

Debt Management Facility

*Expert Advice on Public Debt Management
for Developing Countries*

May 2023



Debt financing is an important tool for development – when it is transparent, well-managed, and used in the context of a credible macro-fiscal policy. Sound public debt management plays a critical role in meeting the government's financing needs in a timely fashion, helping ensure lowest possible debt servicing costs over the medium- to long-term at a prudent degree of risk.

About the DMF

The **Debt Management Facility** (DMF) is a multi-donor trust fund administered by the World Bank and jointly implemented by the World Bank and International Monetary Fund. It provides expert advice on public debt management to 86 developing countries.

The DMF's objective is to strengthen public debt management by reducing debt-related vulnerabilities and improving debt transparency. It does so through capacity building activities, including the design and application of tailored advisory services and technical assistance, applied analytical work, trainings, webinars and peer-to-peer learning.



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Expansion of Offerings

Launched in 2008, the DMF has progressively expanded support on public debt management to address evolving needs of countries. The latest phase, DMF III, was launched in 2019 and has been implemented as of 2020.

DMF III introduced several activities to help countries enhance debt transparency outcomes, such as technical assistance on debt reporting and monitoring, debt-related contingent liabilities and other relevant fiscal risks. DMF III also scaled up capacity development to support countries in their efforts to implement debt management reforms. Further, DMF III enhanced focus on results and on adopting a programmatic approach to support countries enhanced debt management outcomes – from assessment to implementation.

Key Milestones



DMF Activities

- Debt Management Performance Assessment (DeMPA)
- Debt Management Reform Plans
- Medium-Term Debt Management Strategy (MTDS)
- DMF Stakeholders’ Forum
- Debt Managers’ Network (DMN)
- Debt Managers Practitioners’ Program (DMPP)

Added in 2014

- Low-Income Country Debt Sustainability Framework (LIC DSF)
- Domestic Debt Market Development (DDMD)
- Cash Management
- Guarantee Management
- International Capital Market Access
- Risk Management
- Annual Borrowing Plan (ABP)
- Asset Liability Management (ALM)

Added in 2019

- Debt Reporting and Monitoring
- Debt Related Contingent Liabilities and Relevant Fiscal Risks
- Legal, Institutional and Operational Frameworks for Debt Management
- Bilateral Debt Sustainability Analysis Training
- Innovative Outreach Programs, such as with Parliamentarians
- Debt Managers’ Workshop

Advisory Services

DMF offers customized, high-quality advisory services to strengthen debt-management capacity, institutions, and processes in eligible countries. It responds to country demand, through the design and application of analytical tools and the delivery of in-person and remote technical assistance.

Improving Governance and Institutions

The DMF provides Debt Management Performance Assessment (DeMPA) diagnostic tools, both at the sovereign and at the subnational level. The DMF also provides technical assistance to design Debt Management Reform Plans that lay out a detailed, sequenced, country-owned, capacity-building project program. It also advises on the design of institutional arrangements to strengthen institutional and legal frameworks for debt management.

Enhancing Strategy and Policy

The DMF provides technical assistance in the design and implementation of debt-management strategies. The technical assistance ranges from strategy formulation and cost-risk analysis using the Medium-Term Debt Management Strategy (MTDS) tool, to strategy implementation through Annual Borrowing Plans, Liability Management Operations, Asset and Liability Management and Cash Management advisory.

Developing Debt Markets

The DMF delivers advisory services to support countries in diversifying their funding sources by developing domestic government-securities markets and improving access to international markets in line with sound debt-management practices.

Boosting Debt Transparency

The DMF works with countries to improve their debt transparency outcomes. This work includes (i) technical assistance on debt reporting and monitoring activities; (ii) advisory services to assist countries in identifying and managing debt-related contingent liabilities and fiscal risks, and related tools such as the Public-Private Partnerships Fiscal Risk Assessment Model (PFRAM) and Framework for Guarantees; and (iii) training on Debt Sustainability Analysis and the Debt Sustainability Framework for Low-Income Countries.

Training

The DMF offers comprehensive training on globally recognized frameworks, related analytical tools, and sound practice on public debt management topics. The regional, customized, week-long, in-person or virtual workshops are complemented with innovative modalities of delivery such as facilitated or self-paced online courses and interactive tools.

