

# Building Debt Management Capacity

Impact, Challenges, and Future Directions

DEBT MANAGEMENT FACILITY PROGRAM:  
2009–25



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#### **Note on data**

This report covers the period of the Debt Management Facility (DMF) from its inception in 2009 through the end of June 2025, unless otherwise indicated. It excludes World Bank–funded pilots undertaken during DMF I. For figures and analysis based on calendar year, DMF I covers 2009–13; DMF II, 2014–19; and DMF III, 2020–25. Country characteristics (income level, risk of debt distress, and so on) are as of end-June 2025. The analysis includes all Debt Management Performance Assessments (DeMPAs) finalized by that date. Debt management technical assistance and training provided to DMF-eligible countries are excluded if financed outside the DMF—except for DeMPAs not funded by the DMF—to allow for broader analysis.

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# Executive Summary

Since its launch in 2008, the Debt Management Facility (DMF) has been a cornerstone of international efforts to strengthen public debt management in developing countries. Through sustained technical assistance, targeted capacity building, and close collaboration with country authorities and development partners, the DMF has helped governments build the institutional foundations needed to manage debt prudently, broaden access to financing, and safeguard macrofiscal stability.

**Over 2009–25, the program has evolved in response to a changing global debt landscape—characterized by higher debt vulnerabilities, more complex instruments, and a more diverse creditor base—while maintaining a consistent focus on practical, country-owned solutions that translate analytical frameworks into operational improvements.** This report takes stock of the DMF’s support and results over this period, examining how its technical assistance (TA) and capacity building have strengthened debt management practices and enabled countries to navigate an increasingly challenging environment. As the primary platform for TA on public debt management to developing countries, the DMF Program has become increasingly vital in establishing sound risk monitoring frameworks, strengthening debt transparency and reporting, and adopting proactive liability management practices.

**The DMF is a central platform for advancing effective, impactful and accountable debt management reforms in developing countries.**

**The DMF's role in improving quality of public debt management has become more important than ever in the context of elevated and widespread debt vulnerabilities.**

While the risk of a systemic debt crisis remains contained, many countries face severe liquidity pressures and, in some cases, unsustainable debt burdens. Fifty-four percent of low-income countries are in or at high risk of debt distress, with elevated debt service payments. Strengthening debt management capacity building—including reinforcing public debt management institutions, improving the quality of debt management, and enhancing debt transparency—is essential to mitigating these risks over time. Such capacity is also critical for effective use of the instruments available to support developing countries, such as the G20 Common Framework, and the joint IMF–World Bank three-pillar approach. The DMF is uniquely positioned to address these challenges. The DMF Program closely aligns with broader institutional strategies, including the World Bank's Corporate Scorecard, the Sustainable Development Financing Policy, and IDA21's policy reforms. At the IMF, DMF-aligned capacity development is integrated into surveillance and lending operations.

**During the overall program duration, the World Bank and the IMF have provided a total of 612 TA missions in 80 countries.**

As part of the ongoing DMF III, our experts provided 252 TA activities to low-income countries (LICs) and lower-middle-income countries (LMICs), representing close to 90 percent of all national-level TA delivered between 2020 to 2025. Anchored in core analytical frameworks including the Debt Management Performance Assessment (DeMPA) and Medium-Term Debt Management Strategy (MTDS), the DMF has evolved to address a broader range of debt management challenges. These include assisting in strengthening legal and institutional debt management framework, supporting the evaluation and management of debt-related fiscal risks, providing tailored domestic debt market development advisory, and helping enhance cash management functions.

**The DMF has expanded its training program to cover a broad range of public debt management topics, from the flagship DeMPA, MTDS analytical tool, and Debt Sustainability Framework for LICs to fiscal risk management, market development, and debt reporting.**

By 2025, over 7,000 government officials have received training through the DMF regional and bilateral program. These efforts were further reinforced by a rich array of knowledge products and peer learning programs.

**Overall, 43 percent of the TA were delivered in countries that were rated at high risk of debt distress or already in distress.** During DMF III, 21 out of 26 high risk countries received 32 percent of total TA and 6 countries in debt distress out of 25 received 11 percent.

**Fragile and conflict-affected situations (FCS) countries are among the most vulnerable, affected by high levels of social fragility or violent conflict.** There are 34 DMF countries classified as FCS, about 39 percent of all DMF countries, including nine small states. TA

in FCS increased to 41 percent of the TA implemented during DMF III, up from 33 percent in DMF I and 19 percent in DMF II.

**Throughout the DMF Program, countries that have received targeted TA and capacity building have demonstrated tangible improvements in debt management outcomes and transparency.** For example:

- Fifty-four countries have prepared and published a medium-term debt strategy at least once since 2020.
- Twenty-four countries now publish an Annual Borrowing Plan with full coverage or report on debt strategy implementation.
- The number of countries publishing a debt statistical bulletin with full coverage and no more than six months old has increased to 43 as of end-FY25.

**Sustained support through a programmatic approach and tailored reform plan has proved to be effective in achieving meaningful outcomes.** DMF III placed great emphasis on the programmatic approach which aligns the DMF support with the government reform priorities and addresses the country’s challenges through continuous engagements. Bangladesh, Burkina Faso, Democratic Republic of Congo, Georgia, Madagascar, Malawi, Papua New Guinea, Sri Lanka, Uzbekistan, and Zambia have benefited from such engagement. Key outcomes include sound legal and institutional framework, development and improved quality of debt management strategy, introduction of the framework for managing contingent liabilities based on credit analysis, strengthened cash management, and upgraded quality of debt statistics aiming at greater debt transparency (see box ES.1).

**612**

Since 2009, the DMF has delivered 612 technical assistance activities across 80 countries

**90%**

During 2020–25, nearly 90 percent of national-level DMF technical assistance supported low- and lower-middle-income countries

**54**

Fifty-four countries have prepared and published a medium-term debt strategy since 2020

## Box ES.1

## Selected DMF results

**BANGLADESH** MTDS, LCBM

Lowered borrowing interest rate

Developed MTDS

Published quarterly bulletin

**BURKINA FASO** TA on Debt Reporting

Full disclosure of public debt based on Heat Map

Lowered financing cost

**CONGO, DEM. REP.** DeMPA → Reform Plan → ABP, Debt Reporting

Adopted of new debt management law in 2023

Finalized a debt management reform logical framework for 2024–26

**GEORGIA** DMPP, DeMPA, Series of DDMD TA, Legal Framework

Improved debt transparency

Update Medium-Term Debt Strategy

Reforms to strengthen domestic market helped weather the global pandemic

**MADAGASCAR** DeMPA → Reform Plan → Fiscal Risk Assessment

Approved a Debt Management Reform Plan in 2023 and completed logical framework

Approved decree to reorganize Debt Management Office

Established and operationalized legal and institutional framework for fiscal risk management

**MALAWI** TA on Contingent Liabilities Management

Updated PFM Act (2023) addressing contingent liabilities management

Adopted comprehensive guarantee and on-lending guideline

**SRI LANKA** DeMPA → Reform Plan → Governance

In the process of creating the new centralized Debt Management Office

Revamping legal and regulatory framework

**Donor support has been vital to the success and continuity of the DMF.** Backed by contributions from 11 donors and strong collaboration with international partners, the DMF has been able to deliver assistance consistently and expand its offerings overtime as demand arose. With this support, the DMF is now entering its next chapter—DMF IV—at the juncture of 2025 and 2026. Building on 17 years of implementation, the new phase will focus on deeper and more sustained country engagement, scalable solutions, and faster reform implementation. Priority areas include support to fragile states, harnessing technology, and developing digital tools to improve debt data and knowledge sharing. Working hand in hand with donors and global partners, the DMF is well positioned to help LICs and LMICs strengthen debt management that is more transparent, accountable, and resilient.

**11**

Backed by contributions from 11 donors and strong collaboration with international partners

**7,000**

By 2025, more than 7,000 government officials had received DMF training in public debt management

**43**

The number of countries publishing timely, comprehensive debt statistical bulletins rose to 43 by end-FY25

# Abbreviations and Acronyms

ABP	Annual Borrowing Plan
AfDB	African Development Bank
DeMPA	Debt Management Performance Assessment
DMF	Debt Management Facility
DMIS	Debt Management Information System
DMM	Debt Management Monitor
DMN	Debt Managers' Network
DMO	Debt Management Office
DMPP	Debt Management Practitioners' Program
DMS	Debt Management Strategy
DSA	debt sustainability analysis
DSF	Debt Sustainability Framework
FY	fiscal year
G20	Group of Twenty
GDP	gross domestic product
HIC	high-income country
HIPC	heavily indebted poor countries
IDA	International Development Association
IMF	International Monetary Fund
LCBM	local currency bond market
LIC	low-income country
LMIC	lower-middle-income country
MIC	middle-income country
MOOC	massive online open course
MTDS	Medium-Term Debt Management Strategy
TA	technical assistance
UMIC	upper-middle-income country
ZMW	Zambian kwacha



# **Debt Management Facility Program: 2009–25**

# Introduction

**Debt vulnerabilities across developing countries underscore the need to build stronger debt management capacity.** Although the risk of a systemic debt crisis remains contained, many countries face severe liquidity pressures and, in some cases, unsustainable debt burdens. In 2008, the average debt-to-gross domestic product (GDP) ratio for Debt Management Facility (DMF)-eligible countries stood at 42 percent. This surged to 64 percent in 2020 amid the COVID-19 crisis, before moderating somewhat thereafter. By 2024, the debt-to-GDP ratio remained elevated at around 60 percent on average. At the same time, the share of DMF countries at high risk of, or already in, debt distress peaked at 58 percent in 2021, declining to 52 percent in 2025, still higher than pre-COVID level.

