

I. Making Debt Work for Development

Remarks by the World Bank Group President David Malpass at the 2022 Spring Meetings

Debt is a two-edged sword. For forward-moving developing country governments, debt financing can improve infrastructure and provide better services — in ways that substantially increase growth rates and median income. Transparent, responsible increases in government debt and investment are vital to development.

But debt used to finance unproductive spending and investment poses serious risks to economic growth and stability. Government over-indebtedness can adversely affect economic development through many channel — debt overhang, reduction in fiscal space, crowding out, expectations about future policy, and increased risk during crises.



World Bank Group President David Malpass

Photo: Jacek Waszkiewicz / World Bank Group

If misused, debt can weaken long-term stability and growth even if interest rates are attractive and maturities are long. That's because debt proceeds are only available once — a future government may be able to roll over the debt, but it won't get the benefit of the proceeds a second time.

Thus, sitting governments are faced with a giant conflict of interest — borrowing now brings material political benefits but deprives future governments. This makes the quality and transparency of current spending and investment decisions one of the biggest challenges facing development. [Remarks continued here.](#)

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II. Debt Management Monitor 2022



The seventh edition of the Debt Management Monitor (DMM), which summarizes debt management developments in 86 DMF-eligible countries, was published in June 2022. The DMM presents stylized facts in five areas of debt management: governance and debt management strategy, fiscal and monetary policy, cash management, debt recording, and operational risk management.

The publication also provides information on past and ongoing debt management reforms and advisory services financed through the Debt Management Facility (DMF) program. It offers a country-level overview of selected macroeconomic indicators, Country Policy and Institutional Assessments of debt (CPIA), published debt-sustainability ratings, composition and maturity of government debt, selected data on government debt issuances on international and domestic markets, portfolio risk indicators, average evaluation results from the

Debt Management Performance Assessments (DeMPA) and implementation status of recent debt-management reforms, including in the area of debt transparency. This edition includes debt management profiles for all DMF eligible countries, with applied cutoff date as of December 31, 2021. [More information here.](#)

III. DMF Steering Committee

On June 23, 2022, the DMF held its fifth Steering Committee meeting under the third phase of the program, which was launched at the end of 2019. DMF donors, together with the World Bank and the IMF, discussed current state of debt management technical assistance and overall strategic guidance for the DMF activities for the fiscal year 2023. During the meeting, a new program management for the DMF III was introduced.

IV. The New DMF III Program Manager

Lilia Razlog in three Questions

Lilia Razlog took over the management of the DMF program as the new Program Manager as of July 1, 2022. Lilia is a seasoned debt management expert, with vast experience in sovereign debt management, debt restructurings and a broader range of public finance management topics. She joined the World Bank in 2010 and currently works as a Senior Debt Management Specialist in the Macroeconomics and Fiscal Management Global Practice of the World Bank.

Why are you interested debt management advisory?

In my earlier career, working for the government of Moldova, I interacted with the World Bank and other international partners that were supporting the government reforms. The country was experiencing complex economic challenges when the public finance and debt management were in very significant trouble. We had to go through debt restructuring, and painful fiscal reforms that were required for the country to transition to a more sustainable path with expertise and continuous support from the international partners. After I joined the Bank, I aimed to bring and share my expertise to solve our clients' problems: the economists' viewpoint combined with the practitioner's know-how. In my current capacity, I truly enjoy interacting with the clients. When I see the drive of the experts, client government officials and the results on the ground, it makes all the advisory efforts worthwhile.

What is your vision for DMF?

Today, the DMF serves 86 client countries across the globe. Each client country has its own challenges. Some clients have sufficient capacity to move with reform implementation very quickly. Others have more limited resources or are subject to challenging political economy environments. The Bank team understand those challenges and we are constantly pushing the envelope to expand our topics and methods of delivery to meet client's needs.

I'm a big supporter of promoting and reinforcing our mission: Strengthening clients' capacity for managing government debt and improving debt transparency. The DMF has now over 14 years of experience and results under its belt. Our clients have gone collectively through two major global financial crises. We learned from those experiences to improve on building technical capacity through technical advisory, training and peer-to-peer activities. In the current challenging global environment and crisis, the technical assistance and training provided under the DMF is important to help countries maintain and improve their debt management capacity.



