Joint COMSEC/CARADEM Forum
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"Building a comprehensive public debt database: The Trinidad and Tobago Experience"
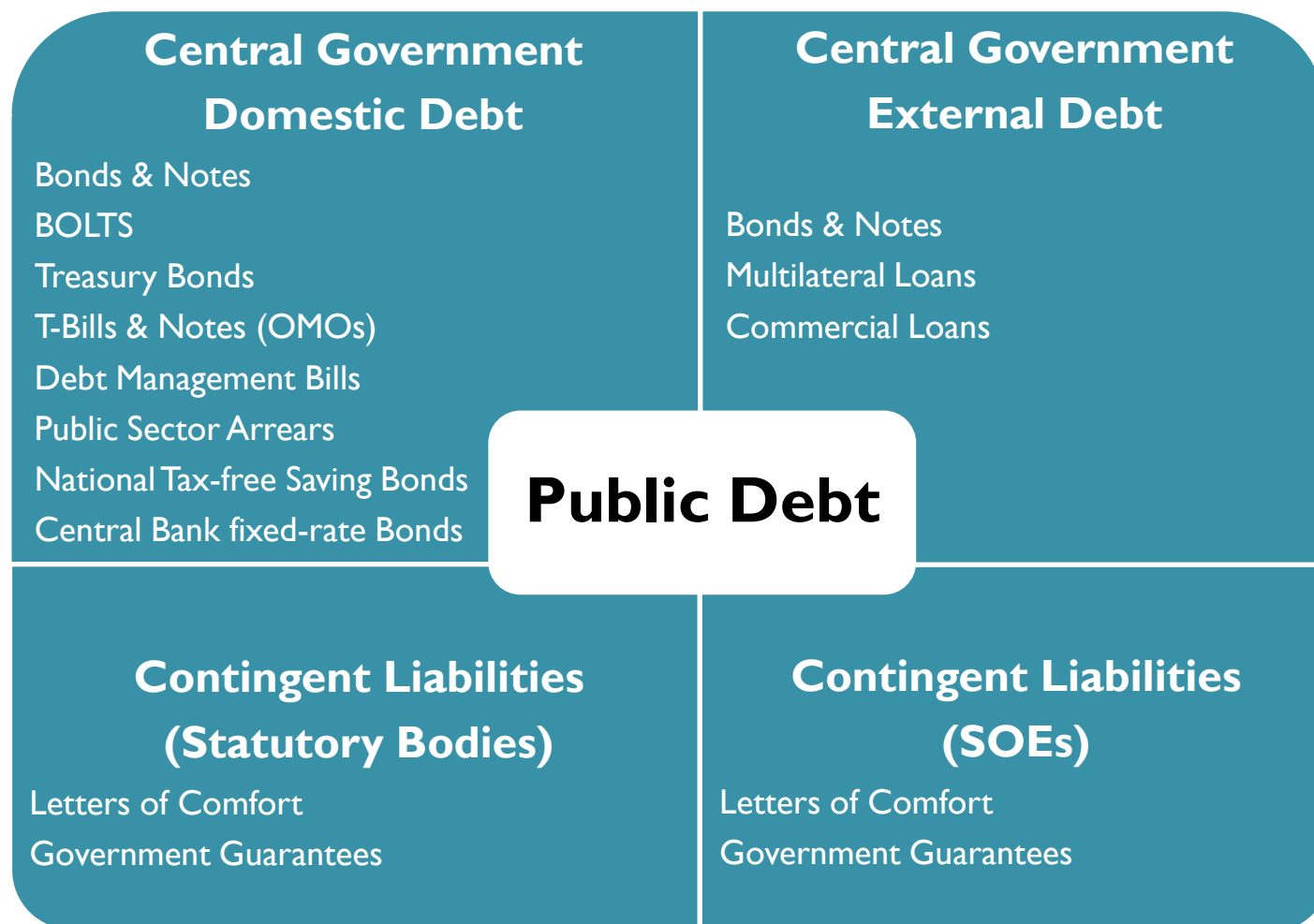
Richard Cassie

OUTLINE

- Importance of a comprehensive debt database

- Coverage of Public debt in T& T

- Institutional Framework

- Existing Data Sources

- Building the CS-DRMS Database

- Status/Accomplishments

- Challenges

- Going Forward

Why is a comprehensive public debt database important?

