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REPORT ON ESAIDARM WORKSHOPS

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**REPORT ON ESAIDARM'S FIRST
DEBT STRATEGY FORMULATION WORKSHOP
FOR
SEVERELY INDEBTED COUNTRIES**

Harare Zimbabwe, November 1 to 14, 1995

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REPORT ON ESAIDARM's FIRST DEBT STRATEGY FORMULATION WORKSHOP

1. Title

Debt Strategy Formulation Workshop For Severely Indebted Low Income Countries

2. Venue and Dates

Harare Zimbabwe, November 1 to 14, 1995

3. Financial and Technical Co-operating Partners

The United States Agency for International Development provided funds for the development of the materials for this workshop. USAID financial support was provided under the Financial Sector Development Project Phase II, contract PCE-0025-Q-003071-00 through Barents Group LLC KPMG Peat Marwick, as contractor.

The Africa Capacity Building Foundation and The United States Agency for International Development provided financial support for workshop operating costs.

External Finance for Africa and SALASAN were responsible for the design, preparation and implementation of the technical and capacity building elements of the workshop.

The World Bank, The Commonwealth Secretariat, and The United Nations Conference on Trade and Development provided extra technical support before and during the workshop.

4. Objectives

The workshop was an integrated event that sought to provide skills and knowledge required by ESAIDARM's five severely indebted members to develop a:

- external debt strategy suitable for heavily indebted countries,
- implementation plan for the external debt strategy
- diagnosis of capacity limitations affecting external debt strategy formulation,
- suitable capacity building plan

Transfer to the region the technical and capacity building materials, methodologies and skills required to undertake such a seminar a second time by providing:

- training and using three regional technical debt experts,
- apprenticeship / work opportunity for three of the six regional facilitators who participated in the earlier Model Capacity Building Dissemination Workshop

To support the Fellows and RTO programmes by:

- providing practical training related to their chosen speciality areas within the context of the development of an external debt strategy
- opportunities for the Fellows to demonstrate, under supervision, their skills and knowledge to their potential clients

5. Target Groups

Senior technical staff and middle managers in the Ministry of Finance and Central Banks of , Angola, Malawi, Tanzania, Uganda, Zambia. In particular, from each country two senior macro analysts, one senior debt manager, and two debt data experts whose responsibilities include the maintenance of the national external debt data base and the operation of their national external debt data computer system.

6. Summary of Results

6.1. Preparations

6.1.1. Technical Preparation

In general, the technical preparation for the workshop went extremely smoothly, thanks to the wholehearted support of ESAIDARM staff and the co-operating partners. In particular:

- EFA developed a comprehensive set of technical teaching materials and supplied them to ESAIDARM three weeks before the workshop;
- Salasan developed detailed facilitation materials for the workshop and sent the diskette via air express three weeks in advance to ESAIDARM for production in the A4 format
- EFA, IECIF, UNCTAD, Comsec ELAS, and ESAIDARM worked together to revised the coding system for the World Bank's Debt Strategy Module [DSM] and to automate the data downloading from the Comsec CS-DRMS and UNCTAD DMFAS computerised debt management systems into the DSM;
- EFA/IECIF modified the DSM system by including a preliminary budget module, and several new output tables and full customisation of graphs suited to the region's needs;
- Comsec ELAS, UNCTAD, the Government of Uganda, UNCTAD, The World Bank and EFA prepared and/or supplied documentation and papers for the workshop.

6.1.2. Logistics Preparations

- Timely hotel, conference and computer rental and support arrangements were made in Harare by ESAIDARM

6.1.3. Participants Prerequisites

These specified prerequisites were considerably more onerous than is typical since the workshop learning methodology and exercises are premised on the participants being the officials who are responsible for formulating each participating country's national debt strategy, and on the use of the country's actual national debt, economic and organisational data for the training exercises and the formulation of debt strategies and capacity building plans during the workshop.

A cross section of officials participated and they had done considerable work to meet the prerequisites for the workshop. However, significant improvements are possible. These are discussed below.

6.2. Participants' Learning and Outputs

Each of the five national teams was successful in developing a competent national debt strategy, debt strategy implementation plan, and a capacity building diagnosis and plan for the debt strategy formulation function.

The very full agenda, data preparatory problems and the loss of the first three days through a scheduling problem caused the workshop to be overloaded. As a result some of the learning goals and transfer to the work site likely suffered.

6.3. Regional Transfer of Teaching, Technical Support and Facilitation

6.3.1. Regional Resource People

The Secretariat had difficulty recruiting and securing the participation of the planned numbers of skilled regional technical resource people and regional facilitators. In consequence, the transfer of the workshop skills and knowledge, and the on-going support for debt strategy formulation to these individuals was of limited success.

6.3.2. Regional Technical Officers

Both RTOs made large advances during the workshop. One showed an ability to code data and download it into DSM; the other was largely conversant in DSM, and made major progress in entering scenarios and producing output reports.

6.3.3. Fellows

The Fellows performed above expectations and it is anticipated that several of them will shortly be capable of supporting the debt strategy work in the region in their area of specialisation.

7. Description of Workshop Design, Training Methodology and Teaching Aids

7.1. Overall Workshop

The workshop design included several unique features:

- the workshop sought to integrated two separate themes: technical training and skill development that would allow the participants to develop a national external debt strategy, and a capacity building diagnosis and plan that if implemented would enable the organisations to formulate and implement effective national external debt strategies on an on-going basis.
- the workshop design and procedures sought, over as wide a range as possible, to replicated the advantages of an in-country fully customised workshop while retaining the networking and cost advantages of a regional workshop. In-country workshops typically have the advantage of being able to address both the specific technical issues of interest and the country specific obstacles that impeded the ability of the local system to generate debt strategies on an on-going basis. The most evident features of this hybrid approach was:
 - the integration of macro analysts, debt managers and debt data experts and computer operators, and
 - the use of country data rather than artificial case studies
 - use of both individual technical training and participatory group learning methodologies
- the workshop intervention was conceived of as an integrated component of the overall ESAIDARM work programme.
 - the workshop was timed to closely follow basic development of national debt data recording capacity
 - ESAIDARM staff would provide significant pre-workshop support to ensure among that each country arrived with appropriate clean data and the information required for the development of the debt strategy and capacity building plan
 - while the formal nomination participants must rest with the countries, considerable effort was to be expended by the Secretariat in order to identify and facilitate the participation of the specific individuals that would be required to address debt strategy formulation and the development of a capacity building plan

- follow-up was planned to overcome many problems which can impeded the integration of the skills and knowledge learned and the lesson available for both the implementation of the debt strategy developed and the capacity building plans
- all of ESAIDARM's Fellows with debt related programmes were integrated into the programme in ways that afforded them additional learning opportunities and opportunities to practise under supervision the provision of technical services to other countries in the region
- the regional capacity building facilitators were integrated into the programme and given an opportunity, under supervision, to apply the model capacity building plan and supply services to the countries of the region.
- both components of the programme, the technical and capacity building, focused the learning experience on the national situation. The problems and exercises all related specifically to the situations as they exist in the home countries. As a result outputs generated by the participants had the potential of making an immediate and potentially significant contribution to the management of the countries external debt and to the development of their capacity to up-date and implement such plans over time.
- the focus on the use of country specific data and information rather than case studies and formal exercises meant that the workshop could be 100% customised to the needs of the participating countries. This customisation included all the materials and teaching designs. It also extended to the development or modification of the computer software. This latter aspect was particularly evident in the contribution of the World Bank:
 - in advance of the workshop, and during the workshop itself, modified its Debt Strategy Module [DSM] to generate reports that would be of immediate value to the countries, rather than limiting them to the reports currently used by World Bank analysts
 - developing and integrating a government budget module
 - developing downloading procedures for COMSEC's CS-DRMS, UNCTAD's DMFAS and Angola's computerised debt management systems
- the workshop actively integrated the major international agencies into a single coherent team to support these activities in the member states. In the case of the World Bank this involved significant work in advance of the workshop to adapt and modify its computerised Debt Strategy Module.

7.2. Technical Training

The training aspects of the workshop were designed to ensure that the participants were working on their "live" country data, and that the results of their work would be immediately relevant in the home country. This design necessitated considerably more preparation than would be normal with a traditional workshop that relied on case study methodologies.

The technical preparation for the workshop went extremely smoothly, thanks to the wholehearted support of ESAIDARM staff and the co-operating partners. In particular:

- EFA developed a comprehensive set of teaching materials and supplied them to ESAIDARM three weeks before the workshop;
- EFA and IECIF designed a revised coding system for entering loans into DSM, which was agreed by the World Bank;
- IECIF and UNCTAD/ESAIDARM developed and tested a fully-functioning rapid link between DMFAS 4.1+ and DSM;

- Comsec ELAS and IECIF established an interim method for transferring data between CS-DRMS and DSM, pending the final testing of the formal CS-DRMS link;
- EFA/IECIF modified the DSM system in order to produce several new output tables suited to the region, and cross-scenario reports and graphs analysing sustainability ratios; and to allow full customisation of graphs to the needs of ESAIDARM members;
- EFA/IECIF designed a preliminary DSM budget module and budget ratios to assess the budgetary burden of debt stock and service and the budgetary financing gap;
- Comsec ELAS and UNCTAD supplied documentation on data validation and portfolio reviewing to assist in initial tasks;
- the Government of Uganda released its debt strategy report to be used as a model for other SILIC debt strategy reports;
- UNCTAD and the World Bank allowed the use of documents on Paris Club, Debt Conversion and Commercial Debt Buybacks.
- EFA supplied 2 background papers on debt strategy and external financing needs and numerous other background materials.

7.3. Capacity Building Planning

As with the Technical Training the capacity building was designed to make use of the “live” data of the countries’ situation, and the resulting Capacity Building Plans are intended to be immediately relevant in the countries.

The capacity building aspects of the workshop was a structured facilitated participatory process. All exercises were specifically focused on developing and/or applying tools and standards to the systematic identification of capacity constraints in the national organisations responsible for debt strategy formulation.

The development and/or validations of existing functional standards was done in cross country technical groups [ie. macro analysts, debt managers, debt data experts]. These standards were subsequently applied in country groups to identify national capacity gaps. The identified gaps were prioritised and an action plan developed.

As with the Technical Training the capacity building was designed to make use of the “live” data of the countries’ situation, and the resulting Capacity Building Plans are intended to be immediately relevant in the countries.

The capacity building aspects of the workshop was a structured facilitated participatory process with the participants working in country teams. All exercises were specifically focused on applying and/or adapting tools and standards to the systematic identification of capacity constraints in the national organisations responsible for debt strategy formulation.

The five steps in ESAIDARM’s Model Capacity Building and Implementation Plan were followed in the workshop to conduct a Needs Assessment and develop a Capacity Building Plan.

NEEDS ASSESSMENT

1. **Preparation:** Established the **scope** of the capacity building planning task including: initial identification of problems; key outputs not adequately delivered; types of debt to be managed; debt functions to be addressed; organisations, work units and stakeholders affected; clarify issues to addressed

2. **Established agreed output and performance standards** for debt strategy formulation, including data and information inputs required to formulate a strategy
3. Identified **gaps** in performance of the debt strategy formulation and required data and information inputs
4. Identified **the causes** of the under performance of the debt strategy formulation function

DEVELOP CAPACITY BUILDING PLAN

5. Developed a **capacity building and strategic training plan** to address the identified gaps including: corrective actions, assessment and strategy to overcome risks to approval and implementation, priorities for issues are to be addressed first, an detailed Action Plan for implementation, and a management mechanism to monitor both the implementation of the Capacity Building Plan and the impact on performance.

Facilitation was provided by a team of two international and two regional facilitators, working under the direction of the lead facilitator.

More details of the methodology used can be found in the ESAIDARM Capacity Building materials.

8. Evaluation: Participants' Responses to the ESAIDARM Evaluation Questionnaire [Interpretation of Annex 8 by ESAIDARM Secretariat]

9. Resource Person's Assessment of Results and Recommendations

9.1. Workshop Preparation

9.1.1. Country Prerequisites

9.1.1.1. Data and Documentation

Debt Data

All teams arrived with their medium and long-term debt databases - of which those of Angola and Uganda were the most clean and complete. Only Uganda's database was classified before the workshop with DSM codings. Zambia arrived with reliable data only on bilateral debt. In addition, all teams except Angola brought estimates of short-term debt. No team had reliable figures on private sector debt (no country records this effectively yet). None brought reliable figures on domestic debt, though the recent case studies by ESAIDARM were made available to the workshop. The lesson is that effort needs to be made to circulate the DSM codings in advance of future workshops, and to reinforce requests for data on domestic debt.

For the next workshop, it is recommended that:

- greater emphasis be given to ensuring that the country teams bring debt data covering short term, domestic, parastatal and private sector debt
- the DSM codings be circulated in advance of future workshops and the Secretariat support the coding process prior to the workshop.
- these debt data should be covered more fully in the prerequisites.
- the prerequisites section of the letter of invitation be reviewed in detail with Matthew Martin prior to being included in the letter of invitation

Macro Data and Documents

This was a most disappointing area. Malawi brought a comprehensive set of documents, though analysis was constrained by their inability to obtain the 10-year projections from Washington. Angola brought only a table of 3-year balance of payments projections, with no supporting documents on assumptions. Uganda brought a relatively comprehensive set of documents, but had to send to Kampala for more detail. Tanzania brought relatively few documents, but more were supplied later from Dar, and no assumptions were supplied. Zambia brought a comprehensive set of projections for 10 years but no documents explaining underlying assumptions. Finally, it was not made clear to many of the participating teams in which currency their data should be recorded. In consequence, many brought data in local currency rather than US\$. A lot of time was spent converting local currency into US\$.

Most country teams appeared not to have received the 19 October fax, as a final reminder to bring macro data.

The lessons from this problem are:

- the invitations/prerequisites to the next workshop specify that the debt and macro data should be recorded in US\$. DSM will also continue to be modified to allow the automatic entry of data in local currency and conversion into US\$.
- the macro documents needed in the workshop must be precisely defined for the participants. The format and content of the October 19 fax may be adequate for the purposes of the second workshop, but should be reviewed with EFA;
- the forms filled in by macro participants should be circulated in advance to give senior staff a chance to complete them before the workshop; and
- many of the underlying assumptions are not written in the documents, emphasising the need for senior-level macro representation at the workshop.

Capacity Building: Current Plans, Organisation Data and Documentation

It is recognised that the workshop participants may not be fully aware of all the initiatives, in Capacity Building, currently being undertaken in their Ministry or within the Central Bank. So as to reduce the possible conflict between the proposed Capacity Building Plan to be developed at the workshop and those initiatives already underway within the country, participants were requested to bring with them any information on the current initiatives.

It was anticipated that the participants may not be fully conversant with the organisational structure in which they were embedded, or the details of job descriptions and performance standards existing within their organisation. To overcome possible inconsistencies within their Capacity Building Proposals, participants were also asked to bring with them:

- organisation chart(s) for:
 - groups responsible for debt strategy and/or key inputs
 - co-ordinating mechanisms (eg. Debt or Economic Policy Committees)
- position descriptions for positions with key responsibilities in the development or support of the development of a national debt strategy. Including any material describing each position's:
 - prerequisite skills or knowledge
 - key outputs or performance indicators

Within the first two days of the workshop, it was determined that the requested material was not available. Reasons given for the absence ranged from not knowing that it was required to non-existent within the participating country.

The overall outcome of the lack of requested information was two fold: the facilitators, did not have a full understanding of the current situation and were constantly

attempting to seek the necessary information from the participants. The lack of information reduced the effectiveness of the facilitation team to provide the “best” advice. Secondly, the lack of contextual information likely reduced the possible overall effectiveness of the proposed Capacity Building Plan due to the possibility of recommendations being contrary to other proposals or active initiatives.

It is recommended that:

- the capacity building prerequisites be clearly specified in the attachments to the invitation letter, in particular:
 - current national capacity building initiatives affecting debt strategy formulation.
 - organisation charts and position description for the key posts with responsibilities for debt strategy formulation
- Secretariat follow-up and reinforce the importance of participants bringing the requested material
- the prerequisites section of the letter of invitation be reviewed in detail with Roy Atkinson prior to being included in the letter of invitation

Scheduled Meetings for Participants to Present Results

None of the countries had fulfilled the prerequisite specifying a meeting to be scheduled for the participants to present their findings to senior officials shortly after their return from the workshop. This increases the risk that the participants will have no effective mechanism to present and integrate the results technical and capacity building results of the workshop into the workplace. As noted below the difficulty in recruiting regional technical and facilitation experts will further limit ESAIDARM’S capacity to support the implementation of the workshop’s results in the national workplace

9.1.1.2. Securing The Participation of The Appropriate Composition and Level of Officials

Participation varied between 3 and 5 per country (excluding observers and advisors). As shown in the table below, the composition of teams varied considerably, with only one strategy manager from Zambia and no macro analysts from Tanzania.

Country	Data	Debt	Macro
Angola	1	1	1
Malawi	1	2	2
Tanzania	2	3	-?
Uganda	1	2	2
Zambia	2	1	2

The review of existing macro projections/preparation of alternative global macro scenarios/analyse wider macro links were greatly hampered by the lack of knowledge by at least three country teams of the assumptions underlying existing and possible alternative projections. Though the teams did an excellent job in producing macro scenarios, their tasks would have been much easier and more rapidly completed had the teams been of a higher level and the regional experts been available. The analysis of wider macro links had virtually to be abandoned, except in a closing plenary session where teams exchanged views on scenarios.

The other important issue is the level of participation. While at least one appropriate data person attended from each country, debt manager participation was somewhat disappointing. The macroeconomic participation was extremely disappointing: only two countries sent participants of the necessary Director level, severely constraining the work which the macro group could complete.

The absence of middle managers from both debt management and macroeconomics significantly limited the ability of the teams to make reasoned and fulsome assessments of the existing national debt management capacity, and to make recommendations that are likely to be closely tuned to the absorptive capacity, current capacity building priorities and plans, and to the managerial will of the member countries.

It is recommended that the participants for the next workshop be closely specified as:

- one debt data specialist,
- two debt managers at least one and preferably both at the Director level, and
- two macro specialists, at least one and preferably both at the Director level.

To attract senior macro people (who know less about the high quality of ESAIDARM work) in future, it will be necessary to:

- check more carefully to avoid overlap with important regional meetings
- specify more clearly in the initial invitation that the senior managers can attend for limited periods of 5 working days, one at the start of the full workshop and the balance at the end [ie days 6 to 10 and, days 11 to 15 under the revised phased design. Under this revision it is proposed to use the first five days for technical preparatory work with members' working level officials engaged in debt data and debt strategy, additionally the capacity building team will work with the regional facilitator to training them during this period].
- stress the macro outputs which will come only from high-level macro participation, and
- highlight the importance of high level participation for the diagnosis and creation of effective capacity building plans that can lead to the creation of a sustainable debt strategy capacity in their government
- use high-level (Executive Director-Governor/PS) contacts to reconfirm participation.

9.1.2. On-Site Preparation

The original design of the workshop called for a two to three day period prior to the official opening of the workshop for international and regional resource people, both technical and capacity building, in order to provide time for:

- any necessary changes to workshop materials required for optimum integration
- reviewing and amending the agenda, particularly tuning the integration of the technical and capacity building sections
- training of regional resource people, and preparation for their roles in the workshop,
- any last minute actions on data quality or downloading to DSM

Given the complexity of the workshop, the need to train/familiarise the regional experts, Fellows and regional facilitators in their roles, and that the design was done by individuals working in different parts of the world, the two to three days was viewed as very important for the overall success of the workshop. However, due to a mix-up in the invitation letters and since the schedules of the international resource people could not be changed, the resource-people and participants arrived at the same time.

This led to considerable confusion among the resource-people, who had no time to study the course materials or prepare their roles before starting the workshop with the regional resource people and Fellows attempting to "catch up". It took some of them 2-3 days to get into their stride in assisting the country teams. Combined with the absence of regional experts, this placed unnecessary strain on the course leaders and diminished the effectiveness of the workshop.

It is strongly recommend that the timetable for the second workshop incorporate adequate on-site preparation time for the international and regional resource people.

9.1.3. Capacity Building Planning Workbook

The format of the workshop materials was based on the ESAIDARM Model Capacity Building Plan. The final draft of the Capacity Building material was completed on the 19th of October and a disk copy air expressed to the ESAIDARM Secretariat on October 20. The Secretariat was to produce sufficient copies of the workbook material to satisfy the needs of the participants. This method was chosen as access to A4 is very limited in North America. The material would have had to be produced in 8.5 x 11 format which would not "fit" with the technical materials and the proposed binders.

Despite extensive precautions the disk did not arrive in Harare and the Secretariat follow-up. It was not until the facilitator's arrival on Oct. 30 that the disk was located in London with no possibility of its arriving prior to the workshop. The end result was that the material could only be produced on Oct. 31.

The last minute rush, eliminated any opportunity for the technical and capacity building facilitators to do a final review and integration of material. The lack of review and integration (coupled with the elimination of the proposed three day on-site preparation(see below)) resulted in workshop operating as two distinct parts; contrary to the overall objectives of the design and the desire of the facilitators.

It is recommended that in the future, at least 4 weeks be allowed for the transmission of critical material.

9.2. On-site Workshop Operations, Facilities, Equipment, Logistics

9.2.1. Computers and Printers

In general, the computer facilities worked extremely well, with two brief problems being remedied quickly by the company which supplied the computers. The same could not be said of the printers, which broke down repeatedly, forcing the entire workshop to rely on one portable printer at several stages. Nevertheless, the suppliers were extremely quick to respond by replacing and repairing machines.

The lesson is that the second workshop must be held where there are multiple computers and printers and, ESAIDARM or the host organisation has an extremely good relationship with the supplier to allow easy repair and replacement.

Participants also made the very good suggestion that participants should be asked to bring calculators and laptops where available, as this would ease their workload.

9.2.2. Secretarial Support

Due to some delay in initial outputs (portfolio reviews and macro sustainability analysis) and the fact that some teams typed these themselves, the secretarial support requirements were minimal during the first seven days of the workshop, and (partly as a result) three secretaries were virtually overwhelmed for the last 3 days. This led, in spite of heroic work efforts by the secretaries, to delay in producing outputs (especially transparencies for the presentations).

It is recommended that for the second workshop, two secretaries be assigned full time to the workshop, freeing team members/resource people from typing and photocopying tasks.

9.2.3. Country Break-out Rooms

During the debt strategy technical sessions groups frequently hallways, corridors, the lunch tables and the computer room for their breakout sessions. While this was satisfactory for this work it was not effective for the country team capacity building work. Towards the end of the first workshop (days 7 - 10), the Capacity Building component could not be effectively conducted in plenary (as was originally designed) with the result that there were insufficient break-out rooms for country team work.

For the second workshop it is recommended that the original type of arrangements be kept for the technical work. However, for the 2 days at the end of the workshop which will be dedicated to capacity building [tentatively schedule as days April 23 and 24] there should be separate breakout rooms for each country team. Each breakout rooms should be equipped with a flip chart, pens etc., wall chart check list, and if possible computer (word processor and DSM) and a printer.

9.2.4. Country Team Communication

There were some problems of communication among different country team members and especially for the exchange of documents. We suggest that the second workshop there by mail boxes for all participants, and a notice board used to trace progress in requesting and processing reports

9.3. International Resource People

Most of the technical co-operating partners supplied the promised resource-people. In particular, EFA/ESAIDARM are grateful to Mrs. Basci of IECIF, World Bank, for tireless high-quality work beyond the call of duty; to Mr. Useree of Comsec for his wholehearted support on CS-DRMS data/link issues, and on the substance of the Malawi and Tanzanian reports; and to Mr. Kapoor of the World Bank resident mission in Harare for an excellent presentation on debt-macro links. Unfortunately, Mr. Borresen of UNCTAD was unable to participate due to other last-minute commitments.

The seminar was also made more problematic by the diversion of the CTO on DMFAS, Mr. Baball to other tasks, preventing him from playing the expected major role on strategy and data in the workshop. The CTO for Comsec, Mr. Kameri, was present virtually throughout the workshop, and made a major contribution to the Tanzanian team output on strategy, and to the smooth running of the workshop by chairing many sessions and efficiently resolving many sudden last-minute problems.

It is recommended that Mr. Kameri and Mr. Baball be fully released for the second workshop.

9.4. Regional Resource People and Transfer To The Region

The original design provided for the transfer of all significant skills and knowledge, in addition to syllabus and materials, to regional experts who could then carry on providing similar workshops or on-site support to the Secretariat or Member states.

9.4.1. Regional Macroeconomic and Debt Strategy Experts

None of the identified regional technical experts on strategy and macro issues were able to participate. Their non-participation appears to have been largely due to logistical and communications difficulties (and one was retained in Tanzania due to the elections), particularly because invitation letters were not sent out until end-September.

Due to the shortages of resource people, the macro group was left with no resource people instead of three (which had to be remedied by the team leader "drafting in" two Harare-based resource people for 1 day), greatly delaying its work and preventing some of the detailed analysis necessary to construct alternative macro scenarios. In addition, the strategy group was forced to use Fellows and a member of the Zambian team to assist other teams.

The lesson is that effective transfer to the region of the technical presentation and facilitation capacity will require the Secretariat to:

- secure, contract and confirm the participation of regional experts earlier and make clear the essential nature of their participation early in the process.
- develop a back-up list of alternate regional resource people to draw on in the event that the initially selected individual are unable to participate.

9.4.2. Regional Capacity Building Facilitators

The original design of the workshop provided for three regional facilitators to be drawn from the pool of 6 regional facilitators who received training during Model Capacity Building Plan dissemination workshop. Consistent with the long term transfer plan the intent was to provide those previously trained with an opportunity to apply the MCBP methodology in under the supervision of international facilitators.

The short list of potential regional facilitator from the participating countries and/or those from close neighbours was comprised of 4 facilitators from Uganda, Malawi, Zambia and Zimbabwe. The Secretariat rejected the facilitators from:

- Uganda, well in advance, as unacceptable to the Ugandans
- Zimbabwe, the day before the workshop, on the grounds of a potential conflict of interest since he had participated in the Mid Term Review.

A last minute replacement was considered from the Central Bank of Namibia. However, his host institution would not release him due to other obligations. As a result the workshop proceeded with two regional facilitators, one each from Malawi and Zambia. The Malawi facilitator is an independent private consultant. The Zambian is an official from the Bank of Zambia.

The experience to date with the regional facilitators drawn from within national governments, or who had been until recently public servants, suggests that it may be more effective to target the transfer process to facilitators who are private sector consultants with no a significant connection to the debt management process.

The observed problems include the following:

- it has been difficult to secure the timely release of the public sector facilitators
- member states have rejected as biased ex-public servants with technical experience in debt management
- if the facilitator is a public servant with on-going work relationships with debt management these appear to make it very difficult for the facilitator to fulfil his/her roles in effectively. This is particularly evident where there are reporting relationships involved, but extends more broadly as well
- perceived conflict of interest
- facilitation does not appear to be a trade that is widely practised in the region's public services, and turn over is high

These problems have been manifesting themselves for sometime in the MCBP Transfer, and the Executive Forum. It is recommended that ESAIDARM significantly rethink its strategy to the transfer of the MCBP and the development of a pool of competent available regional facilitators. The starting points of such a rethinking should be:

- an assessment of the likelihood of the current 6 facilitators who participated in the MCBP Dissemination Workshop being able to meet ESAIDARM needs,

- the recruitment process and selection criteria for regional facilitators to be trained in ESAIDARM's methodology, in particular consider using private sector consultant /facilitators

For the second Debt Strategy Workshop it is recommended that ESAIDARM bring in the 2 remaining facilitators from the original MCBP workshop that were not at the first workshop, plus the Malawi facilitator, plus one professional facilitator from the private sector. If the original facilitators are not able to attend then the number of private sector facilitators should be expanded correspondingly.

As above it is recommended that the Secretariat:

- secure, contract and confirm the participation of regional facilitators earlier and make clear the essential nature of their participation early in the process.
- develop a back-up list of alternate regional resource people to draw on in the event that the initially selected individual are unable to participate.

9.4.3. Fellows

The workshop performance of most of the 6 ESAIDARM Fellows exceeded expectations. The ratings given to the Fellows by their team leaders ranged from 6.5 to 9 out of a possible 10, with an average over 7.5. Two Fellows were hampered in performing their technical tasks at the workshop, one by complications with country data, and the other by the absence of other senior staff from the country. The technical presentations by the Fellows (one on day 2 of the workshop and 5 on the final day) were excellent, and all gave strong support to either their own or other country teams. The workshop also revealed some new facets of the Fellows' characters when working under pressure, which provide valuable pointers for their suitability as regional experts.

Four of the Fellows from the first group [Patrick, Ellen, Fred, TJ] are developing competence in areas directly related to Debt Strategy Formulation should be included as resource people at the second workshop. Those Fellows from the second group that have topic areas directly related to Debt Strategy should also participate in the second workshop.

9.4.4. Regional Technical Officers

Both RTOs made large advances during the workshop. One showed an ability to code data and download it into DSM; the other was largely conversant in DSM, and made major progress in entering scenarios and producing output reports.

Both RTO should attend the DSM training week and participate as resource-people at the second workshop.

9.5. Workshop Design / Schedule

9.5.1. Outputs Versus Effective Transfer of Usable Skills and Knowledge

The volume and specificity of expected outcomes in the technical and capacity building components resulted in a focus, by both participants and resources people, on output at the cost of transfer of knowledge and skills. To improve the development and transfer of skills and knowledge to the participants that will be effectively used in their home organisations it is important that future workshops:

- reduce the output [as opposed to learning] goals of workshop [eg narrowing the portfolio analysis to a summary review]
- increase the workshop time ,
- improving the efficiency of the workshop delivery,

- strengthen the Secretariat's interventions for ensuring that member countries and co-operating partners fulfil their prerequisites
- effective follow-up by the Secretariat to support member countries' in the refinement and integration of the participants' debt strategies and the capacity building plans into the mainstream of their Ministry's and Bank operations.

