

Debt Management Facility II



In many developing countries, government debt is the largest domestic financial portfolio, and debt management operations are substantial in terms of economic activity. A sound macro-fiscal policy framework requires that public debt is sustainable and can be serviced under a wide range of circumstances at reasonable costs. Effective debt management plays a critical role in funding the government's financing needs in a timely fashion, helping ensure low debt servicing costs at an acceptable degree of risk, and supporting the development of domestic securities markets. In addition, debt management can help minimize fiscal risks.

The Debt Management Facility (DMF)—a multi-donor trust fund - offers advisory services to 84 developing countries to strengthen debt management capacity, processes and institutions. Until now, 78 countries have benefitted from advisory services under the DMF.

About the DMF

The Debt Management Facility (DMF) is a multi-donor trust fund administered by the World Bank (WB) in partnership with the International Monetary Fund (IMF). Its objective is to strengthen debt management through the design and application of analytical tools, tailored technical assistance (TA), trainings, and peer-to-peer learning. The DMF facilitates collaboration among debt management TA providers and dialogue on debt issues among different stakeholders.

The DMF offers country-tailored, high-quality advisory services to strengthen debt management capacity, institutions and processes in eligible countries, responding to country demand. It also plays a critical role in developing and disseminating information around sound debt management practices, tools and guidance.

Key Milestones

2008	2014	2019
Debt Management Facility launched by the World Bank Roll-out of Debt Management Performance Assessments (DeMPA) and Medium-Term Debt Strategies (MTDS)	DMF II launched with WB-IMF partnership Expansion into domestic debt market development, subnational debt management, and training on the joint WB-IMF Debt Sustainability Framework for Low-Income Countries	DMF III Planned Scaled up activities on debt transparency and stronger focus on result-based, programmatic engagement

Advisory Services

The DMF helps finance advice on a range of topics including:

- **Debt Management Performance Assessments (DeMPAs)** which provide a comprehensive diagnostic of debt management institutions and processes to help countries develop tailored reform programs;
- the formulation of **medium-term debt management strategies (MTDS)** based on sound analysis of costs and risks, taking into account a country's macroeconomic framework and level of debt market development;
- the preparation of **reform plans** to seek improvements in the legal framework, institutional arrangements, accountability and transparency mechanisms, that shape and direct the operations of government debt managers;
- the establishment of **efficient coordination mechanisms** between debt management and monetary policy, fiscal and budget planning process and cash management;
- and **local bond market developments**.

“The DMF offers country-tailored, high quality advisory services to strengthen debt management capacity, institutions, and processes.”

Capacity Building

The DMF offers a range of regional and country-tailored workshops that are complemented with other forms of learning, such as on-line courses, interactive tools, and peer-to-peer learning. This combination of different training methods enables effective and efficient capacity building.

DMF countries also benefit from a wide range of peer-to-peer learning opportunities, including:

- **Debt Management Practitioners' Program:** government officials work alongside experienced World Bank experts, including on a country outside their own region, during a three-month assignment in Washington, D.C.
- **Debt Managers' Network:** debt managers from around the world benefit from webinars on frontline debt management topics and get access to the DMF Newsletter.
- **Annual DMF Stakeholders' Forum:** brings together public debt management practitioners, policy makers and other key stakeholders to exchange knowledge around emerging developments in debt management.

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An aerial photograph of a city, likely London, showing a network of roads and green spaces. The image is covered with a semi-transparent blue filter. Overlaid on the right side of the image is a large block of white text in a bold, sans-serif font.

“The purpose of DMF II remains very relevant and worthy of ongoing support given the context of rising debt-related vulnerabilities facing DMF-eligible countries. DMF II continues to be highly valued for the quality of the expertise it mobilizes and the range of its product lines.”

Independent external evaluation by
UNIVERSALIA, June 2018

Impact

Since its inception, the DMF has:

- Responded to demands from over 75 countries and 15 subnational governments via more than 290 technical assistance missions.
- Hosted 49 debt managers in the Debt Managers Practitioner Program.
- Delivered more than 105 DeMPAs, 95 MTDS, and 65 Reform Plans.

Significant strides have been made in debt management since 2008 in DMF-eligible countries. DeMPA results for 37 countries where at least two assessments were undertaken during 2008-17 suggest strong improvements in the quality of legal frameworks for sovereign debt management, coordination with monetary policy, managerial structure, and publication of debt reports. Today, more countries prepare and publish debt management strategies; the quality of debt records of government debt has improved; and many countries have improved the organization of their debt management institutions and coordination with fiscal policies through alignment with medium term fiscal frameworks.



“The DMPP provided me with a great opportunity to work and interact with great people and subject matter experts in the debt management community at the WB, allowing me to gain knowledge and share my experiences. I believe that the work I have undertaken at the WB will have a practical and significant impact on debt management in Georgia, particularly for the development of our domestic market.”