**These vulnerabilities are further intensified by global uncertainty and an evolving creditor landscape. The composition of external public and publicly guaranteed debt changed notably, shifting from multilateral and Paris Club creditors toward bonds, commercial lenders, and non-Paris Club creditors.** Post-pandemic inflation and rising global interest rates further intensified debt service pressures. Central banks' aggressive policy rate hikes raised borrowing costs for emerging and developing economies, while geopolitical tensions and heightened investor risk aversion widened credit spreads and restricted market access in 2022 and 2023. Meanwhile, low-income countries (LICs) increasingly turned to domestic borrowing. The public domestic debt-to-GDP ratio increased from 8 to 17 percent between 2014 and 2024 for the countries assessed with the Debt Sustainability Framework (DSF) for LICs. For a median country, the share of domestic debt in total public debt more than doubled over the period from 10 to 21 percent.<sup>1</sup>

**These shifts have translated into higher debt service burden and increased portfolio risks.** For middle-income countries with low sovereign credit ratings, spreads have normalized, though borrowing costs remain significantly higher than during the 2010s.<sup>2</sup> In

2024, interest and principal payments for external debt in International Development Association (IDA) countries hit all time high for the second consecutive year.<sup>3</sup> Supported by improved growth prospects and investor confidence, international bond issuance resumed in 2024, with IDA-eligible countries recording a net international bond inflow after net outflow in the previous two years. However, the cost and risk of borrowing from external private investors have risen as investors demanded higher interest rates and shorter maturities. Pressures have also intensified on domestic debt. Between 2014 and 2024, the median share of domestic debt service relative to revenue in DSF for LICs countries rose from 3 to 19 percent. Domestic debt was dominated by marketable borrowing, which accounted for nearly 60 percent of total domestic debt stock in 2024. Domestic market borrowings help reduce exchange rate risk while often increasing roll-over and interest rate risk due to their shorter maturity.<sup>4</sup> The combination of elevated debt levels, record debt servicing costs, tighter financing conditions, and constrained fiscal space continues to weigh heavily on growth and sustainability. In 2024, LICs and lower-middle-income countries (LMICs) spent approximately 8 percent of GDP on debt service—more than on health, education, and infrastructure combined. Compounding the situation, many lack the fiscal resilience to absorb future shocks, including those driven by climate change.

## DMF Evolution and Adaptation

In response to these growing global challenges, the international community has deployed several tools to help countries manage debt more effectively, enhance access to **concessional financing**, and carry out **liability management operations**.

**The DMF has played a pivotal role in embedding sound debt management practices across eligible countries.** More than 80 percent of participating countries have undertaken at least one **DeMPA** (Debt Management Performance Assessment), 68 percent have received **Medium-Term Debt Management Strategy** assistance, and 61 percent have engaged in at least one **reform plan technical assistance (TA) activity**. Since its inception in 2008, the DMF has delivered over **612 TA missions** and trained more than **7,000 government officials**.

**In this report, we take stock of assistance provided by the DMF Program to LICs and LMICs to strengthen debt management structures, improve the quality of legal frameworks, and enhance coordination with macroeconomic policies.** Many debt management offices (DMOs) updated debt management strategies and, where needed, engaged in debt restructuring efforts. Legal framework improved and new debt management legislation was introduced. Clear improvement in debt transparency over time is documented by the Debt Reporting Heat Map, which tracks the debt transparency on an annual basis for 75 International Development Association–eligible DMF countries.

## Strategic Partnerships and Knowledge Sharing

**At present, the DMF Program is supported by eleven partners:** the Federal Ministry of Finance of Austria; the African Development Bank; the Department of Foreign Affairs, Trade and Development of Canada; the European Union through the European Commission; the Ministry of Economy, Finance and Industrial and Digital Sovereignty of France; the Federal Ministry for Economic Cooperation and Development of Germany; the Ministry of Finance of Japan; the Ministry of Foreign Affairs of Netherlands; the Ministry of Foreign Affairs of Norway and the Norwegian Agency for Development Cooperation; the State Secretariat for Economic Affairs of Switzerland; and the Department of the Treasury of the United States. This support has enabled the IMF and the World Bank, as well as our regional partners, to provide an increasing volume of assistance to eligible countries. Demand from DMF clients has also been rising steadily over time.

**Lessons from DMF III external evaluation, completed in 2024, emphasize the importance of strong country buy-in to ensure reforms are aligned with national priorities and receive committed support.** In parallel, ad hoc TA offers targeted support when needed. Achieving results in fragile and conflict-affected states requires additional time and flexibility due to complex environments, and implementing new TA areas demands persistence. To maximize impact, outreach efforts have been broadened to engage a wider audience, and effective coordination of debt management TA is necessary to enhance efficiency, effectiveness, and resource optimization.

Coordination and closer cooperation among TA providers have been a growing focus, especially during DMF III. Partnerships with institutions like the **Joint Vienna Institute** and **Japan International Cooperation Agency** enabled delivery of regional training to countries in Sub-Saharan Africa, Southeast Asia, and Europe and Central Asia. The **DMF Secretariat** facilitated **Partnership Coordination Council** meetings with bilateral and regional agencies to ensure aligned support and knowledge exchange.

In its latest phase, the DMF promoted stronger dialogue between policy makers and technical experts to align fiscal and debt policy objectives. It also worked closely with the **International Organization of Supreme Audit Institutions** to build external audit capacity for debt management oversight.

## Focus of the Report

**This report takes stock of the DMF Program's performance** since its inception, reflecting on its evolution, the breadth of TA and trainings delivered, the key challenges in institutionalizing sound debt management, and the outcomes achieved. It also outlines lessons learned and sets the stage for the DMF's future direction.

**The analysis provides an overview of the assistance provided to countries that were eligible for capacity development support by the DMF.**<sup>5</sup> The report disaggregates TA delivered by region, income level, debt distress status, fragility and conflict-affected classification, and small state status. Notably, Sub-Saharan Africa received over half of the TA provided, with most support directed to LICs and LMICs. Trends in TA and trainings across product lines show a consistent scale-up in both scope and delivery, coordinated closely with grant-receiving implementing partners and other partners.

**The DMF's outputs and outcomes are assessed periodically using a range of instruments and methods.** DeMPA assessments and the Debt Reporting Heat Map provide key quantitative measures of countries' progress, highlighting improvements in public debt management governance; availability and quality of debt strategies, debt reports, and publications; and strengthened analytical capacity in DMOs. Independent evaluations confirm the relevance and effectiveness of the DMF Program, while acknowledging the challenges recipient countries face in implementing reforms. Survey responses from selected DMF countries indicate that DMF support—provided through TA, trainings, and outreach programs—has informed and facilitated reforms, particularly in debt management strategy design, debt reporting, and capacity to conduct debt sustainability analysis. Case studies from Bangladesh, Burkina Faso, the Democratic Republic of Congo, Georgia, Madagascar, Malawi, Papua New Guinea, Sri Lanka, Uzbekistan, and Zambia further illustrate how consistent, programmatic engagements have advanced reforms, whether through comprehensive reform plans or by addressing specific government priorities.

**The report is structured as follows:** Chapter 1 discusses the evolution of the DMF since its inception. Chapter 2 examines trends in DMF activities in TA, training, and peer learning. Chapter 3 presents results on debt management outcomes from the analysis of DeMPA scores, external evaluation, a survey administered to DMOs in DMF-eligible countries, as well as illustrative case studies of selected DMF countries. Finally, chapter 4 explores challenges and lessons learned for debt management capacity building in general and for the next phase of the DMF.

# 01

## The DMF over the Years

**The World Bank launched the Debt Management Facility (DMF) in 2008 as a multidoor trust fund to provide debt management technical assistance (TA) as part of the effort to protect the gains from debt relief.** The original trust fund included nine development partners—the African Development Bank (AfDB), Austria, Belgium, Canada, the European Commission, Germany, the Netherlands, Norway, and Switzerland—for a five-year period. The objective of DMF I was to strengthen debt management institutions, processes, and capacity to reduce debt-related vulnerabilities of low-income countries (LICs). It was decided that countries would be supported using analytical tools, technical assistance and tailored advisory support, training, and peer-to-peer learning. After a positive external evaluation, a second phase of the DMF (DMF II) was launched in 2014, and the partnership with the International Monetary Fund (IMF) was formalized. DMF II was funded by six development partners (Austria, Germany, the Netherlands, Norway, the Russian Federation, and Switzerland) and two multilateral institutions, the AfDB and the European Commission. DMF III was established in 2019 with the support of 11 development partners (the AfDB, Austria, Canada, the European Commission, France, Germany, Japan, the Netherlands, Norway, Switzerland, and the United States). After its launch at the World Bank–IMF Spring Meetings that year, it came into operation during 2020–21. DMF IV is currently being launched with the support of donor partners.

**Eighty-eight countries were eligible for the DMF Program as of June 30, 2025.** The DMF countries include all the countries that were eligible for International Development Association (IDA) financing in 2008 and those that later became eligible for the IMF’s Poverty Reduction and Growth Trust and for IDA credits. By end-June, 2025, 80 percent of the countries were LICs or lower-middle-income countries (LMICs); 47 percent of the countries were located in Sub-Saharan Africa; 38 percent were classified as fragile and conflict-affected situations;<sup>6</sup> 44 percent were heavily indebted poor countries; 40 percent rated at high risk of debt distress or already in debt distress; and 77 percent classified as

weak or medium policy performers by the most recent Country Policy and Institutional Assessment of the World Bank.<sup>7</sup> Appendix A provides a list of DMF-eligible countries.

**As of June 2025, 80 countries benefited from DMF TA, accounting for 91 percent of total DMF<sup>8</sup> countries.** Of those, 79 countries received DMF TA at the sovereign government level.<sup>9</sup> In addition, 21 subnational governments from seven countries were assessed by a subnational Debt Management Performance Assessments (DeMPA) or supported by tailored debt management TA. Across DMF phases I, II, and III, DMF TA were delivered to 62, 66, and 69 countries, respectively. The overall compositions of the beneficiary countries by region, income group, and a rating of debt distress risk were largely in line with their share in number of DMF countries. There were some variations across DMF phases, but not significant ones. For example, TA were more likely to be implemented in countries in Sub-Saharan Africa and LICs during DMF I than in DMF II and III.

**From its outset, the DMF financed advisory services, training, and peer-to-peer learning activities on debt management.** Key activities throughout the program were DeMPAs, the Medium-Term Debt Management Strategy (MTDS) framework, and the formulation of debt reform plans. Peer-to-peer learning activities included a Debt Management Practitioner’s Program, the annual DMF Stakeholders’ Forum, and Debt Managers’ Network webinar series. DMF II built on the core DMF activities, offering new activities related to domestic debt market development, guarantees’ management, cash management, assistance on international capital market access, and training on the Debt Sustainability Framework for LICs. DMF II’s scaleup of activities was driven by client demand and changes in the global financial landscape. To meet the growing needs of DMF countries, DMF III strengthened capacity building with new activities. These activities boosted transparency in debt reporting and monitoring, as well as debt-related contingent liabilities and other fiscal risks, and enhanced TA related to debt management institutions. DMF III also expanded outreach and piloted innovative peer-to-peer learning initiatives (figures 1.1 and 1.2). The World Bank and IMF jointly developed and started application of a framework for local currency bond markets, followed by implementation support and regional training. Notably, DMF III’s first two years of operation coincided with the COVID-19 pandemic. Travel restrictions limited in-person delivery of services, yet despite this constraint, the DMF adjusted with agility to meet the rising client demand. From March 2020 to May 2022, DMF TA and training activities were predominantly delivered virtually to continuously serve DMF countries in challenging situations. By the second half of 2022, the World Bank, IMF, and DMF implementing partners had mostly resumed in-person activities.