9.5.2. Overall Structure of Workshop

The structure of the first workshop (alternating technical tasks and capacity-building) required the participants to change their thought patterns from detailed technical analysis to more conceptual institutional issues. This was not optimal.

For the second workshop the following structure is proposed:

- the workshop should last 15 working days, plus two days of preparatory time for the presenters and one day at the end for debriefing and report preparation,
- the first five days of the workshop should be spent training one debt data specialist and one mid-level macro specialist fully in DSM data/scenario entry and report production, and checking the fulfilment of data prerequisites.
- after the opening presentations, the capacity-building sessions of days 4 and 7 will be concentrated after the debt strategy implementation plan in a 2-day period before the penultimate day's presentations.

9.5.3. Technical

During days 2-3 there was a major overload of tasks to complete, partly because the prerequisites were not fulfilled, and partly because (as a result) the data were not ready for debt managers to begin portfolio reviews first.

Days 2-3 - data specialists:

- due to the pressure of time to produce data, some teams consulted the teaching materials very infrequently, thus limiting an important learning opportunity

Days 2-3 - debt managers:

- a comprehensive portfolio review is too complex to conduct in such a short workshop, especially given the lack of prior experience by some participants. We recommend that in future debt strategy workshops, portfolio review be confined to identifying key trends and current characteristics which are relevant to strategy formulation; and that training in wider portfolio reviews be provided in separate workshops.
- on scenarios, some debt managers had to learn from a very low base about Paris Club terms, debt conversions or multilateral debt issues, partly because those who attended Paris Club and conversion workshops were not all present. This implies a need for more overlap between participants at different workshops; more teaching materials to ease the interpretation of scenarios into DSM (forms on which debt managers can write details of scenarios, and a note explaining to debt specialists how to enter detailed scenarios into DSM); and an introductory session where the broad outlines of scenarios are explained to all participants.
- new borrowing scenarios were largely neglected on days 2-3, partly due to lack of data on borrowings, but this was remedied by discussions with country teams during days 5-7. For the next workshop, we recommend that this task be led by the macro managers, who have more idea of prospects of receiving grants or new loans. These data should also be covered more fully in the prerequisites.

Days 2-3 - macro:

- reviewing data: due to the failure to receive the fax clarifying exactly the types of data needed, many teams brought data in local currency rather than US\$. A lot of time was spent converting local currency into US\$. We recommend that this

be clarified in the invitations/prerequisites to the next workshop, and that DSM continue to be modified to allow the automatic entry of data in local currency and conversion into US\$.

- review sustainability ratios: this task was somewhat hampered by the absence of data from country databases - again stressing the need for early production of the data.
- review existing macro projections/prepare alternative global macro scenarios/analyse wider macro links: these tasks were hampered by the lack of knowledge by at least three country teams of the assumptions underlying existing and possible alternative projections. Though the teams did an excellent job in producing macro scenarios, their tasks would have been much easier and more rapidly completed had the teams been of a higher level and the regional experts been available. The analysis of wider macro links had virtually to be abandoned, except in a closing plenary session where teams exchanged views on scenarios.

Day 4

- the time set aside for the country discussions was too short. Two hours would be preferable. In addition, the presentations ran considerably over time: more effort needs to be made to assist participants in preparing presentations so that they are kept shorter.

Days 5-7

- Some of the DSM outputs for the workshop proved too complex to interpret in such a short time: in particular, EFA will work with Mrs. Basci to simplify and reorganise the Strategy Summary report and the Debt Managers Reports. On the other hand, the macro managers asked for additional complexity, especially on the budget module, and EFA/Mrs. Basci will work closely on this. Both inputs and outputs will in any case need to be different for workshop 2.

9.5.4. Capacity Building Planning

In addition to the previously noted factors contributing to a reduction in the effectiveness of the Capacity Building Component of the workshop [eg loss of initial planning phase, shortage of regional facilitators, insufficient senior participants, absence of the capacity building information requirements], the graphical Functional Standards were not sufficient for the uses made of them, and the report format used was not sufficiently specified.

The use of graphic functional standards was effective in stimulating discussions in the working groups. However, unsupported with detailed written standards, they were not sufficiently specific to be useful for either the basis of a written capacity building plan or for monitoring of progress and results. It is recommended that written performance standards be developed and used together with the graphical standards at the next workshop, and that a more directive report format be developed.

9.5.5. Follow-up

The original design for the workshop and its support structures provided:

- a prerequisite in which a prior commitment was made by the national Permanent Secretary of Finance and the Governor of the Central Bank to create a forum in which the returning workshop participants could immediately report on the debt strategy, debt strategy implementation plan; and the capacity building diagnosis and plan that they had developed in the workshop.
- each country team would be supported during the above process by one of the international or regional technical debt experts, and one of the international or regional facilitators, and a member of the Secretariat.

Due to limitations of funding it was not possible to make use of either the international or regional experts. Hence follow-up will have to be done by the Secretariat. This follow-up will be spread out over a considerably longer time period with evident risk of loss of momentum and erosion of the contribution to the development of credible regional resource people to support these functions.

During the final session a significant proportion of the national teams specifically requested on-site follow-up support by ESAIDARM in refining and implementing their debt strategies and capacity building plans. Given the limitations in staff resources this follow-up will have to be prioritised and phased over time. One evident high priority will be Malawi as they will be required to present a debt strategy to a Consultative Group within 6 weeks. The national participants indicated that they will be using the strategy developed in the workshop.

In general the absence of the financial resources to do an immediate follow-up would appear to be a significant gap in the overall effectiveness of the development of an effective national capacity to formulate national debt strategies.

9.6. Participant Learning / Output Quality

9.6.1. Technical

The Angolan team achieved a great deal of learning and a high quality of output in only three days. In part, this ironically reflected their late arrival. The order and nature of the technical tasks attempted had to be precisely tailored to their needs and abilities, and to the absence of some prerequisites (macro data, senior-level staff). The debt data specialist was therefore thoroughly trained in debt data coding and input into DSM; the strategy specialist in the details of feasible strategies for Angola and the interpretation of DSM debt outputs; the macro specialist in the entry of macro data into DSM and the interpretation of macro output reports; and all three in the entry of relief scenarios into DSM. The presentation of scenarios and technical results was extremely impressive given the short time available and the language barrier. Fortunately, given that Angola already has a debt strategy report, they were not required to produce a written debt strategy document: this would have been impossible in one week.

The Malawi team probably benefited the most from the workshop: partly because Malawi had no pre-existing debt strategy, partly because of the astonishingly hard work by all team members, and partly because the resource people were aware of the importance of his workshop for Malawi, given that they wished to present its output at the Consultative Group meeting. All three parts of the team learned a great deal, and demonstrated this with two presentations which were extremely concise and to the point, showing a clear knowledge of the issues; and a debt strategy report which, at the end of the workshop, was of high quality, pending final review for the CG. Nevertheless, it was clear that Malawi would require more training in DSM and assistance in implementing the strategy, given their lack of experience in negotiating debt relief since 1988.

Tanzania gained a considerable amount from the workshop. All team members made major progress through extremely hard work: data specialists on DSM coding, downloading and input; strategy managers on new ideas for strategies; and the macro member on scenario analysis. Their presentations were among the most impressive in the workshop, with a very clear message; and the strategy report was finished by the end of the week of the workshop. However, due to the cumbersome nature of the current CS-DRMS/DSM link, insufficient training in DSM, and the absence of top-level staff from their team, their capacity to replicate the work at the workshop on returning

home (or to receive high-level support for the strategy designed) must be in doubt, and extensive follow-up by the Secretariat will be needed.

Uganda was the team which went away from the workshop the most capable of continuing to implement their own debt strategy: with one team member demonstrating 100% competence in using DSM and the other four trained in the basics, two others fully versed in strategy options and two others constructing comprehensive alternative macro scenarios. In addition, they worked extremely effectively as a team, indicating that, with support from more senior staff, they could replicate the work done at the workshop. They completed the technical tasks faster than any other team, and their output was probably of the highest quality, though one of their presentations suffered from inadequate technical support in preparing transparencies, and they wrote only an aide-memoir because Uganda already has a debt strategy.

The Zambian team made considerable progress but it must be questionable whether any major steps were made in building sustainable capacity to design and implement debt strategy. The data specialists were only partly trained in DMFAS coding/downloading and DSM by the end of the workshop; the strategy specialist was already fully aware of the options and learned little new; and the macro specialists, while making huge strides in macro analysis, may be too junior to implement any new procedures or ideas learned. While the presentations were excellent, the second was prepared at the last minute, and only about 50% of a strategy report was written by the end of the workshop.

9.6.2. Capacity Building Planning

Consistent with the objectives of the workshop, each of the participating countries produced a Proposal for a Capacity Building Plan for presentation to senior management. The plans consisted of a written document supported by an overhead presentation. In the case of Angola, due to their late arrival, only the overhead presentation was developed. The proposed Capacity Building Plans were presented to a Plenary session by Capacity Building country team leaders on Day 8 of the workshop.

The overall quality of the Plans, both in concept and content varied considerably by country. The factors determining quality appeared to be:

- the degree of seniority, within the ministry or bank, among the participants. The more senior individuals had a broader understanding of the overall picture of the formulation of Debt Strategy in their country.
- the extent to which the team had successfully completed the Technical aspects of their Debt Strategy. The pressure to complete the Technical Debt Strategy consumed the time and to a greater extent the interest of all the team members.
- the extent to which the designated Capacity Building Country Team Leader believed that the proposal had a chance to be heard and acted upon. In the case of one country, their belief was that they may not want to be heard. They felt that if they were to make a presentation, that their message may be "insulting" to senior management, whom they viewed as not doing their job in regard to the Formulation of a Debt Strategy.

Given the demands on all the participants, the overall quality of the Capacity Building Plans was quite good. The extent to which the proposals will be presented and acted upon will depend on the ability of the ESAIDARM Secretariat to follow-up, support and monitor the both the presentations and the implementation of the approved components of the Plans.

One of the objectives of the Capacity Building component of the workshop was to provide an opportunity for participants to "learn" the process methodology of the ESAIDARM Model Capacity Building Plan.

The training in the MCBP was undertaken in a variety of forms. During the course of the workshop, the participants, in plenary, were given an overview presentation on the MCBP. Each participant was provided with a workbook, describing the process in general terms and detailing the specific application of the model to the Formulation of a Debt Strategy. Throughout the workshop, participants were reminded, prior to each capacity building exercise, where they were in the model and what the next step would be. At the end of the workshop, each country team was provided with a common annex, for attachment to their Capacity Building Plans, further describing the MCBP process and its application in determining the country "gaps" to which the proposed Capacity Building Plans were to address.

The information on the MCBP, in the variety of forms described above, was transferred to the participants, the degree to which it was assimilated as a distinct concept is questionable. It is more likely that most of the participants, particularly the technical rather than managerial participants, left the workshop with the notion that Capacity Building is a systematic process. That without systematic identification and planned, determined effort to implement a program to fill the identified capacity gaps, the opportunity to practice the technical skills developed in the workshop and the likelihood of subsequently formulating a debt strategy was very small.

10. Summary of Lessons Learned and Key Actions Needed For Second Debt Strategy Workshop for Non-Severely Indebted Countries

10.1. Increase Fulfilment of Participants' and Co-operating Partners' Prerequisites

- Further tailor DSM to member countries' needs and finish manual DSM manual,
- Finish, test and document linkage between CS-DRMS and DSM
- Circulate DSM codings and workshop documentation to participants in advance
- Provide more precise specification to participants on macro/new borrowing data, macro documents and capacity building documents needed
- Provide convenient checklists for use by country team leaders and Secretariat to facilitate monitoring the fulfilment of each country's prerequisites
- Request participants bring calculators and laptops wherever possible, to ease tasks of data work and report writing
- Secretariat to strive to ensure the participation of:
 - senior macro and debt strategy managers at the director level, by earlier specification of their tasks and flexibility of them to split participation among two to them for a week each
 - country experts who have attended relevant prior strategy workshops [eg. for SILIC's Paris club and conversion, for New Borrowers UNITAR's new loan negotiations] part by informing member's that this is an advanced course that will complement other prior courses.
 - regional experts and capacity building facilitators that are to take over the future delivery of the course and in-country support
- Secretariat to ensure that, as part of the prerequisites, in advance member states schedule a meeting with senior officials in which the participants will present the results of the workshop - a debt strategy and a capacity building plan.
- Refine capacity building sessions on scope and capacity building report preparation

10.2. Reduce The Workshop's Output Goals

- Debt portfolio analysis will be limited to summary portfolio review
- ESAIDARM should include detailed training in portfolio analysis for its members

10.3. Increase Workshop Time and Change Workshop Structure

- Add a full preparatory week for training on DSM and data preparation. This week should also serve as a refresher course for previous participants or training for other officials from the member countries that participated in the first workshop.
- Ensure 2 day advance on-site preparation time for Fellows and regional experts
- Explain possible debt scenarios at the start of the workshop to all participants through a half day plenary presented by the experts
- Concentrate the major capacity building elements in two consecutive days the third week
- Allow an day at the end of the workshop for debriefing and finalising reports

10.4. Improve Practical Delivery of the Workshop

- Improve printer facilities and guarantee same high quality of computer facilities and support
- Assign two full time secretaries to the workshop
- Improve some of the forms for recording the macro and debt scenarios, and provide precise notes on how to interpret scenarios into DSM
- Provide equipped country team meeting rooms for the capacity building days

10.5. Improve Transfer to the Region of Workshop and High Level Skills

- Ensure the presence of the appropriate regional technical experts and regional facilitators
- Ensure the participation of all Fellows for whom debt strategy is an important part of their regional contribution / regional expertise
- Release the RTOs for the full three weeks, and the CTOs for the last two weeks

10.6. Follow-up

- During the workshop the Secretariat should formulate with the participants concrete follow-up timetables for each country, based on the national implementation plans, including the presentation of their debt strategies and capacity building plans to top officials in each country that was scheduled as part of the preparation prerequisite.
- Ensure that ESAIDARM staff, regional experts and regional facilitators are available for follow-up as a priority

11. Future Directions for Other Components of the ESAIDARM's / MEFMI's Programme

11.1. Seminars

Consider holding a debt portfolio analysis workshop.

11.2. Fellows

Fellows made considerable progress with concentrated effort several of them in conjunction with the Secretariat Staff should be in a position to support this type of activity after the second workshop.

Annex 1. Schedule: To Be Completed by ESAIDARM

Annex 2. Participants List: To Be Completed by ESAIDARM

Note missing participants

Annex 3. Resource People and Affiliation: To Be Completed by ESAIDARM

International, Regional, Fellows, Secretariat

Annex 4. Secretariat Management and Support: To Be Completed by ESAIDARM

Management and Co-ordination

Samuel Kameri
Kassim Hussein

Support Staff: On-Site Reports Production, Travel and Logistics

Sharon
Yvette

Annex 5. Ceremonies: To Be Completed by ESAIDARM

Annex 6. Tours: To Be Completed by ESAIDARM

Annex 7. Travel, Transit, Accommodation: To Be Completed by ESAIDARM

Annex 8. Participants Evaluation: To Be Completed by ESAIDARM

Summary [Optional could be in the same material as in the text]

Participants' Evaluation Forms

**REPORT ON ESAIDARM'S SECOND
DEBT STRATEGY FORMULATION WORKSHOP
FOR
LESS INDEBTED COUNTRIES**

Windhoek, Namibia April 10 to 26, 1996

Submitted by:
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REPORT ON ESAIDARM'S SECOND DEBT STRATEGY FORMULATION WORKSHOP

1. Title

Debt Strategy Formulation Workshop For Less Indebted Countries

2. Venue and Dates

Windhoek, Namibia April 10 to 26, 1996

3. Financial and Technical Co-operating Partners

The United States Agency for International Development provided funds for the development of the materials for this workshop and its presentation. USAID financial support was provided under the Financial Sector Development Project Phase II, contract PCE-OO25-Q-003071-00 through Barents Group LLC KPMG Peat Marwick, as contractor.

The African Capacity Building Foundation and The United States Agency for International Development provided financial support for the operating costs of the workshop.

External Finance for Africa and SALASAN were responsible for the design, preparation and implementation of the technical and capacity-building elements of the workshop.

The World Bank, The Commonwealth Secretariat, and The United Nations Conference on Trade and Development provided extra technical support before and during the workshop.

4. Objectives

The workshop was an integrated event with three primary sets of goals.

1] To provide the skills and knowledge required by officials of ESAIDARM's four less indebted members to develop:

- external and domestic debt strategies compatible with their status as less- or moderately-indebted countries;
- an implementation plan for the debt strategy;
- a diagnosis of capacity limitations affecting debt strategy formulation; and
- a suitable capacity building plan for overcoming those limitations.

2] To ensure a lasting transfer to the region of tailored technical and capacity building methodologies and skills, so that a similar workshop could occur in future with negligible external assistance. This involved:

- participation of three regional experts in debt strategy and macroeconomic policy;
- apprenticeship / work opportunity for three of the six regional facilitators, and Secretariat staff [two Chief Technical Officers (CTO) and two Regional Technical Officers (RTO)] who had participated in the Model Capacity Building Dissemination Workshop

3] To support the 1995 and 1996 Fellows and the RTOs by providing:

- practical training in their chosen speciality areas related to debt strategy development;

- opportunities for Fellows and RTOs to demonstrate, under supervision, their skills and knowledge on debt strategy to their potential clients in regional governments.

In addition, to the above primary goals, the two debt strategy workshops provided an important opportunity to more fully refine and test a number of the key hypotheses and designs that underpin the ESAIDARM's pilot design. These designs were based on an array of analysis and assumptions about the causes of the relative lack of success of past debt management capacity building efforts in the region. Key amongst these designs considerations were:

- training should be customised to the needs of the individual participants and to the national circumstances, including the use of current national data and customised analysis tools
- successful transfer of skill and knowledge from the workshop to the workplace is a complex task that begins well before the workshop with the preparatory phase, as well as during and after the workshop. Among other things requires nurturing the support and commitment of senior management in the participating countries, and
- technical training and capacity building planning should be integrated.

Annex 9 provides a more complete summary of some the key constraints and overall design principles that the workshop project sought to apply.

5. Target Groups

Senior technical staff and middle managers in the Ministry of Finance and Central Banks of Lesotho, Namibia, Swaziland and Zimbabwe. In particular, from each country one or two senior macroeconomic analysts, one or two senior debt policy analysts, and two debt data experts.

6. Summary of Results

6.1. Preparations

6.1.1. Participants Prerequisites

The due to the ambitious design the prerequisites were much more onerous than a typical workshop:

- a check list of technical and capacity building prerequisites was developed to assist the Secretariat and participating countries track prerequisite fulfilment
- participants needed to be the officials responsible for formulating each country's debt strategy. Three of four countries sent teams of the appropriate level and number;
- the workshop was to use current national debt and economic data and documents to formulate debt strategies. Three countries brought all possible data/documents, and the fourth brought virtually everything required;
- the capacity-building plans were to be based on documents on institutional structures and existing plans. No country brought all the necessary documents.

6.1.2. Technical Preparations

The technical preparation for the workshop went extremely smoothly, thanks to the wholehearted support of ESAIDARM staff and the co-operating partners. In particular:

- External Finance for Africa redesigned the training manual and reference materials from the first workshop for severely-indebted countries, to tailor them to the needs of less-indebted countries, and sent them to Windhoek three weeks beforehand;

- the World Bank further tailored its Debt Strategy Module (DSM) to the needs of ESAIDARM states, and designed a curriculum for the prior week of DSM training;
- the Commonwealth Secretariat refined the link between CS-DRMS and DSM, and prepared a presentation on refinancing expensive loans
- the UNCTAD prepared a paper on export credit terms and availability.

6.1.3. Capacity Building Preparations

Based on the last workshop, the tools for Performance Standards were substantially revised into a written evaluative format, and a detailed annotated outline was developed for a Capacity Building Plan. In addition, new simplified step by step diagnostic tools were developed.

6.1.4. Logistics Preparations

ESAIDARM prepared the workshop extremely thoroughly, making excellent arrangements for hotel, conference and computer/printer rental and support in Namibia, and ensuring the arrival of three regional technical experts.

6.2. Participants: Learning and Output

The training materials and methods worked extremely well, allowing each country team to successfully apply and/or adapt the technical and capacity-building tools to suit their national circumstances. The addition of a preparatory week of DSM training, and improved fulfilment of the technical prerequisites, made the technical tasks work very smoothly. As a result, all four teams were successful in developing a draft debt strategy, implementation plan, and capacity building plan for debt strategy formulation.

There was also a dramatic improvement over the first workshop in skills transfer to country teams, all of which expressed the view that they could continue to refine strategy on their return home. However, implementation of capacity building plans will require close follow-up by the Secretariat.

Nevertheless, the workshop agenda remained too full, resulting in 12-14 hour working days. The instruction team recommends that future workshops last three full weeks for all participants.

6.3. Regional Transfer of Teaching, Technical Support and Facilitation

6.3.1. Syllabus and Materials

All instructional materials were developed in advance and circulated to the Secretariat, participants and resource people. They are self explanatory and suitable for future use in the region.

6.3.2. Regional Technical and Capacity-Building Resource People

The three regional technical resource people were recruited. One expert attended only the opening plenary session, describing South Africa's strategy. The other two were chosen for expertise in both debt and macroeconomic issues. They played an active role for 7 days, making plenary presentations on debtor experiences of strategies and non-debt flows, and then assisting the Namibian and Zimbabwean teams in designing macroeconomic projections. All were competent and could be used again.

On the basis of the results of the first of the debt strategy workshops it was decided to broaden the base of regional facilitators. The international facilitators supplied the

Secretariat with names of contact people that know local facilitators, and names of potential regional facilitators. In the event no new regional facilitators were identified and the only effective facilitator trained to date was hired by ESAIDARM for another task. As a result there were no regional facilitators available, and the Secretariat directed that the transfer effort be concentrated on its staff members (CTOs and RTOs).

6.3.3. Regional Technical Officers and Chief Technical Officers

Both RTOs were released for the whole workshop. On the technical side, both demonstrated that are now fully conversant with the Debt Strategy Module. They then made a valuable contribution in assisting teams with preparation and entry of data and with production and interpretation of outputs. While this largely denied them the opportunity to tackle the analytical debt strategy and macroeconomic issues, it is recommended that their Development Programmes over the next 12-18 months should be designed to improve their capacity to perform such additional roles in any future events of this nature.

The RTOs also participated throughout the capacity building exercises and gained considerable experience in facilitation methods. It is recommended that both RTOs should expand their experience by working on capacity building issues and facilitation during country missions

6.3.4. Fellows

Three of the 1995 Fellows, with a specialisation relevant to debt strategy for less-indebted countries, participated in the workshop. All three performed excellently.

In addition, eight 1996 Fellows attended the workshop to familiarise themselves with DSM and Debt Strategy issues. Of these, at least six showed excellent ability to learn DSM and by the end of the workshop, four were acting as resource people, assisting country teams in preparing their reports.

The international technical team is confident that, together with the CTOs and RTOs, the Fellows would form a formidable technical team which could (with limited initial international assistance or supervision) run regional or in-country DSM training workshops, portfolio reviewing workshops and (with slightly more assistance in the form of information on recent international trends in debt relief or borrowing options) debt strategy workshops.

7. Description of Workshop Design, Training Methodology and Teaching Aids

7.1. Overall Workshop

As with the first workshop the design included several unique features:

- the workshop sought to integrate two separate themes:
 - technical training and skill development that would allow the participants to develop a national external debt strategy, and
 - capacity building diagnosis and planning that would allow the participants to develop a capacity building plan to formulate and implement effective national external debt strategies on an on-going basis.
- the workshop's design and procedures sought to combine the customisation and responsiveness to country needs of a country-specific workshop with the networking and cost advantages of a regional workshop. The most evident features of this hybrid approach were:
 - the integration of macro analysts, debt policy managers and debt data experts into cross-country technical groups to promote information

- exchange, and later into country teams to maximise co-operation among government agencies;
- the use of actual country data and documents on debt, the macro economy and institutional structures, rather than artificial case studies;
- a structure divided between separate individual technical training and plenary sessions which provided opportunities for participatory group learning.
- the workshop was an integrated component of the overall ESAIDARM work programme in that:
 - it was timed to follow basic development of national debt data recording;
 - ESAIDARM staff would provide significant pre-workshop support to ensure that each country fulfilled the prerequisites for a successful workshop, [ie appropriate data and information on policy and institutional structures, and the participation of specific key individuals whose input would be essential to debt strategy formulation and the development of a capacity building plan];
 - follow-up was planned to address any problems which impeded the use of the skills and knowledge gained in the workshop, and to implement the lessons learned for implementing the debt strategy and capacity building plans;
 - ESAIDARM's debt-related Fellows were to be involved in order to give them additional opportunities to learn and to demonstrate under supervision their ability to provide technical services to other countries in the region;
 - regional capacity building facilitators were to be integrated into the programme and given an opportunity, under supervision, to apply the model capacity building plan and develop a relationship with ESAIDARM countries.
- both components of the programme, technical and capacity building, focused all tasks, exercises and solutions entirely on the problems facing the ESAIDARM member countries, with no attempt to generalise standardised solutions. The demand-driven outputs generated by the participants therefore have the potential to make a major immediate contribution to the debt management strategies in each country.
- the use of country data and information rather than theoretical case studies and exercises customised the workshop 100% to the needs of participating countries. This extended to the materials and teaching methods, and (with the help of the co-operating partners), the modification of international computer software. In particular:
 - the World Bank continued to modify the Debt Strategy Module [DSM] to allow the preparation of inputs, and to generate additional outputs, in formats of immediate value to the countries (particularly developing budget financing gap modules and beginning to integrate domestic and external debt analysis);
 - together with the Commonwealth Secretariat and the UNCTAD, the World Bank refined procedures to transfer debt data from the CS-DRMS and DMFAS debt recording systems for analysis purposes.
- co-ordinated preparation by ESAIDARM and External Finance for Africa integrated three major international institutions into a team to support debt strategy formulation by ESAIDARM member states. In this workshop, the World Bank provided one senior staff member for three weeks; the Commonwealth Secretariat provided two staff members (one for 5 days and the other for 7); and the UNCTAD supplied a background paper on export credit terms and availability.
- EFA also recruited other international experts to assist the country teams in defining strategies: Jonathan Leape, a specialist on fiscal policy and domestic debt from London School of Economics; Shriti Vadera, a director of SBC

Warburg responsible for international commercial financing; and Svetlana Ksenofontova, who assisted in operation of DSM.

7.2. Technical Training

The technical training used "live" country data, to make the resulting debt strategies immediately useful to each member government. The two workshops under this ESAIDARM programme are the first in the world to combine training with the formulation of relevant national debt strategies in this way.

As in the first workshop, the technical training was provided in two phases: two days were spent in technical groups working on debt data, debt strategies and macroeconomic projections; followed by three days working in country teams on preparing the debt strategy reports. Plenary presentations were made after the technical group and country team work.

Because these workshops are so innovative, the first experienced some teething problems in the workshop itself. These lessons were learned thoroughly by the time of the second workshop, where the basic technical elements worked extremely well. In particular:

- a preparatory week was added to the workshop for data specialists, where they were fully trained in DSM and their data were downloaded from CS-DRMS and DMFAS;
- the workshop began with a plenary day in which new borrowing options were fully explained to the participants, and on the second day they received formal presentations on portfolio reviewing and report production in CS-DRMS and DMFAS;
- the training manuals were expanded by extra templates and forms to assist information transfer among team members, and presentations to plenary sessions, which worked extremely well in overcoming communication problems;
- two full days were allowed for presentations of outputs and discussion/questions in plenary sessions, and one day for finalising written reports at the end of the workshop.

Each of the technical groups was highly productive, with a marked improvement in the debt strategy group due to prior data downloading into DSM, to the higher level of participation by the countries, and to prior briefings on new borrowing options and portfolio reviewing. All four country teams also made excellent progress, partly because team leaders were nominated at the start of the workshop and tasks were assigned clearly to individual members. This structure should clearly be replicated in future workshops.

However, because the basics were working so well, and in order to respond to the country team demands for further innovation, the technical team decided to 1) create a spreadsheet package for calculation and transfer of macroeconomic data into DSM and 2) integrate domestic debt strategies into the workshop to assess the combined impact of domestic and external debt on the budget. Both innovations somewhat delayed progress with the technical tasks and disrupted the capacity-building days, though they vastly improved the quality of the team outputs and the ease of scenario design. Both require much more work before they can be distributed in more final versions to ESAIDARM member states.

During the first week the country teams were supported by four international resource people, two ESAIDARM RTOs and two Fellows. In the second week they were supported by five international specialists, two ESAIDARM CTOs, two RTOs, three Fellows and two regional experts; and in the third week by three international

specialists, the CTOs/RTOs and Fellows . In addition, one international specialist and one regional expert gave presentations in the opening plenary session.

