Debt Management Facility

Expert Advice on Public Debt Management for Developing Countries
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 funding 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 design and application of tailored advisory services and technical assistance, applied analytical work, trainings, webinars and peer-to-peer learning.
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 related to debt reporting and monitoring and on 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

- **2008**
  - DMF launched by the World Bank

- **2014**
  - DMF II launched with WB-IMF partnership

- **2019**
  - DMF III launched with new activities such as to enhance debt transparency outcomes

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

The 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.
"The decision to join the Debt Management Practitioners’ Program (DMPP) program proved to be one of the best decisions I have made for my career progression. Prior to coming to Washington, D.C., I set my goal to build an expertise in working with the MTDS tool. After completing the program, I became fully equipped to prepare, implement and review the debt management strategy in my home country (Tonga),”

Aivi Sapele Fakahua (2019 DMPP participant)
Chief Accountant and Supervisor, Debt Management Unit, Ministry of Finance, Tonga

"The Program I attended at the World Bank was quite helpful for me to grasp the latest knowledge with regards to debt management international best practices. The knowledge I gained while being a DMPP was taken back into my home and I’m happy to say that certain aspects that I learned have been introduced into my issuance programs as well. My country and myself both have benefitted from the program.”

Yasantha Weerasinghe (2016 DMPP participant)
Additional Superintendent of Public Debt
Public Debt Department, Central Bank of Sri Lanka
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
Chad
Comoros
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
Moldova
Mongolia
Mozambique
Myanmar
Nepal
Nicaragua
Niger
Nigeria
Pakistan
Papua New Guinea
Rwanda
Samoa
São Tomé and Principe
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 tangible impact in debt-management practices across the countries it serves. Since inception, the DMF has responded to demands from over 74 countries and 18 subnational governments via more than 345 technical assistance activities.\(^1\)

Number of DMF TA per fiscal year

Number of TA activities per fiscal year.

DMF TA activities by region

Source: DMF Secretariat, as of end-June 2020. DMF Annual Reports. Federal and subnational TA.

Share of TA by type

Source: DMF Secretariat, as of end-June 2020. DMF Annual Reports. Federal and subnational TA. TA. SN = subnational.

1/ Includes TA on cash management, liability management operations.

2/ Includes TA on debt reporting and monitoring and on debt-related contingent liabilities.
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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.

Countries are more likely to implement reforms after related technical assistance.

Relationship between MTDS and debt management strategy as well as Reform Plan (RP) and debt management reforms (number of countries)
Source: DMF Secretariat, Annual Reports, reform efforts self-reported by DMF countries as per 2010-2018 Debt Management Monitor.

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 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.
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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 million 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.

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.

The Implementation Partners Council

DMF III has launched an Implementation Partners Council (IPC) whose objective is to discuss lessons learned from TA and training engagements in DMF-eligible countries and the pipeline of country engagement with a focus on enhancing coordination and sharing of lessons learned and sound practices. Outcomes from IPC engagements are expected to result in more effective debt management capacity building efforts in DMF-eligible countries. The IPC is composed of the World Bank, IMF, DMF implementing partners, and other debt management TA providers.

* A non-grant recipient implementing partner of the DMF.

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Contact Information

DEBT MANAGEMENT FACILITY
Léa Hakim
DMF Program Manager
Macroeconomics, Trade and Investment Global Practice, World Bank
lhakim1@worldbank.org

WORLD BANK
Doerte Doemeland
Practice Manager
Global Debt and Macro Analytics, Macroeconomics, Trade and Investment Global Practice
ddoemeland@worldbank.org

INTERNATIONAL MONETARY FUND
Mark Lewis
Division Chief
Global Partnerships Division
+1 202-623-6822
GlobalPartnerships@imf.org

www.dmfacility.org
Supporting countries make more informed debt management decisions, since 2008