achieved by selecting a mix of offered SCL and SCP currencies.

The World Bank is currently organizing information sessions to assist borrower countries in understanding and evaluating these alternatives. As for the DMFAS, UNCTAD is currently defining the required amendments to the DMFAS system to accommodate these new features. Eventually, a special facility to register the conversion of existing loans to SCL will be developed for DMFAS 5.0 and implemented in the user countries.

⁴ VLR 82 loans are currency pool loans that carry the variable lending rate in effect for loans made from 1982 - 1989.

⁵ The amortization schedule for converted amounts would be based on a pro rata share of the amortization schedule of the original loan.

Q: Can DMFAS 5.0 be used with Windows 95?

A: Yes. It is even recommended to use Windows 95 because of its 32-bit access and the better memory management features. DMFAS 5.0 is now routinely installed on Windows 95. However, the platform on which DMFAS will be installed remains ORACLE RDBMS 7.2, and the 16 bit version of Oracle Tools. The next version of DMFAS will be using ORACLE RDBMS 7.3 and the 32 bit tools. The 32 bit version of DMFAS will be released after having been thoroughly tested.

Q: How is the variable interest rate file used in DMFAS 5.0?

A: One of the new features of DMFAS 5.0 is a common variable interest rates file, in which the user enters the variable rates (LIBOR, Plafond C, etc.). The rates are updated in this file and will be applied for all loans using those interest types. This

possibility was introduced to facilitate data entry by entering common variable interest rates only once into a common variable interest rates file instead of having to update those rates for every loan tranche.

If variable rates such as the LIBOR applied by the creditors are different from those in the common variable interest rates file, the user has a second option: he/she can update variable rates directly at the tranche level. The rate entered will then only be available to this specific loan tranche. DMFAS will in this case apply the values entered at the loan level to calculate interest and not the rates contained in the common variable interest rate file.

Q: Some users asked if it is possible to take into account real disbursements overlapping with the repayment period without recalculating the amortisation table.

A: To do this, the user has to choose calculation method 70 in the Principal screen of the tranche module. This method calculates principal repayments based on outstanding. Thus, every time a disbursement occurs in the

Q: repayment period, the system automatically recalculates the principal repayments and the amortisation table.

Q: DMFAS 5.0 has the facility to record adjustment factor for World Bank Loans. With the new billing statements, however, the World Bank does not communicate any adjustment factors any

A: more. How can this factor be obtained?

The World Bank changed its billing system in October 1995: instead of communicating one adjustment factor per loan, it converts the amount withdrawn and outstanding of the loan in pool units. Interest and principal payments are then calculated in pool units. In the billing statement, the World Bank communicates the adjusted amounts, which are calculated by multiplying the respective pool unit value with the number of pool units for outstanding, principal and interest payments. From this, the new adjustment factor can

easily be derived by dividing the adjusted amount of the principal payment by the nominal value of the payment. This factor should then be entered for the respective maturity in the adjustment factor screen of DMFAS 5.0. It is valid for principal and interest payments. If the option for adjustments is chosen

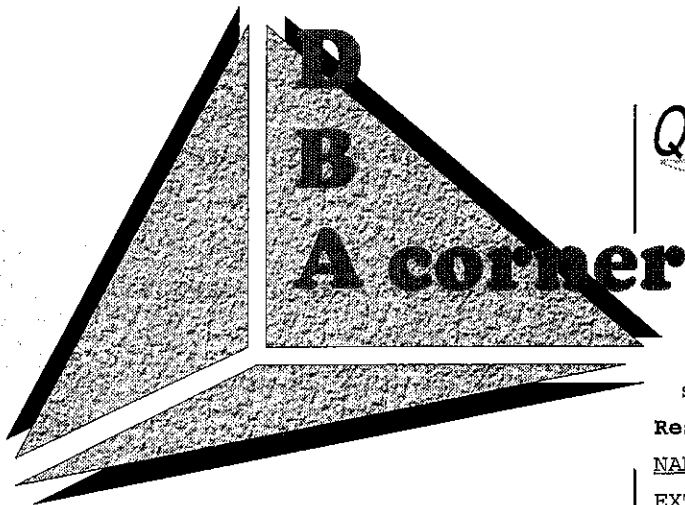
for projections, the system will compute the projection report using the last adjustment factor entered. The results will then be closer to the real future payments than a projection without adjustment factor.

Q: How is it possible to query between two dates in the exchange rate window?

A: To do this,
1. Press F7.
2. On the Query field, enter :X

3. Press F8.
4. Enter on the text editor:
to_char(:X, 'yyyymmdd') between '19960101'
and '19961231'
5. Press o.k.
6. The rows satisfying the condition will be displayed.

QUESTIONS TO THE DMFAS



Now that the new version of DMFAS is installed in several countries, we would like to share some Oracle tips with our DMFAS DBA's.