Appendix B provides a list of eligible activities funded under the DMF. Box 1.1 summarizes the guiding principles of DMF III.

**Since the inception of the DMF, the financial landscape that debt managers in DMF-eligible countries face has been ever changing.** Debt portfolios became more costly

Figure 1.1  
DMF timeline

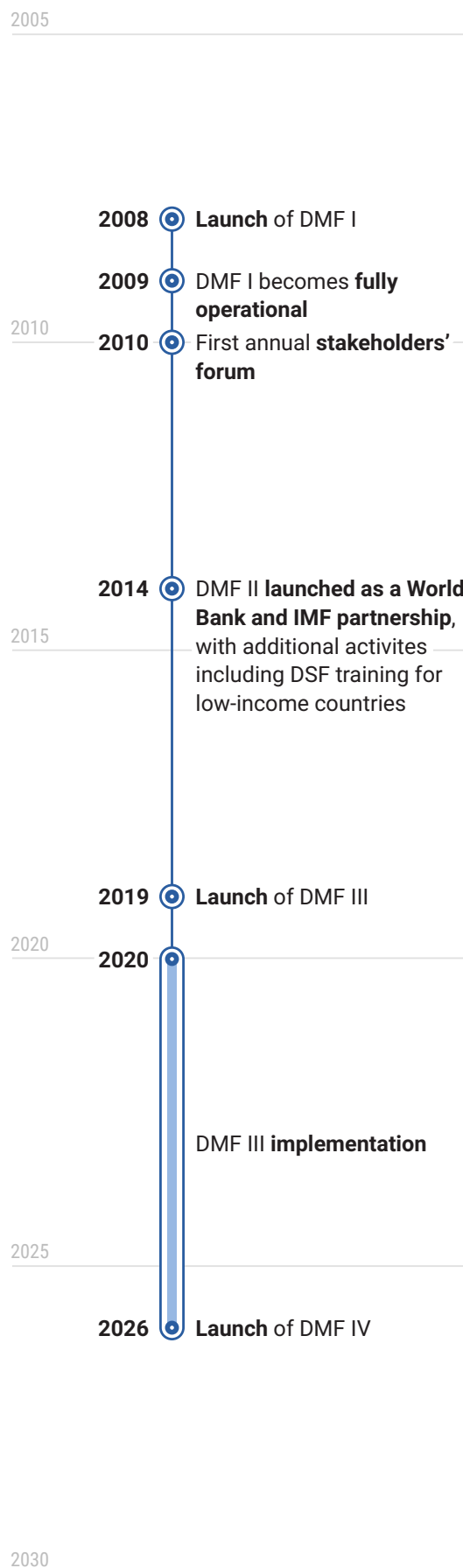


Figure 1.2  
DMF III activities



## Box 1.1

**DMF III activities and operational modalities guiding principles**

DMF III uses a programmatic approach to strengthening debt management capacity in DMF-eligible countries.<sup>a</sup> This approach recognizes that capacity development requires sustained engagement. The criteria for selecting beneficiary countries are (1) expressed interest in debt management support and reform, (2) expressed commitment to a medium-term programmatic approach, (3) likelihood of reform progress, and (4) relevance of technical assistance. The DMF Secretariat selects the countries and submits a proposal to include a country under a programmatic engagement to the Selection Committee for a no-objection vote, either during a committee meeting or electronically.

**Guiding principles for DMF III activities:**

- The entire work program is demand driven; eligible countries request all technical assistance activities.
- There is no established activity sequence, though it normally begins with a diagnostic followed by a debt reform plan and more targeted intervention. These core activities are supplemented by training activities and peer-to-peer learning initiatives.
- Participation of implementing partners in DMF III is not intended to give them an advantage or preference in competing with any other entity

concerning the procurement of goods, works, or services by the World Bank, recipients of Bank financing, or other third parties, where such procurement results from or has a direct relationship to such participation. Implementing partners must avoid conflicts of interest and accept the Bank's limitations imposed by the its policies and procedures on their subsequent activities to prevent such conflicts from arising.

- The coverage of debt management technical assistance under DMF III continues to encompass general government debt and other relevant debt-creating fiscal risks. DMF III will focus its support in this area to aspects linked to debt management and management of debt-related contingent liabilities.
- DMF III promotes improved coordination among institutions that provide debt management technical assistance and training, share and disseminate sound practice in public debt management, and encourage international dialogue on debt management issues, including among the Bank, International Monetary Fund, and implementing partners, to benefit DMF-eligible countries.
- DMF III activities are expected to contribute to the evidence base related to debt management capacity building to address debt vulnerabilities.

Source: Based on the DMF III Charter adopted on November 22, 2019.

a. In the context of the programmatic approach, World Bank and International Monetary Fund teams and country authorities jointly define a multiyear reform program, identify the needed support for countries' desired reform implementation, and develop country-specific, outcome-based performance measures. Programmatic engagements would focus on countries with significant debt management challenges/debt vulnerabilities and a strong commitment to reform.

and risky between DMF I and DMF III (table 1.1) as the countries shifted from more concessional multilateral and bilateral financing toward nontraditional bilateral credit and commercial borrowing (figure 1.3). By the start of DMF III, in 2020, the number of DMF-eligible countries that had issued at least one international bond increased from nine to 31.<sup>10</sup> The issuance surged in 2021 because of the more accommodating monetary policies in advanced economies after the slowdown in 2020 due to the COVID-19 pandemic. The geopolitical crises and inflationary pressures after the crisis led to tightened monetary conditions globally and rising borrowing costs. A series of defaults on

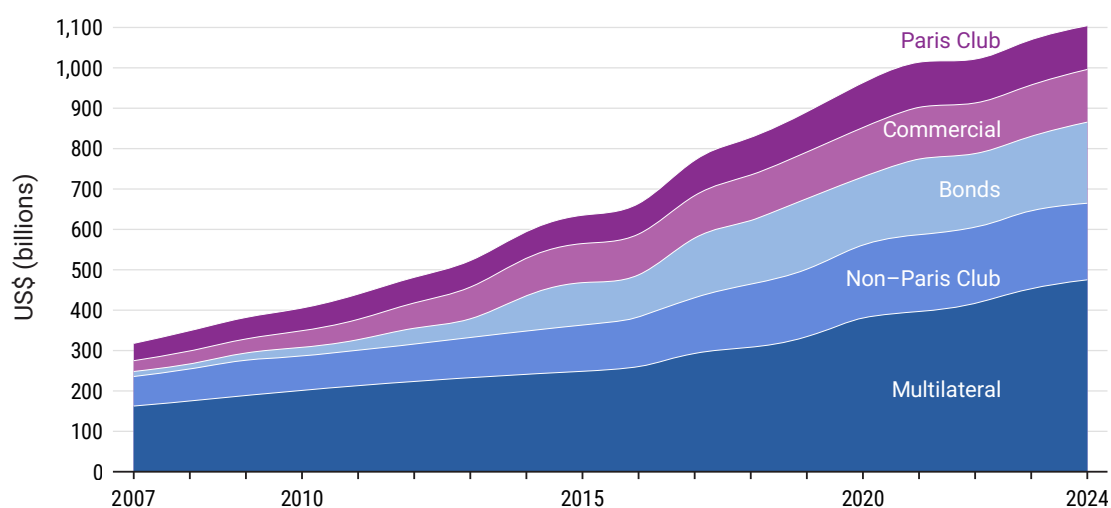
Table 1.1

**Comparison of funding sources for LICs and LMICs between DMF I and DMF III**

Characteristic	DMF I	DMF III
Creditors	Official	Increasing share of non-Paris Club and commercial banks
Instrument	Loans	Bonds, guarantees
Size	Many and small	Few and big
Interest	Concessional	Market
Speed of debt accumulation	Slow	Fast
Macroeconomic and fiscal framework	Weak	Deteriorating
Number of countries at high risk of debt distress	Declining	Increasing
Contingent liabilities or hidden debt	Hidden	Increasing or resurfacing
Debt management capacity	Weak analytical	Stronger analytical Weaker implementation

Figure 1.3

**Composition of public and publicly guaranteed external debt in DMF countries**



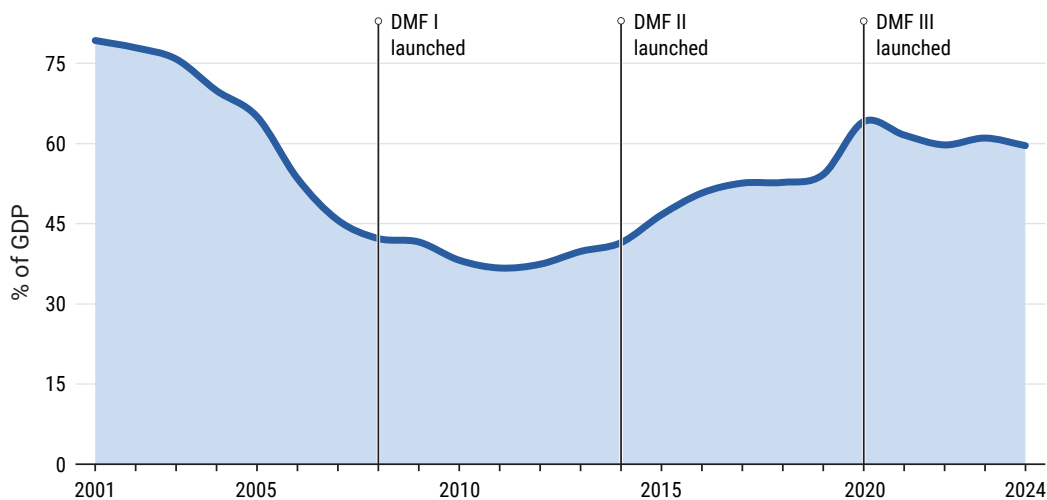
Source: Data as of end-2025 from the World Bank International Debt Statistics database.

