



# An Introduction to DeMPA



World Bank Treasury



**ECONOMIC POLICY AND  
DEBT DEPARTMENT**

Sound Economics for Growth and Poverty Reduction



- 1.Context
- 2.Rationale
- 3.Objectives
- 4.Features
- 5.Evolution of Program



## What is DeMPA?

- DeMPA is a methodology for assessing public debt management performance through a comprehensive set of performance indicators spanning the full range of government debt management (DeM) functions
  - It is firmly grounded in Public Expenditure and Financial Accountability (PEFA) methodology and offers a “drill down” on debt management
- It may be applied in all developing countries



## Rationale for applying in LICs

- Changing context in LICs :
  - debt burdens have declined sharply in HIPC/MDRI countries
  - newly creditworthy LICs now attracting non-concessional creditors
- In many LICs, debt management performance is weak:
  - despite debt relief
  - because its not a priority
- How to focus policy attention on the issue?
  - Measure DeM performance, using a universally accepted, comprehensive, and standardized metric
  - Monitor progress over time



## Objectives

- Assess debt management performance and monitor it over time
- Enable design of actionable reform programs
- Enhance donor harmonization based on common understanding of priorities



# DeMPA Tool-kit

- DeMPA Tool
  - »14 Debt Performance Indicators (DPIs) with 35 Dimensions
  - »Most DPI have more than one dimension
  - »Scoring methodology
  - »Performance Report
  
- Indicators complemented by Guide
  - » background information and rationale on each indicator
  - » a list of supporting documentation
  - » indicative questions



# Debt Performance Indicators (DPIs)

## Holistic Approach

- 14 DPIs cover six critical aspects
  - governance and strategy development
  - coordination with macroeconomic policies
  - borrowing and related financing activities
  - cash flow forecasting and cash balance management
  - operational risk management
  - debt records and reporting



## Holistic Approach- Snapshot of DPIs

	<b>Governance and Strategy Development</b>
DPI-1	Legal Framework
DPI-2	Managerial Structure
DPI-3	Debt Management Strategy
DPI-4	Evaluation of Debt Management Operations
DPI-5	Audit
	<b>Coordination with Macroeconomic Policies</b>
DPI-6	Coordination with Macroeconomic Policies
	<b>Borrowing and Related Financing Activities</b>
DPI-7	Domestic Borrowing
DPI-8	External Borrowing
DPI-9	Loan Guarantees, On-lending and Derivatives
	<b>Cash Flow Forecasting and Cash Balance Management</b>
DPI-10	Cash Flow Forecasting and Cash Balance Management
	<b>Operational Risk Management</b>
DPI-11	Debt Administration and Data Security
DPI-12	Segregation of Duties, Staff Capacity and Business Continuity
	<b>Debt Records and Reporting</b>
DPI-13	Debt Records
DPI-14	Debt Reporting



## Features of DeMPA

- DeMPA Indicators
  - » Standardized metric – helps to measure of DeM performance
  - » Highlights strengths and weaknesses
  - » Indicators are outcome based not input-based (except DPI 12)
  - » Based on “sound practice”
  - » Neutral regarding institutional arrangements for DeM in country
  - » Monitor progress over time
- Assess performance of DeM operational functions



# Coverage of DeMPA

Coverage: Central Government DeM and connected activities

- Borrowing and use of derivatives
- Issue of loan guarantees
- On-lending
- Cash flow forecasting and cash balance management

Exception: DSA and debt reporting include total non-financial public sector debt and loan guarantees

Flexible: applicable in sub-national context



## DeMPA: Scoring method

- Scoring methodology - quantifiable scores (A to D)
  - Meet minimum requirement = Score C
  - Absence of minimum = Score D
  - Sound practice = Score A (B intermediate for more granularity)
  - Not rated – if process/system does not exist

