

# **Management of Public Debt Risks**

Field Study Comparing between the Republic of

Yemen and the Kingdom of Jordan

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## **Introduction**

## **Preface**

Nowadays, the world is full of rapid changes in all financial and economical ranges, markets, and technology. It witnesses successive economical crises since 1997 especially the crisis that invaded the world in 2009. All of those undoubtedly have enormous direct impacts on the growth rates in all countries of the world totally and in the developing countries definitely. This situation increases the volume of challenges that encounter those countries and increases the volume of risks that confront those countries financially and economically.

Those crises and their risks affect negatively the volume of the financial flows like loans, aids, and investments...etc. Therefore, those countries have to manage those challenges and risks in a good form, observe them, and take what is necessary to limit their impacts and lessen the volume of costs and the volume of financial losses coming from those challenges and risks. Because of Yemen and Jordan from the countries needing financial resources to meet the improvement needs, they depend on rich and advanced countries and local investors to get those resources as follows:

- Investments
- Loans (external and internal public debt)
- Aids

These resources were affected by financial and economical variants and crises internally and externally and were affected by increasing the volume of loss risks of a big part of those resources.

Therefore, the topic of Public Debt Management was subjected to study and research in order to know how Yemen and Jordan manage Public Debt, how they manage Risks of Public Debt, and how they manage the impacting factors on the qualification and activity of Management of Public Debt Risks in order to present a group of suggestions and solutions to enhance the qualification and activity of Management of Public Debt Risks in Yemen and Jordan.

To achieve that, the researcher divided this research to three parts as follows:

### **First part:**

This part was devoted to cover the theoretical side about evaluating Management of Public Debt and its risk management and to stand on different kinds of risks in Public Debt field.

### **Second part:**

This part is about displaying and analyzing of results of the field study of numbers of variants related to Public Debt Management, Management of Public Debt Risks, obstacles, and recommendations about the qualification of Management of Public Debt Risks.

### **Third part:**

This part is about results of the study, recommendations, and suggestions, which, as the researcher sees, will contribute to enhance the qualification and activity of Public Debt Management and Management of Public Debt Risks in Yemen and Jordan.

### **Research Objectives:**

The research aims to the following:

- 1- Evaluating situations of Public Debt Management in Yemen and Jordan
- 2- Knowing how Public Debt Risks are managed in Yemen and Jordan
- 3- Knowing the obstacles obstructing Management of Public Debt Risks in Yemen and Jordan
- 4- Presenting numbers of recommendations which, as the researcher sees, may contribute to enhance and raise the qualification of Management of Public Debt Risks in Yemen and Jordan

### **Research Importance:**

The research importance focuses on the fact that it covers a very important subject related to Public Debt Management and its risks. In addition, the field researches in this side are very rare according to the knowledge of the researcher. Furthermore, the research importance is presented in a shape of a lot of challenges and risks that confront developing country economics. These challenges and risks affect the developing country ability to get resources and increase the loss volume that the developing country may suffer from unless it knows these risks and enhances its ability to strengthen the qualification and activity of its management to decrease those losses and risks.

### **Study Problem:**

In the context of rare financial resources, Yemen and Jordan resort to obtain those resources from external or internal markets to cover the gap between their available resources and their needs to finance the improvement needs. In this context, Yemen and Jordan resort to external borrowing from financial markets, countries, and numbers of international financial organizations.

They also may resort to internal borrowing from individuals and local institutions. Due to variants in the financial markets, the financial resources may subject to many risks and losses that affect the benefit volume from these financial resources. Consequently, these risks and losses affect on achieving the targeted growth rates and affect negatively on numbers of the other financial and economical indicators, for example, inflation, interest price rate, and currency prices.

From the above mentioned, this research seeks to answer the following questions:

- 1- What is the reality of Public Debt Management in Yemen and Jordan?
- 2- What is the situation of Management of Risks related to Public Debt Management in Yemen and Jordan?
- 3- What are the problems and obstacles of Public Debt Management in Yemen and Jordan?
- 4- What are the recommendations and suggestions that can develop Management of Public Debt Risks in Yemen and Jordan?

### **Study Suppositions:**

In a view of objectives and questions of the study, it could be possible to identify the study suppositions as the following:

- There are not differences with a statistics sign, about the reality of Public Debt Management, attributed to the organization and country kind that the sample individuals relate to.
- There are not differences with a statistics sign, about Management of Public Debt Risks, attributed to the organization and country kind that the sample individuals relate to.
- There are not differences with a statistics sign, about the obstacles of Management of Public Debt Risks, attributed to the organization and country kind that the sample individuals relate to.
- There are not differences with a statistics sign, about the recommendations and suggestions that can develop the activity and qualification of Management of Public Debt Risks, attributed to the organization and country kind that the sample individuals relate to.

### **Research Method:**

To achieve the study objectives and to answer the questions of this research, the researcher depended on the descriptive method to cover the theoretical side of Public Debt Management and the risks related to that. The researcher also depended on the field Study to cover the variants of Public Debt Management reality and Management of Public Debt Risks. In addition, he

depended on the obstacles and problems that obstruct managing Public Debt and its risks in Yemen and Jordan. The researcher would achieve the previous points by designing a questionnaire tool containing four variants and numbers of expressions in the following order:

No.	Variant	Numbers of expressions	Notices
1	The first variant is about the reality of Public Debt Management.	11	
2	The second variant is about Management of Public Debt Risks.	15	
3	The third variant is about the obstacles that obstruct Management of Public Debt Risks.	10	
4	The fourth variant is about the suggestive recommendations to develop Management of Public Debt Risks.	10	
Total of expressions		46	

### **Tool Truth:**

The researcher displayed the research tool (the questionnaire) in the following:

- Numbers of members of Public Debt Committee of INTOSI
- Numbers of specialists in the general management for controlling loans in the Central Organization for Controlling and Auditing

The researcher worked on getting benefits from the presented remarks and he adjusted the questionnaire according to that. Table numbers (1) is a credited questionnaire to cover the study.

### **The study community and sample:**

The study community contained:

- General Management for Controlling Public Debt in both of the Central Organization for Controlling and Auditing in the Republic of Yemen and the Kingdom of Jordan
- Specialist Management in Public Debt Management in both of the Central Bank in the Republic of Yemen and the Kingdom of Jordan

- Specialists in the international cooperation management of loans in the Ministry of Planning in the Republic of Yemen and the Kingdom of Jordan
- Specialists in Public Debt Management of the external and internal loans in the Ministry of Finance in the Republic of Yemen and the Kingdom of Jordan

In a view of that, the volume of the sample items, which we received their answers, reached the following:

- Table no.1 explains the sample volume:

Total	Ministry of Finance	Ministry of Planning and International Cooperation	Central Bank	High Controlling Organizations	Country
42	6	6	6	24	Yemen
11	8	1	1	1	Jordon
53	14	7	7	25	Total

It is worthy to say that the researcher received the following:

- 1- Only one questionnaire from the Mexican Organization
- 2- Tow questionnaires only from the Egypt Organization
- 3- Only one questionnaire from the Morocco Organization
- 4- Only one questionnaire from the Mauritanian Organization

Because the sample volume did not cover all the participant parts in Public Debt Management (High Controlling Organizations, Ministry of Finance, Ministry of Planning and International Cooperation, and Central Bank), the researcher did not analyze those questionnaires and he just analyzed the presented information and data from Yemen and Jordan.

From the previous table, we notice that the sample volume reached (53) items distributed in the following order:

- 1- 25 loan auditing specialists 47.2%
- 2- 14 specialists working in the loan management in Ministry of Finance 26.4%
- 3- 7 specialists in Public Debt Management in Central Bank 13.2%
- 4- 7 specialists in International Cooperation in Ministry of Planning (loans) 13.2%
- 5- It is noticed that the sample distributed between Yemen and Jordan where the number of the participants in the sample reached (42) with (79.2%) in the Republic of Yemen, while the number of the participants in the Kingdom of Jordan reached (11) items with (20.8%).