Lilia Razlog, Senior Debt Management Specialist

Your passion(s) outside of work?

My family. I spend as much time as possible with family when I do not travel for work. It can sometimes be difficult when business needs are overwhelming. And fortunately, I belong to those lucky group of experts for whom job is a great passion.

V. Staff Corner

Meet the Team

Mesfin has joined the EMFMD and DMF team in May 2022, after working for five years as Senior Economist at the Development Finance (DFI) unit of the Bank. He contributed to the IDA Replenishments as a focal point for the Climate Change Special Theme during IDA19 and Debt Cross Cutting Issue during IDA20. Mesfin joined the World Bank in 2003 and worked as a Country Economist for Ethiopia where he was responsible for several analytical and operational pieces of work, including debt sustainability analyses, non-concessional borrowing policy, a PER, tax policy studies, and economic updates. Before joining the Bank, he was a senior expert in the Research and Planning Department of the Ministry of Finance of Ethiopia. He holds an MA in Economics from Indira Gandhi National University and BA degree in Economics from Addis Ababa University.



Mesfin Bezawagaw, Senior Economist

VI. DMF Technical Assistance and Training

Debt Management Performance Assessments (DeMPA)

TYPE	National	Subnational
COUNTRY	Cabo Verde, March 28–April 5, 2021	Bolivia, May 9–13, 2021
ORGANIZERS	World Bank	World Bank
OBJECTIVE	The mission applied the DeMPA methodology to assess public debt management practices in Cabo Verde.	The mission conducted a Subnational Debt Management Performance Assessment (DeMPA) for the Autonomous Government of the Municipality of La Paz to identify the good practices and areas for improvement.
HIGHLIGHTS	The mission was undertaken to draw the baseline for future work in debt management reforms and the authorities look forward to future engagements in the areas of debt reporting and guarantee's management.	The main counterpart was the Finance Secretariat of the Municipality of La Paz (SMFIN). The evaluation is expected to serve as a basis for the SMFIN design needed reforms on its debt management activities.

Reform Plan	
COUNTRY	The Gambia, April 11–14, 2022
ORGANIZERS	World Bank
OBJECTIVE	The mission aimed at stocktaking of past reform plan implementation and developing updated reform priorities. The stocktaking was guided by the Reform Plan developed by a World Bank mission in 2014, which comprised actions on strengthening the Directorate of Loans and Debt Management (DLDM) functions, improving the legal framework, and developing the local currency bond market.
HIGHLIGHTS	Meetings were attended by staff from the Directorate of Loans and Debt Management (Ministry of Finance) and the Central Bank of The Gambia. In addition, staff from IMF and the US Treasury attended meetings on developing the local currency bond market. An updated debt reform matrix was prepared as a result, to guide further reforms' process.

Medium-Term Debt Management Strategy (MTDS) and Annual Borrowing Plan (ABP)	
COUNTRY	Liberia, May 23–June 3, 2022
ORGANIZERS	World Bank/IMF
OBJECTIVE	The mission provided training on the WB-IMF MTDS AT and supported authorities to build alternative strategies for the period of 2023–2025.
HIGHLIGHTS	The mission helped authorities to prepare strategies and the authorities will review macro-fiscal and market projections and refine the simulated strategies. One strategy will be chosen and formally approved by Ministry's senior management before its publication.

Medium-Term Debt Management Strategy (MTDS)—Integrating Arrears Clearance	
COUNTRY	Democratic Republic of Congo, June 20–July 1, 2022
ORGANIZERS	IMF
OBJECTIVE	The mission aimed to assist the Ministry of Finance in preparing details of the operational plan for executing the clearance strategy for legacy reconciled domestic arrears developed in November 2021 in the context of their debt management strategy.
HIGHLIGHTS	In the context of the authorities' debt management strategy, the mission helped the authorities to design an implementation plan in line with approved strategy, including reviewing the modalities for issuing and buying back the identical bond that will be provided to creditors. It also prepared and reviewed the communication strategy the authorities would use with creditors.