Eurobond payments—Zambia (2020), Ghana (2022), and Ethiopia (2023)—also lowered the demand for securities issued by LMICs. As a result, the issuance of international bonds dropped sharply during 2022–23, and only a few regular issuers, such as Angola, Nigeria, and Pakistan, continued to tap the market.

**Public debt vulnerabilities had been on the rise.** While the outbreak of the COVID-19 pandemic exacerbated the fiscal and debt challenges amid the disruption of economic activities, reduced fiscal revenue, and increased demand for health-related and other social spending, 83 percent of the debt accumulated by DMF-eligible countries between 2010 and 2024 accrued in the decade before the pandemic. This has been reflected in increasing public debt levels and greater debt vulnerabilities. The ratio public debt to gross domestic product (GDP) in DMF countries, which averaged 42 percent in 2008 at the time of the DMF I launch, had risen to 62 percent by the DMF III launch, and declined moderately to 58 percent by 2024 as the global economy recovered (figure 1.4). The share of the countries assessed by the DSF for LICs at a high risk of debt distress or already in distress in all countries peaked at 58 percent in 2021 and reached 52 percent by the end of September 2025, with ten DMF countries in debt distress and 26 at high risk (figure 1.5) and nine in an unsustainable debt situation requiring comprehensive debt restructuring. Funding costs remain high. By 2024, bond spreads have generally declined to prepandemic levels for most countries, which, coupled with some easing of monetary policy in advanced economies, facilitated a return by some LICs to international capital markets. Recent developments, including elevated policy uncertainty and increased trade tensions, have increased financial market volatility and debt-related risks.

**Domestic debt-related vulnerabilities are also high.** Limited external financing has pushed many LMICs to increasingly rely on domestic markets—initially to meet

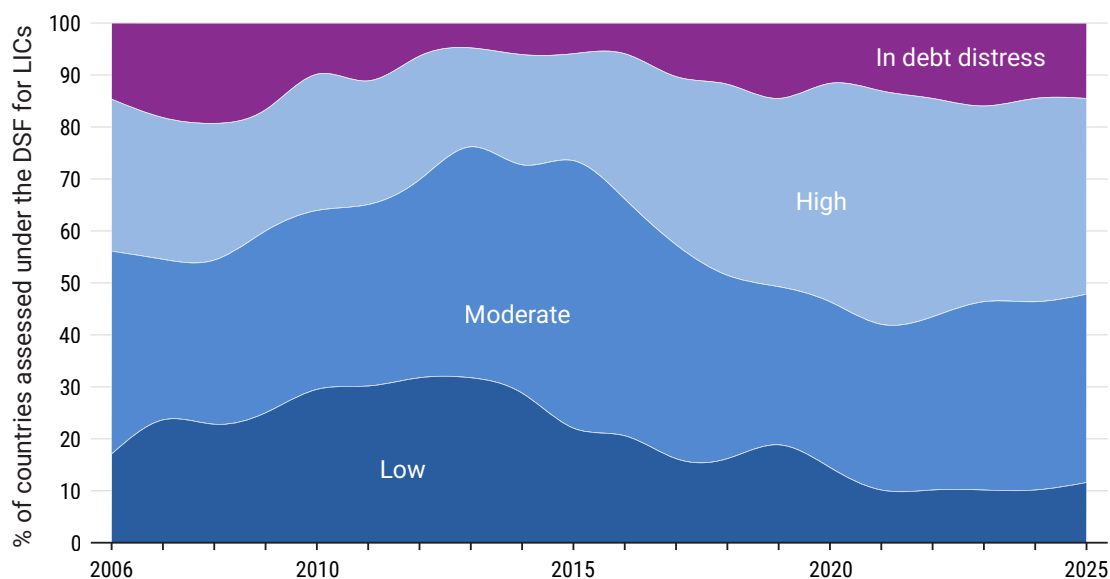
**Figure 1.4**  
**Public debt in DMF countries**



Source: IMF World Economic Outlook.  
Note: Data refers to simple averages.

Figure 1.5

## Evolution of risk of external debt distress



Source: World Bank.

Note: DSF = Debt Sustainability Framework; LICs = low-income countries.

emergency needs during the COVID-19 crisis but now extending beyond. This has raised domestic debt-to-GDP ratios and underscored the importance of developing well-functioning and liquid domestic securities markets—a key DMF priority. In fact, domestic markets can serve as essential safeguards during challenging times and a reliable source of funding during more stable periods. However, this has also fueled the increase in the exposure of banks to government debt, known as the sovereign-bank nexus. Not only does such large bank financing to government crowd out private credit and constrain growth, but it also poses risks to financial stability, potentially leading to a joint banking-government debt crisis if not addressed.

**The coming years remain a challenge.** While solvency risks seem broadly contained, many LMICs still face significant liquidity pressures. High costs of financing, substantial debt service obligations in FY26, uneven global growth, and multiple crises are diverting scarce resources from crucial investment areas. In addition, six DMF-eligible countries are undergoing some form of debt restructuring, four (Chad, Ethiopia, Zambia, and Ghana) have sought treatment under the G20 Common Framework, which aims to support coordinated solutions to debt sustainability challenges.

**The heightened debt vulnerabilities and drastically changing financing landscape underscore the importance of effective and prudent debt management and the continued relevance of the DMF.** As the level, costs, and risks associated with public debt has increased in many DMF countries, the implementation of sound debt management policies has become even more important. In June 2025, the 15th DMF Stakeholders' Forum convened over 120 officials and partners to discuss innovative solutions for

public debt management and strategies to mitigate the impact from global and regional shocks. The DMF continues to provide advisory services, technical assistance, and peer learning to 88 developing countries, with a focus on strengthening debt management capacity, improving processes and institutions, and advancing debt transparency. The DMF is uniquely positioned to support countries in improving their debt management functions, as highlighted in the external evaluation of DMF III.<sup>11</sup>

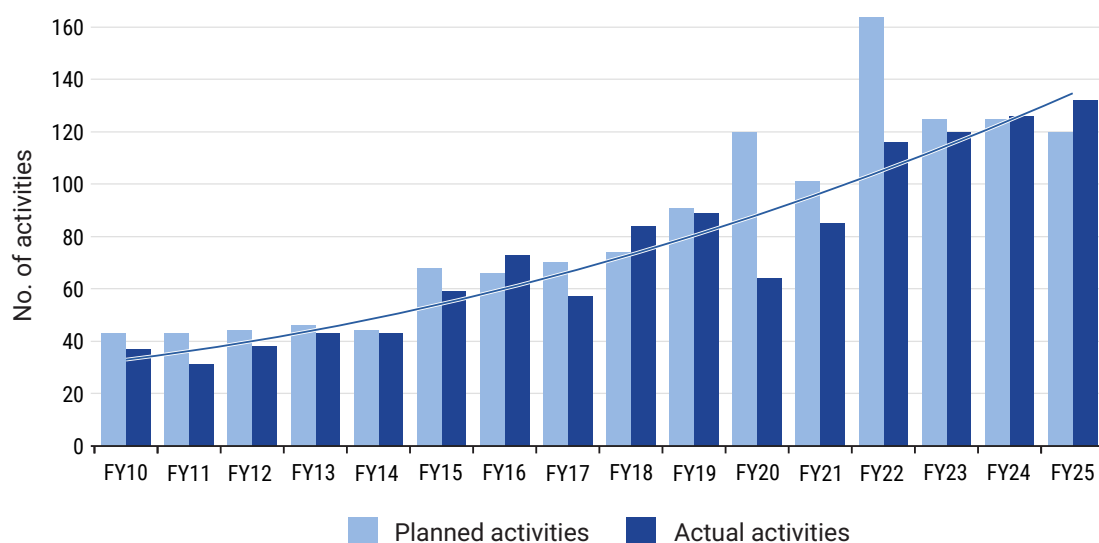
# 02

## Delivery of DMF Activities

**The number of Debt Management Facility (DMF) activities undertaken each year continues to increase.** Total activities—including technical assistance (TA), training, and peer-to-peer learning—increased from 37 in FY10 to more than 120 in FY25 (figure 2.1). This growth reflects the rising demand as well as the rollout of new products. Since its inception, the facility has responded to requests from 79 of the 86 DMF-eligible countries<sup>12</sup> and from 21 subnational governments. In total, 612 TA activities have been carried out, including 580 supporting federal governments, five regional organizations,<sup>13</sup> and 27 subnational governments.

Figure 2.1

**Budgeted activities versus actual activities, by fiscal year and activity**

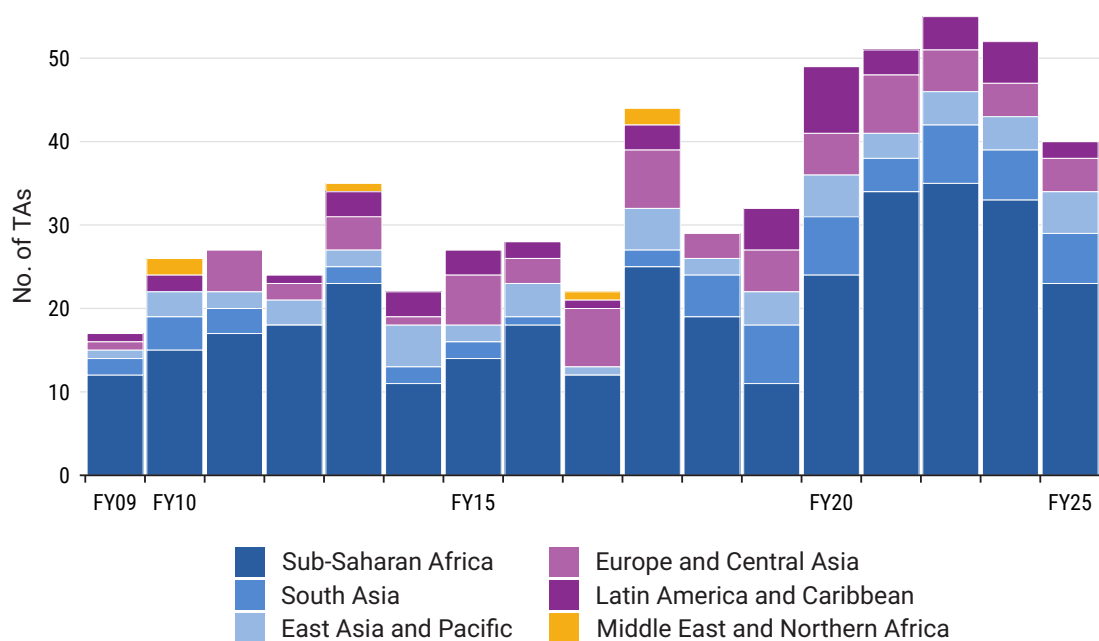


Source: DMF Secretariat and DMF annual reports.