**Theoretical Frame of the Study:**

In the frame of the theoretical study, we will try to focus on three main points:

- 1- Public Debt Management concept and dimensions
- 2- Concept, objectives, and dimensions of Management of Risks
- 3- Kinds of Public Debt Risks

**First: Public Debt Management concept and dimensions:**

As we know, Public Debt presents in a specific moment the borrowing volume as D. Sherebel Nahas, the economics specialist, said in a lecture that he presented in Lebanon. He said that the debt is a cumulative phenomenon. Because the debt cumulates, it indicates the ability to live with a deficit, which means that the expenditure exceeds the incomes. Nevertheless, the problem is that the debt in a moment reaches a level that is difficult to manage. The debt has a special dynamic called the debt ring. If the year divest is added to the last year debt, the debt balance will increase beside its interest service. Consequently, the next year divest raises from divest to debt and from debt to divest, and so on.

It is really a cumulative phenomenon. In fact, the accumulation may be accelerated because the debtor risks rise with the increase of the debt and the interest rates become heavier.<sup>1</sup>

Then, the active tool to exit from the debt problem and to get benefit from the available resources with the required activity and qualification is depending on the scientific management scientifically and behaviorally. By depending on the management, the individuals and technical, human, and financial resources are directed to accomplish the desired objectives. The management role exceeds that to its huge responsibilities in achieving the general improvement.

The management represents a group of principles and scientific methods to fulfill definite objectives and results by an exemplary use of the available resources. Consequently, the management is a comprehensive system that has inputs, operations, and outputs beside an external and internal environment to this system.

This system contains the feedback as a significant component fulfilled by performing the auditing and evaluating operation.<sup>2</sup>

From this general concept of the management, we would try to stand on Public Debt Management concept as possible.

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<sup>1</sup> D. Sherebel Nahas, a lecture about the public debt in the shape of the world financial crisis in Beirut, Lebanon, Jan 2009.

<sup>2</sup> D. Belgasm Al-Abasi, the external debt management, the development bridge series, the Arabic Institute for Planning, Kuwait, issue ( 30 ), Jun, 2004( page 4 ).

The international work group, containing various parts in 1988, identified the debt as a value of the distributive and current liabilities at any period for residents in a specific country toward non-residents to pay a basis with or without an interest or to pay an interest with or without a basis.<sup>1</sup>

The public debt, containing many dimensions in the international and local level, requires an active management participating in helping the Government to avoid many problems and obstacles, to diminish the cost volume related to the debt, and to ensure a sensible and active use to those resources according to the developmental policies and objectives.

The public debt management consists of a preparation to pay the accrued interests and a preparation to consume the vouchers reaching their consumption date. These interests and vouchers need a special management in countries that Public Debt plays a role in the financial affairs specific to the Government after raising the value of these debts. (Free Encyclopedia, Wikipedia)

The debt means the economic debt that the state arranges. The state is just a carrier to the movement between the creditors and the debt economics.<sup>2</sup>

Therefore, the general purpose of Public Debt Management is to make the debt size in the limitations accepting to serve the management and to activate the use of the resources.

Consequently, Public Debt Management has two basic dimensions:

### **First dimension:**

It presents the economic dimension related to the general balances that affect the debt levels and indicators and vice versa.

From this view, Public Debt Management is a part of the general economic management.

### **Second dimension:**

It characterizes in the partial dimension and the composition of Public Debt Management as a part of the general management. Therefore, the active management duties of debt characterizes in drawing policies, enacting laws and regulation, defining the debt resources, and noting all of the financial flows related to the borrowing, controlling, and analyzing of Public Debt resources.

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<sup>1</sup> D. Belgasm Al-Abasi, the external debt management, the development bridge series, the Arabic Institute for Planning, Kuwait, issue ( 30 ), Jun, 2004( page 4 ).

<sup>2</sup> D.Sherebel Nahas, a lecture about the public debt in the shape of the world financial crisis in Beirut, Lebanon, Jan 2009.

Before that, it is important to indicate that Public Debt splits to external debt and internal debt.

The state can borrow from the following:

**-The domestic markets:**

The state borrows from the commercial banks, financial institutions, and non-financial institutions operating in the local market in addition to people.

**-The external markets (international markets):**

The country can borrow from the foreign Governments and the regional and international fund institutions and the country may resort to borrow due to many reasons.

The money that the country borrows is mainly to confront emergency cases to achieve many objectives when the public revenues do not cover the public expenditures. Those cases, objectives, economical improvement projects, and current expenditures require providing that money.

In general, we can say that the main reasons of Public Debt refer to the following:

- Increasing social and economical improvement needs
- Rarity of the available resources
- Divest in the public budget, trade balance, and payment balance
- Weakness of the privet sector role in the economical life
- Weakness of the regional and international investment flow volume
- Public Debt appears because of crucial monetary policies.

It is noticed that these functions are very connected and they are distributed between the high management and the (executive) operational management.<sup>1</sup>

Therefore, it is possible to summarize those functions in the following points:

- 1- Drawing the strategies and policies for Public Debt in a conformity with the economical strategy of the country and improvement objectives
- 2- Building the skeletal frame to regulate the debts, to issue the required legislations, to execute numbers of specializations related to identifying the legal and administrative arrangements founding Public Debt Management, and to build an appropriative organizing structure for Public Debt Management

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<sup>1</sup> For more information, you can refer to D. Belgasm Al-Abasi, the external debt management, the development bridge series, the Arabic Institute for Planning, Kuwait, issue ( 30 ), Jun, 2004( page 9-8 ).

- 3- Providing the human and material capabilities relating to a choice of specialized and qualified human resources having required skills in executing the duties of the notification, notation, analysis, control, and operations of Public debt
- Furthermore, a possibility of depending on the experts and consultants to offer the advice in Public Debt field and varies scopes such as computer systems, debt auditing, and debt tabulation operations
  - In addition, providing the human and material capabilities to achieve these duties and functions classified as one of the high management specializations

4- The duties of noting, analyzing, and controlling Public Debt require performing the following detailed specializations:

(a) Noting the debt

(b) Collecting the detailed data of every loan

(c) Defining the debt standards and required information kind to provide and collect ensured statistical data and information to analyze them

(d) Analyzing the debts:

By depending on the gathered data and information, this function cares of the general economical analyzing of the debt and studies the available choices in the local economics environment and the international environment.

- Furthermore, this function provides the continuing auditing of the debt effect on the budget and payment balance with identifying effects of the new loans.

In addition, this function cares of studying all the available financial tools and borrowing techniques, testing the loan skeletons and their conditions, and studying the skeleton return operations.

(e) Operation function consists of the entire duties and specializations of the borrowing, from the international markets, containing the negotiations, use of the debts, and debt service.

(f) Controlling function: it is an operation containing the entire borrowing stages to stand on the commitment level of the borrowing policies and strategies and the commitment range of the geographical and sectional distribution ceilings of the loans. In addition, the entire borrowing stages aim to control the entire negotiation side and the debt service, to make the debt terms suitable with the directions and policies, and to orient the debts and their use in their field and time.

It is wrongful to indicate that the controlling operation depends first and last on kinds of the debts and their operations. The above-mentioned functions locate within the operational and executive management specializations.

In a brief of the last mentioned, the duties and specializations of Public Debt Management contain the planning, direction, regulation, and controlling all kinds of loans. In addition, they contain the drawing of the policies, strategy, legislation, and regulation and collecting, analyzing, and controlling the information.

The public debt management aims to use the debts to serve the economical stability and growth and to raise the living level of the society with decreasing the costs and losses of the debts.

### **Second: Management of Public Debt Risks:**

First and before entering in the definition of the risk management concept, it is important to indicate that Public Debt Management concept correlates with another concept called Management of Public Debt Risks. The management of the risks and crises is considered as one of the modern and human sciences. It gets more importance in the recent time witnessing numbers of local, regional, and international variants that are so accelerated.

The WEBSTER dictionary defined the meaning of the crisis or risk as a critical period or an unstable state and as a detriment, sabotage, and harm.<sup>1</sup>

In the other hand, the Oxford dictionary defined the risk as an occurring capability of something by a chance resulting bad results and a loss.<sup>2</sup>

The writers and sciences disagreed in the definition of the risk and they divided to two teams:<sup>3</sup>

#### **The first team:**

It believes that the risk is a public phenomenon accompanying the considered and normal person when deciding the decisions during his daily life with a state of doubt and fair from the results of the decisions that he takes in a specific topic.