7.3. Capacity Building Planning

The capacity building planning also used “live” data on the countries’ institutional arrangements, to make the resulting Capacity Building Plans immediately relevant. The workshop followed the five steps in ESAIDARM’s Model Capacity Building and Implementation Plan, to conduct a Needs Assessment and develop a Capacity Building Plan:

- Established **scope of the capacity building planning task** including: initial identification of problems; key outputs not adequately delivered; types of debt to be managed; debt functions to be addressed; organisations, work units and stakeholders affected; issues to be addressed in the remaining stages;
- Established **agreed output and performance standards** for debt strategy formulation, including data and information inputs and implementation of outputs;
- Identified **gaps in performance** of debt strategy formulation, in providing the required data and information inputs, and in implementing the recommended outputs;
- Identified the **causes** of under performance of the debt strategy formulation function
- Developed a **capacity building and strategic training plan** to address the identified gaps including: corrective actions, assessment and strategy to overcome risks to approval and implementation, priority issues to be addressed first, a detailed Action Plan for implementation, and a management mechanism to monitor both the implementation of the Capacity Building Plan and the impact on performance.

More details of the methodology are in the ESAIDARM Capacity Building materials.

The application of these five steps had two distinct phases and approaches. Phase 1 covered the first 10 days of the workshop, when the focus was on technical tasks. During this period participants were asked at the end of each task to identify and note any problems that would limit the ability of their home organisation to undertake the task. After each major phase of the technical programme the RTOs conducted interviews with country teams to consolidate their findings and recommendations. This phase replicated the preparation stage of the MCBP process. The low profile approach minimised disruptions to the technical training tasks.

The second phase of the capacity building programme consisted of structured facilitated participatory sessions with the participants working in country teams. All exercises were focused on applying and/or adapting tools and standards to the systematic identification of capacity constraints in the national organisations responsible for debt strategy formulation. By concentrating the capacity building work in 2 days at the end of the technical training it was hoped that there would be a greater concentration of senior officials from the participating countries, with more knowledge about their organisations and the managerial expertise. In the event, though extra senior participants did not arrive, three of the four teams were represented at a sufficiently senior level to provide the necessary expertise on capacity-building needs.

Facilitation was provided by a team of two international consultants and the two ESAIDARM RTOs, working under the direction of the lead international facilitator.

The format of the workshop materials, in a Capacity Building Planning Workbook, was based on the new simplified overview of the ESAIDARM Model Capacity Building Plan. The pressures of work meant that few participants had an opportunity

to refer to the materials fully. Nevertheless, the new tools developed for the diagnosis appeared to work effectively, though it would be useful to add a tool to gather and organise potential corrective actions.

8. Evaluation: Participants' Response to the ESAIDARM Evaluation Questionnaire

To be completed by ESAIDARM [Content to be interpretation of Annex 8]

9. Resource Person's Assessment of Results and Recommendations

9.1. Workshop Preparation

9.1.1. Country Prerequisites

9.1.1.1. Data and Documentation

Technical: Debt and Macroeconomic Data and Documents

Due to excellent preparation by the ESAIDARM Secretariat, three of the country teams arrived with almost all of the debt and macro data and documents needed for designing a debt strategy. Minor omissions were remedied as planned by contacts with capitals during the preparatory week. The fourth team had almost all relevant documents.

The main debt databases were successfully transferred from CS-DRMS and DMFAS to DSM, though this took most of the first week (in spite of extremely hard work by Comsec and ESAIDARM staff) because of the complex nature of the link from CS-DRMS to DSM and the complexity of the Zimbabwean debt database, which was disaggregated by creditor and debtor. However, Swaziland had not fully installed CS-DRMS before the workshop: as a result, they used the World Bank DRS data.

Manual debt data entry into DSM caused no problems, with the exception of short-term domestic debt. By the middle of the workshop, an initial method for entering this had been designed, but this will require further refinement into an optimal tool for regional governments.

Capacity Building: Current Plans, Organisation Data and Documentation

It was recognised in advance that the workshop participants might not be fully aware of other Capacity Building initiatives currently being undertaken in their Finance Ministries or Central Banks, or fully conversant with the organisational structures, job descriptions and performance standards in these agencies. To avoid any conflict between the Capacity Building Plan developed at the workshop and current initiatives/structures, participants were asked to bring:

- copies of capacity building initiatives already underway within the country;
- organisation chart(s) for groups responsible for debt strategy and/or key inputs, and for co-ordinating mechanisms such as Debt or Economic Policy Committees;
- descriptions for positions with key responsibilities in the development or support of a national debt strategy, including any material on prerequisite skills or knowledge, and key outputs or performance indicators.

On the first day of the workshop, it was established that very little of the capacity building prerequisite material had been brought either because these requirement had not been sufficiently highlighted by the Secretariat relative to the technical prerequisites, or because it did not exist. Some countries made efforts during the workshop to fill these gaps from their head offices.

The lack of requested information had two effects:

- reduced effectiveness (particularly for Zimbabwe) of the proposed Capacity Building Plans due to inaccurate identification of gaps in current capacity, and the possibility of conflict with other proposals or capacity building initiatives.
- the facilitators did not have a full understanding of the current situation, thus reducing the effectiveness of the facilitation team's advice.

It is recommended that for future workshops:

- capacity building prerequisites be specified in attachments to the invitation letter as:
 - current capacity building initiatives affecting debt strategy formulation,
 - organisation charts, co-ordinating committees and position descriptions for key posts with responsibilities for debt strategy formulation
- the prerequisites section of the letter of invitation be reviewed in detail to ensure it is comprehensive, clear and highlights the importance of this information
- the Secretariat's follow-up of prerequisites reinforce the importance of bringing the requested material

9.1.1.2. Participation of Appropriate Officials

Participation varied between 4 and 12 per country. As shown in the table below, the composition of teams varied slightly:

Country	Data	Debt	Macro
Lesotho	2	2	2
Namibia	3	5	4
Swaziland	1	1	2
Zimbabwe	2	2	1

Due to excellent preparation by the ESAIDARM Secretariat, participation was dramatically better than the first workshop. All teams except Zimbabwe contained sufficient staff in all groups to perform the technical tasks (the Swazi team compensated for lower numbers with extremely hard work), even though many had no prior experience of these tasks. However, Zimbabwe had problems because only one team member had any relevant experience (and was engaged partly on Fellowship work).

The level of participants was also crucial. The number of senior managers in teams had a major impact on their ability to complete technical and capacity-building tasks - and on their learning and acquisition of skills and knowledge. Lesotho and Swaziland, with several senior managers, were able to complete technical and capacity-building tasks above all expectations; Namibia's senior managers focused largely on technical tasks and were diverted from capacity-building; Zimbabwe, with no senior managers, had to work extra hard and were unwilling to make firm recommendations on either a debt strategy or capacity-building initiatives.

The first workshop's difficulty in securing the release of senior officials for a 2 week workshop led to the strategy of giving countries the option of sending senior managers later than its data analysts. According to country teams, this staggered participation attracted an extra 4-6 participants for the main two weeks of the workshop, and guaranteed for three countries a level of seniority which ensures that the workshop outputs will be used on their return home. However, a proposal that they should send extra top officials for the final 3-4 days, to advise the teams on fine-tuning the debt and macroeconomic scenarios and on capacity building diagnosis, and to lead the process of reporting back to Government, was not communicated to the countries.

Though there was a vast improvement in the scale, composition and level of participation compared to the first workshop, we repeat the recommendations made in the first workshop report:

1) Participants for future workshops should be closely specified as:

- two debt data specialists;
- two debt managers (at least one and preferably both at the Director level); and
- two macro specialists (at least one and preferably both at the Director level).

2) To attract senior people the following procedures should be followed:

- check carefully to avoid overlap with important regional meetings
- specify clearly in the initial invitation that senior managers can split their attendance, with one attending for days 1 to 10 of the workshop (technical training), and the other for days 11 to 15 (capacity-building and plenary presentations).
- stress the macro outputs which come only from high-level macro participation;
- stress the importance of high level participants for effective capacity building plans;
- use top-level (ESAIDARM Executive Director to Governor/PS) contacts to reconfirm participation.

9.1.1.3. Post Workshop Debriefing

The prerequisites provided for the Permanent Secretary of Finance and/or Governor of the Central Bank to provide in advance for a debriefing of senior officials on the outputs created by the national team. No advance arrangements had been made in three of the four countries.

By contrast the host Namibians arranged for a cross section of senior middle managers to attend the presentation of their country team. At the conclusion of the presentation a decision was taken for the Namibian team to repeat the presentation to larger audiences in the Ministries of Finance and Planning and the Bank of Namibia.

The absence of advance arrangements in three of the four countries for senior level debriefing by the workshop participants increases the risk that the debt strategies and capacity building plans will not be integrated in the national plans. In part the absence of an advanced commitment to a planned debriefing is likely a function of the wide spread history of ineffective workshops that generate little of sufficient importance to encourage executives to commit their time to a debriefing. As ESAIDARM's credibility grows this problems should reduce. For the immediate future it emphasises the Secretariat to support the dissemination and integration of the workshop results.

9.1.2. On-Site Preparation

As recommended, the preparatory week provided valuable time for on-site preparation before the official opening, to allow international and regional resource people to:

- make any changes to workshop materials required for optimum integration;
- finalise the agenda, especially integrating technical and capacity building sections;
- train regional resource people, and preparing their roles in the workshop;
- ensure that any remaining prerequisites are fulfilled before the main workshop commences, and that all debt data are downloaded into DSM.

The preparatory week was especially vital in allowing time to download debt data from the CS-DRMS system to DSM. Some minor problems remained. In particular, retention of the workshop materials by the Namibian customs slightly delayed the integration of technical and capacity-building components; and arrival of the regional experts late on the day before the workshop reduced time available for training. Fortunately, hard after-hours work and the high quality of the regional experts

overcame these difficulties. The preparation week is extremely important and it is strongly recommend that the timetable for the future workshops continue to include adequate on-site preparation time for the international and regional resource people.

9.2. On-site Workshop Operations, Facilities, Equipment, Logistics

9.2.1. Computers and Printers

The computer facilities worked extremely well, with rapid response to problems from the rental company. Though there was some confusion over the number of computers and printers required, and the number of days for which they had been rented, ESAIDARM should have no computer-related concerns about holding future high-level workshops in Namibia.

9.2.2. Secretarial Support

The use of 2 dedicated secretaries for the workshop was extremely effective in ensuring that outputs were produced in a timely manner (and use of a dedicated secretary for the Fellows Programme avoided diversion of the others). It is recommended that for future workshops of this type, two secretaries be assigned full time, largely freeing team members and resource people from typing and photocopying tasks.

The submission of separate documents to different secretaries by different team members, and the early return of the computers, led to some confusion in assembling the final reports, with some sections of reports apparently missing. For future similar workshop, it is recommended that the secretaries be provided with a template for each country, into which they can insert the sections of the strategy and capacity-building reports, identifying the authors.

9.2.3. Country Break-out Rooms

The use of four separate rooms worked well for the technical sessions of the workshop. However, holding the Fellows Technical Panels simultaneously with the capacity-building days reduced the rooms available to three. This may have contributed to the Zimbabwe team being disbursed around various rooms which, together with the Namibian team's decision to break into two groups in separate rooms, complicated the task of the facilitators. It is recommended that for the capacity-building days there should be separate breakout rooms for each country, each equipped with a flip chart, pens, wall chart checklist, computer and printer.

9.2.4. Communication

At the first workshop there were problems with communication and exchange of documents within country teams. A bulletin board for urgent messages and IN/OUT boxes for Secretaries, country teams and resource people greatly improved communication and increased the productivity of secretaries this time. We recommend these procedures for future workshops.

9.3. International Resource People

The senior-level international experts recruited by EFA were highly successful. Both Jonathan Leape (leading the strategy group) and Shriti Vadera (presenting on commercial financing) were very highly commended by the participants, though their early departures were regretted. Svetlana Ksenofontova assisted considerably in DSM operations.

The technical co-operating partners provided excellent support. Once again, the leading role played by Aysel Basci of the World Bank was critical to the success of the workshop, in training on DSM, leading the data group and adapting DSM to the needs of the countries. The Commonwealth Secretariat also played a crucial role, through John Corkhill and Jose Maurel. Mr. Corkhill worked for four days to download Lesotho's and Namibia's CS-DRMS data into DSM, and presented the CS-DRMS/DSM link to the workshop. Jose Maurel was a key resource-person in the debt strategy group, made a presentation on refinancing expensive loans, and assisted the Swazi team. UNCTAD was unable to supply a resource-person, but prepared a valuable paper on export credits for the opening day's presentations on new borrowing options.

In contrast to the previous workshop, both CTOs (Mr. Baball and M. Kameri) were on-site for virtually all of the seminar. They played an extremely valuable role in assisting the Zimbabwe and Namibia teams respectively in their strategy formulation, and Mr. Kameri was a superb chairman of the workshop and made a presentation on refinancing. However, during the capacity-building days, they were occupied with other tasks, in particular the Fellows Programme. Therefore the teams were unable to benefit from CTO experience and knowledge of country capacity needs, existing training plans and potential for follow-up in implementing strategy and capacity building. In addition, the transfer to the CTOs of skills on debt strategy capacity building was limited. It is recommended that at future similar workshops Mr. Kameri and Mr. Baball be fully released to participate in the workshop without other duties.

9.4. Regional Resource People and Transfer to The Region

The original design provided for the transfer of all significant skills and knowledge, in addition to syllabus and materials, to regional experts who could then carry on providing similar workshops or on-site support to the Secretariat or Member states.

9.4.1. Syllabus and Materials

The syllabus and materials for the workshop are largely self explanatory and have been made available to the Secretariat and the Resource People as well as the participants.

9.4.2. Regional Macroeconomic and Debt Strategy Experts

Again reflecting better preparation by ESAIDARM, the three regional experts identified by External Finance for Africa were recruited (in contrast to the first workshop). One expert attended only the opening plenary session, describing South Africa's strategy. The other two were chosen for expertise in both debt and macroeconomic issues. They played an active role, making plenary presentations on debtor experiences of strategies and non-debt flows, and then assisting the Namibian and Zimbabwean teams in designing macroeconomic projections. Unfortunately, due to other demands on their time, they were able to stay for only 7 days.

At future workshops, we recommend using such experts for longer periods in future, but this will require planning further in advance to assure their release from other duties.

9.4.3. Regional Capacity Building Facilitators

The original design of the first workshop provided for three regional facilitators drawn from the pool of 6 regional facilitators who received training during the Model Capacity Building Plan dissemination workshop. Consistent with the long term transfer plan the intent was to provide those previously trained with an opportunity to apply the MCBP methodology in under the supervision of international facilitators.

As a result of the experience at the first Debt Strategy workshop it was recommended that ESAIDARM bring in the 2 remaining facilitators from the original MCBP workshop that were not at the first workshop, plus the Malawi facilitator, plus one professional facilitator from the private sector. If the original facilitators are not able to attend then the number of private sector facilitators should be expanded correspondingly. In addition it was recommended that the Secretariat:

- secure, contract and confirm the participation of regional facilitators earlier and make clear the essential nature of their participation early in the process.
- develop a back-up list of alternate regional resource people to draw on in the event that the initially selected individual are unable to participate.

The international facilitators supplied the Secretariat with names of contact people that know local facilitators, and names of potential regional facilitators. In the event no new regional facilitators were identified and the most effective facilitator trained to date from Malawi was hired by ESAIDARM for another task. As a result there were no regional facilitators available, and the Secretariat directed that the transfer be directed to its staff members, the RTOs.

9.4.4. Fellows

Three of the 1995 Fellows participated in the workshop (three from the previous workshop were not present because their areas of specialisation were not appropriate to a workshop for less-indebted countries). All three performed excellently. Two played a prominent role in the DSM Training Workshop, making presentations on data preparation and transfer and on DSM operations and outputs, and then training participants in performing exercises. During the main workshop, one joined the Namibia team and continued to advise other teams on outputs; the other helped all teams with many DSM related tasks. The third Fellow made a presentation on portfolio reviewing on the second day of the main workshop, and assisted the country teams in improving their portfolio reviews.

In addition, eight 1996 Fellows attended the workshop to familiarise themselves with DSM and Debt Strategy issues. Of these, at least six showed excellent ability to learn DSM and by the end of the workshop, four were acting as resource people, assisting country teams in preparing their reports.

The international technical team is confident that, together with the CTOs and RTOs, the Fellows would form a formidable technical team which could (with limited initial international assistance or supervision) run regional or in-country DSM training workshops, portfolio reviewing workshops and (with slightly more assistance in the form of information on recent international trends in debt relief or borrowing options) debt strategy workshops.

9.4.5. Regional Technical Officers

Both RTOs were released for the whole workshop. On the technical side, both demonstrated that are now fully conversant with the Debt Strategy Module. During the opening week, both gave presentations on the preparation and entry of data into DSM. They then made a valuable contribution in assisting teams with preparation and entry of data and with production and interpretation of outputs, with none of the occasional problems experienced in the first workshop. These responsibilities largely denied them the opportunity to tackle the analytical debt strategy and macroeconomic issues.

It is recommended that their Development Programmes over the next 12-18 months should be designed to improve their capacity to perform such additional roles in any future events of this nature.

The RTOs also participated throughout the capacity building exercises and gained considerable experience in facilitation methods. However, one traditional problem for technical experts was evident as there was pressure for them to solve the problems rather than facilitate the participants identification of problems and the development of solutions.

It is recommended that both RTOs expand their experience by working on capacity building issues and facilitation during country missions

9.5. Internal Workshop Design / Schedule

9.5.1. Outputs Versus Effective Transfer of Skills

There was a better balance between the volume of expected outcomes and the time available than at the first workshop. This allowed much more effective transfer of skills, because participants had time to work through tasks more gradually and under less pressure. This was particularly obvious in the portfolio reviews and in the design of debt and macroeconomic scenarios.

However, time was still short: this meant excessively long working hours for most participants, and diverted some key country staff from capacity building to technical tasks. In addition, more time would have allowed the resource people to be 100% confident that skills and knowledge had been transferred to all of the participants and that they could repeat the tasks unassisted in their capitals.

We therefore recommend that for future workshops:

- the time be increased to three full weeks. The first week would be spent on technical training in three technical groups (working on data/DSM, debt strategy options and financing needs, and macroeconomic projections); the second working in country teams to produce the strategy reports; and the third on three days of capacity-building, followed by final presentations and discussion of follow-up. During the first week, the capacity-building team would also train the regional facilitators.
- the Secretariat works very closely with the member countries and co-operating partners to fulfil all prerequisites, including especially documents for capacity building plans, and high-level participation by all country teams
- the Secretariat ensure effective follow-up to support member countries in the refinement and integration of the participants' debt strategies and the capacity building plans into the mainstream of their Ministry and Central Bank operations.

9.5.2. Internal Structure of Workshop

The revised structure of the second workshop was much more effective, because:

- it contained 14 working days, plus two weekends in which participants and resource people worked almost constantly, and a final day for debriefing and report preparation;
- the first five days were spent training 15 participants in DSM, checking data and documentation prerequisites, and downloading data to DSM;
- the preparatory week plus the opening day of plenary presentations on new borrowing options made the technical analysis in the second week much more straightforward;
- after an opening presentation, capacity-building sessions were concentrated after the debt strategy implementation plan in a 2-day period, avoiding disruption to the technical or capacity-building tasks by switching between the two.

However, the capacity-building portion was slightly squeezed by continuing time pressure on the technical side. Secondly, though teams generally gave excellent presentations, and wrote high-quality reports, they could have benefited from a little formal training in presentation and report-writing skills. Thirdly, behind-the-scenes secretarial work during a longer capacity-building period could have allowed the strategy reports to be finished earlier. Therefore, it is recommended that future workshops be extended by 2 days, to three weeks for all participants.

9.5.3. Technical

As discussed in Section 7, the technical components of the workshop worked smoothly. However, time could be saved in future, and continuing performance of the tasks in the home countries made easier, by the following refinements:

- finalising the design of Excel and other spreadsheets for calculation of macroeconomic data and projections;
- updating the DSM Training Manual and computerised introductory tutorial;
- expanding and improving the budget module and domestic debt treatment in DSM;
- improving the graphics functions of DSM for outputs for plenary presentations.

The templates and forms incorporated in this workshop's technical manual should also be included (suitably adapted) in the manual for severely-indebted countries.

In addition, the highly innovative technical content of the workshop has already excited great interest in replicating it in other parts of the world. With small adaptations, the manual could be used for debt strategy design in any country, middle-income or low-income, and severely-, moderately- or less-indebted - either in a workshop format or as part of advisory missions. This has given some rise to worries about potential violations of USAID's and ESAIDARM's proprietary rights to the design and its contents.

The team therefore strongly recommends the earliest possible publication of the workshop materials - with adaptations to make them usable by a wider audience of developing country and international institution staff.

9.5.4. Capacity Building Planning

With capacity building placed at the end of the workshop, it was inevitable that teams were anxious to continue technical tasks during the capacity building diagnosis and planning. Close dialogue was needed between the technical and capacity building resource people and the country teams, to optimise allocation of participants and ensure that senior team members contributed to capacity-building. This problem will be resolved if the delineation between capacity-building and technical tasks is made even clearer by splitting them into separate weeks, as proposed above, and if the overall workshop time is longer.

9.5.5. Follow-up

The original design for the workshop series and its support structures provided:

- a prerequisite in which a prior commitment was made by the Permanent Secretary of Finance and Governor of the Central Bank to create a forum in which participants could immediately report on the debt strategy and the capacity building plan;
- each country team would be supported during the above process (if necessary) by an international or regional technical expert, an international or regional facilitator, and a member of the ESAIDARM Secretariat.

With the exception of Namibia, whose senior management attended the final presentations, none of the countries had fulfilled the prerequisite which specified that a

meeting would be scheduled for the participants to present findings to senior officials shortly after their return from the workshop. This increases the risk that the participants will have no effective mechanism to follow-up the technical and capacity building results of the workshop. This risk is lowered by the relatively senior participation of the country officials at the workshop.

In addition, due to funding limits, it was not possible to use international or regional technical experts for immediate follow-up support; and failure to recruit regional facilitators rules them out.

In the final session of the workshop all national teams specifically requested on-site follow-up by ESAIDARM. Given the limitations in staff resources this follow-up will have to be prioritised and phased over time. It will be critical to maintain contact and momentum on the capacity building issues. The Lesotho team is well organised and since its Ministry of Finance and the Bank of Lesotho have established clear debt management structures it will require less support. The strong launch of the Namibia programme also holds promise that it will be self supporting. Swaziland may need some assistance with launch and delivery of their programme, though the dynamism of the team members may reduce their needs. Zimbabwe is likely to be the most difficult country to establish forward direction, because no senior officials attended the workshop.

The implementation risks can be lowered by the Secretariat following up closely with each country's designated Team Leader. However, due to its work load it will be necessary to spread the Secretariat follow-up over a longer period, with some risk of losing momentum, and of eroding the development of credible regional experts to support debt strategy formulation.

Given these potential problems, and the limited follow-up of the first workshop, it would seem vital to sensitise senior regional policy makers on the importance and urgency of finalising debt strategies and improving national capacities for their design. If, for any reason, the country workshop teams are unable to present their results to senior policy makers in the near future it will be particularly important for ESAIDARM to take the initiative.

It is recommended that the ideal forum for such a high level initiative / discussion would seem to be the Annual Conference. Country team leaders (assisted by international resource people) could present the results to senior policy makers, and agree future steps to improve both individual country strategy formulation, and relevant components of the ESAIDARM/MEFMI work programme.

9.6. Participant Learning / Output Quality

9.6.1. Technical

As explained earlier, the quality of output and degree of learning was in part dependent on the numbers, appropriate responsibilities of the participants, and level of participation. Lesotho and Swaziland completed the technical tasks with an excellent standard, and on schedule. Both made two excellent sets of presentations, and produced high-quality strategy documents which ought to have a major impact on future policy - though they will obviously require refinement as a result of comments from senior policy makers. Swaziland also expressed confidence in their capacity to repeat the process without external assistance in the future; Lesotho fully demonstrated such capacity but nevertheless requested future help.

The Namibian team also made excellent presentations, and produced extremely high quality draft strategy output, and demonstrated that they could continue to perform the technical tasks in the absence of external assistance. However, given that their main

concern is with domestic debt, they preferred not to produce a final report until a version of DSM which fully integrates domestic debt is available.

The Zimbabwe team also made excellent presentations, produced high quality technical output and made considerable progress in acquiring the skills needed to repeat the tasks at home. However, as already explained, given their relatively low level, they decided not to finalise a draft strategy report at the workshop or to make any policy recommendations, but instead to concentrate on showing senior policy makers that they could undertake the technical steps needed for a debt strategy if this was required. During a subsequent mission to Zimbabwe by Matthew Martin, senior officials in the Finance Ministry expressed strong and urgent determination to design a debt strategy. Considerable follow-up may be needed to ensure that this determination is transformed into action.

9.6.2. Capacity Building Planning

Each of the participating countries fulfilled the output objectives of the workshop by producing a Proposal for a Capacity Building Plan for Debt Strategy Formulation for presentation to senior management. The plans consisted of a written document supported by an overhead presentation. In the case of Zimbabwe, only the overhead presentation was developed. The proposed Capacity Building Plans were presented to a Plenary session of the workshop.

Lesotho and Swaziland were able to devote full attention to the two days of capacity building. As a result, their analysis, plans and presentations were of excellent quality: comprehensive, well-founded, detailed and actionable. The teams showed the dedication and skills needed to repeat the analysis and to implement the plan. The Namibian plan is of good quality, highlighting the key issues and recommending a process which will address debt strategy formulation in the short run and trigger a fundamental medium-term review of debt management. However, the complexity of their technical debt strategy scenarios diverted two senior managers from capacity building tasks: as a result, involvement of the senior level will require activism at the forthcoming debt awareness workshop.

Zimbabwe developed an interesting diagnosis of capacity limitations in debt strategy formulation. However, due to the time the team devoted to technical tasks, and the lack of written material or team knowledge about the existing system, the diagnosis was limited, the actions proposed were tentative, and no written report was completed. There are therefore likely to be major problems presenting the capacity building plan, and securing its approval or implementation. It is unlikely that the team learned enough about capacity building to repeat the analysis or to implement the plan, if it were approved.

The quality of the Plans, both in concept and content, appeared to be determined by:

- the degree of seniority of the participants. More senior individuals had a broader understanding of the overall organisational requirements for the formulation of a Debt Strategy in their country.
- the extent to which the team had successfully completed the technical aspects of their Debt Strategy before beginning the Capacity Building work.
- the extent to which the designated Capacity Building Country Team Leader and the team in general believed that the proposal had a chance to be heard and acted upon.

Overall, the quality and relevance of analysis in the Debt Strategies and Capacity Building Plans was very high. However, the extent to which Plans are presented and enacted will depend on the dynamism and seniority of the team members in each country and, where this is less prevalent, on the ESAIDARM Secretariat's follow-up, support and monitoring.

10. Summary of Lessons and Key Actions For Subsequent Debt Strategy Workshops

Many of the individual lessons learned from the first workshop were successfully implemented, including dramatic improvement in the fulfilment of technical and participation prerequisites, better preparation of logistics and assurance of participation by regional technical experts, changes in the length and structure of the workshop, further tailoring of DSM to the needs of ESAIDARM member countries, refinement of the capacity-building manuals, and minor changes to the technical manuals. This summary therefore concentrates only on those lessons and improvements which might still be made in future workshops.

10.1. Overall Design Principles

The overall workshop designed was based on 6 design principle that were intended to overcome many of the problems and constraints that have been identified over the past 20 years with previous training efforts, and more generally with past capacity building efforts [see Annex 9]. In large measure these problems and constraints arise from and in the external environment outside the immediate setting of the workshop. Given the emphasis in ESAIDARM and the workshop on long term sustainable results there has been a deliberate effort to design the workshop as part of a continuum that includes both preparatory and follow-up phases that seek to improve the impact of workshop on long term practises in the participating members workplace. In addition the design and activities inside the confines of the workshop are also deliberately tailored to maximise both the immediate relevance and longer term impact of the workshop, and the on-going supporting efforts.

It is still to early to determine the relative effectiveness of the overall design strategy on sustainability, and whether it is significantly more cost effective then prior efforts. However, on the basis of the immediate evidence the results appear to strongly support the six design principles outlined in Annex 9 [ie. 1) workshops should be an integral and reinforcing part of ESAIDARM's longer term works plan, 2) technical training should be actively linked to a national programme of institutional strengthening, 3) fostering national executive commitment to the implementation of the workshop results, 4) training and capacity building should embrace the responsible cross work unit teams, 5) medium term motivation, continuity and effectiveness are encouraged by the development and use of regional expertise, 6) training should be customised and based on the real life national situation, and use customised versions of the best available tools.]

In the following material the recommendations can be thought of those reflecting the implementation of the design principles 1 to 5 which focus more heavily on activities outside the immediate workshop setting and those dealing with activities inside the workshop itself, including principle number 6.

10.2. Further Customisation

The teaching methods and exercises where fully focused on the national situations. In so doing several situations were identified where additional customisation of the DSM software would assist the developing countries.

- Further tailor DSM to member countries' needs, especially in finalising the budget module and domestic debt input, and finishing the DSM manual,
- Test and document the linkage between CS-DRMS 7.1 and DSM

10.3. Fulfilment of Prerequisites

- Greater fulfilment of the data and information prerequisites for capacity building would be very beneficial. Review the precise specifications provided to participants on capacity building documents needed with officials from the member states to determine with there is a lack of clarity, and ensure that Secretariat monitors the fulfilment of capacity building prerequisites;
- Request participants to bring laptops if possible, to ease data work and report writing
- Secretariat to strive to ensure the participation of:
 - Director level macro and debt strategy managers, by earlier specification of tasks and of their flexibility to participate in staggered “shifts”;
 - country experts who have attended relevant prior workshops (eg. Paris Club and Conversion, UNITAR’s new loan negotiations), by informing members that this advanced course will complement prior courses and allow such participants to develop into regional experts;
- Secretariat to ensure that before the workshop, member states schedule a meeting of senior officials immediately on their return, at which the teams will present the workshop results on debt strategy and capacity building planning.