- To review & analyze entire sovereign debt portfolio.
  - Determine overall indebtedness
  - Risk analysis
  - Identify need for LMOs
  - Monitoring of contingent liabilities

- To make borrowing decisions

- For sound debt management - debt management strategy

- Undertaking sensitivity analysis/DSAs

- Reporting to key stakeholders – government, credit rating agencies, creditors, IMF etc.

- Using analytical tools – e.g. Horizon

Coverage of Public Debt in T&T

Gross Public Sector debt in Trinidad and Tobago comprise all outstanding domestic and external debt obligations including contingent liabilities owed by the GORTT.   (Pie Chart)

Central Government Domestic Debt	Central Government External Debt
Bonds & Notes BOLTS Treasury Bonds T-Bills & Notes (OMOs) Debt Management Bills Public Sector Arrears National Tax-free Saving Bonds Central Bank fixed-rate Bonds	Bonds & Notes Multilateral Loans Commercial Loans
Contingent Liabilities (Statutory Bodies)	Contingent Liabilities (SOEs)
Letters of Comfort Government Guarantees	Letters of Comfort Government Guarantees

Public Debt

Institutional Framework

- Split debt management responsibilities exist

- Lack of middle office functions

BORROWING	• CBTT: T-Bills and Notes • EMD: Loans & Bonds • ID: SOE Debt
PAYMENT	• CBTT: Central Government loans & bonds • Line Ministries: Statutory bodies & SOEs
REPORTING	• Treasury: Parliament • EMD: International agencies (IMF, Rating agencies) • CBTT: Publications
PLANNING	• BD & TD: National Budget • BD, CBTT, TD: Cash flow forecasting • EMD: Bond Issuance • CBTT: T-Bills & Notes (OMOs)

