

## INFORMATION NOTE

### DEBT MANAGEMENT FACILITY FOR LOW-INCOME COUNTRIES (DEMFLIC)

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- The Debt Management Facility for Low-Income Countries (DeMFLIC) is conceived as a multi-donor technical assistance (TA) facility with the objective of helping developing country governments strengthen debt management capacity and institutions in order to mitigate the risk of debt distress and contribute to improved public financial management.
- This would be achieved through: (i) the systematic and regular application of the Debt Management Performance Assessment (DeMPA) tool; (ii) assisting authorities in designing detailed and sequenced programs of reform; (iii) strengthening debt management by supporting the development of medium-term debt management strategies; (iv) monitoring debt management performance in LICs over time; (v) facilitating the sharing of knowledge and experience through establishment of a Debt Management Practitioners Program and other peer learning techniques; and (vi) identifying, disseminating and promoting sound practice in debt management for LICs.
- DeMFLIC would be *demand-driven*, accepting requests for TA arising directly from client countries or made in collaboration with client countries by relevant stakeholders. The facility would pursue *additionality*, ensuring that it funds activities that are complementary to those being funded from other sources and that its funding does not substitute for or displace assistance available from other sources. The facility would also promote a model of partnership in line with the Paris principles.
- DeMFLIC would provide TA and capacity building services through external consultancies financed by a multi-donor trust fund established to support the facility's activities. The World Bank would serve as administrator of the Trust Fund, which would provide resources on a grant basis to deliver the required TA and capacity building services, including application of the Debt Management Performance Assessment (DeMPA) tool and missions to prepare detailed reform plans and debt management strategies. Operations would be based on clear eligibility and project selection criteria.
- DeMFLIC would have a two-tier decision-making structure, comprising a *governing council* to provide strategic guidance, set overall policies and priorities, and approve the annual work program, and a *secretariat* with responsibility for day-to-day operations in accordance with the governing council's instructions. In addition, an independent Technical Advisory Panel would ensure the quality, relevance and effectiveness of DeMFLIC activities.