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<sup>1</sup>Tareg Allah Khan and others, the management of the risks, analyzing of the islamic financial industry cases, King Abed Al-Aziz University, bound (19), issue ( 2) 2006, Jeddah

<sup>2</sup> Last reference, page 2

<sup>3</sup> D. Mohammad Taha Aobid, the scientific management for the risk and insurance, the management magazine, bound(30), issue(4), page (96), April 1998, Egypt

### **The second team:**

It thinks that the risk is a potential of occurring a loss in the income and properties or the wealth in general, which affects the financial center because of a specific incident.

In addition, the team defines the risk essentially as the uncertainty of the income with the regard of all kinds of civilized, mental, and material risks. Furthermore, the risk is defined essentially as a potential of occurring a material loss. This definition is restricted to the only sheer economical risks. In fact, these risks and their levels have to be studied and controlled with the ability allowing specialists to manage these risks. In addition, the specialists have to decrease chances of confronting them.

The risk management also means that it is the accessing to defined methods to control the risk, limit their losses, and decrease the risk point with a less possible cost.

That requires achieving a perfect choice strategy for the risk management policies in the organization in order to keep the financial stability and protect the assets and resources with a less cost.

The risk management policies mean those scientific methods that have to be taken in mind when deciding the decisions to face any risk confronting the person and the organization. Those policies aim to prevent or decrease the volume of the potential and financial losses and then to limit the uncertain phenomenon.<sup>1</sup>

The risk management is defined as a completed system aiming to control the risk, to limit its repeat, to decrease the loss volume with better methods and less costs by discovering, analyzing, and measuring the risks, and to define methods to encounter the risks with testing the better methods to achieve the required purpose.<sup>2</sup>

In addition, the risk management is defined as a scope seeking to delete the pure risks like those related to the safety, fire, adventures, and security mistakes, to decrease these pure risks, and to control them with a feature enhancing the utilities and avoiding the harm of the meditated risks such as the financial investment risks, human resources, information technique strategy, and commercial businesses.<sup>3</sup>

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<sup>1</sup> D. Mohammad Twfeeg and others, the principles of the insurance and risk management, the academic book house, 2004, page (29)

<sup>2</sup> Your guide to the banking risk management in Azal, translation of Nabil Hashad, the dimensions of the Arabic Banks, Beirut, 2005, page (26)

<sup>3</sup> Alan Orange and others, the management of the risks, translation of D. Soror Ali Ibrahim, Al-Marikh House for publishing, Al- Read, 2007

It is noticed that this divination divides the risks to the following:

- Pure Risks
- Meditated Risks that we concern about
- Objections to the businesses, losses in the markets, losses in shares, and losses in the customer and common people confidence may follow these risks. In addition, the financial losses are covered in a direct and indirect form. In the worst conditions, the regulation may get harm.

Furthermore, the management of the risks is defined as a program or a scientific introduction to deal with the pure risks by anticipating the probable and accidental losses and designing and executing measures decreasing the possibility of occurring the loss or the financial trace locating in the minimum limit. It is added that operation steps of the risk management are the objective report to know the risks, risk evaluation, auditing, evaluation, and decision execution.<sup>1</sup>

### **Risk Management Objectives:**

The main objective of the risk management is to measure the risks to monitor and control them. The objectives of the risk management are summarized as the following:

- The risk management helps to improve the minimum limit attitude by decreasing the costs (prohibiting occurring of losses) and improving the entire success probability of businesses.
- Gaining a utility or affecting on canceling the risks, decreasing, and controlling them.

### **Risk Management Range:**

The risk management range is vast and depends on a choice of the main dimensions according to the person viewpoint affected probably by his training, qualifications, and membership in the vocational communities.

One ways to analyze the risk management range is to take the main dimensions in mind, which are the following:<sup>2</sup>

#### 1) Adventures and threats

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<sup>1</sup>Tareg Abed Al-Aal Hamad, the management of the risks, review of Abed Al- Athem Sager, the controlling magazine, Kuwait, the year (3), issue (10), 2007, page (54)

<sup>2</sup> Alan Orange and others, the management of the risks, translation of D. Soror Ali Ibrahim, Al-Marikh House for publishing, Al-Read, 2007



- 2) Internal and external risk environments
- 3) Risk management objectives
- 4) Risk management methods

From that, it can be said that Management of Public Debt Risks aims first and before every thing to lower the banking, financial, and economical risks and the market risks and to decrease the losses coming from those risks.

Furthermore, Management of Risks aims to provide the comprehensive and essential analyses for the entire risks, define, analyze them, and sit the related monitoring methods. The first step to implement that is to analyze a volume of the current debts and their skeleton regardless the exceptional changes in Public Debt skeleton as the following:<sup>1</sup>

- From the currency (the national currency and main currencies)
- From the circulation of the market (the market and others)
- The interest rates (their impact and continuation) according to internal standards to serve Public Debt and according to current and stable external standards.

In a way of the adjustment (by agents and direct payments)

- From the time skeleton (relating to all asset payments of Public debt)
- From the residents and non-residents
- From the ability of the main indicator of the debt
- From the owners of the debt liabilities (the individuals and considered institutions)
- From the debt period (short, medium, and long)
- From the debt tools (the budget divest fund or the targeted fund)

The active planning of the management of risks is not limited to manage the regular risks in the debt scope and to limit the deferent factor impacts when making decisions of Public Debt Management. The active planning also ensures an early warning of the threats in a suitable time, which the ability of enduring the external and internal debts faces.

### **The conclusion:**

- We notice the connection of Public Debt Management concept with Management of Public Debt Risks concept.
- From the last mentioned, it is noticed that the risks of Public Debt Management have an economical, financial, and administrative feature and they distinguish as follows:

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<sup>1</sup> Social documents, the public debt committee of the INTOSI, the offered paper from the Russian accounting organization, Ukraine, Oct, 2009

- (a) The risks represent a basic turning point affecting many economical, financial, and administrative indicators related to Public Debt.
  - (b) Those risks have negative effects characterizing in losses or a non-qualification of the perfect use of the available resources of the debts.
  - (c) Those risks impact hugely the liabilities required for the creditors.
- In addition, the risks appear with an obvious form because of the deviation off the typical standards of the debt and because of many reasons. Therefore, Management of Public Debt Risks aims to manage those risks according to the scientific methods requiring specialized competences and qualifications in these sides.

### **Third: kinds of Public Debt Risks:**

In the context of the last points, it is possible to count deferent kinds of risks of Public Debt. They have to be given an importance when managing the risks because their negligence would make huge damages and losses. Those damages appear in a form of objections against the businesses, losses in the markets, losses in the shares, and losses in the people and customer trust. Realizing the risks, which may cause losses, would lead as a result to raise the management qualification of those risks and magnify the political and financial revenues and interests and the investment revenues.

It is useful to say that the risks could appear in the local environment level. In addition, the external environment also may excrete them.

In the local environment side, the risks relate to the following:<sup>1</sup>

- Regulating skeletons
- Resources, Investment, and Finance
- Culture
- Realizing the risks
- The pecuniary, financial, and economical policies and strategies, businesses, and local markets

In the external environment side, the risks related to the following:

- Economics and Markets
- Public policy and legislations...etc
- International and financial markets
- Policies of the creditor countries

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<sup>1</sup>For more details you can refer to Alan Orange and others, the management of the risks, translation of D. Soror Ali Ibrahim, Al-Marikh House for publishing, A-l Read, 2007

The risks may be classified according to documents of Public Debt committee meeting of INTOSI, which indicates that it is suitable for those risks, in the context of the public debt management, to appear as follows:<sup>1</sup>

1-The risks according to the risk effect direction contain:

- (a) Direct risks: they are the borrowing risks from public.
- (b) Indirect risks (potential risks): they relate to the sharing borrowing from the private and public sectors and related to the potential finance return for these loans from the Government.

2-The risks related to the risk origin feature contain:

- (a) External risks: they relate to the external factors like changes in the external trade field affecting the policies that the Government follows in the borrowing range.
- (b) Local risks: they occur because of numbers of financial and economical factors, borrowing policies, the exchanging relation between the participant organizations in managing Public Debt, and other factors inside the country.

3-The risks according to their feature or general characteristic contain:

- (a) General risks: they appear because of numbers of negative variants in the international side in a field of the banking businesses and financial systems ...etc. These risks result in increasing the risks in the debt field and appear continuously.
- (b) Defined risks (incomprehensive risks): they appear in some kinds of debt liabilities.