**DMF III saw strong demand.** By the end of June 2025, DMF III had delivered 282 TA to 69 countries, compared to 137 and 188 activities in DMF I and II, respectively. During the period, 212 training activities were carried out. More than 4,000 government officials were trained on various debt management topics through in-person or virtual training during the COVID-19 pandemic. In addition, massive online open courses (MOOCs) offered online reached around 7,000 participants.

**The Africa region benefited most from DMF TA.** Forty-one DMF countries are from Sub-Saharan Africa, equivalent to 47 percent of all DMF countries. Out of 580 TA delivered to sovereign, 344, or close to 60 percent, were carried out in the region. The concentration in Sub-Saharan Africa is consistent over the period 2009–25 (figure 2.2). The TA to countries in the region made up to half or more than half of the yearly delivery for all years except 2020. Countries in the Europe and Central Asia with nine DMF countries, around 10 percent of total DMF countries received 12 percent of the TA. The Latin America and the Caribbean have 10 DMF countries, or 11 percent of total DMF countries, while Latin America and the Caribbean benefited from 8 percent. More than 10 percent of the TA were implemented in countries in South Asian, over the region’s share of 9 percent in number of countries. The delivery to the region picked up during 2019–25 to an average of 14 percent of yearly TA delivery from 7 percent during the first decade of the DMF. With a concentration of small island states, countries in East Asia and Pacific make up around 18 percent of total DMF countries, while receiving 9 percent of total TA.

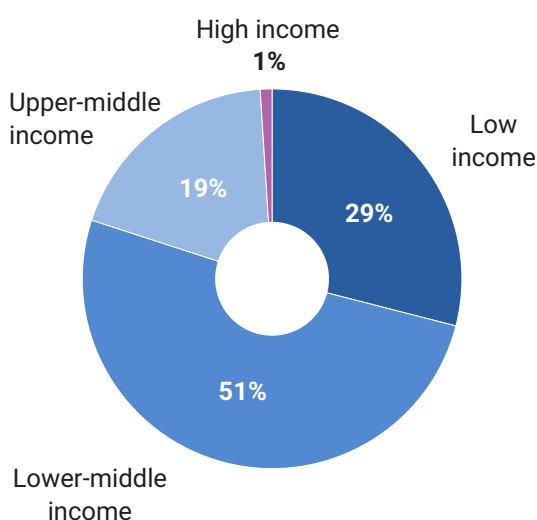
**Figure 2.2**  
**DMF TA to sovereign, by region**



Source: DMF Secretariat and DMF annual reports.

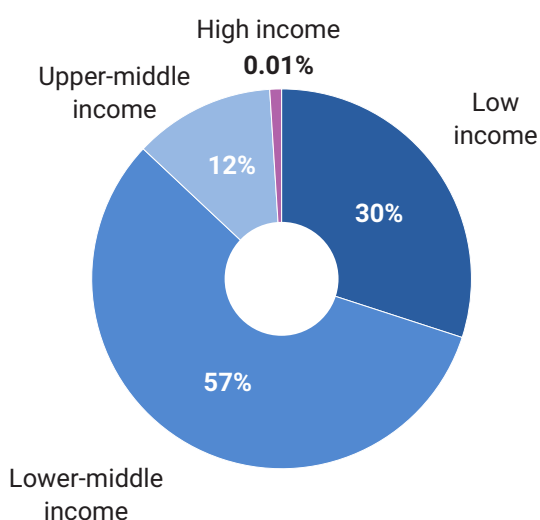
**Delivery of TA remained more targeted at low-income countries (LICs) and lower-middle-income countries (LMICs) (figure 2.3).** Today, the number of LICs that are DMF-eligible is 25, while there are 45 LMICs, 17 upper-middle-income countries (UMICs), and one high-income country (HIC).<sup>14</sup> During DMF III, 249 TA activities were provided to LICs and LMICs, accounting for close to 90 percent of all TA delivered to national governments, up from 140 during DMF II and 117 during DMF I. The share of TA activities to LICs and LMICs was 33 and 56 percent, respectively, in DMF III (figure 2.4), comparable to the share of 30 and 57 percent, respectively, in overall DMF TA delivery to LICs and LMICs, while greater than their respective share in all DMF-eligible countries (28 and 51 percent). The share of TA provided to UMICs and HICs decreased from 19 percent in DMF II to 11 percent in DMF III, against 20 percent as the share in the number of DMF-eligible countries (figure 2.5).

**Figure 2.3**  
DMF-eligible countries, by income group



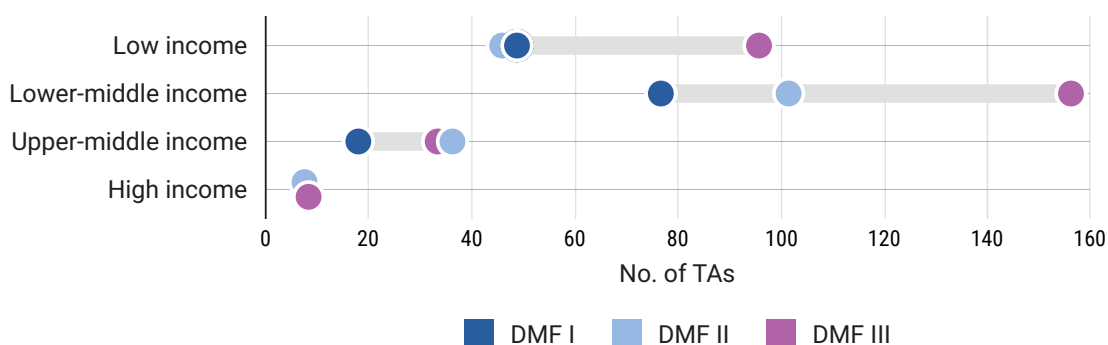
Source: DMF Secretariat and DMF annual reports.

**Figure 2.4**  
Share of technical assistance, by income group



Source: DMF Secretariat.

**Figure 2.5**  
Number of TA for DMF I, II, and III, by income group



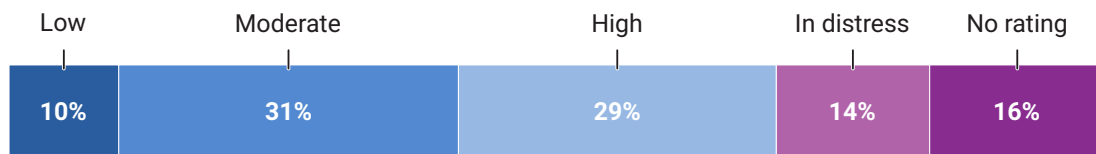
Source: DMF Secretariat and DMF annual reports.

Overall, 43 percent of the TA were delivered in the countries that were rated at high risk of debt distress or already in distress (figure 2.6). This is higher than 40 percent of the share of these countries in all DMF countries (figure 2.7). Thirty-one percent of the DMF TA were delivered in moderate-risk countries, roughly aligned with the share of 29 percent in number of countries. During DMF III, 21 out of 26 high risk countries received 90 or 32 percent of total TA and 6 countries in debt distress out of 25 received 31 TA or 11 percent (figure 2.8). Also, six low risk and 22 moderate risk countries have benefited from DMF III support.

**Small states received 19 percent of total TA to sovereign.** The DMF countries included 26 small states as of end-FY25, accounting for 30 percent of all DMF-eligible countries. A total of 111 DMF TA were carried out in 21 small states, with 24 percent under DMF I, 33 percent under DMF II, and 42 percent under DMF III. The TA are concentrated in the areas of Debt Management Performance Assessment (DeMPA), reform plan development, and Medium-Term Debt Management Strategy (MTDS), making up nearly 70 percent of the total TA undertaken in small states. The countries that had the most TA implemented are The Gambia (14), Cape Verde (13), Maldives (11), Bhutan (10) and São

Figure 2.6

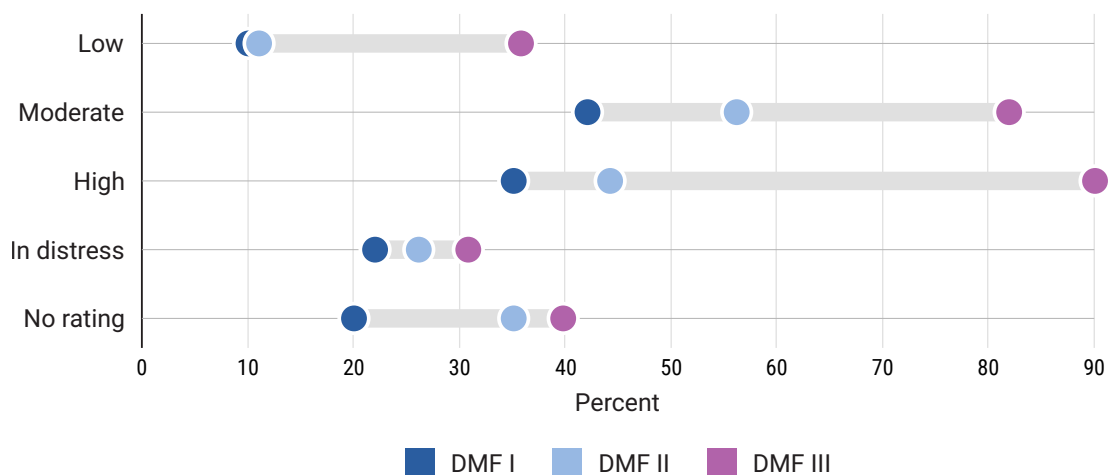
### Share of DMF-eligible countries, by risk of external debt distress



Source: Data are as of the end of June 2025 and come from the DMF Secretariat and DMF annual reports.

Figure 2.7

### Share of DMF TA, by risk of external debt distress



Source: Data are as of the end of June 2025 and come from the DMF Secretariat and DMF annual reports.

Figure 2.8

**Share of DMF TA in DMF III, by risk of external debt distress**

Source: Data are as of the end of June 2025 and come from the DMF Secretariat and DMF annual reports.

Tomé and Príncipe (10). Countries not yet supported by DMF TA include Kiribati, Marshall Islands, and Micronesia—among the smallest countries in the world—as well as Belize and Eswatini, which were added to the DMF in FY25.