10.4. Increase Workshop Time and Ensure Preparation Time

- Increase the workshop to 3 full weeks: 1 week of preparatory training in three technical groups, on DSM and data preparation/portfolio reviewing and debt strategy formulation techniques/macroeconomic forecasting techniques; 1 week of country teams working to produce strategy reports; and 1 week of capacity building, training in report-writing/presentation skills, followed by final presentations.
- Ensure 2 day advance on-site preparation time for Fellows and regional experts

10.5. Workshop Facilities

- Provide equipped country team meeting rooms for the capacity building days

10.6. Transfer to the Region of Workshop and High Level Skills

- Transfer responsibility for running the workshop to regional experts and facilitators, and ESAIDARM staff, with minimal supervision from international experts.
- Secretariat to strive to ensure the participation of more regional experts (including the best Fellows) and capacity building facilitators, to take over future delivery of courses and in-country support. On the technical side, such experts and ESAIDARM staff should be able to run future courses with minimal external assistance.
- Release the CTOs in full throughout the workshop and ensure the full attendance of regional experts and facilitators

10.7. Follow-up

- During the workshop the Secretariat should formulate with the teams concrete follow-up timetables for each country, based on the national implementation plans, including meetings to present debt strategies and capacity building plans to top officials;
- Ensure that ESAIDARM staff, and/or regional experts and regional facilitators are available for follow-up as a priority

11. Suggestions for Other Components of the ESAIDARM / MEFMI Programme

11.1. Debt Strategy Formulation Capacity Building in Individual Countries

In countries which have participated in the present workshops and learned the basic skills, further strategy formulation capacity building should occur in mission / workshop formats in individual countries. These would involve a wider range of technical staff and technical tasks, such as more comprehensive data validations, portfolio reviews, reviews of strategy options, and integration with country-specific macroeconomic models. This would also make Director level participation easier, and ensure the presentation of the results to the top policy makers.

11.2. Regional Workshops Related to Debt Strategy

In addition regional Debt Strategy workshops may be warranted for new ESAIDARM / MEFMI members or for members that did not participate effectively in the first series.

Based on country requests at both Debt Strategy Formulation Workshops, we recommend a continuing programme of cross-country workshops focusing on more specific tasks as part of the future ESAIDARM-MEFMI work programme:

- the top priority identified by participants was training in **macroeconomic analysis and forecasting**: analysis of their own macroeconomic data, and forecasting macroeconomic trends in their own countries. They stressed that such analysis should not centre on any internationally-supplied econometric model such as the financial programming framework or the RMSM model, or theoretical case studies, but should follow the framework established at the Debt Strategy Workshop, of analysing recent country trends and constructing underlying assumptions for alternative macroeconomic scenarios - using models only as tools to ensure consistency checks. This is seen as a priority not only for debt strategy formulation but also for formulating economic reform programmes and accurately calculating financing needs. A Director-level policy makers workshop should be an early part of the MEFMI work programme.
- the second priority is an **advanced users course on DSM**. This would focus on the more complex tasks in DSM - budget and balance of payments gap-filling, domestic debt strategies, exchange and interest rate sensitivity and customisation of outputs. It would be preceded by consultations with the ESAIDARM members to ensure maximum prior tailoring to their needs.
- the third priority is a course on **debt portfolio analysis**. It would have three main elements: basic portfolio analysis of the historical evolution of the debt portfolio and of its current composition, of the kind conducted at the Debt Strategy Workshops; loan-by-loan strategy-oriented portfolio reviewing, involving comprehensive analysis of all aspects of each loan and analysis of historical negotiations and disbursement problems, in order to draw lessons for future debt strategy; and how to summarise analysis for senior policy makers.

11.3. Fellows

- As already discussed, several of the Fellows are now capable of training in future workshops, or of participating in country missions on specific tasks. Such exercises should be included in their apprenticeships following graduation.

11.4. ESAIDARM Annual Conference Strategy Awareness Session

- An executive (Governor and PS) awareness session on debt strategy is recommended for the ESAIDARM Annual Conference, which might coincide with the DSM advanced users course and the release of the next version.

NOTE ANNEXES 1 TO 8 ARE TO BE COMPLETED BY ESAIDARM

Annex 1. Schedule of Workshop

Annex 2. Participants List

Annex 3. Resource People and Affiliation

International, Regional, Fellows, Secretariat

Annex 4. Secretariat Management and Support

Management and Co-ordination

Support Staff: On-Site Reports Production, Travel and Logistics

Annex 5. Ceremonies

Annex 6. Tours

Annex 7. Travel, Transit, Accommodation

Annex 8. Participants Evaluation

Summary [Optional could be in the same material as in the text].
Participants' Evaluation Forms

Annex 9: Overall Workshop Design Principles

Past Problems and Constraints to Training Effectiveness

Over the past twenty years considerable training and technical assistance has been provided to the countries of Eastern and Southern Africa for purposes supporting economic development. This has included over a decade of work in the general area of debt management and debt strategy. This debt training has included the use of the COMSEC, UNCTAD computer based debt management systems, and the World Bank's Debt Strategy Module [DSM], IMF training programmes and national technical assistance contracts. Unfortunately, it appears that an insufficient proportion of the required skills and knowledge has been successfully transferred into the African workplace. In part this is due to:

FAILURE TO MAKE THE FORMAL WORKSHOP AN INTEGRAL PART OF A NATIONAL CAPACITY DEVELOPMENT PROGRAMME WHICH WEAKENS THE TRANSFERENCE SKILLS AND KNOWLEDGE PROVIDED IN THE WORKSHOP TO THE WORK ENVIRONMENT, AS A RESULT OF:

- training the wrong people
- only training one segment of the vertical chain needed to produce and implement a debt strategy [typically either the technical people that manipulate the computer programme or the debt strategy managers, but not both. Only rarely is the training focussed on the integrated debt strategy team.] Even more rarely are the training links extended to the macroeconomic analysts and planners.
- lack of active senior management support and understanding of the overall effort required to develop an in-house debt strategy capacity and the need for active support of the training event in the work environment. This lack of support includes a lack of effective demand for the potential output - a professional quality debt strategy and debt plan, and
- institutional organisation and system constraints that limit or prevent the newly acquired skills and knowledge from being effectively applied in the workplace

WORKSHOP TRAINING METHODOLOGIES ARE NOT BASED ON ADULT LEARNING METHODS THAT RELY ON THE SOLVING OF RELEVANT WORK RELATED PROBLEMS [EG. CREATING AN IMMEDIATELY USABLE DEBT STRATEGY], AND TEND TO FOCUS ON ECONOMISING ON TEACHER EFFORT AND COST RATHER THEN EFFECTIVENESS. THIS IS DUE TO:

- the emphasis among some donors and trainers for minimising the unit cost of training [eg. cost per student day] rather than the impact and effectiveness of the training
- the substantially greater ease with which courses based on standardised training based on generic models and case studies can be taught rather than basing the training exercises on the country's "live" data. More typically the training is conducted using case studies that only weakly approximate the circumstances of African countries. The use of these methodologies greatly eases the demands on the teacher but creates significant problems for the development and transfer of relevant skills and knowledge to the workplace.
- the difficulty in ensuring that the participants have available to them all the "live" data required to perform the learning exercises.
- the time and cost of customising the analytic tools needed to do a professional job in a developing country. By ignoring the reality of the participants' data, national economic situation, and home organisational environment it is possible to ignore the suitability of the analysis tools that are "taught" in the workshop.

Workshop Design Principles

In order to address the above constraints the workshop was designed and delivered on the basis of a number of principles.

1. EACH TRAINING EVENT SHOULD BE AN INTEGRAL REINFORCING PART OF ESAIDARM'S LONGER TERM WORK PLAN

- The goal is to develop the capacity of the member states to formulate debt strategies, workshop based training is only one essential part of the that process. While training is necessary it is typically not sufficient to transform institutional performance.
- Training events, such as the Debt Strategy Workshops, are much more effective when treated as an integral part of the on-going ESAIDARM work programme, rather than as a single stand-alone event.

Among other things, there is extensive advance preparation in each participating country to ensure the fulfilment of the necessary prerequisites for success learning and transfer to the workplace including:

- securing the commitment of senior management to the success of the workshop, and the provision of a structured opportunity for national management to review the results of the workshop, and where warranted to integrate the results of the workshop into the national workplace,
- securing the correct number, rank and responsibility mix of the participants,
- ensuring that the required "live" national data is available at the workshop including accurate computerised and up-to-date debt data, national macro economic data, and institutional and capacity building data

Immediately after the workshop it would be optimal for there to be an in-country follow-up to assist the participants:

- demonstrate results,
 - build local demand and support for more interaction between the work units drawn together for the workshop and capacity development,
 - cement the linkages into and out of the debt formulation process in order to sustain the on-going effectiveness
- Continuing medium term in-country follow-up by the Secretariat to sustain capacity building momentum in the medium term
 - Customising the training and the "learning" exercises so that the debt strategy and capacity building plans developed in the workshop are specifically tailored to each country's situation will require high levels of qualified support

2. TECHNICAL TRAINING SHOULD BE ACTIVELY LINKED TO A NATIONAL PROGRAMME OF INSTITUTIONAL STRENGTHENING

- Technical training in the workshop should be directly linked with institutional capacity building, [including participant diagnosis of capacity problems that prevent or limit the ability of the trainees from apply the newly acquired skills effectively in the home country], and the development of national capacity building plans to address the identified constraints. This develops a broad base of awareness in the participants about what needs to be done in the home institution and empowers the participants to be active agents for change.
- Where, as was the situation in this workshop, appropriate national capacity building plans do not exist the workshop can be used to develop the component for Debt Strategy Formulation. Where national capacity building plans they can be refined on the basis of new knowledge gained about the process of debt strategy formulation.

3. FOSTER NATIONAL EXECUTIVE COMMITMENT TO IMPLEMENTING THE WORKSHOP RESULTS, BASED ON THEIR PARTICIPATION AND CONTROL

- The senior economic managers in each participating country should be regularly briefed throughout the life of the project, and be engaged in a decision making process designed to integrate the results of the workshop into their national context and/or the regional situation

4. TRAINING AND CAPACITY BUILDING FOR CROSS WORK UNIT TASKS PERFORMED BY TEAMS SHOULD EMBRACE THE FULL TEAM

- Debt strategy formulation typically requires active participation by several work units in the Ministries of Finances and Planning, and the Central Bank. In addition, there is a need for a cross section of technical staff, debt strategists, macroeconomic analysts, and middle managers. The workshop should provide technical and capacity building training for coherent country teams drawn from all the works unit and levels that must work together in the home setting to formulate a debt strategy. One focus of the training is to “help the team work effectively together”

5. MEDIUM TERM MOTIVATION, CONTINUITY AND EFFECTIVENESS ARE ENCOURAGED BY THE DEVELOPMENT AND USE OF REGIONAL EXPERTISE

- In-house national capacity building diagnosis and planning should build on, and extend ESAIDARM’s Model Capacity Building Plan, and strengthen the skills and experience of ESAIDARM’s regional facilitators, Secretariat, and Fellows
- Use and develop regional resource people to support these activity on an on-going basis [eg. ESAIDARM staff, Fellows and facilitators; and regional debt experts]
- Build on ESAIDARM’s demonstrated ability to deliver results to create credibility regarding its approach to capacity building in macro economic analysis and policy development

6. TO MAXIMISE LEARNING IN THE WORKSHOP AND TRANSFER OF THE NEW SKILLS TO THE LOCAL ENVIRONMENT TRAINING SHOULD BE CUSTOMISED AND BASED ON THE REAL LIFE NATIONAL SITUATION, AND USE CUSTOMISED VERSIONS OF THE BEST AVAILABLE TOOLS

- To the maximum extent possible in the workshop, both technical training and capacity building should use current relevant national data and the output of the various “training” exercises should be designed to be immediately useful and relevant output. In particular, the technical and capacity building exercises will be designed to produce a debt strategy and a capacity building plan appropriate to the home country
- Technical training should be based on the best available computer software, [ie The World Bank’s Debt Strategy Module] and the technical experts should be prepared to make significant efforts to adapt it specifically to the participants needs’ where warranted or required,

Section 7 of the report describes how some of these principles were applied in practise.

**DEBT STRATEGY
FORMULATION AN ESAIDARM
WORKSHOP**

**CAPACITY BUILDING
WORKBOOK**

Windhoek, Namibia April 23 - 24, 1996

Proposed Timing

CAPACITY BUILDING COMPONENT

Tuesday April 23, 1996

8:45 Plenary Presentation

Overview of Capacity Building
The ESAIDARM Model Capacity Building Plan
The conceptual understanding - application to various situations
The practical application - Formulation of a Debt Strategy

9:45 Overview of the Day

Tasks to be completed
Method
Support
Expected Outcomes
Scope
Standards
Identified Gaps
Priority Corrective Actions
Assignment of roles for writing the Capacity Building Plan
Assignment of roles for the development of an approval plan

10:15 Break

10:45 - 1:00 Country Teams with support facilitators
Development of a work plan - assignment of tasks
Terms of Reference for the Task Force
Co-ordination Mechanism
Data Standards
Technical Tasks
Standards
Assignment
Resources (Human and Physical)
Work flow and sequence
Management Tasks
Assignment
Work flow and sequence

2:00 Plenary - Presentation: Influencing the Decision makers

2:30 - 4:30 Country Teams with support facilitators
Completion of tasks

4:30 - 5:30 Country Teams with support facilitators
Report in of task assignments
Review / revise and finalise
Assignment of writing roles

Overview of the Capacity Building Component of Debt Strategy Formulation Workshop

1. Introduction

1.1. Overview of Capacity Building

- The work book and its components

1.2. Practical and conceptual (application beyond the Formulation of a Debt Strategy)

1.3. Today's Focus - Capacity Building for the Formulation (and approval) of a Debt Strategy

1.4. Tomorrow's Focus - Writing the Capacity Building Plan for the Formulation and Approval of a Debt Strategy

1.5. Tasks and the use and adaptation of Tools

- Tasks are those listed 2.0 to 9.1
- Tools are the recording sheets

1.6. Use of proposed outline

- The generic outline has been amended to fit the requirements for the Formulation of a Debt Strategy.

2. Preparation

2.1. Establish the scope of the Capacity Building Plan

- The Capacity Building Plan covers the continued formulation and approval of subsequent Debt Strategies
- The scope focuses on those organisations and posts having a direct role in the Formulation and Approval Process. (see diagram)

2.2. Review of existing material and problems identified during the workshop

- The existing material i.e. organisational charts, job descriptions etc. are to be used as support / reference material for the development of standards and for the identification of gaps
- The "problems" identified during the workshop are to be used a reminder of likely "gaps" in the current system that should be reidentified in the review of current practice against developed standards. If the "problems" do not reemerge, a further review of the standards is required.

2.3. Discussion of the integration of the material

- Focus remains on the proposed outline - all agreed upon corrective actions and supporting actions / strategies are transferred to the outline

3. Establish / Adopt National Standards

3.1. Previously Developed Standards for Debt Strategy Formulation

- Scope / Context
- Debt Management Committee
- Technical Task
- Management Tasks
- Performance Indicators for required Data
- Array of Data required for the formulation of a debt strategy

3.2. Adopt / Develop Standards for:

- Standard for Structure of Debt Strategy Formulation Task Group
 - Form i.e. task force
 - Reporting Relationship i.e. reports to the technical committee of the Debt Management Committee
 - Task Force Leader i.e. the person responsible for submitting the completed document to the Debt Management committee
 - Task Force Members - identified with specific terms of reference indicating the term of the appointment to the task force and the conditions associated with membership. i.e. additional pay, benefits etc.
 - Terms of Reference for the operation of the tasks force including performance and timing expectations
 - Mandates and Authority of the task force i.e. to request / demand necessary data for conduct of the work
- Standards for technical tasks:
 - allocation and performance of technical tasks among task force members
 - work flow and timing of technical tasks among task force members
- Standards for Resources
 - number and quality (skill and knowledge requirements) for task force members
 - physical resources for the operation of the task force
- Standards for the required data sets
 - The range and quality of input data
- Standards for management tasks
 - allocation of management tasks
 - work flow and timing of management tasks
- Co-ordination
 - mechanism

- Enabling Environment
see discussion in the manual

4. Identify Gaps

4.1. Identify gaps between current performance and National Standard

In this workshop the development of standards and the identification of gaps may occur simultaneously.

5. Establish Priorities among identified Gaps

5.1. Priority Analysis

6. Determine appropriate Corrective Actions

6.1. Risk and Stakeholder Analysis

6.2. Strategies

7. Recommendations

7.1. Types of recommendations / authority and mandate

- Those which the members of the task force have the authority to implement - inform
- Those which must be recommended to the PS / Governor for their authorisation (within their own mandate)
- Those which must be recommended, through the PS / Governor to Cabinet

7.2. Immediate

- Those recommendations that must be acted upon immediately to establish the basic capacity to revise and update the strategy developed in this workshop. If these recommendations are not acted upon, the process cannot be replicated

7.3. Sustainability and Strategic Training

- Sustainability focuses on the longer term maintenance of the system. (e.g. written policy for the establishment and ongoing operation of a debt management committee ;written policy for the establishment and ongoing operation of a debt strategy formulation task force; clear job descriptions with performance standards; procedure manuals for all technical and managerial tasks)
- Strategic training refers to the plan to maintain the effective functioning of the debt strategy task force regardless of staff turnover, leave, or secondment.

8. Capacity Building and Implementation Plan (outline)

8.1. Action Plan

- A detailed, time bounded description of each corrective action recommended in the Capacity Building Plan. The action plan should also identify the individual responsible for the completion of the activity. A tool for the development of an action plan is included in the workshop tools

9. Approval Strategy for the proposed plan

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Role and Purpose of ESAIDARM

Founding Principles

ESAIDARM is a three year regional pilot project controlled by the Permanent Secretaries of Finance and the Governors of Central Banks that make up its Board of Governors. The project is based on four basic concepts that are reflected in all aspects of its design and implementation:

Ownership and Commitment

- The people at the top of Eastern and Southern Africa's national debt and reserves management units must control the project and support it with their time as well as financial and human resources.

User Driven

- The project's executive direction, institutions and administration will be under the control of senior Africans responsible for debt and reserves management.

Sustainable National and Regional Capacity

- Country level sustainability requires a tailored programme to address each country's particular needs.
- The regional organisational structures and services arising from the project must be sustainable by the members.

Co-ordinated Co-operating Partner Support

- Improving the efficiency and effectiveness of available co-operating partner technical and financial support through improved identification of needs and co-ordination of support.

Operational Goals

During the first three years, the goals of the Initiative are to:

- Develop, test, document and deliver products and services that address the immediate priority needs of the members.
- Develop a reservoir of regional expertise sufficient to ensure that there are adequately trained and knowledgeable people available to run a permanent Initiative and supply the products and services that have been developed.
- Develop awareness among participating members about regional expertise and experience, and facilitate its use to solve regional capacity building problems and debt and reserves management issues.
- Assist members in developing their internal capacity to prepare and implement national capacity building plans, including training plans.
- Develop, implement and document the Initiative's operating policies, management systems and procedures to be used in both the short and medium term.
- Evaluate the effectiveness and efficiency of the pilot products, services, policies and procedures.

- Conduct a study and selection process to identify appropriate future institutional arrangements.
- Prepare a proposal on the future of the Initiative.

Capacity Building Objectives

The objectives of ESAIDARM in providing Capacity Building services to member countries are:

- To assist participating countries in developing and implementing debt and reserves management capacity building plans.
- To assist participating countries, as required and when requested, in developing and implementing the priority components of their debt and reserves management programmes, such as creating medium term country specific debt management plans.
- To provide a range of training, advisory/consulting services, networking and research necessary to assist members with their planning and implementation priorities.
- To monitor the progress of the capacity building efforts of the participating countries and to evaluate the pilot phase of the Initiative.
- To carry out studies and a selection process for the establishment of a permanent regional institution covering debt, reserves and economic management.

Role and Purpose of National Capacity Building and Training Plans

The development of improved national debt and reserves management capacity is, and must remain, the responsibility of each member state. ESAIDARM has provided that, as a condition of membership, each state must develop and implement a national debt management capacity building and training plan. These plans are to be shared with ESAIDARM as part of the process to ensure that ESAIDARM's products and services can be closely tailored to its members needs and priorities.

Capacity Building Model

During the design of the ESAIDARM project, the participants noted that there were very few indications among the member states that national plans were being actively used to guide and manage the capacity building process. Additionally, concern was expressed that there was limited national ability to systematically: 1) identify the requirements of an effective debt management system; and 2) develop the required capacity building and training plans.

In response to this identified priority for effective capacity building effort, ESAIDARM undertook to develop a model to assist its members in the development of national capacity building and training plans for debt management.

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Structure of the Workbook

Although most of the activity in the workshop is designed as “team” activity, each participant in the workshop is provided with a copy of the workbook. The purpose is two fold. First, a personal copy allows the individual to both review and anticipate the overall sequencing of the workshop. Secondly, the ESAIDARM Model Capacity Building Plan is designed for self use by participants. It is anticipated that the participant will be able to utilize the workbook to design and implement a capacity building planning session within his or her department or work unit. To assist in this process ESAIDARM can supply master copies of the various templates used through out the workbook.

Section 1 - Overview of the ESAIDARM Model Capacity Building Plan

Section 2 - National Performance Indicators

Section 3 - Workshop Objectives and process

Section 4 - Workshop Tools for:

Determining Standards for the Tasks in the
Formulation of a Debt Strategy

Identifying Gaps between current Performance and
identified Standards

Establishing a priority among the gaps (and
recommended corrective actions)

Writing a Capacity Building and Implementation plan

Section 5 - Previously developed Standards resulting from the
regional applications of the MCBP

Section 6 - Space for the insertion of the “Outcomes of the Capacity
Building Component of the Workshop”

Standards Developed

Gaps Identified

Priorities determined

Impacts of selected “corrective actions”,

Draft Capacity Building and Implementation Plan,

Plans for “presentation for approval” of the Draft
Capacity Building Plan

DEBT STRATEGY FORMULATION CAPACITY BUILDING COMPONENT

SECTION 1

OVERVIEW OF THE ESAIDARM MODEL CAPACITY BUILDING AND
IMPLEMENTATION PLAN

Principles

The operating principles of the MCBP process assure that the capacity building plans derived are appropriate to the specific needs of the participating countries. Applying the MCBP process successfully requires adherence to five principles:

Participation

The people leading and employed within the reviewed Organisation, and those using its outputs must be engaged throughout in making the decisions about the focus and timing of the process, judgements about what issues to address, evolution of the functional standards, assessment of variances and creation of the resulting capacity building plan.

Empirical

The MCBP process proceeds from examination of current real practices in order to provide the context in which theoretical, desirable or prescribed models, standards or benchmarks can be assessed for their usefulness.

Adaptation

External models or expert opinion brought to bear on the organisation by outsiders must be tempered by their relevance to the organisation culture and adapted to the circumstances of the organisation being reviewed.

Absorptive Capacity

Implementation of changes suggested in a capacity building plan must be introduced over a suitable period of time, consistent with the capability of the organisation to absorb the changes.

Transfer

The successful transfer and sustainable use of the MCBP methodology by an organisation and the solutions arising from its use normally involves several iterations of supporting interventions. The MCBP and its processes are designed to be transferable. The transfer process leaves a legacy of trained internal staff capable of employing the methodology after the outsiders have retired from the scene.

To assist the reader in following the narrative description of the MCBP process it is useful to provide a brief definition for the various terms.

Definitions

The process of Debt Management is comprised of a number of specific functions. The "functions" of debt management, as identified during the development of the ESAIDARM MCBP are:

- Executive Functions
- Management Functions
- Operations
 - Debt Recording
 - Debt Analysis
 - Resource Mobilisation
 - Resource Utilisation
 - Loan Servicing
- Records Management
- Control and Co-ordinate

A Function is a major block of work that leads to a defined product (output) for which the work unit (s) engaged in the function are known and held responsible.

A Sub function is a distinct set of activities that must be performed in order to accomplish the overall output of the function. Tasks are the practical steps that must be taken to perform the sub functions.

Responsibilities are the functions, sub functions and / or tasks that are explicitly assigned to an individual post or person within a work unit. The responsibilities are usually clearly articulated in a Job Description.

Performance Standards for each Function and Sub-function are the requirements for quality, quantity and timeliness that the superiors of a expect a work unit or individual to achieve in completing their responsibilities. Standards are usually determined by the "needs" of the "customer" served by the work unit. Standards may be articulate in a job description but are more likely to be included in an annual Work Plan.

Performance Indicators can be used to assess the effectiveness of the work unit or individual relative to the established standard through the process of a Performance Review.

The capacity of an organisation to deliver to the agreed national Standards is determined by how well, the work units and individuals within the organisation perform, on an on-going sustainable basis, all the tasks and sub functions of the function[s] for which it was established. The ability of the individuals to perform to standard is determined in large measure by the Internal Operating Environment and the External Enabling Environment. The MCBP uses the components of the internal and external environment as the content of a Capacity Standard that is used to determine the cause of under performance of a Debt Management system or of individual functions and sub-functions.

The process, termed an Analysis of Performance, is used to develop and apply a national Standard. The process is empirical and uses the current organisation as the starting fact base. The analysis identifies and reviews the current sub functions, the interrelationship between the sub functions, the specific tasks required to accomplish the sub function, the assigned responsibilities for each task and the established standards for each task. The analysis of performance also provides a statement of the current resources being used in the accomplishment of the function or sub function. Throughout the process, members of the organisation are asked to consider each of the current practices in regard to its effectiveness and to the possibility of improvements. Suggestions for increasing effectiveness through improvements are developed into a draft of a national Functional Standard for the functions or sub-functions under review. Once the current situation and potential improvements in performance are accurately defined it is examined against external advice the national Performance Standard. The Analysis of Performance concludes with an examination that identifies the gaps in the performance of the current system relative to the newly agreed national Performance Standard.

Many of the causes of the under performance will have been identified during the Analysis of Performance and can frequently be acted upon immediately. These initial causes of under performance are refined using the MCBP's Capacity Standards in a comparative process to Identify the Causes of Performance Gaps. An array of possible Corrective Actions are identified which if successfully implemented could address the identified gaps.

Each of the possible Corrective Actions is assessed in terms of the importance of the gap addressed, the likelihood of successfully addressing the gap and the consequent probable benefits, and the cost of its implementation. The Corrective Actions identified as worthy of consideration are included in a proposed Capacity Building Plan for approval by the appropriate authority. A Capacity Building and Implementation Plan is the clearly articulated statement of the corrective actions required to strengthen the system; the steps necessary for the accomplishment of the actions, the individual(s)

responsible for undertaking the steps and the time frame within which the corrective actions must be implemented. The MCBP is a detailed, systematic process with supporting tools to assist the manager to develop a plan for increasing the effectiveness of his / her ministry, department or work unit in attaining their output. Developing and conducting the program of corrective actions is termed Capacity Building.

Completing the Capacity Building Plan is the Human Resources Development [HRD] plan for the recruitment and deployment of staff and a Strategic Training Plan [STP] to improve and sustain the capacity of the organisation through on-the-job and institutional training of staff. The STP includes training requirements that respond to current skill and knowledge gaps, and to gaps that will arise from planned changes in the nature and type of debt to be managed, changes in the organisation and methods of work, and changes in staff.

As in the development of a Capacity Building Plan, the logic of the HRD Plan requires the development of a Position / Task Performance Standards for each position that specifies the outputs expected of the position. These Position Performance Standards should be readily developed from the national Functional Standards developed above. To produce the expected outputs of the position there are specific the skill and knowledge requirements that can be incorporated into a Skill and Knowledge Standard for each position. The Skill and Knowledge Standard can be used for the identification of skill and knowledge gaps and as part of the recruitment and deployment processes.

Knowledge is the conceptual understanding of:

- the role of the task in attaining the output of the work unit, the department and the organisation as a whole
- the established performance indicators required for the task
- the range of necessary inputs, processes and outputs of the task,
- the appropriate range of the inputs, processes and output in relation to the culture and needs of the organisation and,
- within this appropriate range, the ability to determine the mix of inputs, processes and outputs to complete the task to the agreed upon standard

Skills are the mechanical application of knowledge to the physical performance of the task (i.e. use of tools, mechanical or conceptual)

In most organisations, an academic standard and a specified amount of previous experience is established as a pre-requisite to entry into a specific post. Some posts require school leaving certificates, with no experience, some require post graduate degrees, with many years of experience. In some case the nature of the subject matter of the academic qualification is specified. (i.e. a particular post may require a minimum of a BA in Economics.) and the nature of the previous work experience. The academic requirements are termed qualifications.

Many factors affect the absorptive capacity of the organisation and the possible success of Capacity Building including:

- internal ownership of and agreement regarding the functional standard;
- general agreement that there are specific variances from the standard which demand improvement;
- desire among senior management to support or to undertake the implementation of the plan;
- human and material resources necessary to achieve and support lasting change;
- favourable external enabling environment

Model Process

STEP 1: CONDUCT OF A PRELIMINARY ASSESSMENT

The preliminary assessment involves the proposed capacity building team in activities to:

- clarify the issues related to:
 - appropriate scope of the study and capacity building plan
 - the categories of debt to be managed
 - describing the operations of economic management and particularly the budget management sector
 - participating institutions, work units and stakeholders
 - potential constraints arising from the external and operational environment
- identify the appropriate methodology[s] to be used to develop the national Capacity Building Plan and in particular
 - the appropriateness of applying the ESAIDARM Model Capacity Building Planning processes
 - organisation of the resources to conduct the study and mechanisms for co-ordination and reporting to the Executive level
 - work plan including resources, schedules deliverables
- develop a specific proposal for approval by senior manager[s], generally at the level of Permanent Secretary or Governor
- submit proposal for approval to a meeting of senior managers, and provide briefings if required

The Preliminary Assessment is usually initiated at the request of senior level management. The request is generally in response to a current issue; receipt of a report, need to prepare for Paris Club, perceived ineffectiveness of a department or work unit or any one of a number of possible causes.

