

**SOUTH PACIFIC REGION**  
**CS-DRMS USER GROUP COMMUNIQUÉ**  
**July 2007**

The first South Pacific Region CS-DRMS User Group Meeting (UGM) was held on Thursday 5<sup>th</sup> July 2007 in Port Moresby, Papua New Guinea. The inaugural user group meeting was held on the back of the South Pacific Regional Workshop on “Implementing Debt Techniques and Strategies Using CS-DRMS 2000+” in Port Moresby, Papua New Guinea from 25<sup>th</sup> June to 4<sup>th</sup> July 2007. A total of 21 participants from five out of eight user countries in the region attended the meeting. Countries represented in the User Group meeting include Fiji Islands, Papua New Guinea, Samoa, Solomon Islands and Vanuatu. Absentees were Cook Islands, Tonga and Nauru (this site is inactive). Officers of the respective countries present were either from the Ministry of Finance or the Central Banks. The Regional Advisor who moderated the meeting discussed the status of CS-DRMS project in countries not represented in the meeting, namely, Tonga, Cook Islands and Nauru.

The following topics were discussed during the UGM: -

- Debt Data Quality;
- Emerging issues in debt management in the South Pacific;
- Domestic Debt issues in the region;
- CS-DRMS User Support;
- Functional Structure and Systems for Debt Management;
- Commonwealth Secretariat (ComSec) Technical Assistance;
- Coverage of CS-DRMS in the region; and
- Future direction of Comsec’s debt management programme in the region.

**1. Debt Data Quality**

The respective countries noted that external debt data management in all countries remained satisfactory and credible. However, it was pointed out that the quality of domestic debt data needs improvement and some countries stated that reconciling domestic debt data with the accounting or general ledger posed significant problems. Domestic debt data recording in CS-DRMS is maintained only in Fiji, PNG, Tonga and Vanuatu.

**2. Emerging Issues in Debt Management in the South Pacific**

The meeting discussed a number of issues which impacted debt management in the region and highlighted the following:-

- a. Recent initiatives by some countries especially PNG to list their bonds in the stock exchange and the creation of secondary markets. Queries were raised whether CS-DRMS would be able to capture secondary market transactions;
- b. All countries agreed that debt management is a crucial area and expertise in risk analysis, risk assessment and management were emerging challenges especially for those countries intending to develop their domestic markets and improve the quality of the overall debt portfolio management;
- c. There are some issues regarding the use of the CS-DRMS domestic debt module which have been identified by PNG and Fiji. These issues will be brought to the attention of ComSec in a separate document.

### **3. Domestic Debt Issues**

Domestic debt issues in the region are gaining prominence as most countries are in the process of developing their domestic markets. PNG and Fiji issue domestic securities like treasury bills and fixed bonds on a regular basis, while other countries like Solomon Islands, Samoa, Tonga and Vanuatu are planning to further develop their domestic market. The meeting noted that nearly all countries lacked the technical knowledge and expertise in the management of the domestic securities markets. Thus capacity development and technical assistance in this area is urgently required. Frequent training on domestic debt management is therefore encouraged for the region.

### **4. CS-DRMS User Support**

The following issues pertaining to CS-DRMS User support were highlighted;

- a) Users expressed the need for more training to be organized on a regional basis and specific in-house training for individual countries;
- b) The regional advisers' work schedule should be made available to each country and the work schedule must include bi-annual visits to all the countries in the region;
- c) Due to time differences with London, countries in the South Pacific Region do not get rapid response to urgent queries due to the fact that London offices are closed during work hours in the Pacific region. Recommendations were put forward for the setting up of a network for the region to provide a venue for queries to be raised and answered within the South Pacific time zone;

- d) The idea of setting up a CS-DRMS website for the region was also highlighted as this would enhance communication amongst regional users as well as regional organizations.

## **5. Functional Structure and Systems for Debt Development**

ComSec's technical assistance should be geared towards debt analysis and portfolio management. It should take a closer look at debt management structures and systems in individual countries and assist countries in making recommendations on debt policies at the country level.

## **6. Coverage of CS-DRMS in the Region**

Samoa and Solomon Islands use CS-DRMS for recording and managing record external debt data only. Fiji, PNG, Tonga and Vanuatu are intensely using CS-DRMS to record and manage both external and domestic debt data. In addition, PNG uses CS-DRMS to record private debt and equity of private companies operating in the country. Tonga and PNG also uses CS-DRMS to record government onlending. The project is inactive in Nauru.

## **7. Future Direction of Commonwealth Secretariat in the Region**

The region would like ComSec to assist and/or improve on the following;

- Training to focus on more analytical concepts in debt management rather than on basic CS-DRMS updates;
- Training for Trainers workshops to generate a pool of regional experts;
- Attachments or secondments to ComSec in areas of debt management and CS-DRMS technical operations. Capacity building in these areas will increase regional expertise and the network proposed earlier in the communiqué will be better appreciated and utilized;
- The increased presence of ComSec in the region; and
- ComSec to work closely with the appointed steering committee on the above stated areas which the region needs assistance.

## **8. Interim Steering Committee**

The highlight of the meeting was the election of an Interim Steering Committee for the Pacific Region CS-DRMS User Group. Mr. Aloysius Hamou, First Assistant Secretary, Department of Treasury, Papua New Guinea was unanimously elected to be the interim Chairman of the Committee. Subject to confirmation and ratification by the respective

Governments, members of the interim committee are depicted in the table below.

Name	Country
Mr. Aloysius Hamou – Chairman	Papua New Guinea
Ms. Fiona Foliaki	Tonga
Ms. Noelani Tapu	Samoa
Mr. David Kui	Papua New Guinea
Mr. Cyrillus Teboua	Solomon Islands
Ms. Lucy Simon	Vanuatu
Ms. Wati Kanawale	Fiji Islands

The interim committee shall serve as a forum for dissemination of CS-DRMS related information in the region for the year 2007-08, and provide proactive suggestions to the DMS team in London on issues affecting the debt management project in the South Pacific.



*Submitted by the South Pacific CS-DRMS User Group*

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