



DeMFLIC

# **Debt Management Facility for Low-Income Countries (DeMFLIC)**

Debt Management Stakeholders' Conference

Oslo – 5/6 March, 2008



# Drivers

- Roughly \$90 billion in debt relief
- Increasingly complex borrowing environment for LICs
- Significant capacity constraints and remaining risk of future debt distress
  - Only 9 of 23 post-CP HIPCs at “low risk” of debt distress under the Bank-Fund DSF



# Response

Mandate from World Bank's shareholders to enhance debt management work programme, in collaboration with TA and capacity building providers



## **Response (cont.)**

- Build on comparative advantage of existing service providers
- Leverage World Bank resources, expertise, and country programs
- Build on World Bank experience in both LICs (eg, through HIPC) and MICs (PDM TA)
- Focus on provision of public goods: tools, harmonized approaches, performance monitoring, standard-setting, dissemination & training



# Objective

Further strengthen government debt management capacity and institutions in LICs to mitigate the risk of debt distress and contribute to improved public financial management



## How?

- Systematic application of DeMPA
- Detailed & actionable programs of reform
- Aid authorities in developing debt management strategies
- Monitor progress and performance over time
- Facilitate sharing of information and promote sound practice
- Peer learning initiatives, such as a Debt Management Practitioners Program



## Key features

- Framework for mobilizing and channeling additional donor financing
- A multi-donor, grant-based vehicle
- Demand-driven project selection
- Multi-donor governance structure with World Bank oversight function



# Precedents

- Public Private Infrastructure Advisory Facility (PPIAF)
- Public Expenditure & Financial Accountability Program (PEFA)
- Global Road Safety Facility for Africa (GRSFA)
- FIRST Initiative
- Gender Action Plan (GAP)
- INFODEV