The clarification of issues requires the conduct of three distinct set of activities to determine the scope of the possible Capacity Building activity and the level of commitment to undertake any proposed initiatives.

- meetings with senior management, identified department / work unit managers,
- a review of existing documentation and reports
- a workshop of stakeholders to review and elaborate on the findings from the first two sets of activities

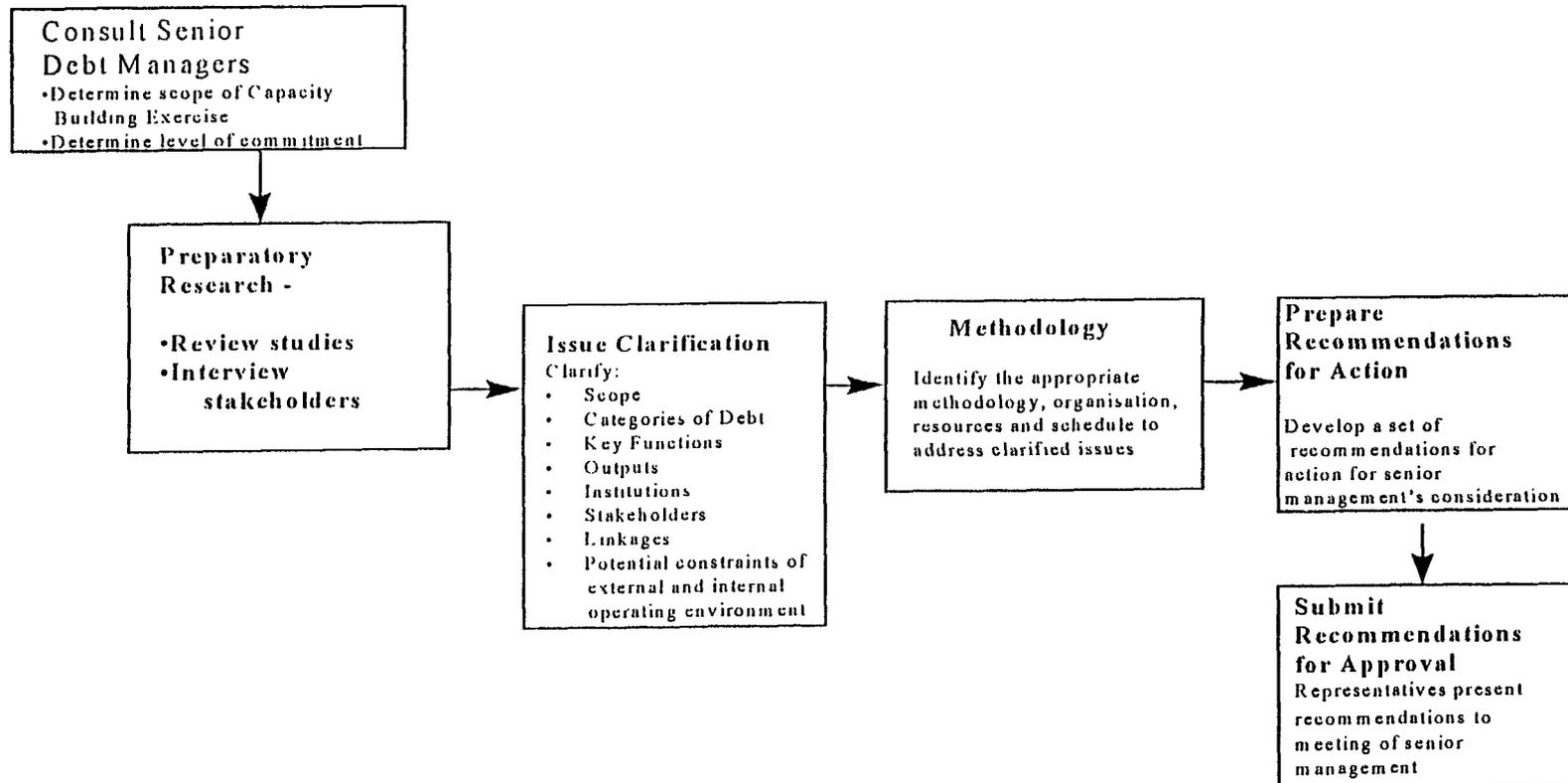
The MCBP is best applied in situations where a number of preconditions exist:

- Strong commitment by senior leadership to support and implement recommended changes
- Staff / stakeholders a sense of the current weaknesses, knowledge and ideas on how to improve the system, and a willingness to offer and consider ideas
- The perceived necessary changes are of sufficient scale to warrant the expenses and application of human resources to its resolution

Where appropriate conditions exist for the application of the MCBP an initial strategy for initiating the process is developed and presented to senior management for approval. Included in the strategy are clear statements of resource requirements, time frame and expected outcomes. 22

ESADARM Model Capacity Building Plan
Step 1:

PREPARATION



STEP 2: DEVELOP PERFORMANCE STANDARDS

Upon approval from senior management to proceed with the proposed work plan. The Capacity Building Team gathers representatives from the departments or work units to be included in the capacity building activity. The gathered group undertakes the development of a national Performance Standard for the area under review (eg. Debt Office, procedures and practices for draw down of external loans) A representative group is asked to:

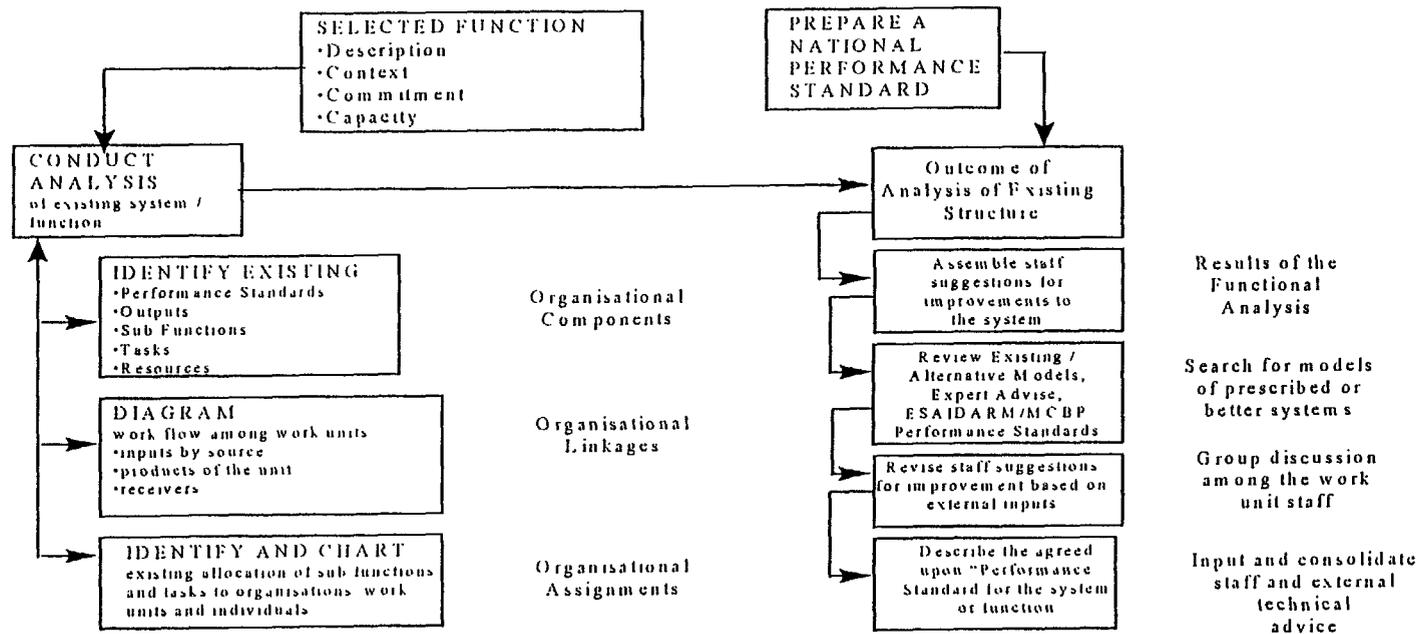
- review the ESAIDARM Performance Standards
- describe the current situation using diagrams and through the completion of standard forms
- identify possible ways and means of improving performance
- identify nationally appropriate performance standards for each of the components of the area under review.

Often the co-operative production of the national Standard is in itself a major contribution to developing the capacity of the organisation. All members of the staff have the opportunity to contribute to the results and thereby feel some ownership. The improvement discussions leading to the national Standard can set the stage for creativity in the part of staff members. A review of the Standard helps staff to focus on their combined product, not just the product of individuals or individual work units. Mutual review of task loading among staff can lead to a better appreciation of each others' assignments and can lead to understanding of how one person or one work unit's performance affects the others. It allows the individuals in the work units to discipline themselves.

The purpose of the developed Standard is as an assessment tool against which current practice can be judged. The results of the assessment determine the specific areas not meeting the agreed upon standard. These are the areas in which the capacity of the organisation needs to be improved. The Functional Standard also specifies the degree of improvement necessary in each of the areas. The specified degrees of improvement are used to measure the effectiveness of the selected capacity building activities over time.

ESAIDARM Model Capacity Building Plan
Step 2a

DEVELOP NATIONAL PERFORMANCE STANDARDS



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STEP 3: DEVELOP A CAPACITY BUILDING PLAN

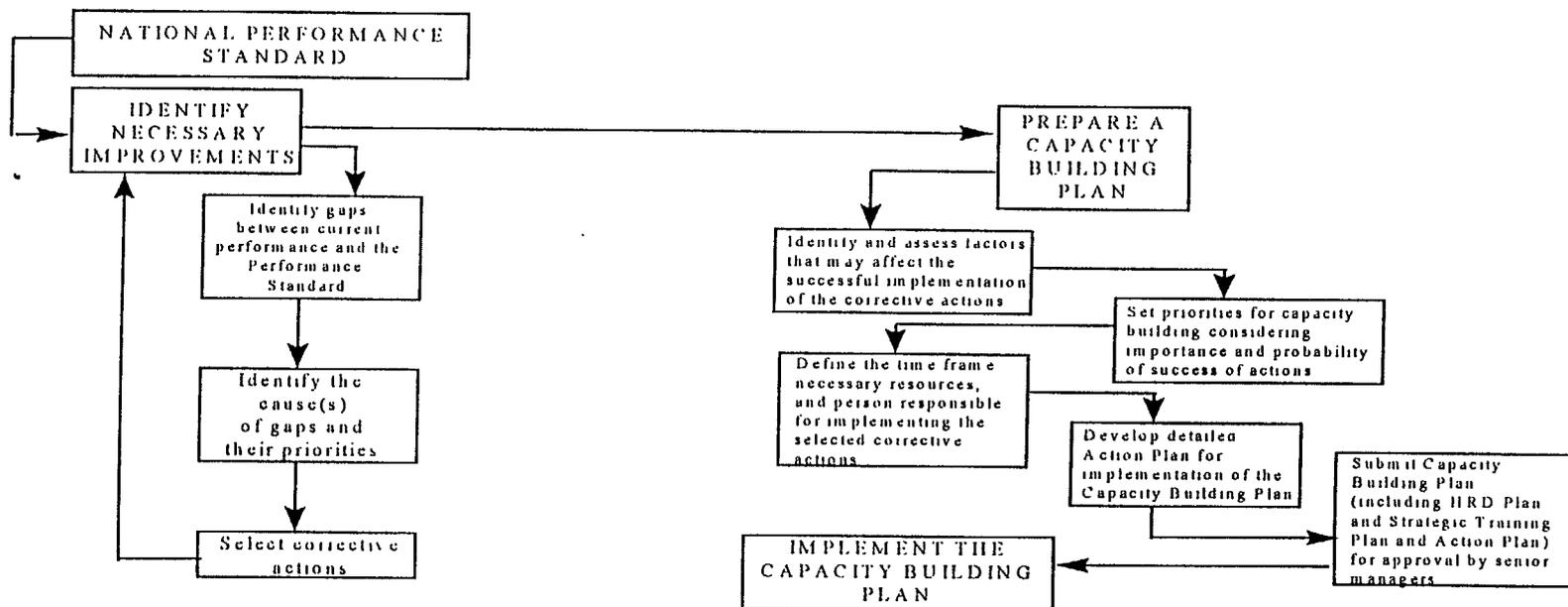
Using the developed Standards, the facilitation team and the local participants can undertake the identification of gaps or variances between current practice and the national standard. The causes of the gaps are identified using the performance improvements identified in Step 2 and refined using outside inputs including the MCBP's Capacity Standard that identifies key elements of the external enabling environment and internal operating environment.

The variances regarded as significant enough to warrant changes and an initial array of corrective actions are identified to address the causes of the gaps and to bring them in line with the functional standard. Priorities are set for the gaps to be addressed and the corrective action to be used on the basis of the importance of the gap, the likelihood of a successful corrective action and the cost of the corrective action. As in the case of developing the functional standards and the identification of the causes; corrective actions and priorities are determined through group processes among the affected parties and staff and, if necessary, with input from outside experts.

The collection of recommended corrective actions developed are assembled into an initial draft of the capacity building plan. (See Recommended Outline Section 3 page 9. The final draft results from an assessment of the timing, cost and feasibility of implementing all of the proposed corrective actions. (In some cases, the identification of a gaps results in an immediate implementation of a corrective action i.e. an agreement between work units to share information on a more regular bases. These actions are not included in the final plan but can be recorded as output of the capacity building planning process.)

ESAIDARM Model Capacity Building Plan
Step 3:

DEVELOPING A CAPACITY BUILDING PLAN



DEBT STRATEGY FORMULATION CAPACITY BUILDING COMPONENT

SECTION 2

NATIONAL PERFORMANCE INDICATORS IN DEBT MANAGEMENT

NATIONAL PERFORMANCE INDICATORS IN DEBT MANAGEMENT.

TABLE I - SUMMARY

COUNTRY

CATEGORY OF DEBT

DATE

FUNCTION	RANK	TREND	COMMENTS
INSTITUTIONAL & EXECUTIVE			
MANAGEMENT & SUPERVISION			
RECORDING			
ANALYSIS			
STRATEGY			
NEGOTIATIONS			
DISBURSEMENTS			
SERVICING			
TOTAL			

RANK:	VERY HIGH	-	5	TREND:	IMPROVING
	HIGH	-	4		STATIC
	MEDIUM	-	3		DETERIORATING
	LOW	-	2		
	VERY LOW	-	1		

The totals for ranking and trend are arrived at by averaging the previous eight rows, for simplicity.

NATIONAL PERFORMANCE INDICATORS IN DEBT MANAGEMENT.

TABLE I.I - SUMMARY BY PERIOD

COUNTRY

CATEGORY OF DEBT

FUNCTION	PERIOD												
	KADOMA												
INSTITUTIONAL & EXECUTIVE													
MANAGEMENT & SUPERVISION													
RECORDING													
ANALYSIS													
STRATEGY													
NEGOTIATIONS													
DISBURSEMENTS													
SERVICING													
TOTAL													

RANK: VERY HIGH - 5 TREND: IMPROVING

 HIGH - 4 STATIC

 MEDIUM - 3 DETERIORATING

 LOW - 2

 VERY LOW - 1

The totals for ranking and trend are arrived at by averaging the previous eight rows, for simplicity.

NATIONAL PERFORMANCE INDICATORS IN DEBT MANAGEMENT.
TABLE II - PERFORMANCE INDICATORS BY CRITERIA

COUNTRY	FUNCTION AND CRITERIA	RANK	TREND	COMMENTS
CATEGORY OF DEBT	INSTITUTIONAL & EXECUTIVE			
DATE	• STRATEGIC & POLICY			
	• INSTITUTIONAL			
	• HUMAN RESOURCES			
	• OTHER RESOURCES			
	MANAGEMENT & SUPERVISION			
	• PLANNING, ORGANIZATION, MONITORING			
	• SYSTEMS AND PROCEDURES			
	• SKILLED RESOURCES			
	RECORDING			
	• ACCURACY			
	• CONSISTENCY			
	• TIMELINESS			
	ANALYSIS			
	ROUTINE ECONOMIC REPORTING			
	• QUALITY			
	• TIMELINESS			
	• FREQUENCY			
	ANALYSIS OF PROSPECTIVE NEW LOANS			
	• QUALITY			
	• FREQUENCY			
	• CONSISTENCY WITH DEBT STRATEGY			

FUNCTION AND CRITERIA	RANK	TREND	COMMENTS
ANALYSIS, CTD			
OTHER LOAN BY LOAN ANALYSIS (already contracted)			
• QUALITY			
• FREQUENCY			
• CONSISTENCY WITH DEBT STRATEGY			
PORTFOLIO REVIEW			
• QUALITY			
• FREQUENCY			
• PRESENTATION			
STRATEGY			
• QUALITY			
• FREQUENCY			
• PRESENTATION			
• IMPLEMENTATION PLAN			
NEGOTIATIONS			
• CONSISTENCY (WITH DEBT STRATEGY)			
• LATEST INFORMATION USED			
• PREPAREDNESS (SKILLS, LEVEL, REPRESENTATION)			
• DOCUMENTATION - QUALITY, TIMELINESS			
• FOLLOW-UP ON NON-DISBURSING LOANS			
DISBURSEMENTS			
• COMPLIANCE WITH PRE-CONDITIONS			
• APPLICATION FOR DISBURSEMENT			
• IDENTIFICATION OF NON-DISBURSING LOANS			
• CIRCULATION OF INFORMATION			
DEBT SERVICING			
• ACCURACY			
• TIMELINESS			
• BUDGET PROVISION			
• MONITORING OF ARREARS & PENALTY			

NOTES TO TABLE II:

This table is intended to be simple, straight forward and easily applicable, in order to arrive at an estimate of ranking for each functional area, using the performance indicators.

Ranking and Weighting.

While attempting to be simple, there is still a need to aggregate all criteria, and where sub-functional areas are included, to aggregate these to arrive at a single ranking for each functional area. Accordingly, the following formula is recommended:

- The criteria are ranked in a scale from Very High , High , Medium, Low, Very Low; in some cases it is found that IT is not necessary to have a five level scale but three (Very High, Medium, Very Low) or two (Yes or No). The following ranks are proposed and numerical values assigned in order to allow for aggregating to a single indicator for each functional or sub-functional area.

Very High	5	Very High	5	Yes	5	
High	4	Medium	3	No	1	
Medium	3	Very Low	1			
Low	2					
Very Low	1					

Where there are no sub-functional classifications, equal weight should be given to each criterion; for example, the three criteria for recording have a weight of 1/3 each.

- Where there are sub-functional classifications, the aggregation should first be according to criteria (equally weighted) and then by sub-function (equally-weighted).

The following gives the functional and sub-functional areas and the criteria and weights to be applied in the completion of Table II.

EXECUTIVE	
STRATEGIC AND POLICY. (Provides effective leadership, strategic planning, management systems and procedures, representation at major domestic and external meetings, approves and ensures development/modification and implementation of debt strategy and capacity building and implementation plans (if necessary).)	
INSTITUTIONAL. (Effective legal and administrative framework in place, including Debt Management Committee, Debt Management Technical Committee, effective control and coordination mechanisms to ensure compliance with approved strategy, procedures, and directives.)	
HUMAN RESOURCES. (Sufficient, highly motivated, well-compensated, highly skilled staff, clear job descriptions and effective mechanisms for skill retention in event of staff movement.)	
OTHER RESOURCES. (Sufficient computer hardware, software and consumables, other equipment, office space and environment, and communication facilities.)	
All above ranked according to:	
RANK:	VERY HIGH (5) - All above fully met.
	HIGH (4) - All above mostly met.
	MEDIUM(3)r - Some of above met.
	LOW(2) - Most of above not met.
	VERY LOW(1) - Few or none of above met.

MANAGEMENT & SUPERVISION	
<p>PLANNING, ORGANIZATION planning and execution, quality control implementation plans.)</p> <p>SYSTEMS AND PROCEDURES. (Approved, recorded transparent and operational systems and procedures and effective planning, organization, and monitoring for work units.)</p> <p>RESOURCES. (Including appropriate operational staff training, assessment and development plans, staff motivation, transition mechanisms, sufficient consumables.)</p> <p>All above below ranked according to:</p>	<p>AND MONITORING. (Effective work unit organization, work mechanisms, work units capacity building and</p>
<p>RANK: VERY HIGH -</p> <p>HIGH -</p> <p>MEDIUM -</p> <p>LOW -</p> <p>VERY LOW -</p>	<p>All above fully met.</p> <p>All above mostly met.</p> <p>Some of above met.</p> <p>Most of above not met.</p> <p>Few or none of above met.</p>

RECORDING:	
<p>ACCURACY.(Statistical agreement of value of stock with all creditor sources (excluding exceptional cases as disputed loans).)</p> <p>RANK: VERY HIGH - 95-100</p> <p>HIGH - 90-94</p> <p>MEDIUM - 80-89</p> <p>LOW - 50-79</p> <p>VERY LOW - 0 -49</p>	
<p>CONSISTENCY. (Reconciled with (not necessarily equality, as allowances can be made for differences in methodology and in some cases timelines,) other suppliers of debt statistics, such as the Ministry of Finance and the Central Bank and World Bank (including classification).)</p> <p>RANK: VERY HIGH - 90-100</p> <p>HIGH - 80-89</p> <p>MEDIUM - 70-79</p> <p>LOW - 50-69</p> <p>VERY LOW - 0 -49</p>	
<p>TIMELINESS. (Provision of debt information to end-users on timely basis.)</p> <p>RANK: VERY HIGH - Up to two months after end of reporting period.</p> <p>HIGH - Over two months -up to three months after end of reporting period.</p> <p>MEDIUM - Over three months - up to four months after end of reporting period.</p> <p>LOW - Over four months - up to six months after end of reporting period.</p> <p>VERY LOW - Over six months after end of reporting period.</p>	

ANALYSIS.	
<p>ROUTINE ECONOMIC REPORTING. (Conditional on timeliness of recording.)</p>	
<p>QUALITY. (Assessment based on relevance, developments in period, comprehensiveness, presentation (good narrative, clear table and charts).)</p> <p>RANK: VERY HIGH - All above fully met.</p> <p>HIGH - All above mostly met.</p> <p>MEDIUM - Some of above met.</p> <p>LOW - Most of above not met.</p> <p>VERY LOW - Few or none of above met.</p>	
<p>TIMELINESS. Provision of economic review/analysis on debt to end-users.</p> <p>RANK: VERY HIGH - Up to three months after end of reporting period.</p> <p>HIGH - Over three months -up to four months after end of reporting period.</p> <p>MEDIUM - Over four - up to six months after end of reporting period.</p> <p>LOW - Over six months - up to nine months after end of reporting period.</p> <p>VERY LOW - Over nine months after end of reporting period.</p>	
<p>ANALYSIS OF PROSPECTIVE NEW LOANS.</p>	
<p>QUALITY. (Includes present value computations, impact on debt profile, currency composition, creditor composition, other relevant characteristics of loan, project rate of return, if applicable.)</p>	

RANK:	VERY HIGH	-	All above fully met.
	HIGH	-	All above mostly met.
	MEDIUM	-	Some of above met.
	LOW	-	Most of above not met.
	VERY LOW	-	Few or none of above met.
FREQUENCY.			
RANK:	VERY HIGH	-	Always
	HIGH	-	Usually
	MEDIUM	-	Sometimes, <i>ad hoc</i>
	LOW	-	Rarely
	VERY LOW	-	Never
CONSISTENCY WITH DEBT STRATEGY. (Recommendations consistent with debt strategy for sourcing and contracting new loans.)			
RANK:	YES		
	NO		
OTHER LOAN BY LOAN ANALYSIS. (On loans already contracted. Identification and review of specific loans and creditors to achieve more sustainable debt profile.)			
QUALITY. (Considers latest information, including exchange rate, interest rate, creditor practices, economic policy (for example certain sectors may be given more priority), report clear and concise.)			
RANK:	VERY HIGH	-	All above fully met.
	HIGH	-	All above mostly met.
	MEDIUM	-	Some of above met.
	LOW	-	Most of above not met.
	VERY LOW	-	Few or none of above met.
FREQUENCY.			
RANK:	VERY HIGH	-	At least semi-annually
	MEDIUM	-	Annually
	VERY LOW	-	More than one year.
OTHER LOAN BY LOAN ANALYSIS (CTD).			
CONSISTENT WITH DEBT STRATEGY. (Recommendations consistent with debt strategy for new for sourcing and contracting new loans).			
RANK:	YES		
	NO		
AGGREGATE PORTFOLIO REVIEW.			
QUALITY. (Targeted to end users needs, analysis comprehensive including major characteristics of debt (e.g., creditor composition, currency, maturity structure), have section on recommendations for debt strategy.)			
RANK:	VERY HIGH	-	All above fully met.
	HIGH	-	All above mostly met.
	MEDIUM	-	Some of above met.
	LOW	-	Most of above not met.
	VERY LOW	-	Few or none of above met.
FREQUENCY.			
RANK:	VERY HIGH	-	At least semi-annually
	MEDIUM	-	Annually
	VERY LOW	-	More than one year.
PRESENTATION. (Presentation to end-users. Executive summary, concise and clear narrative, clear tables & charts.)			
RANK:	VERY HIGH	-	Very comprehensive, all above done very well.
	HIGH	-	Comprehensive, most above done well, few could improve.
	MEDIUM	-	Adequate, some above included, some done adequately.
	LOW	-	Not comprehensive, most above not included, most not done adequately.
	VERY LOW	-	Poor, most not included and done poorly.

DEBT STRATEGY

QUALITY.(Incorporation of macro-economic factors (including fiscal and balance-of-payments), latest information used including creditor practices, asset-liability management structure considered, latest projections used, all options considered including restructuring and new borrowings, if necessary, scenarios comprehensive and realistic.)

RANK: VERY HIGH	-	All above fully met.
HIGH	-	All above mostly met.
MEDIUM	-	Some of above met.
LOW	-	Most of above not met.
VERY LOW	-	Few or none of above met.

FREQUENCY.

RANK:VERY HIGH	-	Responds to new developments, can be more than once per year.
HIGH	-	Annually.
MEDIUM	-	Once every two years.
LOW	-	More than once every two years.
VERY LOW	-	Non-existent.

PRESENTATION.(Presentation to end-users? Executive summary, concise and clear narrative, clear tables & charts.)

RANK: VERY HIGH	-	Very comprehensive, all above done very well.
HIGH	-	Comprehensive, most above done well, few could improve.
MEDIUM	-	Adequate, some above included, some done adequately.
LOW	-	- Not comprehensive, most above not included, most not done adequately.
VERY LOW	-	Poor, most not included and done poorly.

STRATEGY IMPLEMENTATION PLAN.(Reviewed regularly, consistent with debt strategy, comprehensive and practical, implemented.)

RANK: VERY HIGH	-	Reviewed quarterly, fully consistent with debt strategy, very practical and being fully implemented.
HIGH	-	Reviewed semi-annually, consistent with debt strategy, practical and being implemented
MEDIUM	-	- Reviewed with debt strategy, largely consistent with debt strategy, practical and partly being implemented.
LOW	-	Review occasional, inconsistent with debt strategy, not practical, poor implementation.
VERY LOW	-	Non-existent.

NEGOTIATION.

CONSISTENT WITH DEBT STRATEGY AND NEGOTIATING PROCEDURES. (Includes maturity structure, interest type and maximum rate, currency profile and established stages to be followed in the negotiations process.)

RANK: VERY HIGH	-	All above fully met.
HIGH	-	All above mostly met.
MEDIUM	-	Some of above met.
LOW	-	Most of above not met.
VERY LOW	-	Few or none of above met.

LATEST INFORMATION USED (Includes information on latest agreements of other relevant countries, country ratings, creditor practices, macro-economic data, projections on exchange and interest rates).

RANK: VERY HIGH	-	All latest information used.
HIGH	-	Most latest information used.
MEDIUM	-	Some latest information used.
LOW	-	Few latest information used.
VERY LOW	-	Information used out of date.

NEGOTIATIONS (CTD).

PREPAREDNESS. (Skills (negotiating, macro, debt, legal), level (senior included), representation (all relevant departments) and pre-negotiation preparations (prior lobbying, data).)

RANK: VERY HIGH	-	Fully prepared.
HIGH	-	Largely prepared.
MEDIUM	-	Moderately prepared.
LOW	-	Largely unprepared.
VERY LOW	-	Not prepared.

DOCUMENTATION. (Presentation to end-users. Executive summary, concise and clear narrative, clear tables & charts, on time.)

RANK: VERY HIGH	-	Very comprehensive, all above done very well.
HIGH	-	Comprehensive, most above done well, few could improve.
MEDIUM	-	Adequate, some above included, some done adequately.
LOW	-	Not comprehensive, most above not included, most not done adequately.
VERY LOW	-	Poor, most not included and done poorly.

FOLLOW-UP ON NON-DISBURSING LOANS (Amendments, cancellations, acceleration, reallocation, etc.)

RANK: VERY HIGH	-	Action taken up to three months after report submitted.
HIGH	-	Action taken over three months but up to six months after report submitted.
MEDIUM	-	Action taken over six months but up to nine months after report submitted.
LOW	-	Action taken over nine months but up to one year after report submitted.
VERY LOW	-	Action taken over one year after report submitted.