Domestic Debt Market Development (DDMD)

TYPE	Local Currency Bond Market (LCBM)		
COUNTRY	Kyrgyz Republic, June 8–17, 2022	Uzbekistan, April 18–29, 2022	Sao Tome and Principe, May 16–22, 2022
ORGANIZERS	World Bank/IMF	World Bank	IMF
OBJECTIVE	The mission aimed (i) to undertake diagnostic of the local currency government bond market based on the LCBM tool jointly developed by the IMF and the World Bank in 2021; and (ii) to provide the MoF and its debt management office with recommendations on building and maintaining a robust efficient local currency government bond market.	The mission assessed the current development stage and key obstacles in further development of the local currency government bond market (LCBM) in Uzbekistan.	The mission aimed to follow-up on TA recommendations made in August 2019 to improve government securities issuance practices and to train the authorities on issuance calendar preparation and government securities pricing.
HIGHLIGHTS	The mission conducted a comprehensive diagnostic to assess the stages of development of the domestic debt market in the Kyrgyz Republic and formulated an action plan. The mission provided an assessment of the current stage of the six relevant building blocks: (i) money market, (ii) primary market, (iii) secondary market, (iv) investor base, (v) financial market infrastructure, and (vi) the legal and regulatory framework.	The mission team also delivered workshops on inflation-linked securities, participation of foreign investors in the domestic market, primary market dealer framework and coordination mechanisms between debt management and monetary policy.	The mission took stock of progress made since the end of the August 2019 TA mission, provided further guidance for the implementation of recommendations, and assessed the ability to introduce domestic bond issuance. It also provided hands-on training on pricing government securities and issuance calendar preparation.

TYPE	Domestic Issuance Plan		
COUNTRY	Central African Republic, May 23–June 2, 2022		
ORGANIZERS	IMF		
OBJECTIVE	The mission aimed to improve the authorities' issuance planning and execution, and investor relations practices.		
HIGHLIGHTS	The mission provided guidance on practices to improve the planning and execution of government securities auctions and investor relations. It also trained the authorities on government securities pricing and in the interpretation of auction results.		

Debt Reporting and Monitoring

TYPE	Bank Office (BO) and Debt Reporting	Debt Reporting Tool
COUNTRY	Central African Republic, May 2–6, 2022	Rwanda, June 21–24, 2022
ORGANIZERS	World Bank	World Bank
OBJECTIVE	The mission aimed at assessing debt recording, monitoring, and payment processes and infrastructure; evaluating recording and transparency products.	The mission aimed to deliver a stock-taking of reporting practices in debt management, including the scope of reporting and how these are published. In addition, a proposal for improving reporting was developed. The mission team applied the Debt Reporting Tool to provide guidance.
HIGHLIGHTS	The mission conducted a one-day training to help local staff understand how to derive debt cash flows from a stylized debt portfolio. A hands-on exercise was undertaken with the team and mission members to calculate basic cost and risk indicators currently missing on published public debt reports.	The mission analyzed the reports that are being prepared by DDG, as well as the framework for debt reporting, including legal requirements and the organization of debt management.

Debt-Related Contingent Liabilities and Fiscal Risks

TYPE	Assessing Credit Risk and Managing Sovereign Guarantees/on-Lending	Fiscal Risk
COUNTRY	Cabo Verde, June 27– July 1, 2022	Kenya, June 7–20, 2022
ORGANIZERS	World Bank	IMF
OBJECTIVE	The mission aimed to help the government assessing credit risk from the beneficiaries of loan guarantees and on-lent credit, mostly state owned enterprises and municipalities.	The mission supported the Kenya National Treasury (NT) to establish a Fiscal Risk Committee (FRC) to strengthen fiscal risk management.
HIGHLIGHTS	The mission also introduced a Credit Risk Scoring Tool that could be used to charge risk-based fees on beneficiaries requesting guarantees and on-lent credit.	The mission provided recommendations for institutional arrangements for the FRC and supporting tools and frameworks for its operationalization. Draft Terms of References (TORs), a Fiscal risk register template, guidance for operationalization, reporting templates and analytical techniques were provided through the mission report. Extensive consultation with the authorities took place during the mission, including a widely attended options workshop, a seminar on international experiences and technical workshops with NT officials.