– Irakli Katcharava, 2018 DMPP: Head of Domestic Public Debt Instruments' Development Division of the Ministry of Finance of Georgia



“[Prior to working with the DMF] Our member countries were gaining access to international capital markets, but without proper training. Often, the result was poor terms. But now, debt sustainability analysis is integrated into macroeconomic planning. Hundreds of officials have been trained in debt management. Many countries have a medium-term debt management strategy. Countries can continue applying lessons learned from the DMF long after active programs have ended.”

Stanislas Nkhata, Director of the Debt Management Programme at the Macroeconomic & Financial Management Institute of Eastern & Southern Africa (MEFMI)

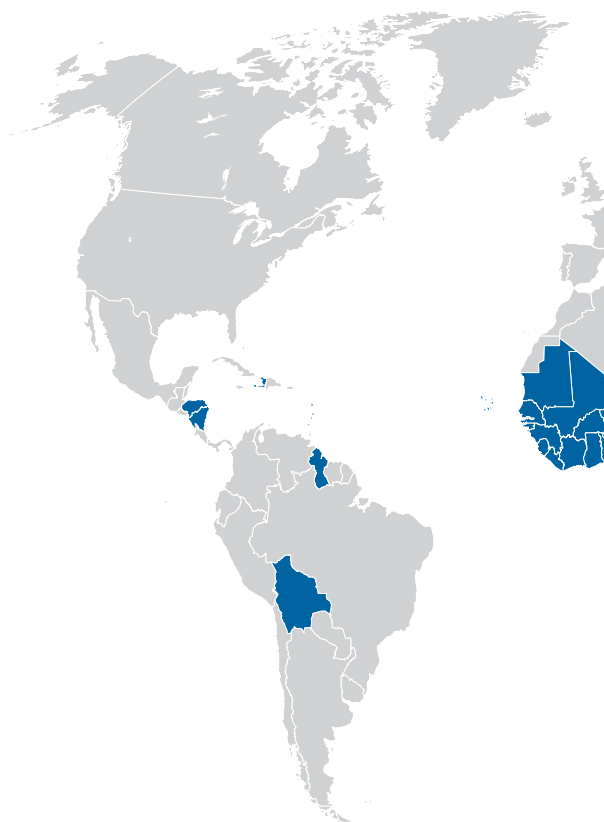
DMF Beneficiary Countries

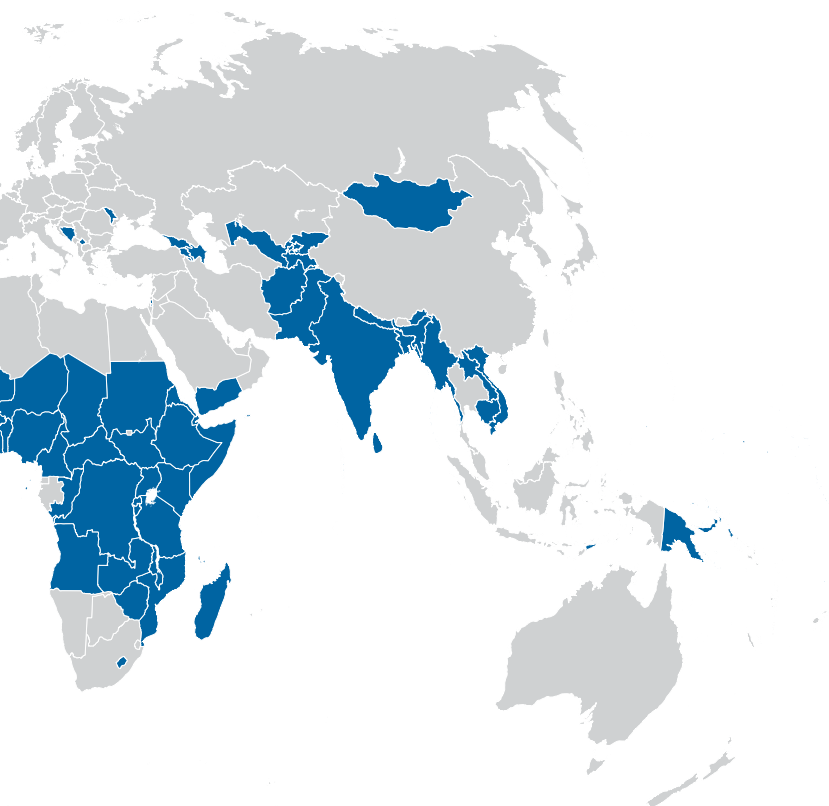
The DMF supports 84
developing countries
around the world.