Existing Data Systems

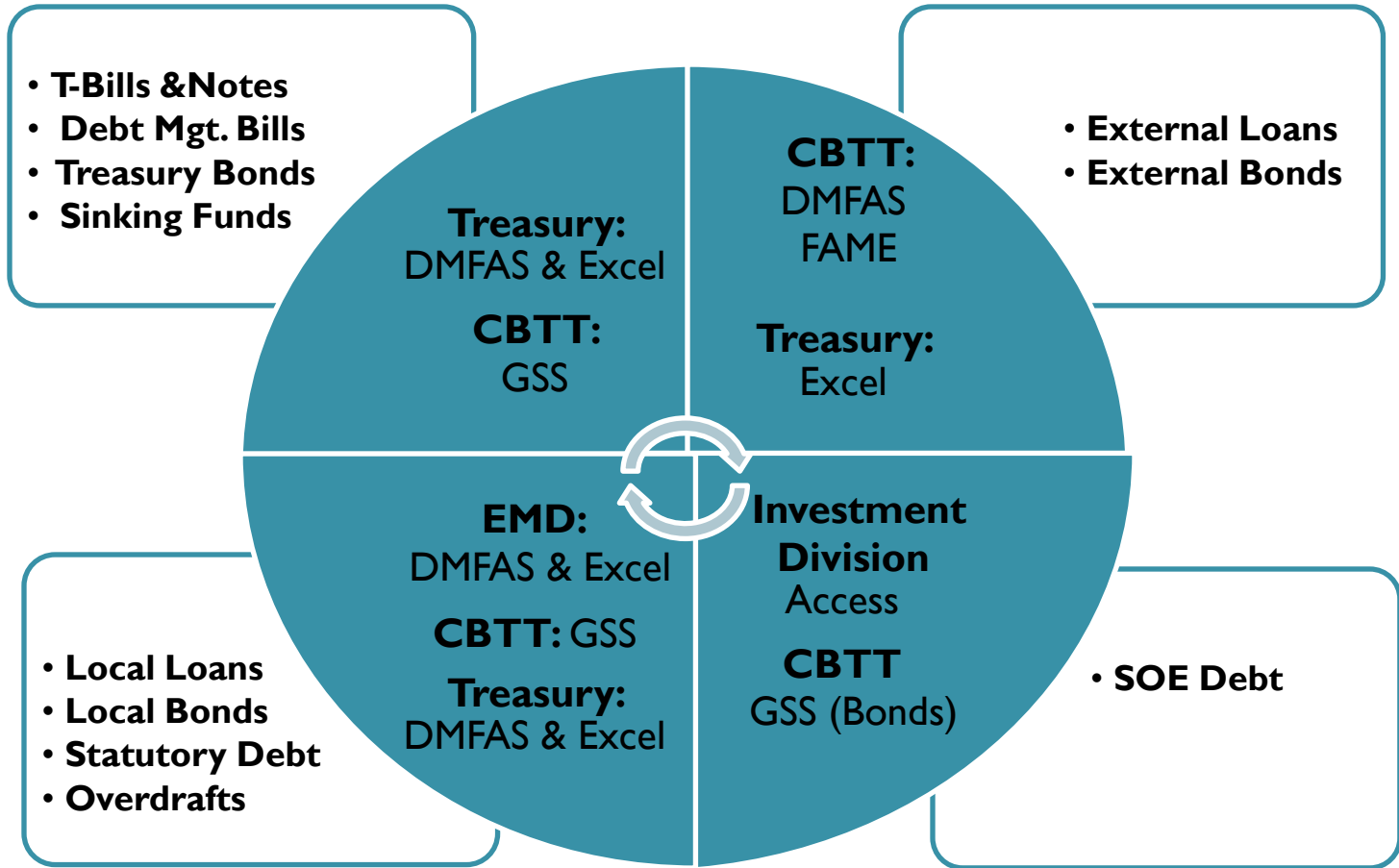- **Debt Management and Financial Analysis System (DMFAS)**
  - Implemented in 1985 to record domestic & external debt
  - Located at CBTT
  - Little use due to limited training

Other Databases

- Microsoft Excel

- General Securities System (GSS)

- Forecast Analysis Modeling Environment (FAME)

- Microsoft Access

Debt Database and Compilation Functions:

- **T-Bills &Notes**
- **Debt Mgt. Bills**
- **Treasury Bonds**
- **Sinking Funds**

Treasury:
DMFAS & Excel
CBTT:
GSS

CBTT:
DMFAS
FAME

Treasury:
Excel

- **External Loans**
- **External Bonds**

EMD:
DMFAS & Excel
CBTT: GSS
Treasury:
DMFAS & Excel

Investment Division
Access
CBTT
GSS (Bonds)