DISBURSEMENTS.

COMPLIANCE WITH PRE-CONDITIONS AS RELATE TO DEBT MANAGEMENT.

RANK: VERY HIGH	-	Prior conditions met more than one month before effective date.
HIGH	-	Prior conditions met between one month - due date.
MEDIUM	-	Prior conditions met after effective date but at most one month after effective date.
LOW	-	Prior conditions met after one month - three months after effective.
VERY LOW	-	Prior conditions met after three months after effective date.

APPLICATION FOR DISBURSEMENT. (Documentation complete, timeliness of submission.)

RANK: VERY HIGH	-	Application sent less than one month of receipt of complete statement of expenditures.
HIGH	-	Application sent after one month but up to two months of receipt.
MEDIUM	-	Application sent after two months but up to three months of receipt.
LOW	-	Application sent after three months but up to six months of receipt.
VERY LOW	-	Application sent over six months of receipt.

IDENTIFICATION AND REPORTING OF NON-DISBURSING LOANS.

RANK: VERY HIGH	-	Report on loans identified at submitted least monthly.
HIGH	-	Report on loans identified in submitted in one - two months.
MEDIUM	-	Report on loans identified submitted more than two but up to three months.
LOW	-	Report on loans identified submitted more than three months but less than six months.
VERY LOW	-	Report on loans identified submitted over six months.

INFORMATION CIRCULATED.

RANK: VERY HIGH	-	Information circulated up to one month after receipt
MEDIUM	-	Information circulated over one month but up to two months after receipt.
VERY LOW	-	Information circulated over two months after receipt.

DEBT SERVICING

ACCURACY. (For loans to be paid in line with debt strategy, executive direction & approved procedures, 100 per cent reconciled with creditors.)

RANK: YES
NO

TIMELINESS.

RANK: VERY HIGH - Payment by the due date, but not more than one day before due date.
MEDIUM - Payment within grace period
VERY LOW - Some payments made after due date

BUDGET PROVISION. (Budget provision for debt service requested on time, and sufficient amounts requested.)

RANK: YES
NO

MONITORING OF ARREARS. (Treatment of payment request in line with debt strategy, executive direction and established procedures.)

RANK: VERY HIGH - All above fully met.
HIGH - All above mostly met.
MEDIUM - All above partly met.
LOW - All above not occasionally met.
VERY LOW - No compliance with above.

**DEBT STRATEGY FORMULATION
CAPACITY BUILDING COMPONENT**

SECTION 3

WORKSHOP PROCESS

Workshop Objectives

In this workshop on the Formulation of a Debt Strategy, two distinct sets of activities will take place. A technical component, and a capacity building component. The technical component is designed to provide skills that will permit participants to:

- Process and analyse their current national debt data in the context of relevant macro economic scenarios, and
- Apply the latest computer software, (the World Bank Debt Strategy Module) to generate sound policy relevant analysis and debt strategies.

While the Capacity Building Component will be directed towards the development of skills for:

- Conducting an analysis of internal capacity of an organisation that limit its ability to design effective debt management strategies, and
- Developing proposals, for consideration by senior management, for strengthening the national organisations responsible for debt strategy, in a manner that it will enable it to better provide and implement future debt analysis and debt strategies.

By the conclusion of the Capacity Building Component, participants will have:

- Developed Standards for each of the tasks required to develop a Debt Strategy
- Identified gaps between current practice and the Standards
- Developed a Capacity Building and Implementation Plan to address identified gaps
- Developed a strategy for the implementation of the Capacity Building Plan

Role of the Capacity Building Facilitation Team

The Formulation of a Debt Strategy workshop has two distinct projected outcomes. One, to develop a Draft Debt Strategy and a plan for its approval and two, to transfer skills to participants on how to develop a Debt Strategy and how to develop a capacity building plan for the drafting of future debt strategies. Given these projected outcomes, the capacity building facilitation team has a dual role. They will be actively engaged in strengthening the existing capacity of participants, using traditional training methods, to develop an approval process for the Draft Debt Strategy. Simultaneously the team will be providing guidance to participants as they work through each of the tasks associated with the development of capacity building plans and to ensure a thorough understanding of the process of Capacity Building, in accordance with the principle of transfer.

Both roles are different, and require different approaches, it will be necessary, throughout the workshop, for the team members and participants to take account of where they are in each of the processes. The facilitation team will maintain a check list of completed tasks so as to be able to inform country teams of their progress through all the tasks associated with completing the workshop requirements.

Operating Assumptions

The development of Capacity Building Plans usually takes place within the work environment of the organisation developing the plans. This assures access to all necessary information and documentation. Being "on site" also permits the active engagement of all personnel likely to be impacted by the changes envisioned in the plan. The engagement of personnel supports the "participation" principle of the MCBP.

This workshop takes place away from the working environment of the participants. In this case, the distance, limits access to necessary information and personnel. To reduce the impact of distance, participants were asked to bring with them, to the workshop, information that would assist them in the preparation of a capacity building plan.

The operating assumption for the Capacity Building Component of the workshop is that the participants are in possession of the following:

Executive Approval has been received for "mechanisms for returning participants, supported by ESAIDARM, to present the debt strategy capacity building plan."

Organisational charts of:

- the organisations responsible for the formulation and implementation of a debt strategy and/or with key inputs to that process
- coordinating mechanisms (eg Debt or Economic Policy Committees)

Position descriptions for positions with key responsibilities in the development or support of the development of a national debt strategy, including any material describing each position's:

- prerequisite skills or knowledge
- key outputs or performance indicators

Approved existing capacity building or training plans affecting debt strategy.

Workshop Agenda

Specific blocks of time (see printed agenda) have been scheduled into the workshop to engage participants in the Capacity Building Component. This block of time will be used to provide information on the capacity building process and to permit individuals and "country team" work on the various aspects of their plans. The volume of tasks to be accomplished, over the duration of the ten days, is significant and will require participants to undertake and complete tasks in those times, set aside in the agenda, for project work. Time may also be required outside of the regular workshop schedule. In this case, the working groups can make arrangements for members of the facilitation team to be available.

Tasks in the Development of a Capacity Building Plan

Within the time frame of the workshop, participants, working in country teams, will be introduced to and expected to complete the following Capacity Building tasks.

Conduct a Functional Analysis

Description of the Function

1. Develop a definition of the Function (Formulation of a Debt Strategy)
2. Describe the purpose of the Function

Context, Commitment and Capacity

1. Describe and diagram the current operating context of the Function
2. Identify evidence of leaderships' commitment to the Function
3. Identify factors affecting the absorptive capacity of the organisation to operationalise the function

Sub-Functions

1. Identify the current sub functions for the formulation of a Debt Strategy
2. Identify the current set of tasks associated with the formulation of a Debt Strategy
3. Identify the current allocation of tasks to those work units and or individuals responsible for the formulation of a Debt Strategy
4. Identify the current required inputs of each work unit (source, quantity, quality and timeliness).
5. Identify the current resources (human and Physical) available for the performance of each task

6. Identify the current qualifications and experience of staff performing each of the tasks
7. Diagram the current workflow (based on inputs, product and receivers) among the identified work units or individuals
8. Diagram the current organisational structure of the work units responsible for the formulation of a Debt Strategy.

Establish Standards relating to the formulation of a Debt Strategy

1. Gather and review suggestions for improvements to practices by staff and receivers of the work units outputs
2. Gather and review examples of practices from other organisations
3. Gather and review input from outside experts and theoretical models
4. Develop and validate an appropriate standards

Identify Gaps

1. Identify gaps by conducting an assessment of current practice against each of the developed or adopted standards
2. For each gap identified determine whether it is:
 - * externally imposed: functions or practices that vary from the standard may be mandated by external agencies or through collaboration with others that requires certain protocols to be followed to allow for compatibility of communication or use of results and are therefore obligatory
 - * externally supplied: differing functions or practices may be adopted from other jurisdictions, related disciplines or from technical experts because of their perceived greater utility
 - * traditional accumulation of practices: functions, linkages or practices may vary from the standard due to an historical accumulation of habits- "we have always done it this way". These operational habits may be very strong and may not necessarily be less effective than those required to adhere to a new standard. On the other hand, traditional practices may incorporate areas of redundancy, confusion, and ineffectiveness that make them dysfunctional even though "comfortable".
 - * transitional: some functions or practices may already be in the process of change under existing initiatives of the work unit. They need to be acknowledged and respected rather than automatically side-tracked or displaced as the result of comparison with a standard.

* culturally necessary: some variances may occur because they are demanded by the corporate or social culture of the public service or the country. Sensitivity to these requirements is essential. If improvement suggestions arising from comparison with a standard challenge these cultural requirements, then very careful adaptation of the standard is indicated.

* indicators of malfunction: some variances will clearly indicate gaps in tasks performed, missing linkages, or tasks that are being poorly executed. These are the main candidates for the improvement efforts incorporated into a capacity building plan.

3. Identify Gaps that Demand Action

Identify those gaps that are sufficiently important to require corrective action and arrange them into priorities. Make sure that the priorities are realistically related to leaderships' will and absorptive capacity. Classify the priority gaps into categories such as:

- * Enabling Environment
- * Structure of the debt and reserves management
Institutions and their formal linkages
- * Structure and coordination of work units
- * Management and staff practices related to completion of tasks (quantity, quality, timeliness)
- * Physical Resources
- * Human Resource requirements (including training)

4. Propose a "corrective actions" for each of the priority variances

- * With input from staff and other sources determine an array of possible actions which may reduce or eliminate the variance
- * Determine a means of assessing each of the possible actions in order to select the most appropriate corrective action

5. Determine the impact of the selected corrective action(s) for each of the categories by conducting a stakeholder assessment and a "SWOT" (Strengths, Weaknesses, Opportunities and Threats) analysis. Develop strategies to increase strengths and opportunities while reducing weaknesses and threats.

Develop a Capacity Building and Implementation Plan

A Recommended Outline for a Capacity Building and Implementation Plan

Purpose of the Outline

- To provide the member states of ESAIDARM / MEFMI with a tool to assist in the completion of a written Capacity Building Plan. By following the recommended outline, the completed plan will contain all the necessary elements to permit review and subsequent approval by Senior Management.
- To provide a common format for members' Capacity Building Plans. The common format, eases the process of reviewing the plans to determine the appropriate support to the capacity building process.
- To facilitate ease of communication among the members of the ESAIDARM / MEFMI Board, the Executive Committee and Cooperating Partners about the goals, programmes and progress of the capacity building activities

How to use the Outline

The headings of the Outline provide a comprehensive overview of the issues to be addressed, the major activities to be undertaken, the expected outcomes, the risks, long term benefits and costs. These heading remain consistent regardless of the country or scope of the Capacity Building Plan.

It is recommended that the individual or group charged with the responsibility of writing the Capacity Building Plan should begin with this set of headings. Under each heading, a description of the content is offered to insure the correct placement of detailed / country specific information. Where necessary, the headings can be adapted or omitted to meet the specific needs of the country.

By following the suggested table of contents, the writers' of the Capacity Building Plan will be able to submit a comprehensive Plan for their approval of the Senior Management.

1. Title Page

2. Letter of Transmittal

A letter to senior management, from the authors to the Capacity Building Plan, providing specific recommendations and procedures for approval

3. Executive Summary

3.1. The Scope of the Plan

A brief statement of the problems leading to the need for a Capacity Building Plan, and the scope of the plan (types of debt, functions / linkages and organisation(s) cover by the plan),

3.2. The Major Objectives to be Accomplished

Indicate the one or two clear, measurable objectives to be accomplished by the Capacity Building exercise. Describe the impact on the performance upon completion of the exercise. [eg. After completion of the Capacity Building Plan it will be possible to annually prepare a fully competent debt strategy and to revise it semi- annually.]

3.3. The Time Frame

Provide a clear statement of the starting and concluding dates. Consider timing the capacity building programme so that the next debt strategy will be available for use when required [eg for next budget]

3.4. Resources Required

Identify the total cost of the Capacity Building exercise and the anticipated sources of revenue

3.5. Decisions to be Made

Indicate the decisions to be made, by the senior executives, in regard to the initiation of the Capacity Building exercise and how the decisions are communicated to the individual or group being delegated the responsibility for implementation of the approved Plan

4. Table of Contents

5. Introduction

A brief overview of the purpose of the document and its layout

6. The Problems

6.1. Background

Brief statement of why the Capacity Building Plan was developed. [eg. This Capacity Building Plan and Needs Assessment was conducted as part of an ESAIDARM Debt Strategy Workshop in Windhoek in April 1996.]

6.2. Major Issues / Problems Identified

- Provide a statement of the major problems / issues identified
- Include a brief description of the Needs Assessment Process [eg. The Needs Assessment involved five steps: a) establish Performance Indicators for the major functions and tasks required to develop a debt strategy process (see

Annex 3) , b] identify performance gaps, c] identify the causes of the gaps, d] identify corrective actions, e] prepare a capacity building plan, including a management structure.

6.3. Analysis of Causes of Short Comings in Debt Management

Enabling Environment

If appropriate, identify the shortcomings attributed to the Enabling Environment. (e.g. Government Support; Public, Stakeholder and Public Service Support (debt management a low priority in budget allocation, conditions of employment / low wages)

Internal Operating Environment

Identify the shortcomings attributed to the Internal Operating Environment. (e.g. Mandates and Authority, Resources (Physical, Human), Debt and Macro Data, Organisation and Regulatory Structure)

7. Strategies

- Provide a rationale for the commencement of a capacity building exercise
- Identify the supporters and how to maintain their support
- Identify detractors and how to minimize their negative impact

8. Objectives of the Plan

List the one or two major objectives of the plan including measurable indicators of success (e.g. To improve the management co-ordination structure, staff skills and data quality for debt strategy formatulation)

9. Plan Components: Capacity Building Outputs and Activities

9.1. Enabling Environment

- Identify those capacity building activities which will be directed towards improving the enabling environment for debt management (e.g. review and amendments to existing pay scales)
- Identify the expected outcome(s) of each activity
- Provide a summary of total costs of activities directed toward improving the enabling environment

9.2. Capacity Building within the Functional Areas of Debt Management

Provide an outline of the recommended capacity building activities for each of the sub-functions of Debt Strategy Formulation [eg debt data, macro data, debt analysis, macro analysis, integrated debt and macro analysis, organisation and co-ordination] that addresses:

- Organisation and Regulatory Structure

Identify those capacity building activities directed toward improving:

- Mandates and authority
- Control and coordination mechanisms such as Debt Management Committee, Technical Committee

Provide a summary of the costs related to the improvement of the Organisation and Regulatory Structure

- Resources

Summarise Required Investments in Physical Resources

Present a compilation of the required Physical Resources, including software requirements, for each of the Functional Areas

- Quantity of items to be acquired
- Sources of items

Provide a statement of the total cost of necessary Physical Resources

Summarise Required Investments in Human Resources

Present a compilation of the required Human Resources, including:

Current and Strategic Training:

Present a compilation of the training requirements from each of the Functional Areas to meet immediate and future performance requirements

- who is to be trained
- what course(s) will be taken
- the location and timing of the courses
- the total cost of the training
- a plan for "replacement" of staff on training

Staff Complement

- staff redeployment plan,
- number and quality of staff to be recruited, or
- pilot procedures to establish the workload and staffing levels

Provide a statement of the total cost of the Human Resources Development Actions

10. Implementation

10.1. Role of Government / Institutions / Departments

Identify the necessary decisions, by each party, and resulting actions required to successfully implement the Capacity Building Plan

10.2. Role of Partners

Identify those national /regional / international organisations (i.e. ESAIDARM) which will be requested to provide support, and the nature of the support, to Capacity Building planning and to its implementation

10.3. Implementation Management

Describe the management plan by which the Capacity Building Exercise will be directed and implemented

- Assigned responsibility for each aspect of the Capacity Building Plan
- Reporting relationships
- Authority for decisions
- Resource requirements
- Reports and briefings
- Plans for replacing seconded staff
- Monitoring and evaluation

10.4. Timetable / Calendar for Implementation

Provide a description of each of the major activities in the implementation of the Capacity Building Plan, its commencement date, and completion date. It also includes significant milestone dates for the overall process or within specific activities (refer to the detailed Action Plan in Annex 3)

11. Risks and Sustainability

Provide a brief statement of the benefits and supporters of the Capacity Building Plan and its implementation prior to introducing the negative issues

11.1. Risks to Implementation

- Identify the possible negative consequences of undertaking the capacity building exercise. (e.g. Costs, Overworked staff, Reduced performance during the process caused by opposition, the learning of new skills and procedures)
- Identify the individuals, groups, organisations which may have vested interests in opposing the implementation of the Capacity Building Plan. (e.g. Those individuals whose job or influence may be threatened, Works groups which may be required to significantly increase their outputs).
- Identify potential exogenous events / initiatives or elements of the enabling environment which could interfere with the implementation of the plan. (e.g. Change in government / minister, Externally imposed initiatives, ie structural adjustment)

11.2. Sustainability

- Provide a discussion on the key factors in the enabling environment that may limit long run sustainability of the Capacity Building and how the project will address them. (e.g. low wages causing high turnover of staff)

Provide suggestions for addressing the risks and sustainability issues. Identify costs associated with the implementation of suggestions

12. Monitoring and Evaluation of the Capacity Building Outputs and Activities

Provide a detailed description of the monitoring / evaluation framework

- Describe the method for the reapplication of Performance Indicators
- Identify the monitoring and evaluation team
- Provide the monitoring / evaluation timetable identifying each of the major phases / milestones of the Capacity Building Implementation Plan, when it will be initiated and expected completion date.
- Provide a schedule for reporting the results of the evaluation to the senior executive

13. Costs and Financing

13.1. Costs

- Summary of the overall costs (refer to the detailed budget included in Annex 1)

13.2. Financing

- Identify the source(s) of financing the implementation of the plan
- Provide an action plan for the mobilising of resources

14. Annex 1: Budget

15. Annex 2: Detailed Implementation / Work Plan

A detailed work plan displaying each of the capacity building activities, who is responsible for completion of the activity, when it should commence and the completion date.

Include a GANTT chart showing the flow of the work

16. Annex 3: Performance Indicators

Provide a copy of the Performance Indicators used in the Needs Assessment

Plan The Presentation, For Approval, Of The Draft Capacity Building Plan

Develop the Presentation

- Identify the audience(s)
- Identify appropriate timing for presentation
- Identify and nurture supporters \ partners
- Design (block and time) the presentation
- Prepare the necessary handout and audio visual material
- Identify the presenter
- Identify the necessary presentation space
- Identify the necessary equipment
- Rehearse and revise the presentation

Make the Presentation

- Record feed back
- Evaluate the presentation
- Revise and resubmit if necessary

Implement Approved Action Plans

**DEBT STRATEGY FORMULATION
CAPACITY BUILDING COMPONENT**

SECTION 4

WORKSHOP TOOLS

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MAJOR COMPONENTS FOR THE FORMULATION OF AN EXTERNAL DEBT STRATEGY

1. INPUTS

INTERNAL
 POLITICAL WILL
 GOV'T POLICIES/GOALS
 LEGISLATED CONSTRAINTS
 LEADERSHIP COMMITMENT
 TOR'S, TIME FRAME, RESOURCES
 HISTORIC/CURRENT DATA

MACRO
 MONEY SUPPLY
 EXCHANGE RATE
 INFLATION
 INTEREST RATE
 EXCHANGE RATES
 BOP (CAPITAL & CURRENT)
 IMPORTS
 EXPORTS
 RESERVES
 FX GAP
 GOV'T EXP
 GOV'T REVENUES
 TARIFFS & DUTIES
 AID -GRANTS, TECH ASSET & LOANS
 GAP PSBR -DOMESTIC, EXTERNAL
 FINANCING
 GDP
DEBT
 GOV'T EXTL & DOM STOCK
 - DOD & ARREARS
 CATEGORIES OF STOCK
 TERMS
 CURRENCY COMPOSITION
 DEBT SERVICE & PROJECTIONS
 PRIVATE SECTOR EXT DEBT

EXTERNAL
 EXTERNAL FINANCE/AID SUPPLY/DEMAND
 CREDITOR/DONOR TERMS/PROCEDURES
 GLOBAL PRECEDENTS IN NEGOTIATIONS
 WITH OTHER COUNTRIES
 DEVELOPMENTS IN INTERNATIONAL
 CAPITAL AND COMMODITY MARKETS
 GLOBAL POLITICAL DEVELOPMENT
 DONOR INFLUENCE
 GLOBAL WEATHER, ENVIRONMENT &
 HEALTH ISSUES

2. SOURCE OF INPUTS

DEBT MANAGEMENT COMMITTEE

MACRO ECONOMIC TREND ANALYSIS & FORECASTING WORK UNIT

DEBT DATA RECORDING & ANALYSIS WORK UNIT

EXTERNAL DEBT & AID MOBILISATION WORK UNIT

OTHER NATIONAL REGIONAL & INTERNATIONAL SOURCES

4. OUT PUT - DEBT STRATEGY PROPOSAL FOR DEBT MANAGEMENT COMMITTEE APPROVAL

A) PREPARATION & ORGANISATION
 INPUT GATHERING,

B) INITIAL ANALYTICAL & TECHNICAL TASK
 CLEANING, & UPGRADING DATA, SCENARIO DEVELOPM'T

C) ANALYSIS & REPORT PREPARATION

D) PRESENTATION FOR APPROVAL

3. OPERATIONAL UNIT

DEBT STRATEGY FORMULATION TEAM/COMMITTEE
 MEMBERSHIP, PROCEDURES (WORK FLOW) TIMEFRAME

Handwritten mark

FORMULATION OF A DEBT STRATEGY

Check List for the preparation of a Capacity Building Plan

1. **Establish Standards for:** *completed*
 - Coordination Mechanism
 - Debt Strategy Formulation Task Force
 - Executive and Management Tasks
 - Assignment
 - Work Flow
 - Technical Tasks
 - Assignment
 - Work Flow
 - Skills and Knowledge
 - Resources

2. **Identify Gaps between current practice and established Standards for:** *completed*
 - Coordination Mechanism
 - Debt Strategy Formulation Task Force
 - Executive and Management Tasks
 - Assignment
 - Work Flow
 - Technical Tasks
 - Assignment
 - Work Flow
 - Skills and Knowledge
 - Resources

3. **Review existing enabling environment to identify areas for improvement** *completed*

4. **Review "Gaps" identified during the Technical component of the Workshop to insure their inclusion in the above list.** *Completed*

5. **Determine the priorities among identified gaps (if necessary)** *completed*

6. **Determine and Record the "corrective actions" required to address the priority gaps** *completed*

7. **Review each of the "corrective actions" for risks and sustainability (including implication of existing structures, job descriptions, etc.)** *completed*

8. Write the Capacity Building Plan including: *completed*
detailed budget
detailed implementation and evaluation plan

9. Determine and record a detailed approval strategy including: *completed*
tasks to be completed
task assignments
time frame

Preparation of a Debt Strategy (Executive and Management Tasks)

1. Executive: Strategic Inputs / Preparation

- Determine extent of senior management and political support for the creation of Debt Strategy and any constraints or particular priorities
- Identify the external factors creating to need for or limiting the scope and content of the strategy
- Identify internal initiatives likely to impact on the scope, preparation or implementation of the Debt Strategy

2. Executive: Start-up Decisions

- Decision to have Debt Strategy prepared or up-dated, target completion date and any specific purposes or audiences to receive the strategy
- Decision on scope of Debt Strategy
- Decision on how to organise:
 - inter and intra agency co-ordination, executive supervision and decision making on the development of the Debt Strategy [eg. interagency Debt Management Committee at Executive Level or reporting directly to the responsible Executive],
 - essential inputs of information, analysis, expertise, technical and analytic resources for the preparation of the Debt Strategy [eg. responsibility of a single Work Unit, or Task Group from more than one Work Unit and/or agency]
 - identify any requirements for external advice or consulting expertise, and how it is to be used [eg. responsible for developing the Debt Strategy or advisory]
 - quality control mechanisms
- Assignment of Task Leader responsibility for the development of the Debt Strategy
- Assignment of priority and resources to develop strategy

3. Management: Operational Context

- Determine current state of debt management, macroeconomic and other systems to supply the data and analysis needed to produce the Debt Strategy
- Determine current state of control and co-ordination mechanisms
- Identify other initiatives likely to impact on the preparation / implementation of the Debt Strategy and accommodate as appropriate
- Identify specific organisations, work units and individuals to be involved in the development, approval and implementation of debt strategy and ensure their support
- Prepare improvement recommendations and plan to address problems

4. Team Leader: Plan and Organise

- Develop work plan for the creation and approval of the Debt Strategy, including outputs, milestones, responsibilities, schedule
- Identify the specific resources and people required to prepare the Strategy
- Ensure the availability of the required resources at the time and place needed
- Assign responsibilities and tasks

5. Team Leader: Monitor Progress and Adjust

- Monitor progress against the work plan
- Make adjustments to tasks, responsibilities, resources and schedule as required
- Coach / support staff

6. Managers Quality Control and Operational Co-ordination

- Middle managers review of completeness and quality of technical analysis and presentation of the Debt Strategy, approval and implementation plan,
- Monitor progress against the work plan Executive direction for completion dates,
- Recommendations for improvement and/or for submission to Executives

7. Executive Quality Control and Co-ordination

- Key stakeholders engaged in reviewing recommendations for Debt Strategy including assessment of its suitability in the strategic context, and the implications for and support of key stakeholders.
- Amend or approve Debt Strategy, approval and implementation plans

8. Executive Approval and Recommendation to Government

- Review of output quality and progress at Executive level
- Recommendations for improvement of Strategy and/or for submission to Government

Debt Strategy Formulation For New Borrowings: Summary of Performance Indicators for Technical Sub Functions and Tasks

1. Debt Analysis

1.1. Debt Data

Debt and other related data required for the debt portfolio analysis and the development of borrowing scenarios must be:

- accurate [loan by loan statistical agreement with lenders on amounts of all loans],
- consistent [validated and reconciled with other data sources such as Ministry of Finance, Central Bank, World Bank],
- timely [current within 2 months], and
- complete [eg all appropriate types of debt to be covered by the debt strategy {ie. external, private sector, short term, domestic, parastatals, Central Bank borrowing}, exchange and interest rates, 5 to 10 years of historic data for all categories]

1.2. Debt Portfolio Analysis and Debt Scenarios

The analysis underpinning the Debt Portfolio Analysis and creation of the Debt Scenarios is based on timely accurate consistent complete debt data.

The DEBT PORTFOLIO ANALYSIS addresses:

- EVOLUTION OF DEBT: Identifies past trends of all the major characteristics of the current debt portfolio [eg. creditor composition, currency, maturity structure, interest rate, amount of concession, arrears and average terms], and where important an examines debt stock, service and terms by borrower or by sector of economy [purpose]
- CURRENT STATUS OF DEBT: Accurate complete analysis of portfolio structure and status, debt stock and projected scheduled service [including interest rate, currency], debt terms, detailed composition by creditor type and/or individual creditor [including distinguishing concessional / non-concessional, fixed and variable interest rate] projected disbursements & new borrowings [including terms]

The DEBT SCENARIOS address:

- All feasible SOURCES AND INSTRUMENT options for new borrowing are assessed by creditor category in terms of policy issues, quantitative factors [amounts by creditor group] qualitative considerations [eg. conditionality, administration], compatibility with end use, existing approved but undisbursed loans, recent borrowing precedents.
- Future FINANCING OPTIONS identified by creditor type, including loans agreed but not disbursed, loans being negotiated, possible new borrowings based on Governments Public Investment Plan by creditor type, refinancing and prepayment of existing loans. Restructuring debt considered, if necessary.
- Several SCENARIOS prepared for testing that combine the feasible new borrowing options by creditor category into policy relevant global scenarios. Scenarios are consistent with the overall objective of the country's new borrowing strategy [eg reducing or expanding level of debt]

2. Macro Analysis

2.1. Macro Data

Macro and other related data required for the macro scenarios must be:

- accuracy,
- appropriate level of disaggregation,
- timely,
- complete [eg. export volumes and prices, growth rates of import volumes and prices, trends in non-service receipts and payments, disaggregated elasticities between exports, imports, external financing and GDP, trends in current account and reserves accumulation/depletion, trends in external financing [aid and grants], growth in GDP and its major components by expenditure and sector, trends in budget revenues and expenditures]

Gaps and weaknesses in the macro data are documented. Alternate better quality data or supplemental data that could be used with the existing data is identified, and secured.

2.2. Macro Trends and Forecast Scenarios

The macroeconomic TREND analysis:

- identifies, for all the above variables, underlying trends or disruptions in established trends over the last 5 to 10 years,
- documents credible defensible explanations for the identified trends and disruptions,
- identifies for use as criteria in the global macroeconomic scenarios the financing sustainability ratios and financing gaps that are most relevant for assessing the viability of the country's debt strategy. Recent and current ratios are assessed relative to their critical levels and the causes of the levels and changes.
- current financing gaps [BOP and budget] are identified and how they might be financed.

The macroeconomic FORECASTS analysis:

- establishes the credibility of the assumptions underlying current economic baseline projections by assessing the projections relative to the analysis of recent trends and their causes.
- documents a set of detailed and credible assumptions for projecting the major economic variables for at least 10 years. Assumptions are consistent. Data limitations and problems are recorded.
- develops credible macroeconomic scenarios using the above assumptions with variations in key assumptions from those used in the base line scenario. The variations reflect past experience with difficulty in making accurate projections for a particular variable, traditionally volatile economic variables, and key variable that have major impacts on the sustainability of the macroeconomic scenario.