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

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

Guinea
Guinea-Bissau
Guyana
Haiti
Honduras
India
Kenya
Kiribati
Kosovo
Kyrgyz Republic
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
 Sudan

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

DMF II Donors

- African Development Bank
- Austria
- European Commission
- Germany
- Russia
- The Netherlands
- Norway
- Switzerland



DMF II Implementing Partners

as of April 2019

- Agence UMOA Titres (AUT)
- Debt Management Section of the Commonwealth Secretariat (COMSEC)
- Debt Management Program of the United Nations Conference on Trade and Development (UNCTAD-DMFAS)
- Debt Relief International (DRI)
- Macroeconomic & Financial Management Institute of Eastern & Southern Africa (MEFMI)
- West African Institute for Financial and Economic Management (WAIFEM)



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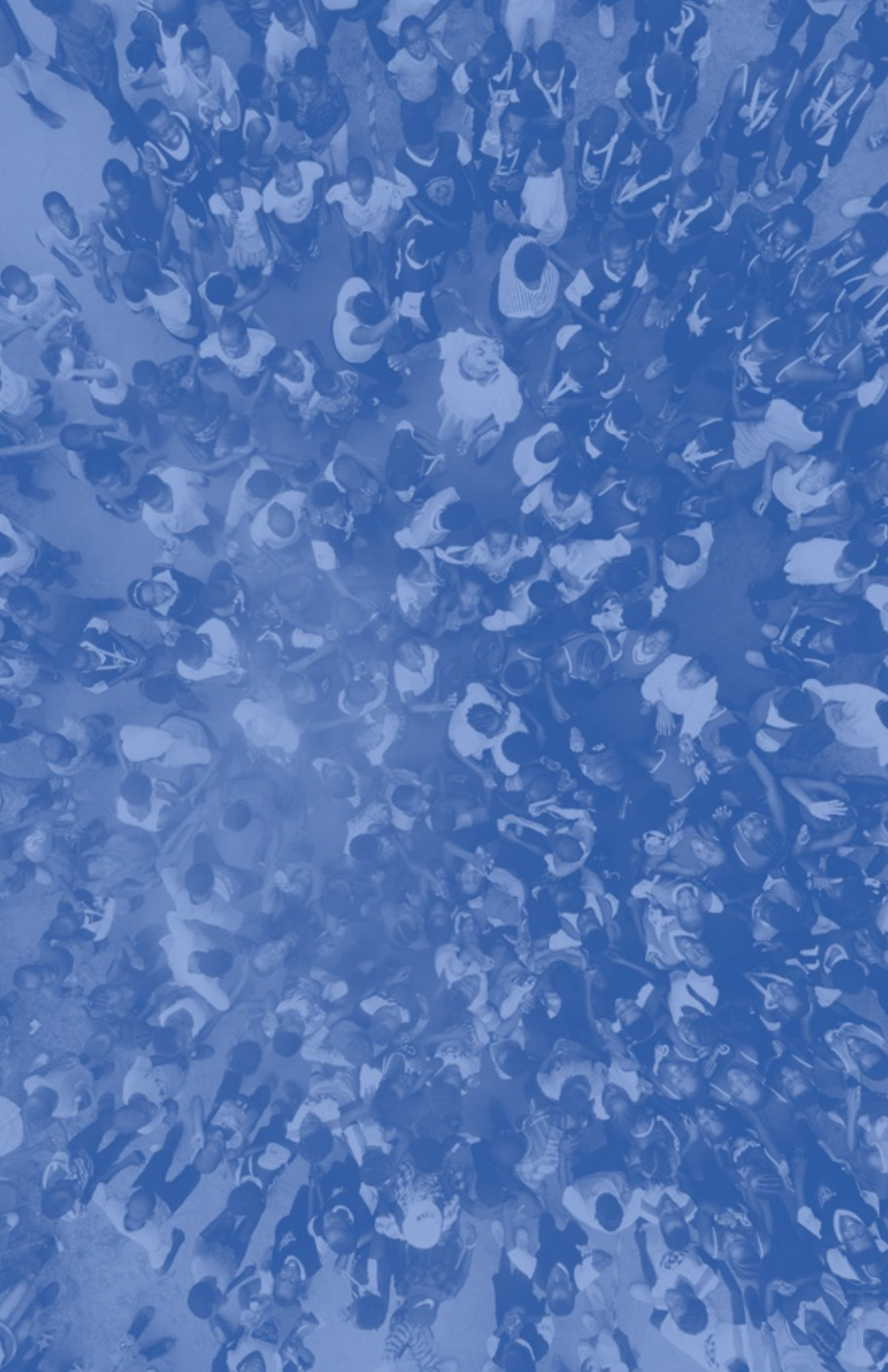
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**Supporting
countries
make more
informed debt
management
decisions,
since 2008**