4-The above-mentioned risks are distributed according to their origins as the following:

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<sup>1</sup> Social documents, the public debt committee, the offered paper from the Russian and Austere, Ukraine, Keeve, Oct 2009

- (a) General economical risks: they are coming from changes in the economics of the specific country, in the world economics, or even in some economical sectors. The most widespread kind of the general economical risks is caused by changes in the market, liquidity, and management level.
- (b) General political risks: they are resulted by the political and environmental changes affecting the public financial and economical fields and the available chances for the external and internal borrowing.

5- The general economical risks may be classified according to the origin and effect point as the following:

- (a) Development risks of the crisis operations (risks of financial crises): they result in developing, increasing the risks of Public Debt Management, and aggravating the public finance situation and the economical condition of the state in general.  
Fore example, the following:

- Exchange crisis risks and foreign exchange risks
- Debt crisis risks
- Banking crisis risks
- Liquidity risks

It is useful to mention that the risks of the crisis development, that are impossible to predict about, would result in developing the public risks of the debt management.

6- The economical risks can be classified as the following:

- (a) Foreign exchange risks: they are risks of losses caused by the opposite changes in the exchange prices.
- (b) Interest price risks: they are losses caused by changes in the interest prices.
- (c) Finance return risks: they are risks of losses caused by very unprofitable circumstances for the debt in order to return the current liability fund.

- (d) Price risks: they are risks that have the same feature as the finance return risks. However, they relate to the adjustments caused by the debt liabilities lastly and other operations of the financial Government papers in the issues exceeding the finance return sums or in the context of the exchanging operations.
- (e) Legal risks: they are risks caused by a change in the international law or the creditor legislations in addition to the risks related to the internal legislation weakness and the legal regulation of Public Debt.
- (f) Inflation risks: they are caused by the increasing volume of the Liabilities related to the inflation or those related to the changing price of the inflation.
- (g) Liquidity risks: they are risks that consider a wide explain of the finance return risk including the problems caused by the unconformity between the skeletons and liabilities.
- (h) Undefined liabilities: they are risks of the impossibility of defining the required size of the liabilities locating in the internal market with a reasonable price because of the market ability limitation and the liquidity rarity of the participants in the market.
- (i) Credit risks: they are losses that are possible to occur because of the non-acceptance of the liabilities as the state of the Governmental guarantees of Public Debt payment by the good delivery regardless the finance return operations of the emergency liabilities from the Government side.
- (j) Operational risks: they are risks caused by a non-qualification and non-experience of the human resources in Public Debt Management.
- (k) Replacement risks by sharing loans: they are risks caused by the necessity of offering the loans in a wide band in a limited environment in the market in identical times or in times better than those related to the sharing borrowing. Consequently, that causes to return the distribution of the resources and investors in the direction of the Governmental borrowing and decrease the borrowing chances of the sharing sector.

- (l) Liquidity absorption risks: they are risks caused by the non-integration and non-coordination between the financial and monetary policies when that becomes necessary to provide the liquidity in the monetary policy frame and to offer the enormous loans in the financial policy frame.
- (m) Concern contradiction risks: They are normally caused by the contradictions of interests and concerns between the executive authorities managing Public Debt and their clients in one side and the Governmental units responsible for operating the financial markets from another side.

In addition, there are other risks related to the sharing finance risks.

In general, the risks, facing the financial institutions depending on the debt system, are classified according to the following:<sup>1</sup>

- 1) Risks of market changes: they are public risks appearing because of the general change in the prices and policies and they are private risks appearing because of a change in prices of some assets and the currency tools.
- 2) Risks of the interest price change: that happens because of changing at the level of the interest prices in the market. These risks result losses when returning the evaluation of the liabilities and assets to credit their values. They are debts on the interest price in the market like bonds exactly. These risks require providing information systems from which we can know the interest rates on the assets, the cost rates of the liabilities, and the gap size between the assets and liabilities per currency when returning the price.
- 3) Credit risks: they are related to the solvency ability or stalling and they are caused by the insolvency in the due date because of a deficit or a deliberate stalling.

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<sup>1</sup> Tareg Allah Khan and others, the management of the risks, analyzing of the islamic financial industry cases, King Abed Al-Aziz University, bound (19), issue ( 2) 2006, Jeddah, page (8-113)

Mistakes of the employees in the field of Public Debt Management appear because they are not trained and their experiences are limited. In addition, the mistakes appear due to the absence of an obvious strategy for the debt, due to the risk management weakness, or due to the current economical situations like the inflation, contraction, or market movement unrest.

- 4) Exchange price risks: they appear because of the fluctuations in exchange prices of the foreign currencies, which are reflected in the asset value of the cash reserves in a foreign currency positively or negatively. The currency markets are classified as high risks and are very affected by the political and economical conditions in the country.
- 5) Liquidity risks: they happen because of the lacking of the inside cash flows in front of the outside cash flows and because of the failing of the country to liquidate any asset of its assets quickly without losses in its value.
- 6) Pricing risks: they relate to the changing in the asset prices according to the common circumstances in the market such as the demand and supply. The financial papers are considered as one of the most assets affected by the fluctuations occurring in the market in addition to the management mistakes. All of these affect the revenues and complex the attraction operation of new financial resources. These kinds of risks (1-6) called the financial risks.
- 7) Operational risks: they appear because of human mistakes due to the non-qualification or non-training in the work methods or because of technical mistakes due to disorders in the computers or communication devices.  
BAZAL committee classified these risks as loss risks caused by the non-conformity or the failure of the internal operations, individuals, and systems. The loss is due to external occurrences causing damage to the fixed assets or causing a loss of these assets due to normal disasters or other occurrences.<sup>1</sup>

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<sup>1</sup>Tareg Allah Khan and others, the management of the risks, analyzing of the islamic financial industry cases, King Abed Al-Aziz University, bound (19), issue ( 2) 2006, Jeddah, page (11)

- 8) Legal risks: they appear because of an appearance of unexpected liabilities or messing a side of an asset value of the assets. In addition, they appear because of the absence of the legislations ordering Public Debt, its size, and its skeleton and because of the unclear debt contracts and the mentoring sides related to the commitment of the contracts and agreements.
- 9) Political risks: they relate to the political changes and the state adoption of the economical reform program. Furthermore, these risks relate to the changes of adopting new financial policies or new cash policies. In addition, they appear because of occurring conflicts between the countries.
- 10) Non-commitment risks: they appear due to the ignorance of the international standards or due to the non-commitments. The borrowing policy affects the state ability or new financial resource attraction. These risks (7-10) are called non-financial risks.

We notice that this classification is not different from the classification of Public Debt committee last mentioned.



## **Displaying, analyzing, and discussing results of the field study:**

We will try, in the context of this research, displaying, analyzing, and discussing the sample opinions according to the study variants as follows:

### **First: displaying, analyzing, and discussing the sample opinions about the evaluation of Public Debt Management situations in the Republic of Yemen and the Kingdom of Jordan:**

This variant consists of (11) expressions showing the different sides of Public Debt Management according to the sample individual answers about those expressions that produce the following notices:

- (a) The researcher depend on the Licart Al-Kamas standard which defines the study sample answers as the following:  
(I totally agree (5) marks, I moderately agree (4) marks, I don't agree (3) marks, I moderately don't agree (2) marks, I totally don't agree (1) mark)  
Consequently, the paragraphs, that their arithmetic mean is more than (3) marks, indicate the acceptance. The paragraphs, that their arithmetic mean is the same or less than (3) marks, indicate the non-acceptance.
- (b) From the above mentioned and data of the table number 2, which reflect the sample opinions about Public Debt Management situations in the Republic of Yemen and present the non-acceptance of the expressions locating under this variant, we notice the following:
  - 1-The arithmetic mean values of these expressions equaled (2.6).
  - 2-The standard deviation values of these expressions equaled (0.968).
  - 3- The (T) test values of the expressions of this variant were negative and equaled (02.266).
  - 4-In addition, the sign level of the expressions equaled (30).
- (c) From that, we conclude that Public Debt Management situations in the Republic of Yemen suffer from the following:
  - There is not a law of Public Debt.