3. Analysis Of Impact of Debt Scenarios on Macro Outputs

The impact analysis provides a defensible credible assessment the potential borrowing options in terms of the cost of the debt [stock, servicing, present value], optimum structure of the portfolio, and impact on the macroeconomic sustainability of the debt, the impact on major economic variables and overall government objectives for debt.

SCENARIOS AND UNDERLYING ASSUMPTIONS ARE CREDIBLE

- each global integrated debt / macro scenario is credible in that there is a reasonable likelihood of the projections the scenario being realised [ie are the projections reasonable], especially: projected disbursements, anticipated future growth, average loan terms, costs, size of financing gap, external financing sustainability ratios,
- each global scenario presents a clear message about the additional cost of debt arising from the scenario and its macro economic sustainability.

ANALYSIS OF IMPACTS: Accurate analysis and interpretation of the impact of each global debt scenario in each global macro scenario on the level and changes in:

- the debt costs [stock, service, present value, average terms] in total and for each creditor category.
- critical financing gaps, viability of dynamic and static sustainability ratios and the implications for balance of payments and government budget.

PREFERRED DEBT SCENARIOS: Preferred debt scenario are identified in terms of:

- possibility of achieving the scenario,
- the achievement of the overall objective of the country's new borrowing strategy [eg reducing or expanding level of debt],
- providing for a sustainable levels and composition of borrowing,
- with the lowest cost

RISK ASSESSMENTS

The impact of a credible range of interest and exchange rate rates on the debt costs and macro variable and sustainability ratios used above is established using DSM.

REVISE. Revise and adjust debt scenarios and macro scenarios as necessary to develop credible analysis that identifies key issues, the debt strategy options and assess their impact.

4. Approval of Debt Strategy Report

The Debt Strategy and Implementation Plan are prepared and approved. The Debt Strategy covers all the key types of debt and creditors. It provides for a sustainable levels and composition of borrowing, with the lowest cost and risks. The Implementation Plan address the key tasks to be done in the immediate future to implement the Debt Strategy, who is responsible for those tasks, and when they will be completed.

Debt Strategy Formulation For New Borrowings: Performance Indicators for Technical Sub Functions and Tasks

1. Preparation for Debt Strategy Technical Analysis

1.1. Debt Analysis: Prepare Data and Reports

1.1.1. Review debt database

Debt and other data required for the debt strategy analysis must be accurate [loan by loan statistical agreement with lenders on amounts of all loans], consistent [validated and reconciled with other data sources such as Ministry of Finance, Central Bank, World Bank], timely [current within 2 months] and complete [eg all appropriate types of debt to be covered by the debt strategy {ie. external, private sector, short term, domestic, parastatals, Central Bank borrowing}, exchange and interest rates, 5 to 10 years of historic data for all categories]

1.1.2. Check data for DSM loan classifications

Loans are accurately and consistently classified in terms of creditor type, borrower type, and new borrowing types

1.1.3. Download / enter data into DSM

Data from data base ready to use in DSM. Manually entered data is in DSM.

1.1.4. Analyse Debt Data Quality and Sources

Succinct accurate report on the source and quality of the data to be used for the debt strategy analysis. Assessment of the implications of the data quality for the type of analysis to be done. Identify and implement options for improving weak data.

1.2. Debt Portfolio Analysis and Debt Scenarios

1.2.1. Define data reports required for debt strategy analysis

Agreement with Debt Manager on specific reports required for debt strategy analysis [eg. stock, arrears, trends in composition, service payments, terms already achieved, level of aggregation, creditor detail, agreement on currency and time period of each report], no unnecessary overlap of coverage between reports.

Potential problems arising from data quality taken into account including establishing the "as of date" for the analysis.

1.2.2. Prepare data reports

Reports available to the Debt Manager when required. Clear, accurate presentation that meets Manager's needs.

1.2.3. Review portfolio: creditor / debtor / currencies / terms

EVOLUTION OF DEBT Accurate complete basic analysis of 10 year debt trends and current situation covering debt stock [overall trends, composition by creditor type, amount of concessions, term], debt service and arrears [overall trends, composition by creditor type], new borrowings [overall trends in commitments and disbursements by creditor type], average terms of new borrowings.

Optional additional analysis as required: eg breakdown of debt stock, service and terms by borrower or by sector of economy [purpose]

CURRENT STATUS OF DEBT Accurate complete analysis of portfolio structure and status, debt stock and projected scheduled service [including interest rate, currency], debt terms, detailed composition by creditor type and/or individual creditor [including distinguishing concessional / non-concessional, fixed and variable interest rate] projected disbursements & new borrowings [including terms]

1.2.4. Prepare Written Reports On Evolution of Debt and Current Status

Clear concise report[s] on the evolution of the country's debt stock, servicing and if appropriate relief, and a detailed review of the current debt stock. Key issues and messages are supported and highlighted with graphs and tables.

1.2.5. Review of New Financing Possibilities: Own and other international precedents

Accurate concise summary, based on current comprehensive data, of the country's recent experience with contracting new financing [both debt and grants] and the experience of other countries in similar situations. Analysis should included: **POLICY ISSUES** assessment of country's current new borrowing strategy / policies, aid strategy / policy. **QUANTITATIVE:** amounts of new financing and terms achieved by creditor group. **QUALITATIVE:** conditionality, administrative problems, other government costs such as counterpart funds, tied loans, purpose of borrowing and compatibility with government and lender's policies

Future financing options identified by creditor type, including loans agreed but not disbursed, loans being negotiated, possible new borrowings based on Governments Public Investment Plan by creditor type, refinancing and prepayment of existing loans. Restructuring debt considered, if necessary.

1.2.6. Design preliminary new borrowing scenarios

Report identifies and assesses feasibility of new borrowing options by creditor category.

The report takes into account and is consistent with national eligibility for different types of loans, conclusions about the appropriate structure of the country's loan portfolio and debt servicing, and the analysis of the borrowing precedents and options.

1.2.7. Construct Global New Borrowing Scenarios

Several scenarios prepared for testing that combine the feasible new borrowing options by creditor category into policy relevant global scenarios. Scenarios are consistent with the overall objective of the country's new borrowing strategy [eg reducing or expanding level of debt]

1.3. Macro Analysis: Prepare Prepare Macro Data

The quality [accuracy, appropriate level of disaggregation, up-to date, complete] of the available macroeconomic data needed to create the macro scenarios is determined. The data covered includes: export volumes and prices, growth rates of import volumes and prices, trends in non-service receipts and payments], disaggregated elasticities between exports, imports, external financing and GDP, trends in current account and reserves accumulation/depletion, trends in external financing [aid and grants], growth in GDP and its major components by expenditure and sector, trends in budget revenues and expenditures.

Gaps and weaknesses in the macro data are documented. Alternate better quality data or supplemental data that could be used with the existing data is identified, and secured if appropriate.

1.4. Macro Trends and Forecast Scenarios

1.4.1. Identify and analyse underlying causes of recent economic trends

For all the above variables credible defensible explanations are documented of underlying trends or disruptions in established trends.

1.4.2. Analyse recent trends in financing gaps and sustainability ratios

The financing sustainability ratios and financing gaps that are most relevant for assessing the viability of the country's debt strategy are identified for use as criteria in the global macroeconomic scenarios by assessing for their relevance to the country and measuring national trends a range of external financing sustainability ratios and financing gaps . Recent and current ratios are assessed relative to their critical levels and the causes of the levels and changes.

Current financing gaps [BOP and budget] are identified and how they might be financed.

1.4.3. Review existing macro projections and assumptions

The credibility of the assumptions underlying current economic baseline economic projections are assessed relative to the analysis of recent trends and their causes.

A documented a set of detailed and credible assumptions is available for projecting the major economic variables for at least 10 years. Assumptions are consistent. Data limitations and problems are be recorded.

1.4.4. Prepare alternative global macro scenarios for next 10 years

Credible macroeconomic scenarios are developed using the above assumptions. A range of scenarios is developed by varying key assumptions from those used in the base line scenario. The variations reflect: past experience with difficulty in making accurate projections for a particular variable, traditionally volatile economic variables, and key variable that have major impacts on the sustainability of the macroeconomic scenario.

1.4.5. Analyse wider macro links of debt/external finance

Additional potential linkages and effects of debt and external finance are identified that may be of importance in the country.

2. Analyse of Impact of Debt Scenarios on Macro Outputs

2.1. Define DSM reports required to analyse effects of the global new borrowing and macro scenarios

For each macroeconomic scenario, reports are defined that reveal the impact, over the projection period, of the key factors in each debt strategy scenario on debt stock, debt service, present value, balance of payments, government budget and debt sustainability ratios for debt burden and debt service.

2.2. Run global new borrowing scenarios and global macroeconomic scenarios in DSM

New borrowing scenarios and their assumptions, and the assumptions for global macroeconomic scenarios are accurately input into DSM. Scenarios are run.

2.3. Print DSM reports

Clear concise timely DSM reports produced that address the key issues

2.4. Analyse Effects of Global New Borrowing Scenarios on Macro Outputs

VALIDATE SCENARIOS:

- the credibility / viability / likelihood of the projections is established for each scenario [ie are the projections reasonable], especially: projected disbursements, anticipated future growth, average loan terms, costs, size of financing gap, external financing sustainability ratios,
- each global scenario presents a clear message about the additional cost of debt arising from the scenario and its macro economic sustainability.

REVISE: Make adjustments, if necessary, to underlying assumptions that have lead to non-credible projections or scenarios that do not result in a clear message and rerun scenarios.

ANALYSIS OF IMPACTS: Accurate analysis and interpretation of the impact of each global debt scenario in each global macro scenario on the level and changes in:

- the debt costs [stock, service, present value, average terms] in total and for each creditor category.
- critical financing gaps, viability of dynamic and static sustainability ratios and the implications for balance of payments and government budget.

Identification of preferred debt scenario in terms of possibility of achieving the scenario, and the achievement of the overall objective of the country's new borrowing strategy [eg reducing or expanding level of debt], and sustainability

RISK ASSESSMENTS

The impact of a credible range of interest and exchange rate rates on the debt costs and macro variable and sustainability ratios used above is established using DSM.

REVISE. Revise and adjust debt scenarios and macro scenarios as necessary to develop credible analysis that identifies key issues, the debt strategy options and assess their impact.

3. Prepare Debt Strategy Report

3.1. Identify Key Messages

Key issues and messages to be conveyed to the reader [eg. major conclusions of debt portfolio review, macroeconomic trends, outcomes of new borrowing scenarios and sustainability analysis] are identified.

3.2. Prepare tables, charts and graphs

Key message are to be supported or highlighted with graphs, charts and tables are identified. Graphs and tables are designed that clearly deliver the key messages in a manner that tells a story, are interesting, relevant and easily understood.

Tables, graphs and charts prepared.

3.3. Write Debt Strategy Report

Debt Strategy Report clearly and concisely presents:

- the evolution of the country's debt stock, servicing and if appropriate relief
- a detailed description of the current debt stock,
- the key debt scenarios
- the assessment of the debt scenarios of costs and macroeconomic sustainability, and consistency with the government's overall objective for debt management.
- conclusions and recommendations
- Annexes with the key assumptions underlying the macroeconomic projections and debt scenarios

4. Approval and implementation of Debt Strategy Report

4.1. Implementation Strategy and Plan

The Debt Strategy approval process, includes approval of both the Debt Strategy and an implementation plan that covers the agencies, mechanisms and procedures for disseminating the approved plan, and for controlling / co-ordinating its implementation. Implementation issues include the formal chain of authority and procedures to:

- launch a loan negotiation,
- establish a negotiator's terms of reference that are consistent with the approved Debt Strategy, and
- ensure that the Government only approves loans that are consistent with the Debt Strategy.

The Implementation Plan also address the key tasks that must be done in the immediate future to implement the Debt Strategy, who is responsible for those tasks, and when they will be complete.

4.2. Approval of Debt Strategy and Implementation Plan

The procedures and steps are identified for the approval of the Debt Strategy and the Implementation Plan by senior officials and Ministers and/or Government.

A work plan detail the tasks, responsibilities and schedule to present the Debt Strategy in the appropriate forums in the required manner. Typically this might include a senior officials Debt Management Committee, the Minister[s] of Finance and / or Planning, and the Cabinet. For each decision meeting the plan will provide for: printing and circulation of the Debt Strategy, logistics arrangements for the decision meeting, preparation of the presentation to the decision makers, the presentation, recording of decisions and adaptation if necessary.

FORMULATION OF A DEBT STRATEGY: EXECUTIVE AND MANAGEMENT TASKS
TASK ASSIGNMENT STANDARD

EXEC / MANAG'T TASKS	CORRECT ASSIGNMENT	CURRENT	GAP	CAUSE
1. EXECUTIVE: STRATEGIC INPUTS/ PREPARATION				
Determine extent of senior management and political support				
Identify the external factors creating the need				
Identify internal initiatives likely to impact				
2. START UP DECISIONS:				
Decision to initiate				
Decision on scope				
Decision on how to organise				
Assignment of task leader				
Assignment of priority and resources				
3. MANGEMENT: OPERATIONAL CONTEXT				
Determine current state of DM, ME etc.				
Determine current state of co-ordination and control mechanisms				
Identify other initiatives likely to impact				
Identify specific organisations, work units and individuals - insure support				
Prepare improvement recommendations and plan to address problems				

**FORMULATION OF A DEBT STRATEGY: EXECUTIVE AND MANAGEMENT TASKS
TASK ASSIGNMENT STANDARD**

4. TEAM LEADER: PLAN AND ORGANISE				
Develop work plan for the creation and approval of the Debt Strategy				
Identify the specific resources and people required				
Assign responsibility and task(s)				
5. TEAM LEADER: MONITOR PROGRESS AND ADJUST				
Monitor progress against the work plan				
Make adjustments to tasks etc as required				
Coach and support staff				
6. MANAGEMENT: QUALITY CONTROL AND CO-ORDINATION				
Middle managers review of completeness and quality				
Monitor progress against work plan, Executive direction for completion dates				
Recommendations for improvement and / or for submission to Executives				

FORMULATION OF A DEBT STRATEGY: EXECUTIVE AND MANAGEMENT TASKS
 TASK ASSIGNMENT STANDARD

7. EXECUTIVE: QUALITY CONTROL AND CO-ORDINATION				
Key stakeholders engaged in reviewing recommendations				
Amend or approve				
8. EXECUTIVE: APPROVAL AND RECOMMENDATION TO GOVERNMENT				
Review of output quality and progress				
Recommendations for improvement of strategy and/or for submission to Government				

KEY DATA/ INFOR	SOURCE(S)	RECEIVER	QUALITY STANDARDS. SCALE FROM 1 - 5. 1 = VERY WEAK, 2 = WEAK, 3 = SATISFACTORY, 4 = FULLY SATISFACTORY, 5 = EXCEPTIONALLY STRONG, N/A = NOT APPLICABLE					IMPORTANCE FOR CAPACITY BLDG. 1 = ESSENTIAL IN THE SHORT RUN, 2 = IMPORTANT, 3 = OPTIONAL
			ACCURACY	COMPLETE	APPROPRIATE DISAGGREGATION	TIMELY	APPROPRIATE FORECAST BIAS: (EG. OPTIMISTIC, PESSIMISTIC)	
DEBT								
1. GOV'T DEBT DOD & ARREARS								
LONG TERM EXTERNAL								
SHORT TERM EXTERNAL								
LONGTERM DOMESTIC								
SHORT TERM DOMESTIC								
2. DEBT SERVICE & PROJECTIONS								
3. CATEGORIES OF STOCK								
4. TERMS								
5. CURRENCY								
6. GOV'T GUARANTEE EXTERNAL								
7. PRIVATE SECTOR LONG TERM EXTERNAL								

DATA INPUT QUALITY WORK SHEET

KEY DATA/ INFOR	SOURCE(S)	RECEIVER	QUALITY STANDARDS. SCALE FROM 1 - 5. 1 = VERY WEAK, 2 = WEAK, 3 = SATISFACTORY, 4 = FULLY SATISFACTORY, 5 = EXCEPTIONALLY STRONG, N/A = NOT APPLICABLE					IMPORTANCE FOR CAPACITY BLDG. 1 = ESSENTIAL IN THE SHORT RUN, 2 = IMPORTANT, 3 = OPTIONAL
			ACCURACY	COMPLETE	APPROPRIATE DISAGGREGATION	TIMELY	APPROPRIATE FORECAST BIAS: (EG. OPTIMISTIC, PESSIMISTIC)	
MACRO								
1. GDP								
2. MONETARY								
MONEY SUPPLY								
INTEREST RATE								
INFLATION								
3. EXTERNAL								
BOP CURRENT ACCT								
BOP CAPITAL ACCT								
IMPORTS								
EXPORTS								
RESERVES								
FOREIGN EXCH GAP								
4. FISCAL								
GOV'T EXP.								
GOV'T REVENUES								
AID - GRANTS, TECH ASSET & LOANS								
PSBR - DOMESTIC, EXTERNAL								
TARIFFS & DUTIES								
FINANCING GAP								

KEY DATA/ INFOR	SOURCE(S)	RECEIVER	QUALITY STANDARDS. SCALE FROM 1 - 5. 1 = VERY WEAK, 2 = WEAK, 3 = SATISFACTORY, 4 = FULLY SATISFACTORY, 5 = EXCEPTIONALLY STRONG, N/A = NOT APPLICABLE					IMPORTANCE FOR CAPACITY BLDG. 1 = ESSENTIAL IN THE SHORT RUN, 2 = IMPORTANT, 3 = OPTIONAL
			ACCURACY	COMPLETE	APPROPRIATE DISAGGREGATION	TIMELY	APPROPRIATE FORECAST BIAS: (EG. OPTIMISTIC, PESSIMISTIC)	
EXTERNAL INPUT								
EXTERNAL FINANCE/AID SUPPLY/DEMAND								
CREDITOR/DONOR TERMS/PROCEDURES								
GLOBAL PRECEDENTS IN NEGOTIATIONS WITH OTHER COUNTRIES								
DEVELOPMENTS IN INTERNATIONAL CAPITAL AND COMMODITY MARKETS								
GLOBAL POLITICAL DEVELOPMENT								
WEATHER, HEALTH, ETC								

**FORMULATION OF A DEBT STRATEGY: EXECUTIVE AND MANAGEMENT TASKS
WORKFLOW AND TIME STANDARD**

EXEC / MANAG'T TASKS	SEQUENCE AND TIME	CURRENT	GAP	CAUSE
1. EXECUTIVE: STRATEGIC INPUTS/ PREPARATION				
Determine extent of senior management and political support				
Identify the external factors creating the need				
Identify internal initiatives likely to impact				
2. START UP DECISIONS:				
Decision to initiate				
Decision on scope				
Decision on how to organise				
Assignment of task leader				
Assignment of priority and resources				
3. MANGEMENT: OPERATIONAL CONTEXT				
Determine current state of DM, ME etc.				
Determine current state of co-ordination and control mechanisms				
Identify other initiatives likely to impact				
Identify specific organisations, work units and individuals - insure support				
Prepare improvement recommendations and plan to address problems				

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**FORMULATION OF A DEBT STRATEGY: EXECUTIVE AND MANAGEMENT TASKS
WORKFLOW AND TIME STANDARD**

4. TEAM LEADER: PLAN AND ORGANISE				
Develop work plan for the creation and approval of the Debt Strategy				
Identify the specific resources and people required				
Assign responsibility and task(s)				
5. TEAM LEADER: MONITOR PROGRESS AND ADJUST				
Monitor progress against the work plan				
Make adjustments to tasks etc as required				
Coach and support staff				
6. MANAGEMENT: QUALITY CONTROL AND CO-ORDINATION				
Middle managers review of completeness and quality				
Monitor progress against work plan, Executive direction for completion dates				
Recommendations for improvement and / or for submission to Executives				

FORMULATION OF A DEBT STRATEGY: EXECUTIVE AND MANAGEMENT TASKS
 WORKFLOW AND TIME STANDARD

7. EXECUTIVE: QUALITY CONTROL AND CO-ORDINATION				
Key stakeholders engaged in reviewing recommendations				
Amend or approve				
8. EXECUTIVE: APPROVAL AND RECOMMENDATION TO GOVERNMENT				
Review of output quality and progress				
Recommendations for improvement of strategy and/or for submission to Government				



PHYSICL RESOURCES STANDARD

TECHNICAL TASKS	PHYSICAL RESOURCES	CURRENT	GAP	CAUSE
1. PREPARATION FOR TECHNICAL ASPECTS OF THE DEBT STRATEGY				
1.1 PREPARE DEBT DATA AND REPORTS				
Review Debt Database				
Check Data for DSM loan classification				
Download / enter data into DSM				
Analyse Debt Data Quality and Sources				
1.2 CONDUCT PORTFOLIO REVIEW				
Define data reports required for debt strategy analysis				
Prepare data reports				
Review portfolio: creditor / debtor / currencies / terms				
Prepare written report on Evolution of Debt & Current Status				
Review of New Financing Possibilities				

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PHYSICAL RESOURCES STANDARD

Design preliminary new borrowing scenarios				
Construct global new borrowing scenarios				
1.3 PREPARE MACRO PROJECTIONS AND PRELIMINARY MACRO SCENARIOS				
Review macro data for quality				
Identify and analyse underlying causes of recent economic trends				
Review / define financing gap				
Review / define sustainability ratios				
Review macro projections, including assessing assumptions				
Prepare alternate global macro scenarios				
Analyse wider macro links				
2. ANALYSE IMPACT OF DEBT SCENARIOS ON MACRO OUTPUTS				

PHYSICL RESOURCES STANDARD

Define DSM reports required to analyse effects of global new borrowing and macro scenarios				
Run global new borrowing scenarios and global macro economic scenarios in DSM				
Print DSM reports				
Analyse effects of global new borrowing scenarios on macro outputs				
<u>3. PREPARE DEBT STRATEGY REPORT</u>				
Identify key messages				
Prepare tables, charts and graphs				
Write debt strategy report				
<u>4. APPROVAL AND IMPLEMENTATION</u>				
Implementation strategy and plan				

Debt Strategy Formulation: Training Needs Profile

QUALIFICATION	Person(s) Requiring Training	Source of Training	Cost	Source of Funds	Priority
•					
•					
•					
SKILLS & KNOWLEDGE					
•					
•					
•					
•					
•					

Debt Strategy Formulation: Resource Needs Profile

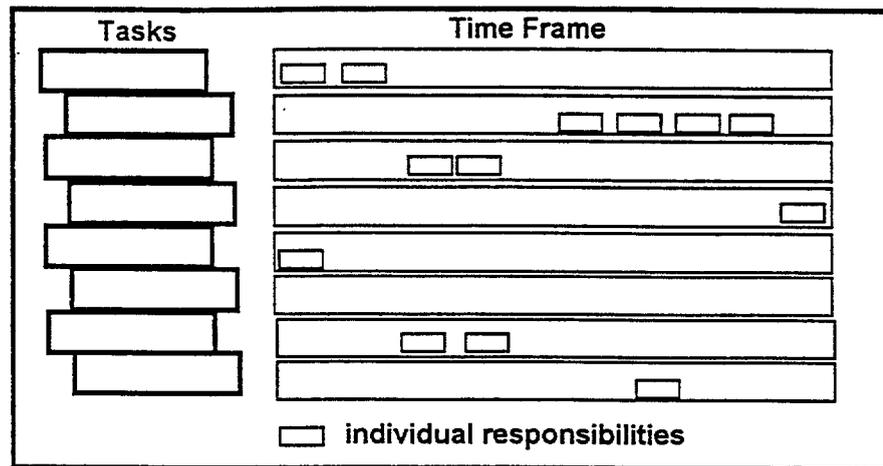
Resource	Quantity	Source	Cost	Source of Funds	Priority
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FORMULATION OF A DEBT STRATEGY: STAKEHOLDER ANALYSIS

PROPOSED CORRECTIVE ACTION: _____

STAKEHOLDER	SUPPORTER / DETRACTOR	REASON	POSSIBLE STRATEGY
•			
•			
•			
•			
•			
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DESK TOP ACTION PLANNING CHART



This format is recommended for the development and monitoring of the Action Plan for the implementation of the Capacity Building Plan for the Formulation and Approval of the Debt Strategy

Task are written into the left hand column. The tasks can be the various "corrective actions" recommended in the Plan or they may be specific tasks for a particular "corrective action". In this latter case, each corrective action would have its own Chart.

Time Frame is shown at the top of the Chart. The left hand side is the commencement of the Action Plan and the right hand side is the expected completion date of the Action Plan.

Individual responsibilities for an entire task, or components of the task are colour coded and placed into the central frame of the chart, according to the sequence of the tasks. In all cases, an earliest start date and latest completion date is indicated in the individual responsibility box. A chart for each individual can be developed to ensure understanding of role and expected time framed performance. The Task Force Leader can use the Chart as a means of monitoring each individual's progress in the completion of assigned tasks.

A procedure manual should be developed to accompany each of the individual's assignments (the technical workbook provides the likely content). Such a manual will assist in the long term sustainability of the formulation and approval of a debt strategy.

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Preparation of a Debt Strategy (Executive and Management Tasks)

1. Executive: Strategic Inputs / Preparation

- Determine extent of senior management and political support for the creation of Debt Strategy and any constraints or particular priorities
- Identify the external factors creating to need for or limiting the scope and content of the strategy
- Identify internal initiatives likely to impact on the scope, preparation or implementation of the Debt Strategy

2. Executive: Start-up Decisions

- Decision to have Debt Strategy prepared or up-dated, target completion date and any specific purposes or audiences to receive the strategy
- Decision on scope of Debt Strategy
- Decision on how to organise:
 - inter and intra agency co-ordination, executive supervision and decision making on the development of the Debt Strategy [eg. interagency Debt Management Committee at Executive Level or reporting directly to the responsible Executive],
 - essential inputs of information, analysis, expertise, technical and analytic resources for the preparation of the Debt Strategy [eg. responsibility of a single Work Unit, or Task Group from more than one Work Unit and/or agency]
 - identify any requirements for external advice or consulting expertise, and how it is to be used [eg. responsible for developing the Debt Strategy or advisory]
 - quality control mechanisms
- Assignment of Task Leader responsibility for the development of the Debt Strategy
- Assignment of priority and resources to develop strategy

3. Management: Operational Context

- Determine current state of debt management, macroeconomic and other systems to supply the data and analysis needed to produce the Debt Strategy
- Determine current state of control and co-ordination mechanisms
- Identify other initiatives likely to impact on the preparation / implementation of the Debt Strategy and accommodate as appropriate
- Identify specific organisations, work units and individuals to be involved in the development, approval and implementation of debt strategy and ensure their support
- Prepare improvement recommendations and plan to address problems

4. Team Leader: Plan and Organise

- Develop work plan for the creation and approval of the Debt Strategy, including outputs, milestones, responsibilities, schedule
- Identify the specific resources and people required to prepare the Strategy
- Ensure the availability of the required resources at the time and place needed
- Assign responsibilities and tasks

5. Team Leader: Monitor Progress and Adjust

- Monitor progress against the work plan
- Make adjustments to tasks, responsibilities, resources and schedule as required
- Coach / support staff

6. Managers Quality Control and Operational Co-ordination

- Middle managers review of completeness and quality of technical analysis and presentation of the Debt Strategy, approval and implementation plan,
- Monitor progress against the work plan Executive direction for completion dates,
- Recommendations for improvement and/or for submission to Executives

7. Executive Quality Control and Co-ordination

- Key stakeholders engaged in reviewing recommendations for Debt Strategy including assessment of its suitability in the strategic context, and the implications for and support of key stakeholders.
- Amend or approve Debt Strategy, approval and implementation plans

8. Executive Approval and Recommendation to Government

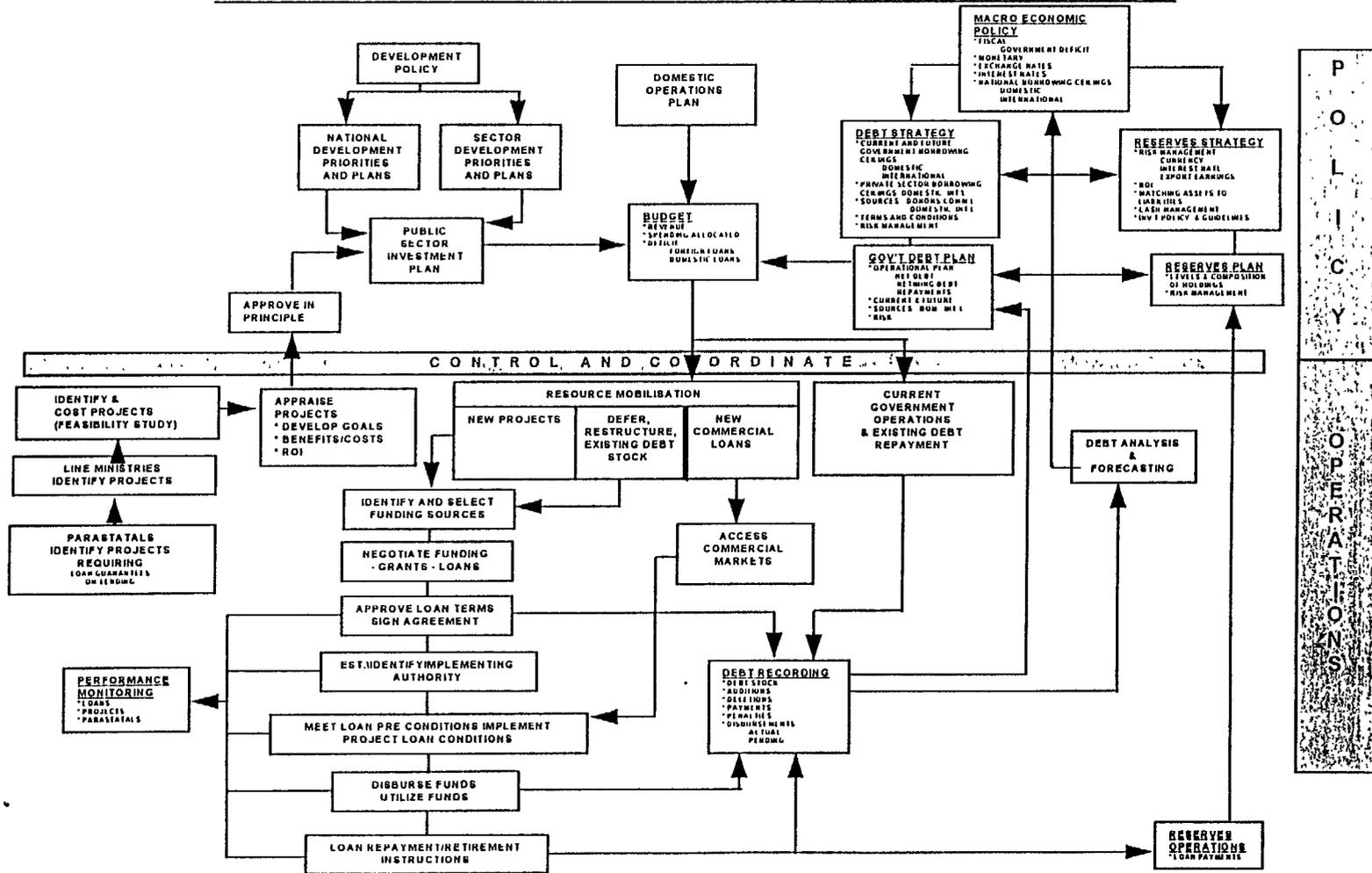
- Review of output quality and progress at Executive level
- Recommendations for improvement of Strategy and/or for submission to Government