Conducted Virtually

21

Training Opportunities



921

Trained Participants

Debt Management Performance Assessment (DeMPA) Regional Virtual Training

COUNTRY	West Africa and Central Africa (Francophone), May 2–6, 2022	Caribbean/Africa, May 31–June 3, 2022
ORGANIZERS	World Bank	World Bank
OBJECTIVE	The workshop presented the DeMPA methodology amended in 2021. Participants were trained on the interlinkages between the debt performance indicators, the use of evidence-based data for assessing debt management practices and the amended scoring methodology. The workshop also offered the opportunity to discuss country-specific debt management challenges, to be potentially addressed by future WB's TA and policy operations.	
PARTICIPANTS	37 participants from West Africa francophone countries: Chad, Central African Republic, Congo, DRC, Gabon, Haiti, and Madagascar.	The training was attended by 17 officials from the debt offices of the following countries: Dominica, Eswatini, Grenada, Lesotho, Saint Lucia, St. Vincent and the Grenadines.

Medium-Term Debt Management Strategy (MTDS) and Annual Borrowing Plan (ABP)

TYPE	MTDS	ABP	ABP
COUNTRY	Congo (RoC), May 9–13, 2022	WAIFEM Countries, May 9–13, 2022	MEFMI Countries, May 23–27, 2022
ORGANIZERS	IMF	World Bank/IMF	World Bank/IMF
OBJECTIVE	The mission provided training on the use of the MTDS framework and the interpretation of the results of the Analytical Tool (AT). It also addressed shortcomings in the authorities' existing practices for design of their MTDS and provided guidance on the content of their 2023–25 debt management strategy (DMS) document.	The workshop provided technical assistance on the design and implementation of an Annual Borrowing Plan building on the ABP tool recently jointly developed by the World Bank and the IMF.	
PARTICIPANTS	About 15 officials from the debt management office, the Treasury, Economy Departments and the Minister of Finance's office and the Central Bank participated throughout the workshop.	The training was attended by 55 officials from Gambia, Ghana, Liberia, Nigeria and Sierra Leone.	The training was attended by 57 officials from Botswana, Eswatini, Kenya, Lesotho, Mozambique, Namibia, Tanzania, Uganda, Zambia and Zimbabwe.

Domestic Debt Market Development (DDMD)

TYPE	Local Currency Bond Market (LCBM) Development Virtual Training
COUNTRY	WAIFEM Countries, June 23–27, 2022
ORGANIZERS	World Bank/IMF
OBJECTIVE	The workshop was designed to familiarize participants with the key building blocks of LCBMs and enable them to populate the LCBM analytical tool, which is designed to help users identify country needs and formulate a plan for LCBM development.
PARTICIPANTS	51 participants from The Gambia, Ghana, Liberia, Nigeria and Sierra Leone attended the training.

International Bond Issuance (French)

COUNTRY	Regional, June 14, 2022
ORGANIZERS	IMF
OBJECTIVE	The workshop familiarized participants with the green bond issuance process and the role of debt management offices in green bond planning, execution and reporting issues.
PARTICIPANTS	More than 70 participants from Burundi, Cameroon, Central African Republic, Democratic Republic of Congo, Chad, Republic of Congo, Sao Tome & Principe, Comoros and Madagascar.

Designing Debt Management Strategies

COUNTRY	Global, April 4–8, 2022
ORGANIZERS	World Bank
OBJECTIVE	The workshop guided participants through the processes of developing a public debt management strategy based on an analysis of financial cost and risk tradeoffs, through presentations, case studies, and interactive exercises.
PARTICIPANTS	21 officials and 1 observer from the following countries attended the virtual training sessions: Albania, Armenia, Bhutan, Ethiopia, Ghana, India, Indonesia, Kenya, Nepal, Rwanda, Suriname, UAE.

Implementing Debt Management Strategies

COUNTRY	Global, April 11–15, 2022
ORGANIZERS	World Bank
OBJECTIVE	The workshop aimed at building capacity for risk management and debt management strategy implementation through presentations, case studies, and interactive exercises, such as the generation of cash flows and calculation of risk exposure indicators, as well as preparing borrowing plans, designing auction calendars.
PARTICIPANTS	23 officials and 1 observer from the following countries attended the virtual training sessions: Albania, Armenia, Bhutan, Cambodia, Ethiopia, Ghana, India, Indonesia, Kenya, Mozambique, Nepal, Rwanda, Suriname.