- There is not a defined and clear strategy. Therefore, defined policies and objectives of Public Debt Management do not exist.
- There are not an accounting system, clear measures, and defined and clear books and records to record kinds of operations of Public Debt.
- Weakness of the internal controlling system of Public Debt Management performance
- Public Debt Management suffers from a non-existence of a suitable regulating skeleton allowing this management to perform its duties and specializations with the required activity and qualification.
- Public Debt Management (PDM) also suffers from a rarity of trained and qualified human resources in the fields of Public Debt Management.
- There are not a coordination and integration between the responsible parties of Public Debt Management such as Central Bank, Ministry of Finance, and Ministry of Planning in the Republic of Yemen.
- Table number 2 contains the statistics analyzing results about the evaluation of Public Debt Management situations in both Yemen and Jordan:

No.	Expression	Country	Arithmetical mean	Standard deviation	Opinion direction	(T) test	Sign level
1	There is a law of Public Debt depended on when managing (PD).	Yemen	2.4	1.32	non - acceptance	-2.657	0.12
		Jordon	4.6	0.50	acceptance	10.76	0.000
2	Following a clear & defined strategy in the field of (PDM)	Yemen	2.5	1.18	non - acceptance	-2.677	0.11
		Jordon	4.3	0.90	acceptance	4.67	0.001
3	There are defined policies and aims in the field of (PDM).	Yemen	2.6	1.29	non - acceptance	-1.679	0.102
		Jordon	4.6	0.50	acceptance	10.76	0.000
4	There is a clear defined financial & accounting system depended on when managing (PD).	Yemen	2.8	1.20	non - acceptance	-1.246	0.221
		Jordon	4.6	0.50	acceptance	10.76	0.000
5	The management depends on clear defined steps in the field of (PD).	Yemen	2.6	1.18	non - acceptance	-1.981	0.055
		Jordon	4.5	0.52	acceptance	9.81	0.000
6	The management depends on clear defined records and books to record all operations of	Yemen	3.0	1.10	non - acceptance	0.000	1.000
		Jordon	4.5	0.69	acceptance	7.45	0.000

	(PDM).						
7	There are active internal control systems of the performance of (PDM).	Yemen	2.6	1.13	non - acceptance	-1926	0.062
		Jordan	4.5	0.52	acceptance	9.24	0.000
8	There is a suitable ordering skeleton making (PDM) perform its specializations with the required activity and qualification.	Yemen	2.5	1.11	non - acceptance	2.707	0.010
		Jordan	4.4	0.67	acceptance	6.71	0.000
9	(PDM) has an accurate & transparent informative system of (PDM).	Yemen	2.6	1.17	non - acceptance	-1.844	0.074
		Jordan	4.7	0.47	acceptance	12.26	0.000
10	(PDM) has trained & qualified human resources making it perform its specializations with the required activity and qualification.	Yemen	2.8	0.96	non - acceptance	-1.390	0.173
		Jordan	4.3	0.65	acceptance	6.53	0.000
11	There are a coordination & integration between the responsible parts of (PDM) in (MOF, CB, &MOIC...etc).	Yemen	2.5	0.97	non - acceptance	-2.919	0.006
		Jordan	4.3	0.47	acceptance	9.04	0.000
At the level of all variants		Yemen	2.6	0.968	non - acceptance	2.269	0.030
		Jordan	4.5	0.30	acceptance	16.63	0.000

(d) The sample opinions in Jordan indicate the acceptance that Public Debt Management situations were in a good level as the following points explain:

- The acceptance of all expressions of the variant of Public Debt Management situations where the arithmetic mean of the answers equaled (4.5) and a standard deviation equaled (30%). In addition, the test values of the entire expressions equaled (16.62) and a sign level equaled (0.00). Therefore, the sample opinions ended in the acceptance of the (11) expressions of Public Debt Management situations that represent the basis depended on when managing Public Debt in Jordan. (Look at the table number 2).

**Second: displaying and discussing the sample opinions about Management of Public Debt Risks in the Republic of Yemen and the Kingdom of Jordan:**

- Table number 3 contains the statistics analyzing results about the evaluation of Management of Public Debt Risks in Yemen and Jordan:

No.	Expression	Country	Arithmetical mean	Standard deviation	Opinion direction	(T) test	Sign level
1	(PDM) has an accurate & active system to predict kinds of (PDR). (Early warning system)	Yemen	2.6	1.08	non - acceptance	-2.32	0.026
		Jordan	3.8	1.08	acceptance	2.52	0.031
2	The management depends on clear tools and measures to limit the risks of (PDM).	Yemen	2.5	1.08	non - acceptance	-2.93	0.006
		Jordan	4.0	0.77	acceptance	4.28	0.002
3	The entire measures are taken to evaluate the risks of (PD) size & skeleton according to the international standards to limit those risks.	Yemen	2.5	1.03	non - acceptance	-2.92	0.006
		Jordan	3.7	0.79	acceptance	3.07	0.012
4	Evaluating the risks of the foreign exchange, interest prices, & finance return policies	Yemen	2.6	1.08	non - acceptance	-2.17	0.37
		Jordan	4.0	0.77	acceptance	4.28	0.002
5	Continuing the evaluation of the risks of (PDM) related to the size & costs of the debt & the long & medium fund & taking the suitable measures to limit those risks	Yemen	2.7	1.12	non - acceptance	-1.78	0.083
		Jordan	4.0	0.63	acceptance	5.24	0.000
6	(PDM) takes the entire reserves of the derivative transactions where they become related to true and existing transactions.	Yemen	2.6	1.16	non - acceptance	-2.16	0.037
		Jordan	3.9	0.53	acceptance	5.59	0.000

7	(PDM) cares of the evaluation of the risks caused by the variants in the external environment & their effect on the borrowing policies.	Yemen	2.6	1.18	non - acceptance	-2.12	0.041
		Jordan	3.8	0.60	acceptance	4.50	0.001
8	The internal auditing management takes a special care of the occurring variants in the environment of the banking works & economical & financial systems & their effect on the debt policies.	Yemen	2.4	1.05	non - acceptance	-3.33	0.002
		Jordan	3.7	0.47	acceptance	5.16	0.000
9	Evaluating the entire risks caused by the negative changes of the economics of the creditor countries & the effect of that on the credited borrowing policies	Yemen	2.4	1.05	non - acceptance	-3.66	0.001
		Jordan	4.0	0.77	acceptance	4.28	0.002
10	Evaluating continually the entire risks of the liquidity & system management & other factors and taking suitable measures to limit their impacts	Yemen	2.3	1.07	non - acceptance	-3.74	0.001
		Jordan	4.1	0.54	acceptance	6.71	0.000
11	Estimating the entire variants in the internal environment economically, legally, & politically in addition to the variants in the environment of the internal market skeleton	Yemen	2.3	1.14	non - acceptance	-3.81	0.001
		Jordan	4.3	0.47	acceptance	9.04	0.000
12	Evaluating the state ability to meet the liabilities caused by the external & internal borrowing	Yemen	2.9	1.04	non - acceptance	-0.32	0.751
		Jordan	4.5	0.52	acceptance	9.81	0.000
13	(PDM) works on evaluating the credited risks by returning the emergency finance from the Governmental side and taking the measures to avoid them in the suitable time.	Yemen	2.5	1.23	non - acceptance	-2.30	0.027
		Jordan	3.9	0.54	acceptance	5.59	0.000

14	Giving a concern to the operation risks caused by the non – qualification of the debt management	Yemen	2.3	1.10	non - acceptance	-3.65	0.001
		Jordon	4.3	0.79	acceptance	5.37	0.000
15	(PDM) works on taking the all-important measures to evaluate the liquidity absorption risks by a coordination of the cash & financial policies.	Yemen	2.6	1.02	non - acceptance	-2.44	0.020
		Jordon	4.3	0.79	acceptance	5.37	0.000
At the level of all variants		Yemen	2.5	0.93	non - acceptance	-3.11	0.004
		Jordon	4.0	0.45	acceptance	7.40	0.000

Through the data analyzing of the study sample opinions, about the variant of Management of Public Debt Risks, containing (15) expressions in the table number 3, we notice the following:

- (a) The sample opinions do not agree about the expressions of Management of Public Debt Risks in Yemen. That is clear from the following:
- The arithmetical mean values of the entire expressions equaled (2.5).
  - The standard deviation values of the entire expressions equaled (0.93).
  - The (T) test of the entire expressions was negative and equaled (-3.11).
  - The sign level of the entire expressions equaled (0.004).
- (b) All of that indicate that Management of Public Debt Risks in Yemen does not has an accurate and active system to predict Public Debt Risks like an early warning system.  
In addition, Public Debt Management does not has tools and measures depended on to measure the risks and to limit them. Furthermore, the risks are not evaluated by depending on the size and indicators of Public Debt to limit those risks according to the international standards.
- (c) Therefore, it is noticed the management weakness of Public Debt Risks of the foreign exchange, interest prices, and liquidity and finance return policies. In addition, these risks relate to the borrowing costs and volume and the finance in the long and medium range. Furthermore, they relate to taking the entire important reserves to limit the risks of the derivative transactions where they relate to truth transactions.