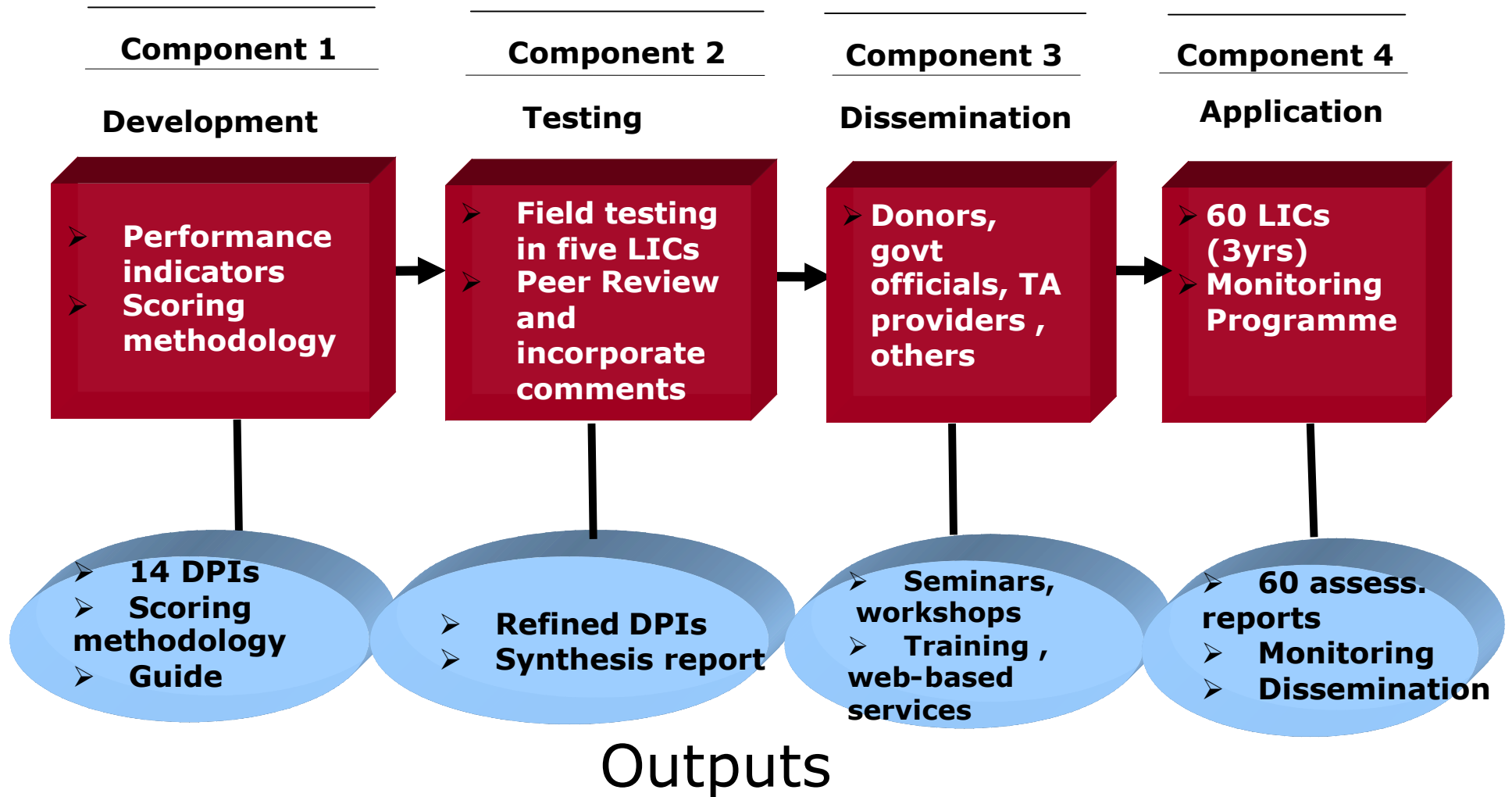


# DeMPA: Implementation

- Assessment
  - » Country-team led initiative
  - » Evaluation of existing and available evidence
  - » In-country assessments, based on both qualitative and quantitative data
  - » Meetings with stakeholders, on the ground donors, TA providers
  
- Performance Report
  - » Succinct, objective, collaborative process with country authorities
  - » Disclosed by country authorities



## Evolution of program





<http://siteresources.worldbank.org/INTDEBTDEPT/Resources/468980-1184253591417/GDM-PMF.pdf>

# Thank You

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