- **Local Loans**
- **Local Bonds**
- **Statutory Debt**
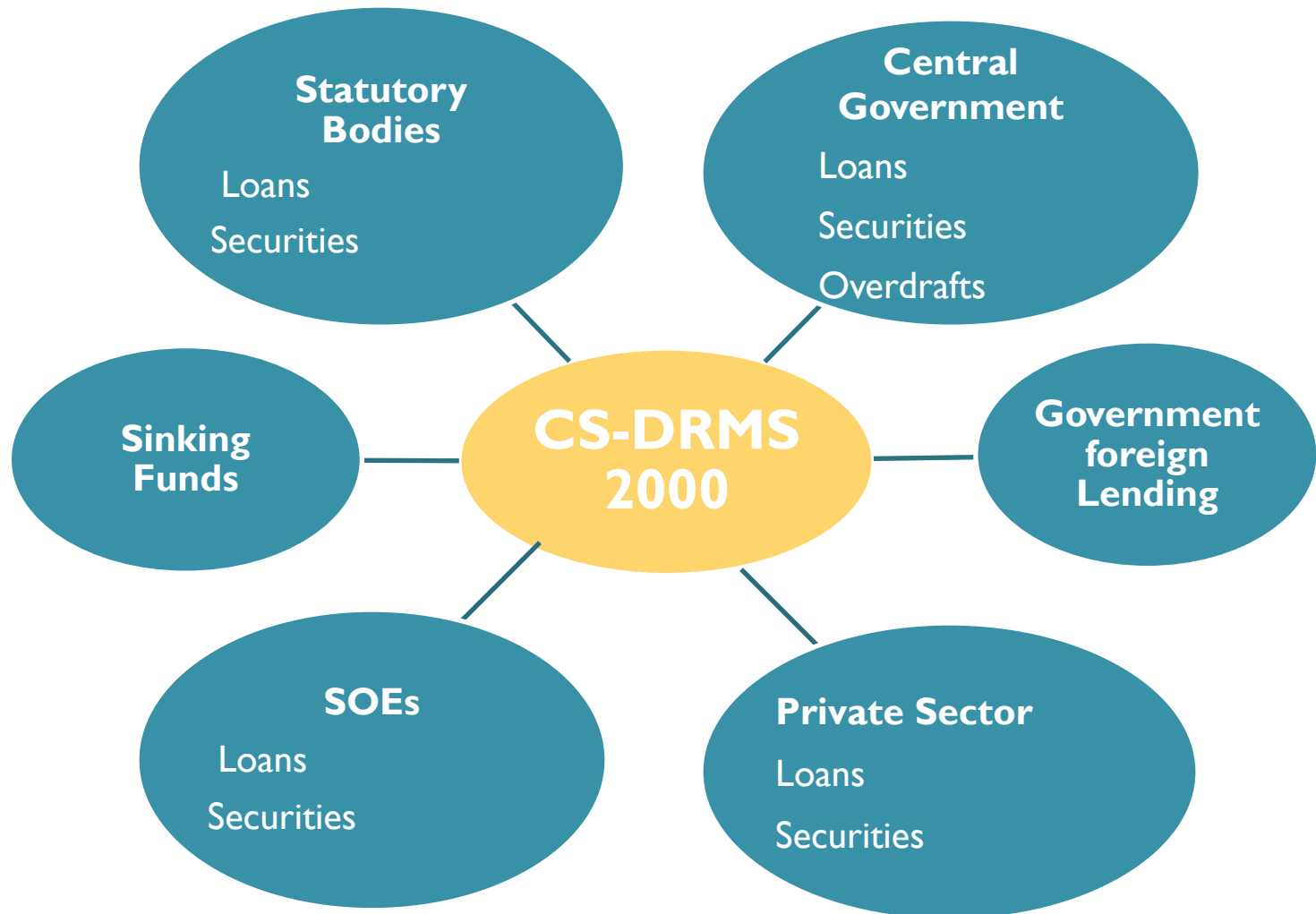- **Overdrafts**

- **SOE Debt**

Why CS-DRMS?

- The need for a comprehensive debt database

- Dissatisfaction with the DMFAS arrangement

  - Inadequate support for the software

  - lack of training

  - Generation of report constrained

  - Lack of protocols for resolving problems

- Existence of parallel debt databases

- Benefits of using CS-DRMS:

  - comprehensive user support plus regional support

  - capacity building & advisory services

  - wide variety of debt instruments can be recorded in CS-DRMS

  - large pool of user-friendly reports

The CS-DRMS Database
Final Outcome

Statutory Bodies

Loans

Securities

Central Government

Loans

Securities

Overdrafts

Sinking Funds

CS-DRMS 2000

Government foreign Lending

SOEs

Loans

Securities

Private Sector

Loans

Securities

Building the **CS-DRMS database**

Key decisions made:

- Location of database - Central Bank

- Existing IT infrastructure that supports DMFAS

- System to be made accessible by all relevant parties

- Transferring of database to MOF in future

- Historical cut-off date – 31/12/2006

- Database will contain all categories of debt

- Levels of database access

Building the CS-DRMS database

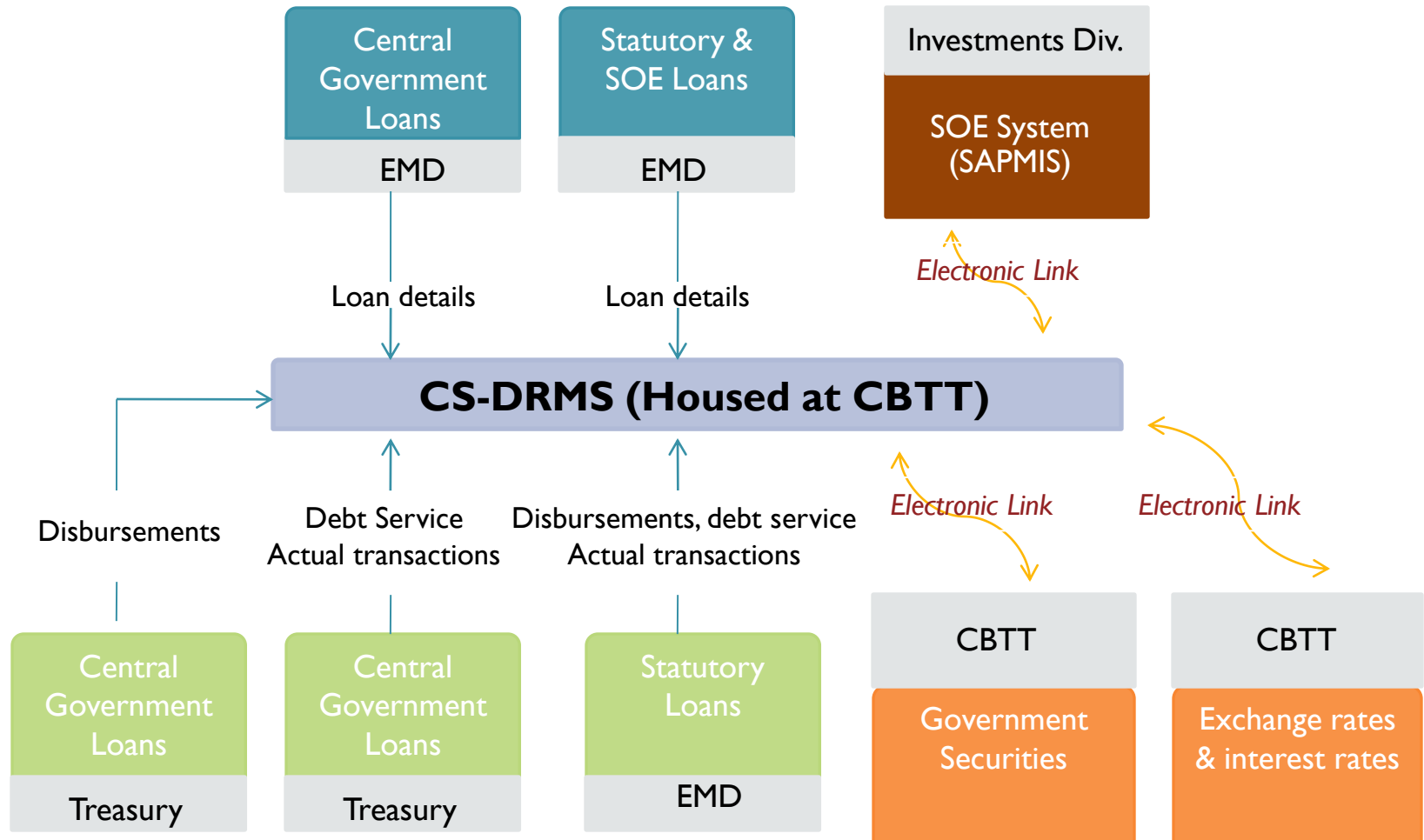**Stage 1: Initial building of the database (Start Year = 2005)**