Q: How many loans have been entered into the database?

A: To find out, use the following SQL command in SQL Plus:

a) Describe the loan types:

```
SELECT * FROM v_lo_typ;
```

NAME	CD_CODE
EXTERNAL DIRECT	1
EXTERNAL GUARANTEED	2
ONLENDING	3
PRIVATE	4
DOMESTIC	5

b) Execute the following SELECT:

```
SELECT a.ext_direct
       ,b.ext_guaranteed
       ,c.onlending
       ,d.private
       ,e.domestic
FROM
(SELECT COUNT(*) ext_direct
 FROM LOANS
 WHERE cd_lo_typ = 1) a
, (SELECT COUNT(*) ext_guaranteed
 FROM LOANS WHERE cd_lo_typ = 2)b
, (SELECT COUNT(*) onlending
 FROM LOANS WHERE cd_lo_typ = 3) c
, (SELECT COUNT(*) private
 FROM LOANS WHERE cd_lo_typ = 4)d
, (SELECT COUNT(*) domestic
 FROM LOANS WHERE cd_lo_typ = 5) e
```

Result:

EXT_DIRECT	EXT_GUARANTEED	ONLENDING	PRIVATE	DOMESTIC
199	1	6	2	4

Q: How can one reclassify a loan (TESTLOAN), that has been wrongly entered, for example, entered as External Direct instead of External Guaranteed?

A: The next update of DMFAS 5.0 will have a utility for this. For the time being, one has to use the following SQL command:

```
select * from v_lo_typ;
```

Result:

NAME	CD_CODE
EXTERNAL DIRECT	1
EXTERNAL GUARANTEED	2
ONLENT	3
PRIVATE	4
DOMESTIC	5

To change the category, type the following:

```
update loans
set cd_lo_typ = '2'
where cd_lo_typ = '1' and lo_no = 'TESTLOAN';
commit;
```

This procedure changes the loan category, however, the user has to check that the loan now has the right debtor. If, for example, the loan category was changed from direct to guaranteed, the government cannot be the debtor, since it is the guarantor. The debtor should be checked for each loan.

Mission Roundup

In 1996, 13 DMFAS implementation missions were carried out during which the DMFAS system was installed, customized and the staff trained in its use. While some countries received DMFAS for the first time, DMFAS 4.1 user countries received a database conversion prior to the implementation of DMFAS 5.0.

Bangladesh: After a testing phase - DMFAS 5.0 was implemented in 1995 in a single user environment- the system was installed on a newly implemented local area network (Novell) in November/December 1996. The 4.1Plus database was converted to 5.0 format.

The **Central African Republic** received an installation of 4.1Plus in the Caisse Autonome d'Amortissement (CAADE) in February/March. The project was financed by the World Bank.

Ecuador received a test installation in the Ministry of Finance. The Ecuadorian 4.1Plus database was converted and installed on a

LAN (Windows NT/95) and is currently being tested. A second implementation mission will be carried out in May 1997, during which the system will be installed on a Wide Area Network between the Central Bank and the Ministry of Finance. The joint database will be replicated between the institutions. The project is financed by a Japanese grant and a World Bank loan, administrated by the Ecuadorian MOSTA (State Modernisation Project).

Egypt received a DMFAS 5.0 test installation on a LAN (Novell) in the Ministry of Finance in Cairo in October. A subset of the Egyptian database was converted and is now being tested.

The first Wide Area Network (Windows NT/92) installation of DMFAS 5.0 was made in **Kazakstan** in October, linking the Ministry of Finance, Eximbank and the National Bank. The database is replicated between the institutions involving satellite technology telecommunications. The project is implemented jointly with and financed by USAID.

DMFAS 5.0 was installed in **Lebanon** in the Council of Development and Reconstruction, the Ministry of Finance and the Banque du Liban as single user installations in January 1997. The loan data is entered at the Ministry of Finance and then copied to the other two institutions.

Mauritania received the DMFAS as a single user installation in the Ministry of Finance. In conjunction with the project, one staff of the MOF followed a 3 weeks internship with the DMFAS Programme at UNCTAD headquarters in Geneva. The implementation mission was financed by the Swiss Government through an UNCTAD trust fund.

DMFAS 5.0 was installed on a LAN (Novell) in the Central Bank of **Nicaragua** in April/May 96. The voluminous Nicaraguan database - one of the largest databases of DMFAS- was converted prior to the mission. The mission was financed by the Swiss Government though an UNCTAD trust fund. An installation in the Ministry of Finance with a connection to the Bank's database is being planned. The Ministry of Finance received the Argentinian SIDIF as a donation last year and is planning to create a link to the DMFAS.

DMFAS 5.0 was installed in the Ministry of Finance of **Pakistan** in June/July. During the mission, a link was created between DMFAS and the Pakistani AID management system (see article on p. 6).