**DEBT STRATEGY FORMULATION
CAPACITY BUILDING COMPONENT**

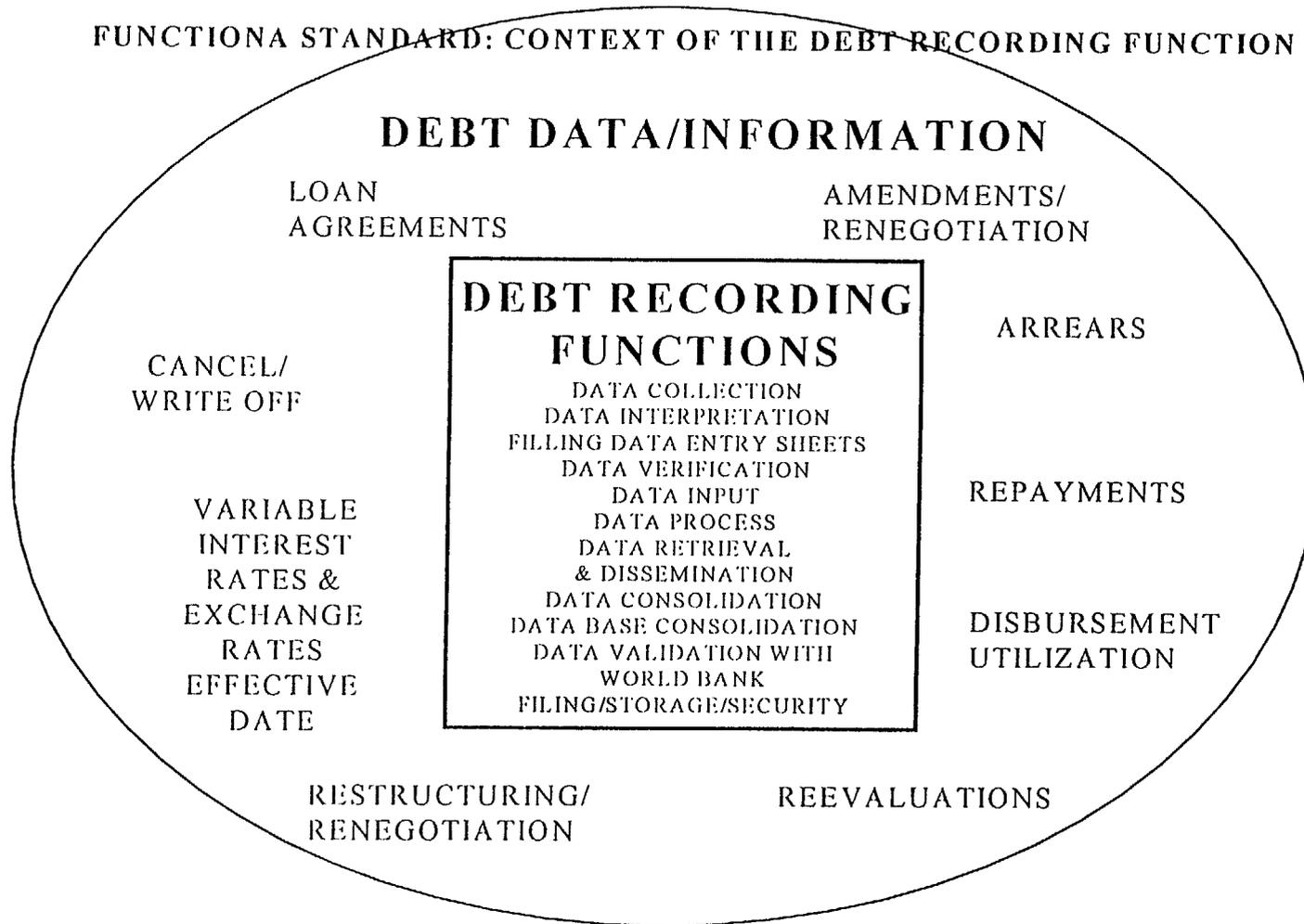
SECTION 5

PREVIOUSLY DEVELOPED STANDARDS

FUNCTIONAL STANDARD: Debt Management System - Linkages

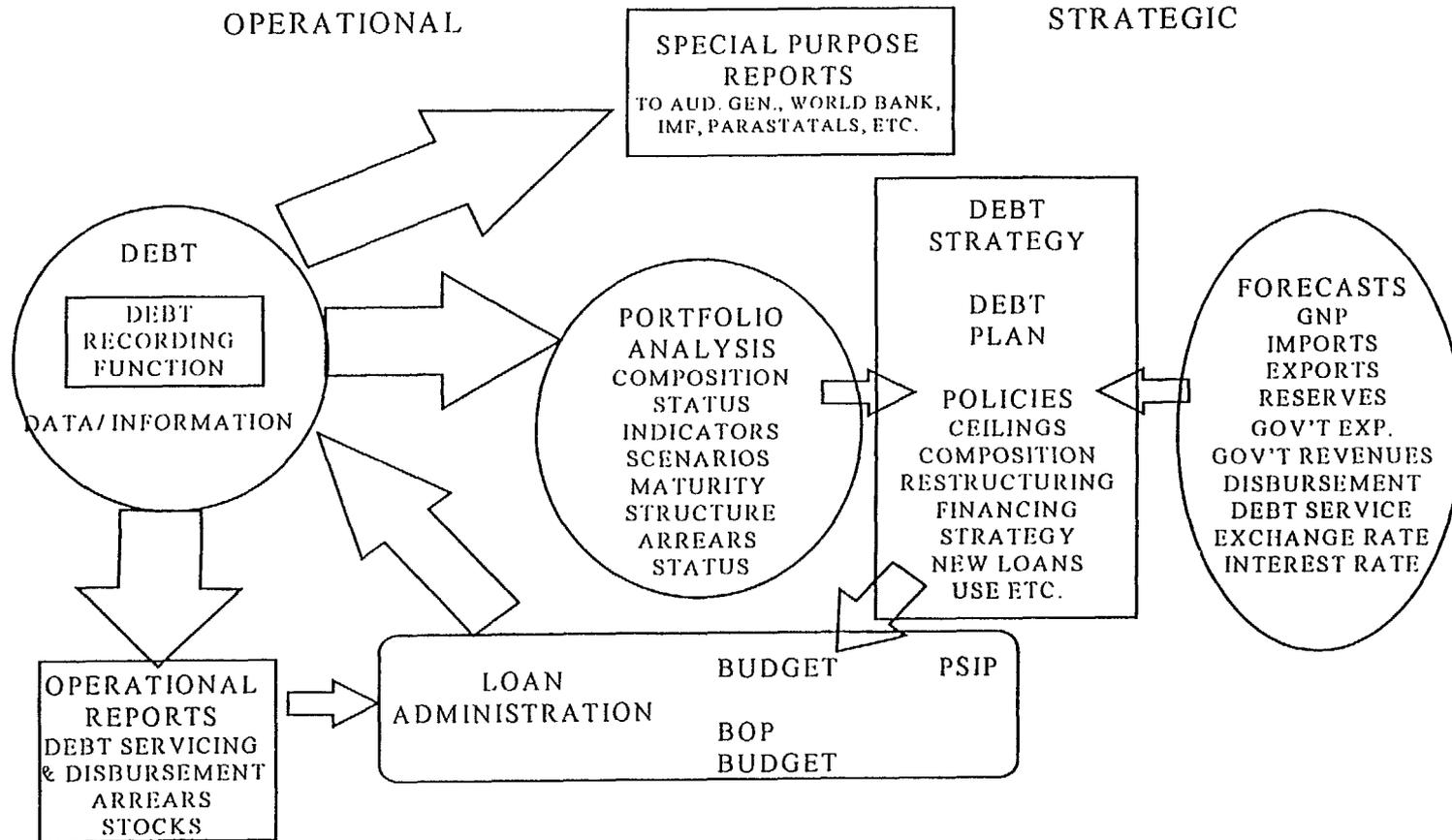


FUNCTIONAL STANDARD: CONTEXT OF THE DEBT RECORDING FUNCTION



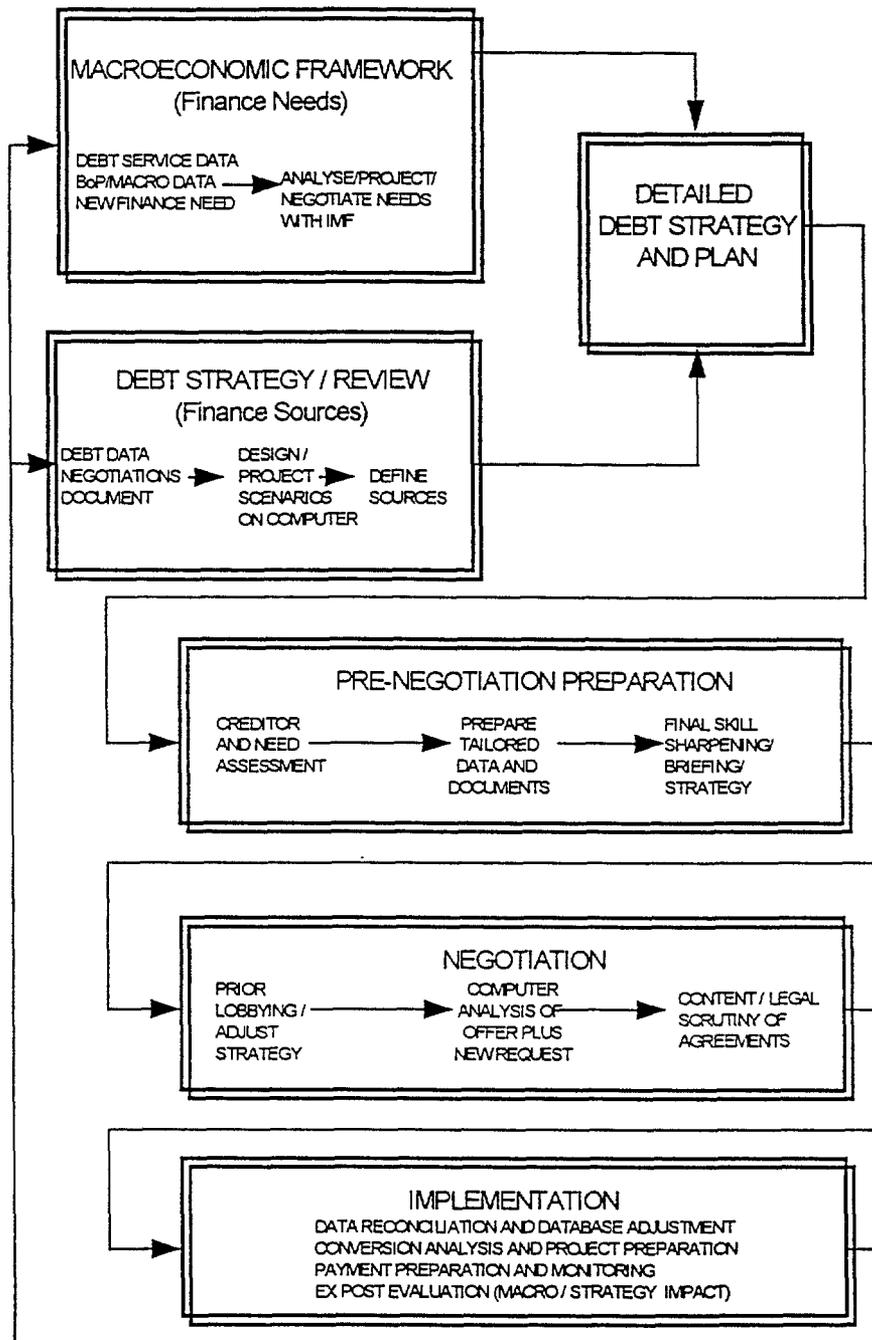
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FUNCTIONAL STANDARD: DATA RECORDING AND ANALYSIS: WORK FLOW



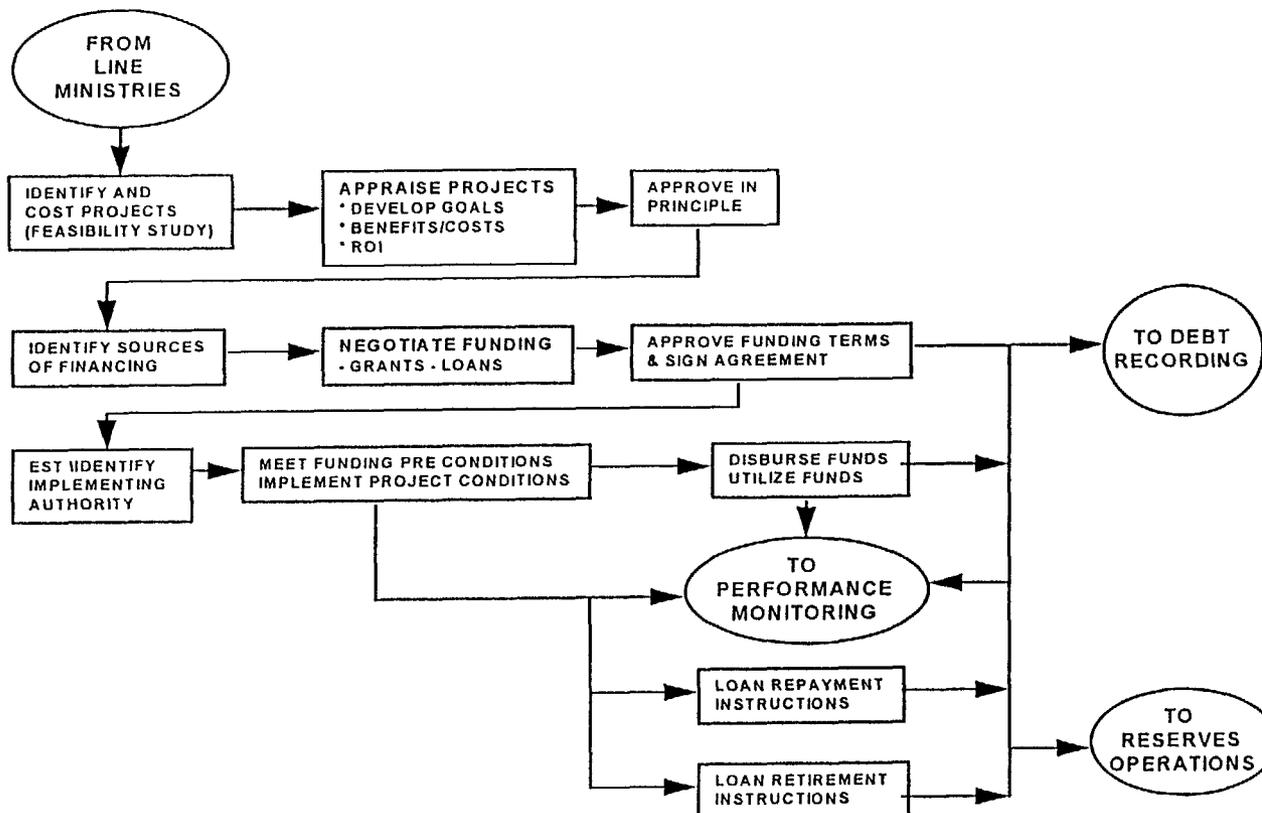
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FUNCTIONAL STANDARD: NEGOTIATIONS - WORK FLOW



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FUNCTIONAL STANDARD: Project Grants/Loan Cycle



FUNCTIONAL STANDARD: DEBT OPERATIONS AND ANALYSIS REPORTS

TYPE OF REPORTS	FREQUENCY	EXAMPLES OF RECIPIENTS AND USE
OPERATIONAL REPORTS		
Short Term Projections		
Detailed Debt Service and Disbursements by Currency, Creditor, etc. Arrears	Monthly	Balance of Payments Unit, Reserves Unit, Accountant General, Budget Office: short term planning and execution of payments, budget control
Medium & Long Term Projections & Forecasts		
Debt Service and Disbursements by Currency, Creditor Arrears Debt Stock	Annual, x months before Budget Quarterly	Balance of Payments Unit, Reserves Unit planning of balance of payments budget, reserves planning, World Bank and IMF Accountant General, Budget Office: Planning of Government annual budget
Management Debt Monitoring		
Performance vs Debt Policy Macro Indicators (eg debt service ratio)	Monthly/Quarterly	PSs Finance and Planning, Governor. monitor progress against plans and strategy, trigger remedial actions
Performance vs Debt Plan Targets (eg avg. terms)	Monthly/Quarterly	
STRATEGIC REPORTS		
Portfolio Analysis		
Debt stock "composition" vs Standards (eg interest, time profile, creditor, currency)	Semi-Annually(Quarterly) or as required	Senior Debt Managers, Macro Economic Analysis Unit, Balance of Payment Planning Unit: input debt strategy & plan, Reserves Unit
Portfolio Scenario Development and Testing vs Standards	Semi-Annually or as required	Senior Debt Managers, Macro Economic Analysis Unit, Balance of Payments Planning Unit: input debt strategy & plan, Reserves Unit
SPECIAL PURPOSE REPORTS		
World Bank: Debt Tables	Annually (Quarterly)	Prerequisite: Paris Club, Consultative Groups World Debt Tables
Paris Club Preparations	6 months prior to meeting	Input to Chief Negotiator for negotiations strategy
London Club Preparations	6 months prior to meeting	Input to Chief Negotiator for negotiations strategy
IMF: PFP Preparations	Quarterly	
IMF: PFP Monitoring	Continuous	
Individual Creditors	Ad Hoc (Continuous)	
Management Requests	As required	

FUNCTIONAL STANDARD: INPUTS TO DEBT OPERATIONS AND ANALYSIS

INPUTS	FREQUENCY	EXAMPLE OF SOURCES	ACCURACY STANDARD	TIMING STANDARD
Loan Agreement	Once	Negotiator	Verification with borrower/creditor	Within one weeks
Amendments	Upon Amendment	Negotiator	Verification with borrower/creditor	Within x weeks
Transaction details: payments and disbursements	Daily	Payment Instruction Confirmation of Payment Amortisation Table Notice of disbursement	Creditor confirmation Debtor confirmation	Within x days? Monthly? On Value Dates
Economic Indicators	Monthly	Research Dept Central Bank, Bureau of Statistics, Customs	Verification ?	Within x days of month end
Variable interest rates	Monthly if needed	Reuters, Central Bank, Financial Times, Creditors	Verification ?	Within x days of month end
Exchange rates projections	Daily	Reuters, Central Bank, Financial Times, Creditors	Verification ?	Daily
GNP actual		Central Bank		
GNP projections		Central Bank		
Import actual		Customs		
Import projections		M.O. Commerce		
Exports actual		Central Bank		
Export projections		Central Bank		
Reserves actual		M.O. Finance		
Reserves projections				
Government expenditures				
Government Revenues				
Donor Funds - Inflows				
Debt Service Projections				

FUNCTIONAL STANDARD: EXECUTIVE FUNCTION

FUNCTION	RESULTS INDICATORS	ORGANISATION AND MANAGEMENT CAPACITY INDICATORS
EXECUTIVE		
Policy	<p>governments macro economic policies clearly defined, and include broad policy on debt and reserves.</p> <p>Relationships and role of debt, aid and reserves in macro economic policies clearly defined and linked to feasible debt and reserves policies and strategies for domestic and international debt and assets.</p> <p>Broad Central Bank policies (eg. monetary, exchange rates, reserves) clearly defined and include relationships to governments macro economic policies, including its debt and aid policies.</p> <p>Reasonable terms of reference or guidelines for the negotiations of loans.</p> <p>Reasonable terms of reference/guidelines/benchmarks for the reserves portfolio.</p>	<p><u>Organisation:</u> Government macroeconomic policy making process incorporates all key stakeholders, structure encourages support for decisions.</p> <p>Clearly established individual or group with policy responsibility and authority to ensure implementation, effective coordination and reporting relationships among those responsible for macro policy, debt and reserves management; responsible individual or group is knowledgeable and competent, wages and terms of employment adequate to attract and retain skilled personnel;</p> <p><u>Management Systems:</u> Adequate operational and work planning, budgeting, effective accountability of group and/or individuals, training plan and adequate resources</p>
Regulatory- Structure of Debt and Reserves Management Organisation	<p>At all levels in the debt management system individuals will know and understand their responsibilities and how they are expected to relate to those groups or individuals with whom they have contact</p> <p>Each group will have the necessary authority to complete its assigned responsibilities</p>	<p>Legal framework for Central Bank is clearly defined, provides mission/objectives (eg price stability, reserves) required authority, appropriate degree of autonomy</p> <p>Well defined organisation structure for debt and reserves management in which all essential functions (recording, analysis, controlling, operations and policy) are clearly allocated, duplication and overlap are minimised</p> <p>Effective procedures for coordination between debt and reserves agencies and agencies responsible for economic policy</p> <p>Efficient information flows</p> <p>Appropriate policies and operational guidelines and procedures are in place</p> <p>Appropriate and effective legal framework is in place to provide required authority</p> <p>Effective planning, monitoring and evaluation procedures in place</p>
Resource Allocation to Debt and Reserves Management Organisation	<p>Each responsibility centre will have adequate, but not excessive, financial, human and physical resources.</p> <p>Stable well trained staff</p> <p>Wages and conditions of employment comparable with opportunities available to similarly skilled individuals</p>	<p>Effective management and supervision, and operations functions have adequate and appropriate resources</p> <p>Adequate well trained staff supported with sufficient physical resources such as office space and furnishings, telecommunications and where appropriate computers</p> <p>Executive responsibilities and accountability for staff include recruiting, hiring, motivating, training, retaining</p> <p>Structural aspects of the operating environment are supportive of strong motivation and retention of skilled staff (eg. competitive remuneration and conditions of employment).</p> <p>Central Bank may have autonomy to establish wages and benefits without reference to Government</p>

FUNCTIONAL STANDARD: PERFORMANCE AND ORGANISATION STANDARDS OF MANAGEMENT AND SUPERVISION

FUNCTION	RESULTS INDICATORS	ORGANISATION AND MANAGEMENT CAPACITY INDICATORS
MANAGEMENT AND SUPERVISION		
Planning	<p>Each work unit has a practical work plan(s) with tasks, schedule, resources, responsible person</p> <p>Work plans are used as an active management tool</p>	<p>Management and supervision skills are valued by the organisation</p> <p>Appropriate managerial and supervision training programmes are provided for managers and supervisors</p> <p>Managers and supervisors are evaluated on the quality of their management and supervision performance</p> <p>Promotion of managers and supervisors are linked to their management and supervision performance</p>
Organise	Financial, physical and human resources for the execution of tasks are well organised, and available when required	As above
Implementation	<p>Work plans implemented as planned and/or adjusted appropriately when external circumstances require</p> <p>Take timely decisions on:</p> <ul style="list-style-type: none"> - the implementation of the reserves policy (eg decisions on changes to reserves portfolio - referring relevant matters outside approved policies and guidelines to the appropriate authority 	As above
Monitoring	Monitor tasks achievement, budgets and performance of subordinates against the work plan	As Above
Personnel	<p>Provide clear and appropriate directions to subordinates</p> <p>Give timely useful feedback on quality of work performed</p> <p>Provide incentives for superior and inferior performance</p> <p>Develop the required in skills and knowledge in staff</p> <p>Motivate staff</p>	As above

FUNCTIONAL STANDARD: PERFORMANCE AND ORGANISATION STANDARDS OF DEBT OPERATIONS

FUNCTION	RESULTS INDICATORS	ORGANISATION AND MANAGEMENT CAPACITY INDICATORS
DEBT OPERATIONS		
Recording	<p>Efficient loan-by loan collection of detail information appropriate to support debt administration management analysis strategy eg. service needs established by policy such as government, creditors, international financial organisations</p> <p>Adequate data quality [complete, accurate, timely]</p> <p>Data organised, aggregated and reports produced that provide timely and useful information for effective and timely debt administration policy analysis, monitoring of commitments, programmes and implementation of government decisions; needs of international organisations and creditors [eg. debt flows, ability to make timely service payments]</p>	<p><u>Organisation:</u> Clear centralised responsibilities, good coordination and reporting relationships among the responsible for macro policy and debt management; adequate human, financial and physic resources, wages and terms of employment adequate to attract and retain skilled employees limited reliance on external consultants</p> <p><u>Management Systems:</u> Adequate operational and work planning, budgeting, effective accountability of work Unit and individuals, training plan and adequate resources</p>
Analysis	<p>Aggregate analysis of macro linkages to monetary and fiscal planning for debt options available given economic and market conditions and the future structure of external debt.</p> <p>This aggregated analysis of various borrowing instruments, choice of maturities etc. and new financial techniques and debt requirements [eg. hedging, debt restructuring, rescheduling, buybacks, debt conversions, swaps, syndicated loans, multi-tranche loans, multi currency loans etc.]</p> <p>Ability to assess sensitivity of portfolio to exchange and interest rate movements and identify risk characteristics of portfolio</p> <p>Analysis of portfolio implications, borrowing strategies, negotiating strategies</p> <p>Ability to respond quickly to changing international circumstances, especially financial markets</p>	<p>As above under Recording for Organisation and Management Systems. However, it is not necessary and may not be desirable for the analysis functions to be centralised. Different user will have different analysis needs and will use the information from the recording Unit as they require.</p> <p>Various analytical pieces are shared throughout the domestic debt management network</p>
Negotiations	<p>Effective analysis of borrowing conditions for the country in different financial markets and from different financial sources</p> <p>Establish viable negotiating strategy</p> <p>Secure the best financial terms within established negotiating framework for either simple or sophisticated transactions</p> <p>Ensuring legal acceptability of loan contract</p> <p>Ensure administrative acceptability of loan contract [authorisation, guarantee, signature]</p> <p>Effective preparations and presentations to creditors</p> <p>Ability to absorb, analyse and respond quickly to alternatives presented during negotiation</p> <p>Credibility on facts and analysis, proposals, and commitment of government support proposals</p>	<p>As above under Recording for Organisation and Management Systems. However, Negotiations Unit should not mix functions such as Utilisation or Servicing. There may be several Negotiating Units for different for multilateral, bilateral, official and commercial borrowing.</p> <p>Ministers and national public servants skilled in negotiations and able to effectively conduct the negotiations</p> <p>Reasonable cost for external technical support of preparations and conduct of negotiations</p>

FUNCTIONAL STANDARD: PERFORMANCE AND ORGANISATION STANDARDS OF DEBT OPERATIONS

FUNCTION	RESULTS INDICATORS	ORGANISATION AND MANAGEMENT CAPACITY INDICATORS
DEBT OPERATIONS (continued)		
Utilisation of Loans Proceeds	If warranted: prepare on-lending contracts and provision of local counterpart funds Modification to loan contracts as required (eg deferral of final date for disbursements) Ensure disbursement and contracted use of funds Payments made to suppliers Follow-up on undisbursed committed amounts	As above under Recording
Loan Servicing	Ensure loan payments are made according to schedule Updating of schedules and checking Follow-up to budget allocation	As above under Recording
Control - Co-ordinate	Operational debt management is in accordance with the executives policy and directions Ensures achievement of defined debt strategy through observations and application of rules and legal strictures. Ensures that suitable and sufficient staff and material means are put at the disposal of the debt management units and are consistent with the executives directions	The control/co-ordinating Unit acts as a Secretariat to the Executive to follow up and monitor the implementation of the executives strategy, structure and resource decisions Close access to Executive and able to monitor and report on the implementation of its decisions
Control-Monitor	At the transaction or disaggregate level ensures that negotiations, utilisation and debt service fall within current guidelines, that funds are used on time and appropriately and that payments are made in accordance to schedule	As above

**DEBT STRATEGY FORMULATION
CAPACITY BUILDING COMPONENT**

SECTION 6

WORKSHOP OUTPUTS

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