- In-person and/or virtual workshop
- E-learning course
- MOOC (Massive Online Open Course)

- ● **Debt Management Performance Assessment (DeMPA)** training familiarizes participants with the comprehensive set of debt management performance indicators (DPIs) for assessing debt management functions in their countries and the latest DeMPA tool.
- ● **Medium-Term Debt Management Strategy (MTDS)** training strengthens capacity in analyzing the characteristics of a government debt portfolio and developing a medium-term debt management strategy. It explains the joint World Bank-IMF MTDS framework and provides comprehensive training on the accompanying analytical tool. A refresher workshop with a focus on the additional changes of the latest MTDS analytical tool (cash buffers, liability management operations, and inflation-linked bonds) is also available as is a complementary interactive manual.
- **Domestic Debt Market Development training** builds capacity in the fundamentals of domestic borrowing programs—such as instrument choice, volumes, maturity, and pricing; issuance mechanisms; primary dealer framework; secondary bond market; investor base; liability management operations; communication strategies; and the Issuance Planning Analytical Tool (IPAT).

- **Legal Aspects of External Debt Obligations** training builds capacity on legal aspects of sovereign debt management to inform participants about sovereign-debt market structure and regulation, debt contract negotiation, credit enhancement, and debt restructuring, among other matters.
 - **International Bond Issuance** training puts the issuer in the driver's seat when issuing international bonds, takes participants through the issuance process, and provides guidance on operational matters as well as issues related to pricing of international bonds.
 - ● **Debt Sustainability Framework for Low-Income Countries (LIC DSF)** training provides an overview of the World Bank-IMF LIC DSF, to help low-income countries achieve their development goals while minimizing the risk of debt distress. It also familiarizes the participants with the LIC DSF tool and the steps involved in its application. A complementary Interactive Guide is available.
 - **Market Access Country Debt Sustainability Analysis (MAC-DSA)** course delivers customized training to Ministry of Finance officials to support drafting the public debt borrowing and debt-repayment plans using the MAC-DSA Excel-based tool. Forthcoming in 2022.
 - **Public Debt, Investment, and Growth** course explains how to analyze the relation between public investment, growth, and public debt dynamics, using two dynamic structural models: the Debt, Investment, and Growth (DIG) model and the Debt, Investment, Growth and Natural Resources (DIGNAR) model.
- Other training:** the DMF also offers extensive training on other debt management areas such as debt and cash management, asset and liability management, and debt reporting and monitoring.

Peer-to-peer Activities

The DMF offers various peer-to-peer learning programs to serve as an impetus for successful reform implementation. These activities provide opportunities for countries to share learnings and experiences with peers and understand how other countries have tackled the similar challenges so they can derive lessons learned and apply them in their own context.

- The **Debt Manager Practitioners' Program (DMPP)** enables government officials from debt management offices in eligible countries to be seconded to the World Bank for three-month assignments to be a part of the DMF's work program.
- The **DMF Stakeholders' Forum** brings together senior debt managers, economic policymakers, academics, members from international organizations, market participants and independent consultants to discuss strategies and policies to manage debt, assets, risk, and funding as well as to share experiences and network.
- The **Debt Managers' Network** is a community of government debt-management practitioners aimed at sharing experience, exchanging information, and helping to foster peer learning through virtual meetings for information sharing and discussions. The program has offered varied webinars over the years on topical debt-management issues to share knowledge and build lasting capacity.
- **Debt Managers Workshops:** targeted, two-day workshops bringing together debt managers from a select group of countries to focus on one specific topical debt management issue and share their experiences. Under World Bank facilitation, country representatives discuss their current challenges and methodologies about the topic and produce a knowledge-sharing document to summarize the learnings.
- **Innovative Programs:** the DMF leads innovation to expand outreach beyond ministries of finance and central banks to include key stakeholders with a role in debt management: parliamentarians and auditors. As parliaments play formal roles in approving and overseeing management of public debt, the Parliamentarians Outreach pilot program builds debt-management capacity among Parliamentarians through workshop and peer-to-peer events.