The risk management lacks the ability to evaluate the risks of the variants of the occurring changes in the external environment and their effects on the borrowing policies and the variants of the internal environment legally, economically, and politically ...etc.

(d) In the side of Public Debt Management Risks in the Kingdom of Jordan, it is noticed, by the data analyzing in the table number 3, the following:

- The data indicates that the sample opinions in Jordan ensure the agreement of the sample opinions about the entire expirations of this variant containing (15) expirations as the following:

- The arithmetical mean values of the entire expressions equaled (4.0).
- The standard deviation values of the entire expressions equaled (0.45).
- The (T) test of the entire expressions is negative and equaled (7.4).
- The sign level of the entire expressions equaled (0.000).

We conclude that the risk management in the Kingdom of Jordan stands on bases and considerations that make it manage Public Debt Risks and limit them in the perfect form.

**Third: displaying and discussing the sample opinions about obstacles of the risk management in the Republic of Yemen and the Kingdom of Jordan:**

- Table number 4 contains the statistics analyzing results about obstacles of the risk management in Yemen and Jordan:

No.	Expression	Country	Arithmetical mean	Standard deviation	Opinion direction	(T) test	Sign level
1	The duality of the authorities & specializations & non-coordination between the concerned parts are considered as the greatest obstacles of (PDM).	Yemen	4.3	0.99	acceptance	8.12	0.000
		Jordan	4.1	0.83	acceptance	4.35	0.001
2	There is not a law regulating the borrowing measures & policies of (PDM).	Yemen	4.3	1.02	acceptance	7.32	0.000
		Jordan	3.0	1.18	non - acceptance	0.000	1.000
3	There are not unified, clear, & accurate standards depended on to evaluate the qualification & activity of the external & internal borrowing operations of (PD).	Yemen	4.2	0.99	acceptance	7.42	0.000
		Jordan	3.5	0.52	acceptance	2.89	0.016
4	There are not financial and accounting systems in the scope of managing operations of (PD).	Yemen	4.2	0.82	acceptance	8.72	0.000
		Jordan	2.9	1.04	non - acceptance	0.29	0.779
5	There are not accurate informative systems in the scope of managing operations of (PD).	Yemen	4.1	0.77	acceptance	8.44	0.000
		Jordan	3.2	1.08	non - acceptance	0.56	0.588
6	Weakness of qualifications and abilities of the	Yemen	4.1	0.98	acceptance	0.588	0.000



	human resources working in the scope of managing operations of (PD)	Jordon	3.1	1.04	non - acceptance	0.29	0.779
7	There are not training programs for the human resources in the scope of (PDM).	Yemen	4.2	0.82	acceptance	8.72	0.000
		Jordon	3.4	1.21	non - acceptance	1.000	0.341
8	Weakness of the internal auditing systems in performing (PDM)	Yemen	4.3	0.79	acceptance	9.96	0.000
		Jordon	3.0	1.18	non - acceptance	0.000	1.000
9	Non-allowance of high controlling organizations to perform the completed control of (PDM) & external financed projects	Yemen	4.0	0.72	acceptance	7.14	0.000
		Jordon	2.6	1.43	non - acceptance	0.84	0.420
10	The workers in (PDM) are not able to predict the different risks in the scope of (PDM).	Yemen	4.4	0.65	acceptance	13.09	0.000
		Jordon	3.7	0.79	acceptance	3.07	0.012
At the level of all variants		Yemen	4.2	0.63	acceptance	11.46	0.000
		Jordon	3.2	0.74	non - acceptance	1.09	0.300

(a) Through analyzing the presented data in the table number (4) about the sample opinions of the obstacles of Public Debt Management in Yemen, it is noticed the following:

- The arithmetical mean values of the entire expressions equaled (4.2).
- The standard deviation values of the entire expressions equaled (0.65).
- The (T) test values of the entire expressions equaled (11.46).
- The sign level of the entire expressions equaled (0.00).
- All of that indicates that the opinion direction indicates the acceptance of the entire obstacles of Public Debt Management.

(b) The duality of authorities and specializations and non-coordination between the concerned parts in Public Debt Management in Yemen are presented as the greatest obstacles of the risk management specially and Public Debt Management generally according to the sample opinions. The arithmetical mean of this expression equaled (4.3) while the Standard deviation value of this expression equaled (0.99) and the (T) test value equaled (8.12) with a sign level equaled (0.00).

- (c) The absence of a law regulating the measures and policies of Public Debt in Yemen is concerned also as one of the greatest obstacles of Public Debt. The arithmetical mean of this expression equaled (4.3) and standard deviation equaled (1.02) while the (T) test equaled (7.32) with a sign level also equaled (0.00).
- (d) Next, the obstacles of Public Debt Management explained in the expressions number (3, 4, 7, 8, and 10):
- The workers in Public Debt Management are not able to predict the risks.
  - Weakness of internal auditing systems in performing Public Debt Management
  - There are not accounting systems in the scope of managing operations of Public Debt.
  - There are not unified, clear, and accurate standards depended on to evaluate the qualification and activity of the external and internal borrowing (Public Debt).
- (e) Regarding the sample opinions in Jordan about the variant of the obstacles of Risks of Public Debt Management in Jordan, they direct toward the non-acceptance of those obstacles coming under this variant. That is obvious through the table number (4) and the following points:
- The arithmetical mean of the sample opinions of the entire expressions reached (3.2).
  - The standard deviation of the sample opinions reached (0.74).
  - The (T) test value of the entire expressions was positive and equaled (1.09).
  - The sign level value equaled (0.30).
- (f) The duality of authorities and non-coordination between the concerned parts in Management of Public Debt Risks in Jordan are considered as the greatest obstacles of Public Debt Management. The arithmetical mean reached (4.1), standard deviation reached (0.83), (T) test value equaled (4.35), and sign level equaled (0.01).
- (g) Non-ability of the workers in Public Debt Management to predict the risks of public debt came in the second rank as one of the obstacles of Public Debt Management in Jordan. The arithmetical mean equaled (3.5), standard deviation equaled (0.79), (T) test value equaled (3.07), and sign level equaled (0.012).

- (h) The variant of non-existing of unified, clear, and accurate standards depended on to evaluate the qualification and activity of the borrowing operations was in the fourth rank of the risk management obstacles. The arithmetical mean equaled (3.5), standard deviation equaled (0.52), (T) test value was positive and equaled (2.89), and sign level equaled (0.016).

**Fourth: displaying and discussing the sample opinions about development factors of Management of Public Debt Risks in the Republic of Yemen and the Kingdom of Jordan:**

- Table number (5) contains the statistics analyzing results about development factors of Management of Public Debt Risks:

No.	Expression	Country	Arithmetical mean	Standard deviation	Opinion direction	(T) test	Sign level
	Necessity of issuing legislations & laws defining (PD) objectives & policies externally & internally	Yemen	4.5	0.69	acceptance	7.02	0.000
		Jordan	4.9	0.23	acceptance	50.22	0.000
2	Necessity of existing clear & defined standards depended on when evaluating a qualification range of operations of (PDM)	Yemen	4.6	0.50	acceptance	10.76	0.000
		Jordan	4.9	0.28	acceptance	41.03	0.000
3	Necessity of the integration & coordination between the concerned parties of (PDM) & ending the duality, which ensures roles of those parties in (PDM)	Yemen	4.6	0.50	acceptance	10.76	0.000
		Jordan	4.9	0.28	acceptance	41.03	0.000
4	Necessity of providing trained & qualified human resources in all aspects of (PDM)	Yemen	4.5	0.52	acceptance	9.24	0.000
		Jordan	4.8	0.38	acceptance	29.10	0.000
5	Necessity of adopting suitable training programs for (PDM) & predicting (PDR)	Yemen	4.8	0.40	acceptance	14.91	0.000
		Jordan	4.9	0.32	acceptance	35.56	0.000
6	Necessity of finding accurate informative, financial, & accounting systems in the field of (PDM)	Yemen	4.5	0.52	acceptance	9.24	0.000
		Jordan	4.9	0.28	acceptance	41.03	0.000
7	Necessity of building suitable regulating skeletons for (PDM) & making it do its duties & specializations with the required activity & qualification	Yemen	4.5	0.52	acceptance	9.81	0.000
		Jordan	5	0.17	acceptance	71	0.000

