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
Debt Management Facility launched by the World Bank
Roll-out of Debt Management Performance Assessments (DeMPA) and Medium-Term Debt Strategies (MTDS)

2014
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

2019
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.
“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)
The DMF supports 84 developing countries around the world.
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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