Debt Management Practitioners' Program

Under the Debt Management Practitioners' Program (DMPP), officials from DMF-eligible countries are given an opportunity to receive an in-depth training on the debt management tools (DeMPA, DSA, MTDS) in Washington D.C. The program is a three-month long assignment and officials from all LICs are eligible to apply. The selection criteria is pertinent to official's debt management responsibility, level of seniority, and academic credentials.



Muriel Princess Stuart

"I was delighted to join the World Bank team who delivered a fruitful debt management reform plan mission for Nepal. The mission was timely and gave me an opportunity to not only establish contacts with colleagues from the Nepal's debt office, but also to share my experience from Dominica and suggest actions that proved to be successful to support debt management function. Upon my return, I will share the knowledge gained over the past three months and propose how to better manage debt."

Muriel Princess Stuart is from the small island of the Commonwealth of Dominica, where she has been working in the Debt Unit of the Ministry of Finance.



Daniel Tilahun Wolde

"It was a great privilege and honor for me to be part of the DMPP. The knowledge sharing and daily collaboration with the WB debt management experts and colleagues from the office are an invaluable experience. An opportunity to share Ethiopia's experience during a debt management reform plan in Nepal made me realize that knowledge sharing, and small, but well-planned steps to strengthen debt management function are the key to establishing a debt unit that strives to continuous learning and produces excellent outputs."

Daniel Tilahun Wolde is the Head of the Debt Analysis Team of the Debt Management Directorate in the Ministry of Finance of Ethiopia.



Paul Sikazwe

"I joined the Debt Management Practitioners' Program (DMPP) from Zambia's Debt Management Office in hope to gain first-hand insights on the latest debt management practices. After having spent three months with the WB debt experts, I am returning home with a large agenda and plans to share my newly gained knowledge with colleagues at home. I was fortunate to have access to a continuous, three- months long mentoring by the best debt experts from the field and to have access to numerous World bank seminars and knowledge sharing events. The DMPP truly exceeded all my expectations and I have enjoyed participating in the MTDS training mission (Pakistan)."

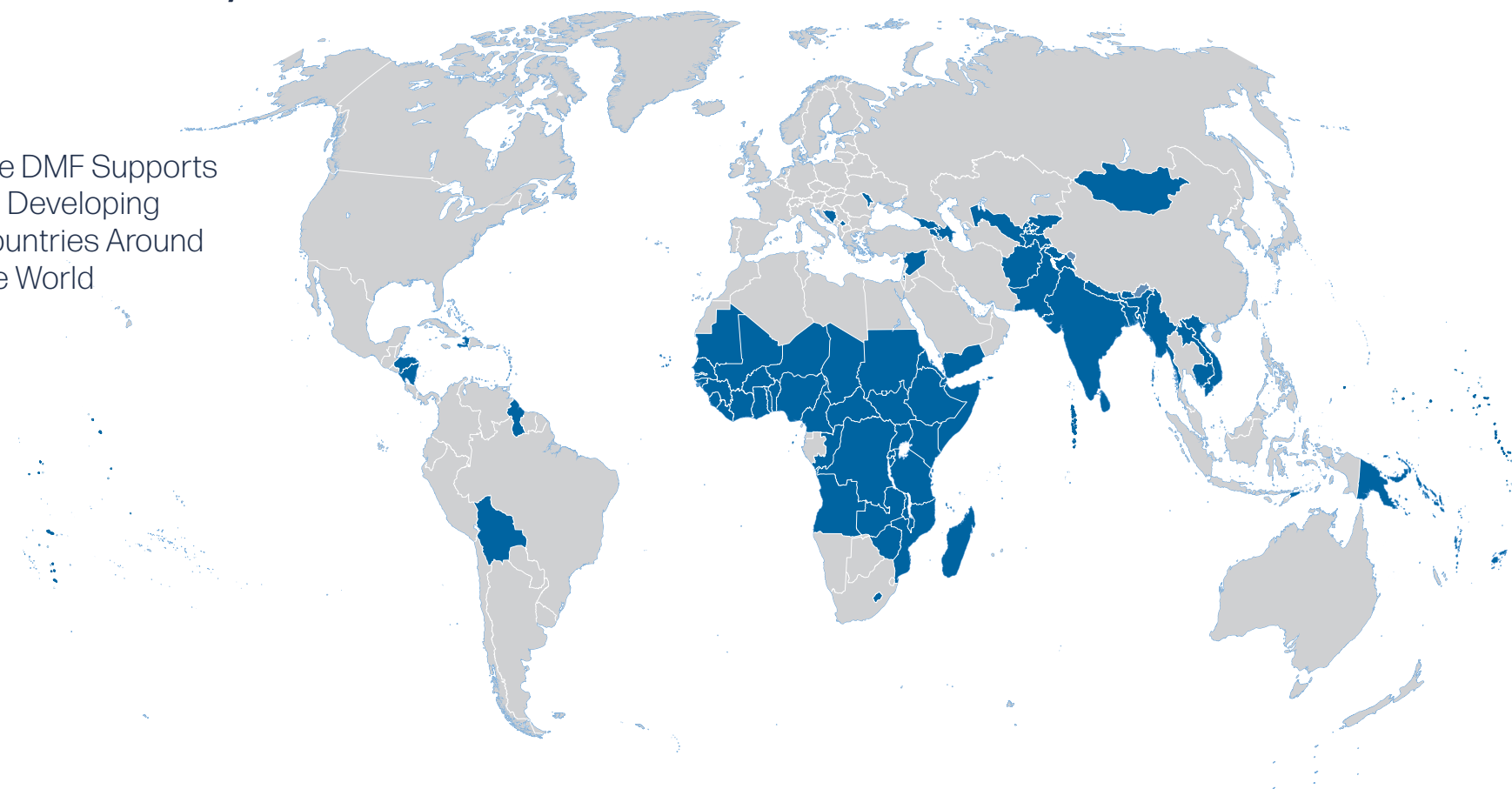
Paul Sikazwe is a Senior Economist in the External Debt Management Department, Ministry of Finance, Zambia.