8	Activating internal control systems in all kinds of operations of (PDM)	Yemen	4.5	0.52	acceptance	9.81	0.000
		Jordon	5	0.00	acceptance	50.22	0.000
9	Activating the external auditing role ( the controlling organization role) in all kinds of the borrowing	Yemen	4.2	0.87	acceptance	4.49	0.001
		Jordon	4.9	0.23	acceptance	50.22	0.000
10	Necessity of existing active evidences in the field of (PDRM)	Yemen	4.7	0.47	acceptance	12.26	0.000
		Jordon	4.9	0.23	acceptance	83.46	0.000
At the level of all variants		Yemen	4.5	0.31	acceptance	16.65	0.000
		Jordon	4.9	0.14	acceptance	50.022	0.000

Through analyzing the presented data in the table number (5) about development factors of Public Debt Management in the Republic of Yemen, it is noticed the following:

(a) The sample opinions directed to the acceptance of the fact that the explained factors of (11) expressions will ensure the development of Management of Public Debt Risks in the Republic of Yemen. That is explained through the following:

- The arithmetical mean values of the entire expressions reached (4.9).
- The standard deviation values of the entire expressions reached (0.14).
- The (T) test of the entire expressions reached (71).
- The sign level of the entire expressions equaled (0.00).

That indicates that all the expressions represent development factors of Public Debt Management. We also conclude from the above-mentioned table that the important factors, ensuring the development of Management of Public Debt Risks in Yemen, are explained in the following:

- Activating internal controlling systems in all kinds of operations of Public Debt Management where the arithmetical mean for this factor equaled (5) with a standard deviation equaled (0.00) while the (T) test equaled (50.22) with a sign level equaled (0.00)

- Necessity of building suitable regulating skeletons for Public Debt Management allowing this management with its risks to do its duties and specializations where the arithmetical mean for this factor equaled (5) with a standard deviation equaled (0.17) while the (T) test equaled (71) with a sign level equaled (0.00)

- Necessity of issuing legal legislations ordering Public Debt Management objectives and policies externally and internally where the arithmetical mean for this factor equaled (4.9) with a standard deviation equaled (0.23) while The (T) test was equaled (83.46) with a sign level equaled (0.00)

- The expression of the necessity of existing active evidences in the field of Public Debt Management and Public Debt Risk Management came in the fifth rank where an arithmetical mean for this factor equaled (4.9) with a standard deviation equaled (0.23) while the (T) test equaled (83.46) with a sign level equaled (0.00)

From the last mentioned and the analyzing of the relation between Public Debt Management Risks and Public Debt Management situations in Yemen, it is possible to infer the following:

- Non-dependence on credited and clear measurements to limit Public Debt Risks was caused by:
  - The absence of Public Debt Management strategy
  - The absence of obvious measures, policies, and objectives of Public Debt Management
  - The absence of suitable regulating skeletons of Public Debt Management

The relation between those variants was strong regarding the sample opinions in Jordan. From analyzing the data listed in the table number (5), it is noticed the following:

- The sample opinions recorded a positive result toward the acceptance of the entire expressions. That is explained through the following:
  - The arithmetical mean value of the entire expressions reached (4.5).
  - The standard deviation value of the entire expressions reached (0.31).
  - The (T) test value is positive and reached (16.65).
  - The sign level of the entire expressions equaled (0.00).

Consequently, The sample opinions of the (11) expressions listed in the last table present important factors to improve Public Debt Management in Jordan.

**Conclusions:**

Table number (6) contains a comparative of the sample opinions in Jordan and Yemen about the study variants:

No.	Expressions	Yemen		Jordan		Test	Sign level
		Arithmetical mean	Indicator	Arithmetical mean	Indicator	F	
1	At the level of the (11) expressions of the special variant of (PDM) situations	2.5	Deny the expression	4.5	Acceptance	16.13	0.000
2	At the level of the (15) expressions of the risk management	2.6	Deny	4.5	Acceptance	16.63	0.000
3	At the level of the (10) expressions of the obstacles of (PDRM)	4.5	Acceptance and confirmation	3.2	Acceptance	16.63	0.000
4	At the level of the (10) expressions of the developmental suggestions & factors of (PDR)	4.5	Acceptance and confirmation	4.5	Acceptance and confirmation	3.63	0.116

From displaying and analyzing the previous data of the sample opinions in the Republic of Yemen and the Kingdom of Jordan about the study variants according to the table number (6), we conclude the following:

1) We realize that there are enormous differences about evaluating Public Debt Management situations by comparing the opinions of the tow samples of Public Debt Management situations in Yemen and Jordan. In the Yemeni experience, we notice that this administration is weak and needs several general elements to play an active role. In the other hand, we fined that Public Debt Management in Jordan according to the sample opinions is strong and depends on several and clear elements. Consequently, the administration plays an important role in managing Public debt. (You can see table number 2.)

2) We notice a difference between Public Debt Management situations in Yemen and Jordan by comparing the previous analyzing results about Management of Public Debt Risks in Yemen and Jordan. Management of Public Debt Risks in Jordan has all elements to manage the entire risks of Public Debt.

In the other hand, we see that this management in the Republic of Yemen needs such elements and bases to make it manage all kinds of Public Debt Risks.

3) Regarding the obstacles of Public Debt Management in Yemen and Jordan, the last data and analyzes demonstrate these common obstacles of Public Debt Management in the tow countries especially the things related to the duality of authorities, specializations, and duties and non-coordination between the concerned parties in Public Debt Management in the tow countries. In addition, the last data and analyzes demonstrate the non-existing of defined accounting systems in the scope of Public Debt Management and non-existing of specialized training programs for the human resources working in predicting the different risks in the scope of Public Debt.

4) Eventually, we notice the conformity between the study sample opinions in the tow countries about the developing factors and the activity and qualification rising of Management of Public Debt Risks in the tow countries. For example, we mention the following:

- Necessity of the integration and coordination between the concerned parties to develop Public Debt Risks Management, necessity of ending the duality in authorities and specializations between those parties, necessity of adopting suitable and specialized training programs for Management of Public Debt Risks , and necessity of predicting those risks...etc



## Results and Recommendations

We will take in this chapter the following:

### **First: the results:**

In the view of the analyzing and discussing of the sample opinions, the study reached the following results:

#### **- The test of the first supposition results:**

The test measures if there is an essential difference, about the reality of Public Debt Management, attributed to the country and organization kind that the sample individuals relate to.

The supposition states that there are not differences with a statistics sign, about the reality of Public Debt Management, attributed to the country and organization kind that the sample individuals relate to.

Table number 7 is a table of analyzing the contrast (ANOVA) and demonstrates the first supposition test results:

Non-existent supposition statement	Country	Arithmetical mean	Standard deviation	F	(F) sign	Result
There are not differences with a statistics sign, about the reality of Public Debt Management, attributed to the country and organization kind that the sample individuals relate to.	Yemen	2.63	0.968	38.683	0.000	Refusal of the non-existent supposition
	Jordan	4.49	0.297			

Through reading the results in the table number (7), it is demonstrated that the arithmetical mean of the sample individuals with their different regulating affinity about the reality of Public Debt Management in the Republic of Yemen reached (2.63). That indicates the weakness of the reality of Public Debt Management in the Republic of Yemen.

In the other hand, the arithmetical mean in the Kingdom of Jordan reached (4.49). That indicates that the reality of Public Debt Management in the Kingdom of Jordan is firm.

Because the counted (F) value was big and the (F) sign level was less than the credit level (0.05) where it reached (0.000), there are moral differences with a statistics sign , about the reality of Public Debt Management, between the organizations of Public Debt Management in Yemen and Jordan.

Consequently, the non-existent supposition is refused and the substituted opposing supposition is accepted. Therefore, there are differences with a statistics sign, about the reality of Public Debt Management, attributed to the country and organization kind that the sample individuals relate to.