Debt Sustainability Analysis (DSA) and Debt Sustainability Framework for Low-Income Countries (LIC–DSF)

COUNTRY	Caribbean, (Regional), April 25–29, 2022	Singapore, (Regional), May 16–20, 2022
ORGANIZERS	World Bank/IMF	World Bank/IMF
OBJECTIVE	The workshop familiarized the participants with the LIC DSF and introduced participants to (i) standardized forward-looking analysis of the debt and debt service dynamics under a baseline scenario and in the face of plausible shocks; (ii) the new tailored stress tests and realism tools introduced by the revised framework; (iii) the assessment of debt sustainability in relation to indicative country-specific debt burden thresholds; and (iv) the use of judgment to arrive at the final assessment of the risk of debt distress.	
PARTICIPANTS	22 participants completed the workshop, including from Dominica, Grenada, Guyana, Honduras, St. Lucia, St. Vincent and the Grenadines.	19 participants from Bangladesh, Bhutan, Cambodia, Timor-Leste, Lao PDR, Nepal, and Vanuatu attended the workshop.

Sovereign Asset and Liability Management (SALM)

COUNTRY	Regional, June 27–July 1, 2022
ORGANIZERS	World Bank
OBJECTIVE	The workshop aimed at presenting a SALM framework, with a particular focus on the practical solutions to identify, measure and mitigate the different types of risks that affect both sides of the sovereign balance sheet, and the World Bank financial products to manage balance sheet risks.
PARTICIPANTS	46 participants completed the workshop, including from Afghanistan, Bangladesh, Benin, Bhutan, Bolivia, Cameroon, Congo (CNDP), Dominican Republic, Egypt, Ethiopia, Fiji Islands, Ghana, Ivory Coast, Kenya, Mauritius, Mozambique, Nepal, Niger, Senegal, South Africa, Sri Lanka, Tanzania, Zambia.

Designing the Legal Framework for Debt Management

COUNTRY	Regional, June 28–30, 2022
ORGANIZERS	World Bank
OBJECTIVE	The training provided an overview and practical aspects of sound legal frameworks for debt management obligations and legal agreements. It included theoretical and practical example of legal clauses used in different countries and by different lenders and aimed at exchange of experience among participant countries in these areas.
PARTICIPANTS	18 officials from Honduras, Georgia, Moldova, South Africa, Kenya and Ghana attended the event.

Managing Fiscal Risk

COUNTRY	Regional (JVI), May 2–6, 2022
ORGANIZERS	World Bank
OBJECTIVE	The workshop aimed at helping government risk managers in identifying and classifying the key types of debt-related Contingent Liabilities (CLs) countries are exposed to and the key characteristics of a government's exposure to these fiscal risks. In addition to providing participants with a framework for CL risk management, the training will primarily focus on assessing and managing credit risk from the debt of public sector entities, with an implementation on government guarantees and on-lending.
PARTICIPANTS	24 participants completed the workshop, including from Albania, Cabo Verde, Dominican Republic, Ethiopia, Gambia, Kenya, Kyrgyz Republic, Sierra Leone, and Zimbabwe.

Debt Monitoring and Reporting

COUNTRY	WAIFEM Countries, June 6–10, 2022	MEMFI Countries, June 20–24, 2022
ORGANIZERS	World Bank/IMF	World Bank/IMF
OBJECTIVE	The workshops: (i) covered institutional arrangements of the fiscal risks that emanate from loan guarantees; (ii) provided an overview of the four most commonly used credit risk models, with the credit scoring model and its uses explained in depth; and (iii) presented FAD's analytical tools for discrete government guarantees, loans and guarantee schemes and highlighted their application to fiscal risk analysis, risk management and risk mitigation measures.	
PARTICIPANTS	52 participants from the following countries attended the workshop: Gambia, Ghana, Liberia, Nigeria, and Sierra Leone.	54 officials from the following countries attended the workshop: Angola, Botswana, Kenya, Lesotho, Malawi, Mozambique, Namibia, Rwanda, Tanzania, Uganda, Zambia and Zimbabwe.