**The DMF supported debt management capacity building in countries classified as fragile and conflict-affected situations (FCS).** FCS countries are among the most vulnerable, affected by high levels of social fragility or violent conflict. There are 34 DMF countries classified as FCS, about 39 percent of all DMF countries, including nine small states. Of the 34 FCS, 28 were supported by the DMF through 188 TA, accounting for around 32 percent of the total TA. MTDS, DeMPA, and reform plan development TA were the top three TA received, representing 62 percent of total TA, followed by cash management and domestic market development TA. A disproportionately large share of cash management TA—19 out of 29—were conducted in FCS, especially in Haiti and the Republic of Congo, each with several repeated cash management TA. Notably, the share of the TA in FCS increased to 41 percent of the TA implemented during DMF III, up from 33 percent in DMF I and 19 percent in DMF II.

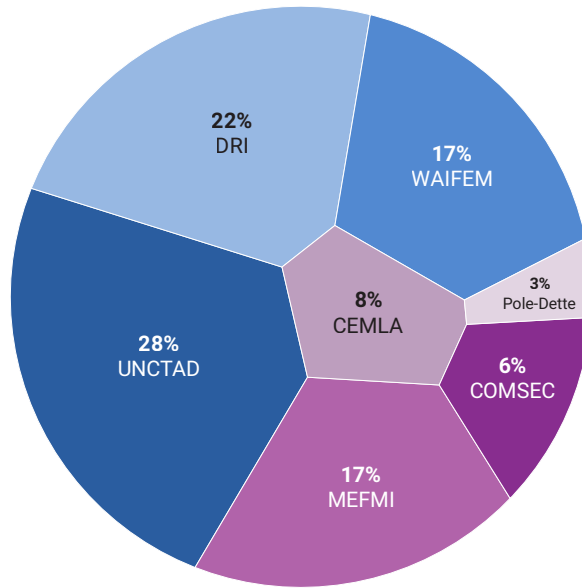
## Collaboration

**The collaboration between the World Bank and the International Monetary Fund (IMF) has been successful in delivering activities under the DMF.** After joining the partnership as cochair in 2014, the IMF saw its budget as well as the budget utilization rate increase. By the end of the FY25 DMF, the total DMF budget for IMF amounted to US\$23.1 million, with a utilization rate of 63 percent. The overall budget delivered during DMF III was US\$39.4 million, with a utilization rate of 73 percent. The execution of activities during that time frame (FY20–FY25) was affected by the COVID-19 pandemic, leading to a lower budget utilization rate during those fiscal years. Of the total 612 TA delivered, 61 percent were implemented by the World Bank alone, 22 percent by the IMF, and 17 percent jointly. For DMF III, the share of IMF has increased to 36 percent, and World Bank decreased to 48 percent and joint missions to 18 percent.

**The participation of the implementing partners has been important in delivering TA and learning activities (figures 2.9 and 2.10).** Implementing partners were involved in 39

Figure 2.9

Share of implementing partner’s commitments in DMF I, II, and III

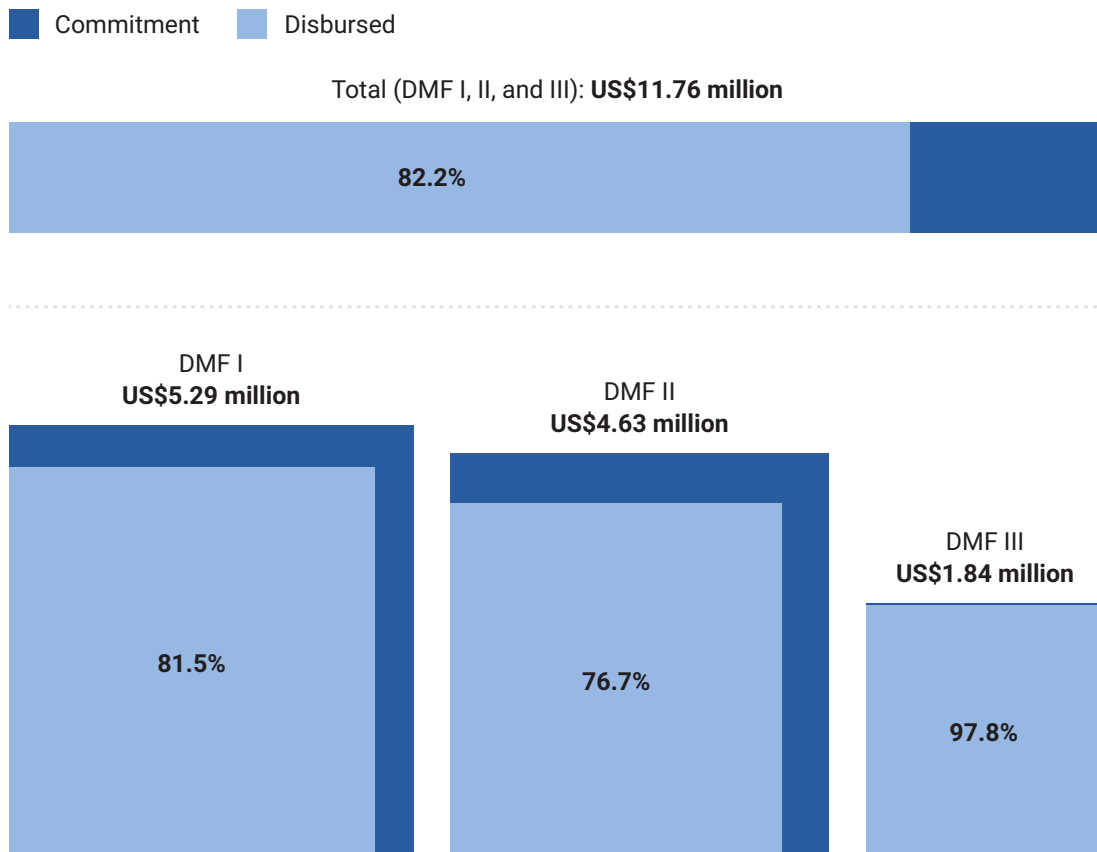


Source: Data are as of the end of June 2023 and come from the DMF Secretariat and DMF annual reports.

Note: DRI = Debt Relief International; CEMLA = Center for Latin American Monetary Studies; COMSEC = Debt Management Section of the Commonwealth Secretariat; MEFMI = Macroeconomic and Financial Management Institute of Eastern and Southern Africa; UNCTAD = United Nations Conference on Trade and Development; WAIFEM = West African Institute for Financial and Economic Management.

Figure 2.10

Implementing partner’s commitments and disbursements



Source: Data are as of the end of June 2025 and come from the DMF Secretariat and DMF annual reports.

percent of overall TA and 23 percent of training activities from 2009 to June 2025. These included the training events organized by the regional implementing partners, such as the Macroeconomic and Financial Management Institute of Eastern and Southern Africa and the West African Institute for Financial and Economic Management, and having World Bank and IMF staff as resources. Implementing partners' participation dropped sharply during DMF III, as most activities were in virtual format.

**Coordination took place with non-grant-receiving debt management services providers.** The DMF has partnered with the Joint Vienna Institute in providing training to debt management practitioners from Sub-Saharan Africa, Europe and Central Asia, the Middle East and North Africa, and East Asia and Pacific since the start of the DMF Program. The cooperation was in both in-person and virtual training. Japan International Cooperation Agency has facilitated training in debt management strategy development and fiscal risk management for regional participants. The East Caribbean Central Bank has participated in the TA missions and training events held in the region. Moreover, the African Development Bank, Arab Monetary Fund, and Inter-American Development Bank were often coordinated with for local DMF events.

## Technical Assistance

### DeMPA

**DeMPA has become the internationally recognized tool for debt management assessments and debt management performance monitoring, produced for the client countries by the World Bank.** DeMPA is a methodology for assessing performance through a comprehensive set of performance indicators covering the full range of government debt management operations. It allows for monitoring progress over time in achieving government debt management objectives consistent with international best practices. Since the launch of the DMF through the end of June 2025, 129 DMF-funded DeMPA missions have taken place in 71 eligible countries,<sup>15</sup> including 47 that received multiple missions.<sup>16</sup>

**A major revision and update of the methodology was undertaken in 2021, reflecting the lesson learned.** By end-FY25, the 2021 DeMPA had been applied to assessments of 29 countries. The revised methodology provides clearer debt reporting standards that facilitate evaluation and progress monitoring. More granularities in scoring are introduced to make it easier to measure progress and encourage policy dialogue. The assessment of implementation is stressed, on top of the institutional side. Recognizing the potential impact of fiscal risks on public debt, the new methodology has expanded to include assessing the extent that the government identifies and monitors fiscal risks. Out of 14 debt performance indicators, six had been significantly overhauled, six adjusted, and only two remained unchanged. This also leads to the low comparability between the scores assessed by the new and old methodology.

**DeMPA have been predominantly undertaken in LICs and LMICs and in Sub-Saharan Africa.** Out of the 71 countries with at least one DMF-funded DeMPA, 38 were in Sub-Saharan Africa, followed by nine in Latin America and the Caribbean. Most assessed countries were either LICs (31 percent) or LMICs (54 percent) (table 2.1).<sup>17</sup> Further, 34 percent of the countries are considered fragile or affected by conflict. The distribution of the total number of DeMPA missions by region is shown in figure 2.12. Of the 17 DMF countries that have not undergone a DMF-supported DeMPA,<sup>18</sup> 10 are FCS, ten are LICs or LMICs, and nine are small states.

**Follow-up DeMPAs allowed for monitoring progress in implementing debt management reforms.** By June 2025, 47 DMF countries had more than one DMF-supported DeMPA assessment, of which 36 had two, and 11 had three.<sup>19</sup> The DeMPA program has been dominated by follow-up missions since 2015 (figure 2.12). The results of multiple DeMPA reports for one country enables the analysis of the evolution of DeMPA scores—and thus debt management reform progress—over time.

**The demand for DeMPA slowed in DMF III.** The delivery of DeMPA was heavily hit by the COVID-19 pandemic, which impeded in-person interaction and on-site visits. Only four DeMPAs were conducted in 2020 and seven in 2021, compared to the average of nine in the first decade of DeMPA's introduction. The demand for it revived to nine in 2022, when in-person visits resumed. The DeMPA TA during DMF III were dominated by follow-up assessments.