Photo: Andrea Borgarello | World Bank

DMF Beneficiary Countries

The DMF Supports
86 Developing
Countries Around
the World



Afghanistan
Angola
Armenia
Azerbaijan
Bangladesh
Benin
Bhutan
Bolivia
Bosnia and Herzegovina
Burkina Faso
Burundi
Cabo Verde
Cambodia
Cameroon
Central African Rep.

Chad
Comoros
Congo, Dem. Rep.
Congo, Rep.
Côte d'Ivoire
Djibouti
Dominica
Eritrea
Ethiopia
Fiji
Gambia, The
Georgia
Ghana
Grenada
Guinea

Guinea-Bissau
Guyana
Haiti
Honduras
India
Kenya
Kiribati
Kosovo
Kyrgyz Rep.
Lao PDR
Lesotho
Liberia
Madagascar
Malawi
Maldives

Mali
Marshall Islands
Mauritania
Micronesia, Fed. Sts.
Moldova
Mongolia
Mozambique
Myanmar
Nepal
Nicaragua
Niger
Nigeria
Pakistan
Papua New Guinea
Rwanda

Samoa
São Tomé and Príncipe
Senegal
Sierra Leone
Solomon Islands
Somalia
South Sudan
Sri Lanka
St. Lucia
St. Vincent and the
Grenadines
Syrian Arab Rep.
Sudan
Tajikistan
Tanzania

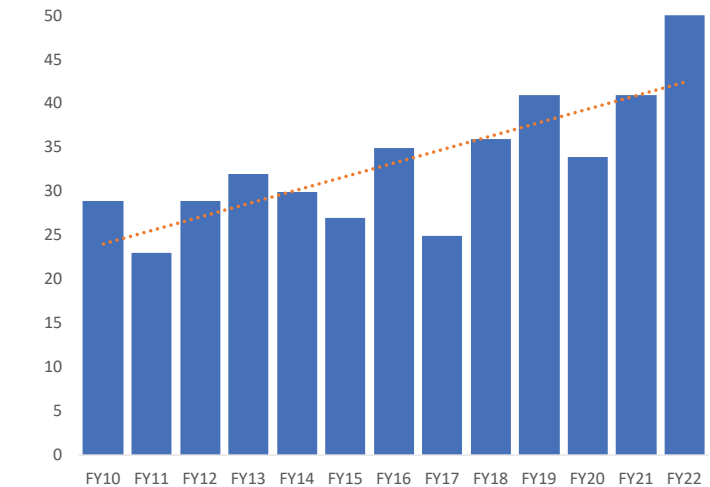
Timor-Leste
Togo
Tonga
Tuvalu
Uganda
Uzbekistan
Vanuatu
Vietnam
West Bank and Gaza
Yemen, Rep.
Zambia
Zimbabwe