**- The test of the second supposition results:**

The test measures if there is an essential difference, about Management of Public Debt Risks, attributed to the country and organization kind that the sample individuals relate to.

The non-existent supposition states that there are not differences with a statistics sign, about Public Debt Risks, attributed to the country and organization kind that the sample individuals relate to.

Table number 8 is a table of analyzing the contrast (ANOVA) and demonstrates the second supposition test results:

Non-existent supposition statement	Country	Arithmetical mean	Standard deviation	F	(F) sign	Result
There are not differences with a statistics sign, about Management of Public Debt Risks, attributed to the country and organization kind that the sample individuals relate to.	Yemen	2.52	0.930	25.775	0.000	Refusal of the non-existent supposition
	Jordan	4	0.448			

Through reading the results in the table number (8), it is demonstrated that the arithmetical mean about Management of Public Debt Risks in the Republic of Yemen reached (2.52). That indicates the weakness of Public Debt Risks management in the Republic of Yemen.

In the other hand, the arithmetical mean of the same topic in the Kingdom of Jordan reached (4.00). That indicates the strength of Management of Public Debt Risks in the Kingdom of Jordan.

Because the counted (F) value was big where it reached (25.775) and (F) sign level was less than the credit level (0.05) where it reached (0.000), there are mental differences with a statistics sign about the level of Management of Public Debt Risks between the organizations of Public Debt Management in Yemen and Jordan.

Consequently, the non-existent supposition is refused and the substituted opposing supposition is accepted. Therefore, there are differences with a statistics sign, about Management of Public Debt Risks, attributed to the country and organization kind that the sample individuals relate to.

**- The test of the third supposition results:**

The test measures if there is an essential difference, about the obstacles of Public Debt Management risks, attributed to the country and organization kind that the sample individuals relate to.

The non-existent supposition states that there are not differences with a statistics sign, about the obstacles of Management of Public Debt Risks, attributed to the country and organization kind that the sample individuals relate to.

Table number 9 is a table of analyzing the contrast (ANOVA) and demonstrates the third supposition test results:

Non-existent supposition statement	Country	Arithmetical mean	Standard deviation	F	(F) sign	Result
There are not differences with a statistics sign, about the obstacles of Management of Public Debt Risks, attributed to the country and organization kind that the sample individuals relate to.	Yemen	4.20	0.627	17.798	0.000	Refusal of the non-existent supposition
	Jordan	3.2	0.745			

Through reading the results in the table number (9), it is demonstrated that the arithmetical mean about the obstacles of Management of Public Debt Risks in the Republic of Yemen reached (4.20). That indicates the strength of the obstacles in Management of Public Debt Risks in the Republic of Yemen. In the other hand, the arithmetical mean of the same topic in the Kingdom of Jordan reached (3.25). That indicates the rarity of the obstacles in Management of Public Debt Risks in the Kingdom of Jordan.

Because the counted (F) value was big where it reached (17.798) and (F) sign level was less than the credit level (0.05) where it reached (0.000), there are mental differences with a statistics sign about the obstacle level of Public Debt Management Risks between the organizations of Public Debt Management in Yemen and Jordan.

Consequently, the non-existent supposition is refused and the substituted opposing supposition is accepted. Therefore, there are differences with a statistics sign, about the obstacles of Public Debt Risks, attributed to the country and organization kind that the sample individuals relate to.

**- The test of the fourth supposition results:**

The test measures if there is an essential difference, about the suggestions and recommendations ensuring the development of the activity and qualification of Management of Public Debt Risks, attributed to the country and organization kind that the sample individuals relate to.

The non-existent supposition states that there are not differences with a statistics sign, about the suggestions and recommendations ensuring the development of the activity and qualification of Management of Public Debt Risks, attributed to the country and organization kind that the sample individuals relate to.

Table number 10 is a table of analyzing the contrast (ANOVA) and demonstrates the fourth supposition test results:

Non-existent supposition statement	Country	Arithmetical mean	Standard deviation	F	(F) sign	Result
There are not differences with a statistics sign, about the suggestions and recommendations of the development of Management of Public Debt Risks, attributed to the country and organization kind that the sample individuals relate to.	Yemen	4.93	0.139	3.009	0.09	Acceptance of the non-existent supposition
	Jordan	4.55	0.211			

Through reading the results in the table number (10), it is demonstrated that the arithmetical mean about the suggestions and recommendations of the development of Management of Public Debt Risks in the Republic of Yemen reached (4.93). From the viewpoint of the concerned organizations of Public Debt Management in the Republic of Yemen, it is indicated that these suggestions are important in developing Public Debt Risk Management. In the other hand, the arithmetical mean of the same topic in the Kingdom of Jordan reached (4.55). From the viewpoint of the concerned organizations of Public Debt Management in Kingdom of Jordan, it is indicated that these suggestions are important in developing Public Debt Risk Management.

Because the counted (F) value was small where it reached (3.009) and (F) sign level was more than the credit level (0.05) where it reached (0.09), there are not mental differences with a statistics sign about the importance of these suggestions in developing Public Debt Management between the organizations of Public Debt Management in Yemen and Jordan.

Consequently, the non-existent supposition is accepted and the substituted opposing supposition is accepted. Therefore, there are not differences with a statistics sign, about the suggestions and recommendations ensuring the development of Management of Public Debt Risks, attributed to the country and organization kind that the sample individuals relate to.

The difference, in the view between the organizations of Public Debt Management in Yemen and Jordan, was about the importance of the suggestions. For example, we find a group, in the organizations of Public Debt Management in Yemen, says that these suggestions are important and necessary. In the other hand, the organizations of Public Debt Management in Jordan are varying according to the importance and strength of these suggestions. However, in the realty and with the return to the results in the table number (7), these suggestions are important and necessary in developing Management of Public Debt Risks.

## Recommendations

In the view of the study results, the researcher recommended the following:

- 1- It is necessary to give an exceptional concern to Public Debt Management generally and Management of Public Debt Risks especially because that has an exceptional importance regarding the Republic of Yemen and the Kingdom of Jordan. These tow countries are of the developing and poor countries needing more debts with a lees cost and lees risks also. Therefore, the targeted development and improvement will happen and the necessary policies, aims, and strategies of the field of Public Debt will come into existence.
- 2- There are many obstacles, related to Management of Public Debt Risks, the study results explained, we should take seriously and sit suitable solutions for with a warranty of raising the qualification of Management of Public Debt Risks in both countries.
- 3- The study recommends issuing the necessary legislations and the law that defines the objectives and policies of Public Debt in both countries.
- 4- The study recommends for the necessity of depending on clear, credited, and defined standards when evaluating the qualification range of Public Debt operations and Public Debt Management in both countries and the study also recommends for the necessity of existing active evidences in the range of Management of Public Debt Risks.
- 5- The study recommends for the necessity of finding the integration and coordination between the concerned parties of Public Debt Management and ending the duality in the duties and specializations in the scope of Public Debt Management and Public Debt Risks in Yemen and Jordan with a warranty of raising the performance qualification of all parties.
- 6- The study recommends for the necessity of giving more efforts to provide the trained and qualified human component for Public Debt Management and Management of Public Debt Risks because that has a maximum importance in rising the ability and qualification of both countries in the field of Public Debt Management and the field of managing the varies risks of Public Debt.

In this respect, it is important to implement the following:

- Developing the appointment and examination systems for the employees in this field
- Polishing their abilities and skills by training them to do the entire borrowing operations and the different risks

7- The study recommends for the necessity of developing the accounting systems and information systems in the field of Management of Public Debt Risks.

8- The study recommends for the necessity of building the suitable regulating skeletons for Public Debt Management in order to raise the abilities of Public Debt Management and Management of Public Debt Risks in both countries.

In this regard, the researcher sees that Yemen and Jordan have to study the possibility of building an independent agency or institution that has defined objectives and specializations for Public Debt Management and Public Debt Risks with ensuring the perfect use of the available resources with a transparency. In addition, the researcher sees the necessity of providing the qualified and specialized human and material abilities in the field of the risk management and the best system management of this significant field.

9- The necessity of taking a special care to activate the internal auditing administrations in the entire operations of Public Debt and the performance of Public Debt Administrations

10- Activating the external auditing role (the high monitoring organizations) in the entire operations of the external and internal borrowing with ensuring the perfect use of the available financial resources to fight corruption



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