Massive Open Online Courses (MOOCs)

DATE	ORGANIZER	TRAINING ACTIVITY	OBJECTIVE	PARTICIPANTS
January 1–April 15, 2022	World Bank IMF	Medium-Term Debt Strategy (MTDSx) Online Course	This Massive Open Online Course (MOOC) strengthened 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.	33
January 1–April 15, 2022	World Bank IMF	Debt Sustainability Framework for Low Income Countries (LIC-DSFx) Online Course	This Massive Open Online Course (MOOC) provided 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 familiarized the participants with the LIC DSF tool, and the steps involved in its application.	32
January 1–April 15, 2022	World Bank IMF	Public Debt, Investment, and Growth: The DIG and DIGNAR Models (DIGx) – MOOC	This online course, presented by the Institute for Capacity Development and the Research Department, 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.	44
January 1–April 15, 2022	World Bank IMF	Public Debt Dynamics Under Uncertainty (DDUx)	This online course, presented jointly by the Institute for Capacity Development and the Fiscal Affairs Department, provides an overview of how to assess public debt dynamics under uncertainty. That is, the course discusses how to think about public debt projections when we acknowledge uncertainty about the key variables that underly debt projections (GDP growth, interest and exchange rates, and primary balances).	67
January 1–April 15, 2022	World Bank IMF	Projecting Public Debt - The Public Debt Dynamics Tool (DDTx)	This two-module online course, presented by the Institute for Capacity Development, explains how to project the evolution of public debt (i.e., government debt) over time for a given set of projections of the relevant macro-fiscal variables.	164

VII. Future Debt Events

Upcoming Technical Assistance Missions, July–September, 2022

COUNTRY	ACTIVITY	NAME	DATES
Rwanda	Technical Assistance	MTDS Strategy	July 2022
Chad	Technical Assistance	Annual Borrowing Plan	July 2022
Senegal	Technical Assistance	Annual Borrowing Plan	July 2022
Sri-Lanka	Technical Assistance	DeMPA TA	August 2022
Vietnam	Technical Assistance	Unified DMO	August 2022
Benin	Technical Assistance	Credit Rating Analysis Mission	August–September 2022
Zimbabwe	Technical Assistance	Cash & Debt Management	August–September 2022
Armenia	Technical Assistance	DeMPA TA	September 2022
Togo	Technical Assistance	DeMPA TA	September 2022
Congo REP	Technical Assistance	DMO back/m/f structure	September 2022
Congo DRC	Technical Assistance	DeMPA TA	September 2022

Upcoming Training, July–September, 2022

COUNTRY	ACTIVITY	NAME	DATES
E-Learning	Regional Training	LIC DSFx (MOOC French)	July–September 2022
E-Learning	Regional Training	MTDSx (MOOC)	July–September 2022
E-Learning	Regional Training	DIGx (MOOC) Public Debt, Investment and Growth (DiG and DIGNAR Models)	July–September 2022
E-Learning	Regional Training	DDUx (MOOC) - Public Debt Dynamics under Uncertainty	July–September 2022
E-Learning	Regional Training	DDTx Project Public Debt (Govt Officials) (French)	July–September 2022
Regional (JVI)	Regional Training	Joint DMSABP	July 2022
Regional (JVI)	Regional Training	DeMPA Training	August 2022
Rwanda	Bilateral Training	LIC DSA Regional Training	September 2022
WAIFEM	Regional Training	LIC DSA Regional Training	September 2022
SSA Francophone	Regional Training	LIC DSA Regional Training	September 2022

VIII. Recent Debt Publications

Enhancing Debt Transparency by Strengthening Public Debt Transaction Disclosure Practices Paper

Improving debt transparency is critical for promoting debt sustainability and creditworthiness assessments, increasing the accuracy of public debt information, and protecting the interests of a diverse range of stakeholders. The importance of debt transparency, the costs associated with the lack of it, and its benefits, are extensively discussed in recent World Bank literature. One of the key factors that limits debt transparency as it relates to public disclosure and the sharing of public debt-related information, is transaction-level confidentiality and disclosure practices. [More information here.](#)



When the Debt Crises hit, don't Simply Blame the Pandemic

Blog

Every debt crisis begins with unheeded warnings and ends with severe limits on investment in education, health, and infrastructure among other things. These crises often spark civil unrest and government collapse, delivering a lasting setback to the growth prospects of the affected country. In the wake of the COVID-19 pandemic, global debt has surged. Today, 58 percent of the world's poorest countries are in debt distress or at high risk of it, and the danger is spreading to some middle-income countries as well. [More information here.](#)



Developing Economies Should Think hard About Taking on Resource-Backed Loans

Blog

Rising debt and record-high commodity prices are tempting many developing countries to pledge their natural resources to secure the financing they so urgently need. They should tread carefully: a renewed embrace of resource-backed loans could backfire on them. [More information here.](#)



What Is the Role of Inflation-Linked Bonds for Sovereigns?