Table 2.1

### Number of countries that received DeMPA missions, by region and income group

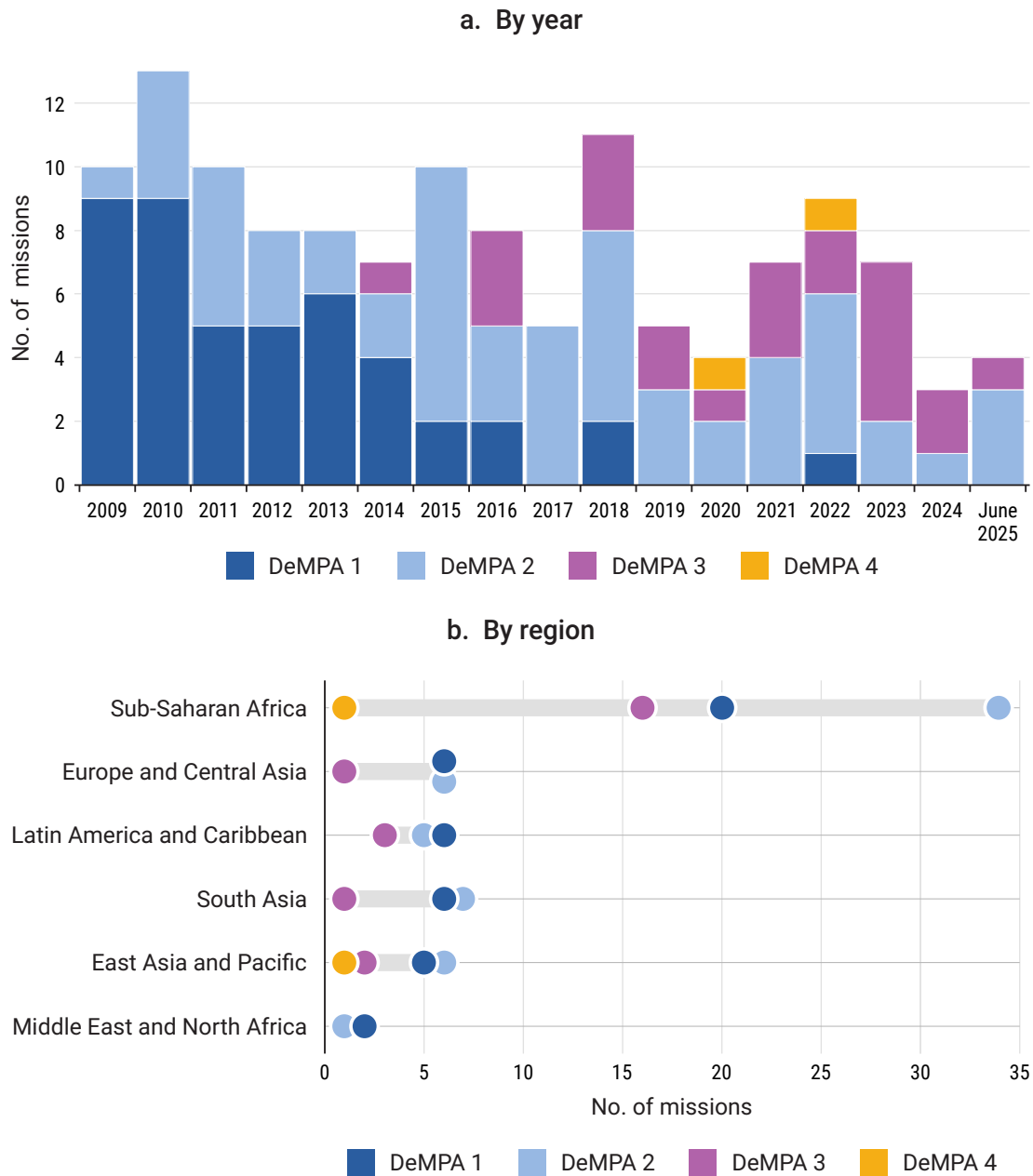
Region	Total	Low income	Lower-middle income	Upper-middle income	High income	No. of FCS countries
Sub-Saharan Africa	38	20	18	0	0	18
East Asia and Pacific	8	0	8	0	0	2
Europe and Central Asia	7	0	2	5	0	1
Latin America and the Caribbean	9	0	4	4	1	1
Middle East and North Africa	2	1	1	0	0	1
South Asia	7	1	5	1	0	1
<b>Total</b>	<b>71</b>	<b>22</b>	<b>38</b>	<b>10</b>	<b>1</b>	<b>24</b>

Source: Data are as of the end of June 2025 and come from the DMF Secretariat.

Note: FCS = fragile and conflict-affected situations.

Figure 2.12

DeMPA missions, by year and region



Source: DMF Secretariat and DMF annual reports.

Note: The number of activities corresponds to the sequencing of the TA but does not imply DMF funding. For example, the second DeMPA carried out above would correspond to DeMPA 2. However, the first DeMPA may have been funded outside the DMF.

Reform Plan

Another integral part of DMF TA is the design of debt management reform plans. Reform plans create synergies between the DeMPA, MTDS, DSF, and other knowledge products by providing detailed and sequenced country-owned capacity building plans that aim to alleviate the weaknesses identified by the DeMPA and other assessments. Reform

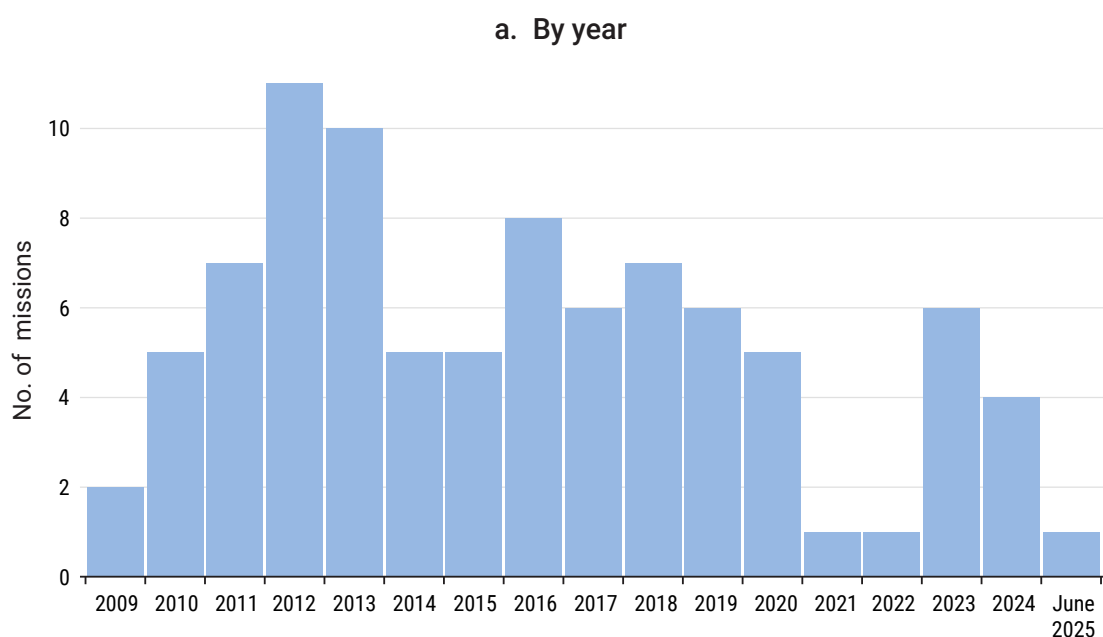
plans designed with country authorities are based on the country's debt management aspirations and current gaps. Technical expertise provided by DMF TA helps countries prioritize and sequence debt management reforms. Specific follow-up TA can then be designed to support countries in achieving their reform plan targets. The DMF has supported 90 reform plan missions in 54 countries, with 28 countries receiving more than one (figure 2.13). Fifty-three or close to 60 percent of reform plan TA were implemented within three years of a preceding DeMPPA. Thirteen reform plan TA, or 20 percent, took place during DMF III. Like the other TA activities, reform plan missions predominantly took place in Sub-Saharan Africa and LMICs.

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

**The MTDS methodology and toolkit have been a game changer in supporting the development and implementation of debt management strategies (DMS).** The MTDS comprises a guidance note and an analytical tool and provide a framework for formulating a DMS for the medium term, focusing on determining the appropriate composition of the public debt portfolio, considering macroeconomic indicators and the market environment. A MTDS analysis illustrates cost and risk tradeoffs associated with alternative DMS and assists in managing the risk exposure embedded in a debt portfolio. The MTDS analytical tool was significantly streamlined to better meet client needs. In-depth training on the MTDS was instrumental in building country authorities' capacity in cost-risk analysis.<sup>20</sup>

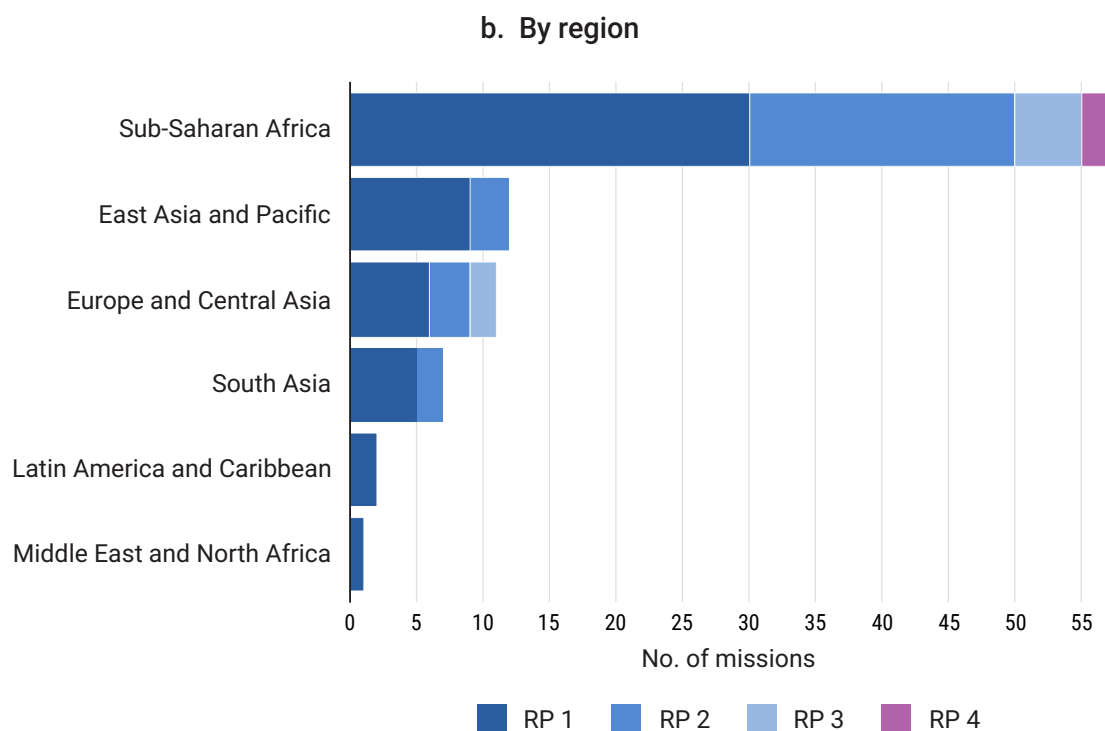
Figure 2.13

#### Debt reform plan missions, by year and region



(Figure continues next page)