Panama received a DMFAS 5.0 installation on a LAN (Novell) in the Ministry of Planning in June.

Panama is a new DMFAS user country and started creating a debt database under the supervision of an UNCTAD Chief Technical Adviser (CTA).

Senegal: A single user version of DMFAS 5.0 is currently being installed in Senegal (January 1997). The implementation is financed by the Swiss Government through an UNCTAD trust fund.

DMFAS 5.0 was installed in the Central Bank of **Uganda** on a LAN in April 96. The Ugandan database was converted to 5.0 format prior to the mission. The implementation was financed by the Danish trustfund for DMFAS 5.0 implementation. An installation in the Ministry of Finance took place in February 97, financed by the Ugandan Government through a World Bank loan.

Ukraine received DMFAS 5.0 installed on a LAN in the Ministry of Finance in December. The project is financed by UNDP, and is implemented in co-operation with a regional debt management project of the World Bank involving Ukraine, Belarus and Moldova. Ukraine will receive the Russian version of DMFAS once finalised. (see article "DMFAS soon in Russian" on p. 3.)

DMFAS 5.0 was installed at the Ministry of Finance of **Vietnam** in August 1996 on a LAN platform within the framework of an ADB/Swiss Government financed project. An important institutional debt management evaluation mission was carried out by UNCTAD in December under a separate IMF/UNDP/UNCTAD/Swiss Government Project.

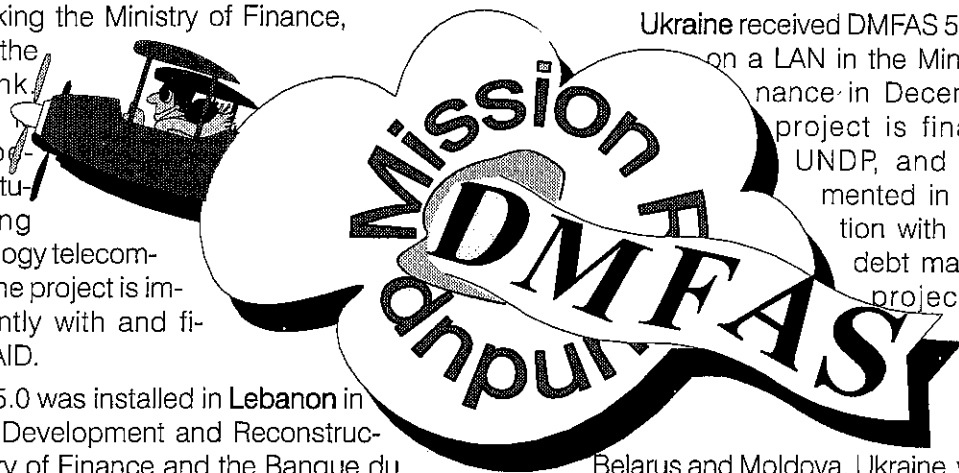
Zimbabwe received DMFAS 5.0 in October. The system was installed in the Ministry of Finance and the Central Bank as two independent single user installations. The databases were converted prior to the mission.

TRAINING MISSIONS/SEMINARS:

In October 1996, two DMFAS resource persons participated in a DMFAS 5.0 seminar in Mutare, Zimbabwe, which was organised together with ESAIDARM (see article "DMFAS Workshop" on p. 3)..

NEEDS ASSESSMENTS:

Needs assessment missions took place in Sao Tome, Madagascar, Jordan and Mexico. The aim of these missions was to analyze the institutional arrangements for debt management and information flows and evaluate the needs for a debt management system.




EDITORIAL

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Nathalie Bois	Secretary
Gabriela Morales	Secretary

NEW TEAM MEMBERS:

 We welcome our new team members Andrei Krylov, Sinan Al-Shabibi, Jacquelyn Booker, Helene Fabiani and Gabriela Morales. Mr. Krylov and Mr. Al Shabibi have been seconded to the DMFAS Programme from other Divisions after UNCTAD's restructuring. Mr. Krylov will supervise the production of the Russian version of DMFAS 5.0 and its documentation, as well as manage the projects in Russian speaking countries. Mr. Al-Shabibi will work on the debt analysis aspects of the DMFAS and help manage projects in Arab speaking countries. Moreover, he will supervise the planning of the Arabic version of DMFAS. Ms. Booker is replacing Ms. Isabella Mackie, who retired from UNCTAD. Ms. Booker has been with the United Nations for 31 years and will be our new Programme Officer, in charge of administrative and budgetary issues. Ms. Fabiani is the Programme's new documentation specialist, and is, among other tasks, in charge of the production of the French documentation of DMFAS 5.0. Last but not least, Ms. Morales joined the team as secretary, replacing Ms. Monica Sierra.

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