- Recording of all loan agreements (EMD)

- Uploading historical exchange rates & interest rates

- Manually recording transactions for CG debt (TD)

- Recording transactions for Statutory debt (EMD)

- Manually recording transactions for SOE debt (ID)

- Interfacing with GSS for uploading securities data (CBTT)

- Validation of database (MOFE)

Building the CS-DRMS database

○ **Stage 2: Maintaining the database**

- Clear definition of roles and responsibilities for updating the database

- Developing capacity to use CS-DRMS
    - User training
    - IT training

- Development of a process and procedures manual

Building the CS-DRMS database

Stakeholder Responsibilities

Central Government Loans	Statutory & SOE Loans	Investments Div.
EMD	EMD	SOE System (SAPMIS)

Electronic Link

Loan details   Loan details

CS-DRMS (Housed at CBTT)

Disbursements   Debt Service   Disbursements, debt service   *Electronic Link*   *Electronic Link*
                  Actual transactions   Actual transactions

Central Government Loans	Central Government Loans	Statutory Loans	CBTT	CBTT
Treasury	Treasury	EMD	Government Securities	Exchange rates & interest rates

Maintaining the database in CS-DRMS

- Recording New Instruments – EMD

- Weekly inputting of exchange rates & interest rates - CBTT (interfacing with FAME)

- Recording of actual transactions (disbursements, debt service, fees):

  - Central Government loans – Treasury

  - Statutory Body loans – EMD

  - State Enterprise loans – Investments Division (manually until SAPMIS is implemented)

  - Government securities – CBTT (GSS interface)

Status/Accomplishments

- ✓ Installation of CS-DRMS at the Central Bank

- ✓ All loan agreements from 2005 manually entered

- ✓ Historical exchange rates & base interest rates migrated from DMFAS into CS-DRMS

- ✓ Central government & Statutory debt transactions from 2005 onwards

- ✓ Interface with GSS created and domestic securities successfully uploaded

- ✓ Extraction of actual external debt transactions from DMFAS for validation purposes.

Status/Accomplishments

- ✓ User training on loan interpretation & recording in CS-DRMS provided (on going)

- ✓ IT training provided (on going)

- ✓ Initial training on recording debt instruments

- ✓ Initial training on recording actual transactions

- ✓ Development of country reports (on going)

- ✓ Definition of roles & responsibilities (on going)

- ✓ CS-DRMS database validation (ongoing)

- ✓ Procedural Guidelines Manual (about to begin)

Challenges

Technical Challenges:

- Accessibility of database by EMD & Treasury – disruptions, printing of reports – partially resolved

- Lack of procedures for resolving technical problems – partially resolved

- Obtaining data on SOEs debt on a timely basis

- Instruments uploaded from GSS to CS-DRMS showed slight differences in characteristics when compared to the original GSS data.

Challenges

Sustainability Challenges:

- Governance Issues – ownership & maintenance of database

- Inadequate Staffing

- No defined roles & responsibilities for maintaining the database

- Updating of database on a timely basis

- Institutional framework & Capacity Building

The Way Forward

- Addressing Staffing Issues

- Building Capacity

- Development of a process & procedures manual

- CSDRMS working Group   - formed May 24, 2013

- Debt Management Committee – formed Feb 7, 2013

- Institutional reforms - ongoing

Thank You!

Composition of Total Public Debt

Share of Total Public Debt (%)

Pie chart segments:
- 57.6 % — CG Domestic Debt
- 11.8 % — CG External Debt
- 30.6 % — Contingent Debt