DMF Impact

The DMF has created a tangible impact inon debt-management practices across the countries it serves. Since its inception, the DMF has responded to demands from over 83 countries and regional entities, and 20 subnational governments via more than 463 technical assistance activities.¹

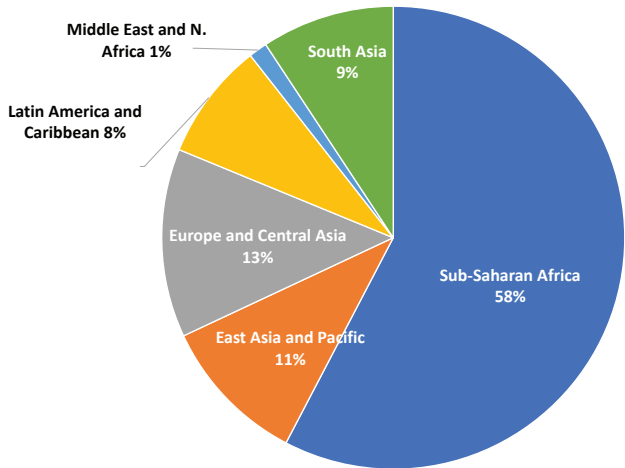
¹ As of end-December 2022

Number of DMF TA per Fiscal Year



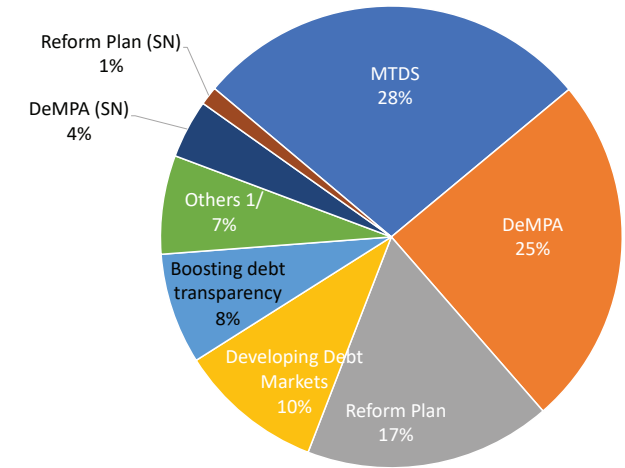
Source: DMF Secretariat, as of end-June 2022. DMF Annual Reports. Federal and Subnational TA.

DMF TA Activities by Region



Source: DMF Secretariat, as of end-June 2022. DMF Annual Reports. Federal and subnational TA.

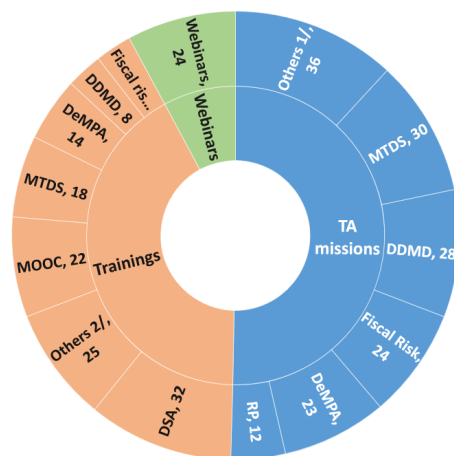
Share of TA by Type



Source: DMF Secretariat, as of end-June 2022. DMF Annual Reports. Federal and subnational TA. SN = subnational.

1/ Includes TA on cash management, debt management strategies and implementation, debt management institutions, and duaratee and on-lending framework.