Paper



This paper presents the main features of inflation linked bonds (ILB) as a funding alternative, which factors emerging economies need to consider when deciding to issue ILBs, which preconditions are needed, the benefits of ILBs and considerations for implementing a linkers program. [More information here.](#)

Learning from Development Policy Financing

Podcast



Development Policy Financing (DPF) is a major instrument of multilateral development banks and has played a prominent role in the World Bank's pandemic response. Also known as policy-based lending, DPF is a fast-dispersing instrument that provides non-earmarked funds to a country's national budget. How does DPF work and how successful has it been in achieving its various objectives? [More information here.](#)

Dollar Dominance and the Rise of Nontraditional Reserve Currencies

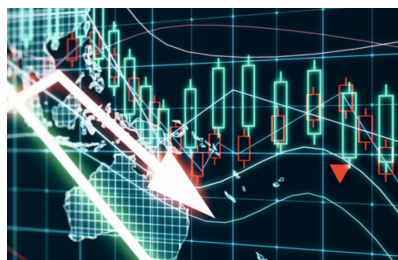
Blog

The current Common Framework architecture relies on the application of the Paris Club's principle of comparability of treatment (CoT). However, CoT - in its current form - is not being enforced, does not distribute the burden of debt reduction equally among creditors, and does not guarantee compliance by private creditors, except for "light" restructurings. This note proposes two main reforms to address this challenge: (i) carrying out coordinated and simultaneous negotiations across creditors and (ii) using NPV reduction based upon a common discount rate as the only measure of CoT. [More information here.](#)



Targeted Legislative Tweaks can Help Contain the Harm of Debt Crises

Blog

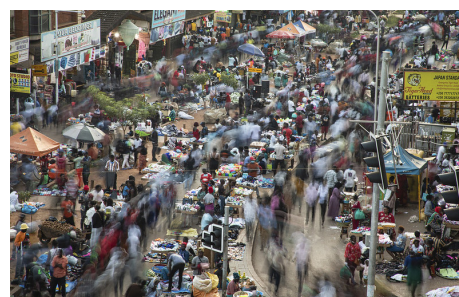


It's a cardinal principle of private enterprise: A business that stumbles into the deep end on its debt deserves a second chance—an opportunity to “start afresh” after a financial misfortune. For more than a century, that tenet has enabled businesses to take the financial risks they need to succeed. Today, the right to a second chance is enshrined in the corporate bankruptcy laws of most leading economies. [More information here.](#)

Restructuring Debt of Poorer Nations Requires More Efficient Coordination

Blog

Low-income countries face fewer debt challenges today than they did 25 years ago, thanks in particular to the Heavily Indebted Poor Countries initiative, which slashed unmanageable debt burdens across sub-Saharan Africa and other regions. But although debt ratios are lower than in the mid-1990s, debt has been creeping up for the past decade and the changing composition of creditors will make restructurings more complex. [More information here.](#)



Kampala, Uganda IMF Photo/Esther Ruth Mbabazi

DMF III Donors

African Development Bank (AfDB)

Austria - Federal Finance Ministry

European Commission

France - Ministry of the Economy, Finance and the Recovery

Germany - Federal Ministry for Economic Cooperation and Development

Japan - Ministry of Finance

The Netherlands - Ministry of Foreign Affairs

Norway - Ministry of Foreign Affairs

Switzerland - State Secretariat for Economic Affairs - SECO

United Kingdom - Foreign, Commonwealth & Development Office

United States of America - Department of the Treasury

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Debt Management Facility

April–June 2022

Issue 48

The DMF Newsletter is published quarterly by the DMF Secretariat.

The newsletter is distributed to debt management practitioners from developing countries, donors, DMF implementing partners, civil society organizations and private sector firms.

The newsletter aims to share DMF work plans, lessons learned, and news and developments related to debt management.



WORLD BANK GROUP

