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The Debt Management and Financial Analysis System of the United Nations Conference on Trade and Development (UNCTAD), the Commonwealth Secretariat's Debt Management Section, Debt Relief International (DRI), the Center for Latin American Monetary Studies (CEMLA), the Macroeconomic & Financial Management Institute of Eastern & Southern Africa (MEFMI), and the West African Institute for Financial and Economic Management (WAIFEM)



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Shared Objectives • Joint Action • Real Impact



# Debt Management Facility II (DMF II)

THE WORLD BANK GROUP  
INTERNATIONAL MONETARY FUND

# Overview

**S**ound analysis and management of a country's debt portfolio are critical for maintaining debt sustainability and building strong economies with stable financial systems. In the past, international debt relief initiatives have helped restore debt sustainability and created fiscal space in many developing countries. But today, effective risk-based debt management is essential to reducing debt vulnerabilities before they emerge. Limiting these vulnerabilities helps promote growth and maintain financial stability.

DMF II builds on the success of Phase I of the DMF, a multi-donor trust fund (TF) launched in November 2008 and designed to help developing countries strengthen their capacity to manage their public debt. Activities under the DMF have helped more than 50 countries to assess and improve the management of their debt, plan for future debt transactions, and ensure that their debt levels are sustainable.

## Benefits

With increased collaboration between the World Bank (WB) and the International Monetary Fund (IMF) the DMF II will use common frameworks and tools that will help debt managers in developing countries to:

- build institutional capacity for assessing, monitoring, and managing the risks associated with public debt portfolios, including subnational debt;
- receive training to conduct debt sustainability analysis and design sustainable borrowing strategies;
- build capacity to design and put in place debt portfolio management strategies;
- deepen domestic debt markets; and
- improve the durability of a country's access to international capital markets.

## Coverage of countries

DMF II can cover all Low-Income Countries (LICs) and countries that are eligible for the assistance of the International Development Association (IDA) and the IMF's Poverty Reduction and Growth Trust (PRGT).

## Cooperation and consultation

Program delivery is demand-driven. The WB and IMF consult with country authorities and other providers of technical assistance to assess countries' immediate and long-term needs. A team of WB and IMF staff works

with other debt experts and country officials to develop a country-specific work plan that includes technical assistance and training activities.

## Delivery modes

WB and IMF staff design and deliver the technical assistance and training programs and backstop and manage experts. Implementation partners and short-term experts complement the skill mix.

The DMF II will fund workshops, conferences, and fora to deliver targeted training and disseminate lessons that have been learned. It will help government officials broaden support for reform—in-country, regionally, or internationally.

## Governance

A Steering Committee comprised of donors and WB/IMF staff will guide the work of the DMF II. The Committee helps to set the strategy, policies, and priorities; endorses annual work plans; and reviews performance over time.

## Evaluation

Halfway through the five-year funding cycle, there will be an independent external evaluation of DMF II's work. Results will be used to inform the next cycle.