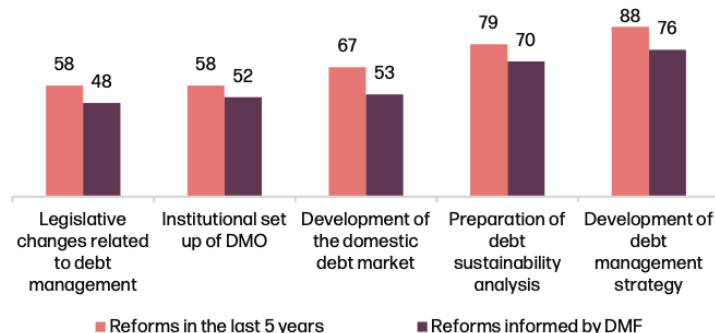
Number of DMF III Activities (FY20 - 6 months of FY23)



Sources: DMF Secretariat, as of end-December 2022. DMF Annual Reports, and DMF Newsletter. DeMPA = Debt Management Performance Assessment; DSA = Debt Sustainability Analysis; DDMD = Domestic Debt Market Development; MTDS = Medium Term Debt Strategy; MOOC = Massive Open Online Courses; and RP = Debt Reform Plan.

DMF interventions informed on average 60 percent of the reforms implemented by countries in five key areas.

Debt management reforms in the last 5 years and support by the DMF (percent of responses)



Source: Survey administered by the DMF Secretariat in May 2019 to DMF-eligible DMOs. Note: only 'yes' and 'no' responses were included. Only respondents that answered each of two questions the first on whether and when specific debt management reforms were implemented and whether the DMF informed reforms in specific areas.

Mainstreaming sound practices: Knowledge products and tools, such as DeMPA, DSF and MTDS, supported by the DMF have contributed to the global knowledge base on debt management. For example, more than 80% of DMF countries have undertaken at least one DeMPA, a recognized diagnostic and monitoring tool in debt management.

Enhancing debt-management performance: DeMPA ratings have improved over time in many areas such as legal framework, managerial structure, quality of the debt management strategy, publication of statistical bulletins, coordination with the central bank, documented procedures for domestic market borrowing, and staff capacity. Improvements in DeMPA ratings were positively correlated with DMF interventions, especially in non-fragile states.

Improving debt-management strategies: Debt management strategies are the cornerstone of public debt management. The MTDS methodology and toolkit, rolled out by the DMF, has been a game changer in supporting the development of debt management strategies. The number of countries with an approved or published Debt Management Strategy has increased. Moreover, additional countries are fulfilling the DeMPA quality requirements for debt management strategy indicators.

Improving debt transparency: The number of debt management strategies published by DMF-eligible countries increased from three in 2010 to over 35 by end-2019. DeMPA indicators point to increases in the quality and timeliness of debt statistical bulletin and reporting to the legislature.

Fostering learning through peer-to-peer programs: The Debt Manager Practitioners' Program (DMPP) participation has led to successful implementation of debt-related reforms after the program. DMF Stakeholders forum, Debt Management Network and DMF Newsletters promote sharing of knowledge and experiences and keep debt management practitioners connected.

DMF III Development Partners

The Debt Management Facility's ambitious agenda depends on mobilizing adequate financial capacity and flexibility to respond to the urgent needs of our member countries. Our development partners provide more than \$40 million² in contributions to help us move the needle for greater impact. The third phase of the Debt Management Facility is supported by eleven development partners.

² As of April 2021, development partners have provided more than \$40 million towards the DMF III five-year budget of \$60 million.

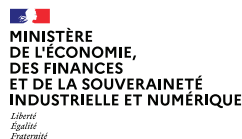


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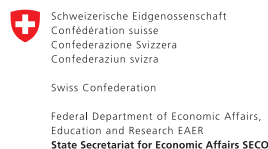
Canada



財務省
Ministry of Finance, JAPAN



Norwegian Ministry
of Foreign Affairs



Strengthening Coordination among Debt Management TA Providers

Since inception, the DMF has played an important role in strengthening coordination among technical assistance providers in the area of debt management. Coordination enables leveraging knowledge, making efficient use of scarce resources, and providing the best possible advice to client countries.

DMF III Implementing Partners

The DMF's implementing partners support the implementation of the Debt Management Facility work program. They participate in DMF missions and also assist with the organization of training events.

www.dmfacility.org

Contact Information

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**Supporting
countries
make more
informed debt
management
decisions,
since 2008**