Figure 2.13 (continued)



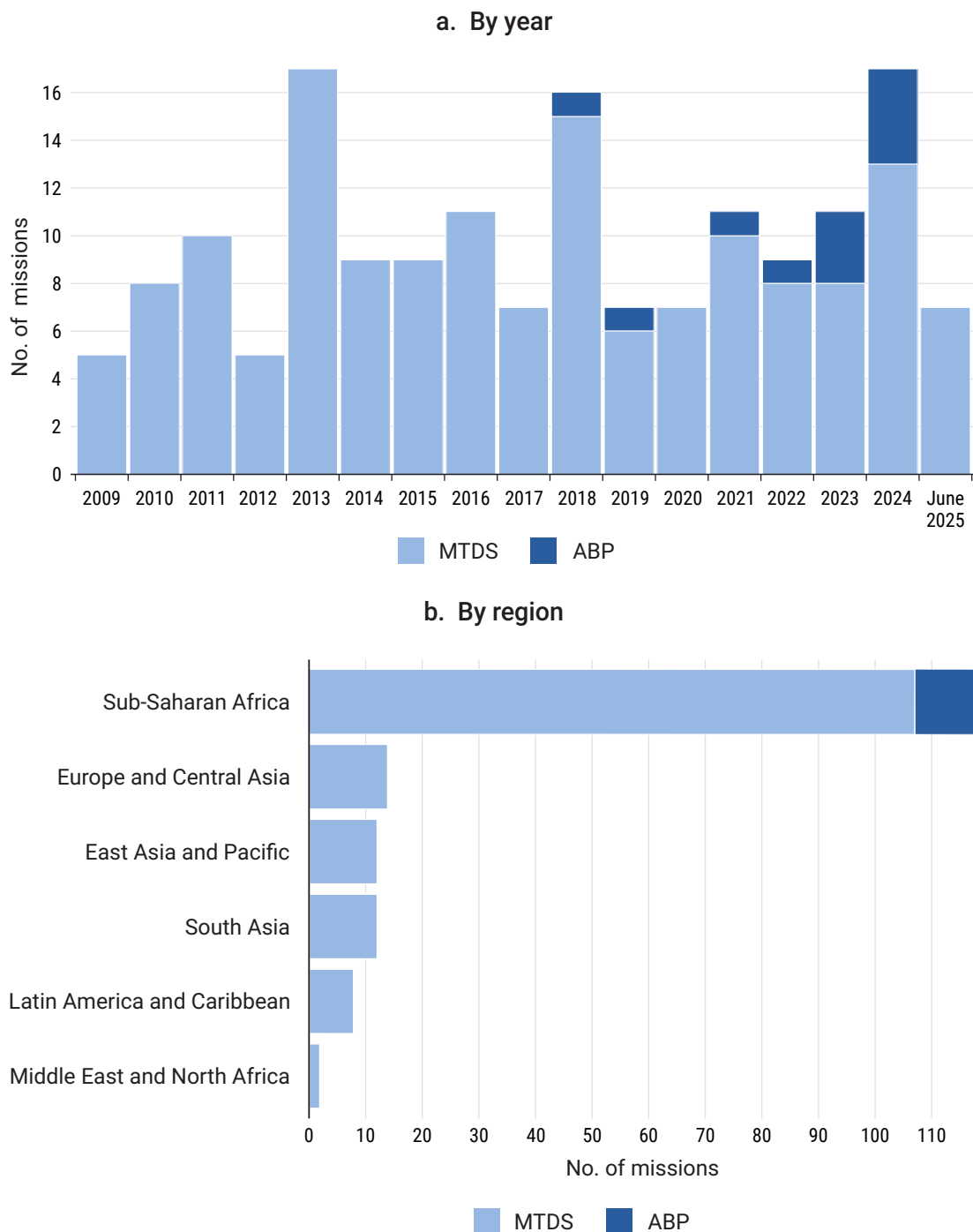
Source: DMF Secretariat and DMF annual reports.

Note: RP = reform plan. The number of activities corresponds to the sequencing of the TA but does not imply DMF funding. For example, the second reform plan carried out above would correspond to RP 2. However, the first RP may have been funded outside the DMF.

An ABP is a critical apparatus to implement the DMS. The plan describes how the gross financing needs of a government are expected to be met for the upcoming year, and an effective ABP provides details and granularity on how the government plans to implement the financing program, conveying specific messages to the investor community and revealing preferred currencies and tenors when issuing securities in the market. TA on developing an ABP was introduced in DMF II, complementing MTDS advisory work. Since the inception of the DMF, 166 MTDS and/or ABP missions have taken place in 60 DMF countries, of which 155 were MTDS missions<sup>21</sup> and 11 ABPs (figure 2.14, panel a). Most MTDS and ABP missions provided TA to countries in Sub-Saharan Africa (71 percent of MTDS and ABP TA), followed by Europe and Central Asia (8 percent), East Asia and Pacific (7 percent), and South Asia (7 percent); comparatively, within the DMF parameter, 47 percent of DMF-eligible countries were from Sub-Saharan Africa, and 18 percent from East Asia and Pacific, 11 percent from Latin America and Caribbean, 10 percent from Europe and Central Asia, from and 9 percent from South Asia (figure 2.14, panel b). Of all MTDS and ABP TA, 63, including 54 MTDS and nine ABP TA, were implemented during DMF III, exceeding the 45 and 59 in the first and second phase of DMF, respectively. More than 70 percent of them were provided to Sub-Saharan Africa countries, and around 40 percent to countries classified at high debt distress risk or already in distress.

**The line of TA has substantially improved the recipient countries’ analytical capacity and helped with the preparation and publication of the debt management strategy. As**

Figure 2.14

**MTDS and ABP missions, by year and region**

Source: DMF Secretariat.

Note: The number of activities corresponds to the sequencing of the TA but does not imply DMF funding. For example, the second MTDS carried out above would correspond to MTDS II. However, the first MTDS may have been funded outside the DMF.

tracked by the annual Debt Management Monitor and Debt Transparency Heat Map, the number of DMF countries that have published a medium-term strategy at least once since 2020 reached 54 by 2024, up from the baseline of 25 by 2019. This also includes 16 countries that have published a DMS on an annual basis over the past decade.

## Domestic Debt Market Development (DDMD)

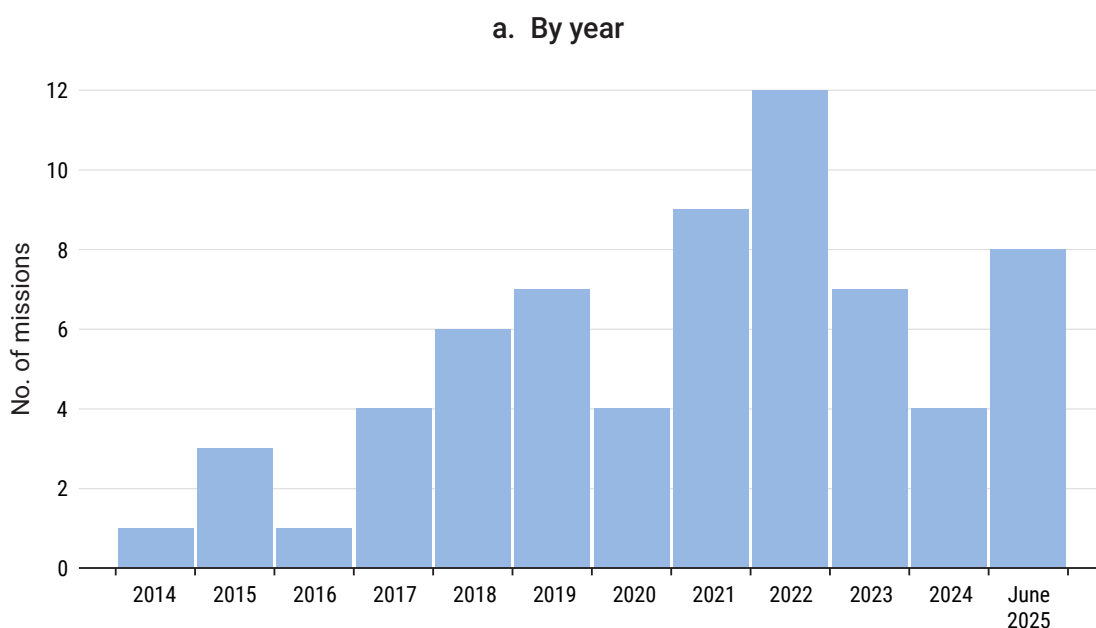
**Demand for DDMD TA has been growing since it was added in DMF II (figure 2.15).**

Domestic market development is an important theme of debt management, since well-working domestic markets allow countries to increase their share of domestic funding, thereby reducing foreign exchange risk. LICs and LMICs face challenges in developing a domestic debt market—a narrow investor base, absence of essential infrastructure, and lack of technical capacity. This line of advisory services supports the development of the domestic debt market by identifying strengths and weaknesses and guiding the design of appropriate domestic market reforms. Since 2014, 66 DDMD TA have been implemented in 31 countries and one regional organization.<sup>22</sup> Around 47 percent of the TA took place in Sub-Saharan Africa countries and 24 percent in Europe and Central Asia countries; notably, Georgia alone received nine domestic debt market development TA (box 2.1).

**A new diagnostic framework for local currency bond markets (LCBMs) developed jointly by the World Bank and IMF, was rolled out in 2021.** The LCBM Guidance Note provides a comprehensive and systematic framework for LCBM development. The application of the tool allows detailed analysis of the status of the six building blocks of government securities’ development: (1) money market, (2) primary market, (3) secondary market, (4) investor base, (5) financial market infrastructure, and (6) legal and regulatory framework. As a result, authorities can design a detailed reform plan to address weaknesses

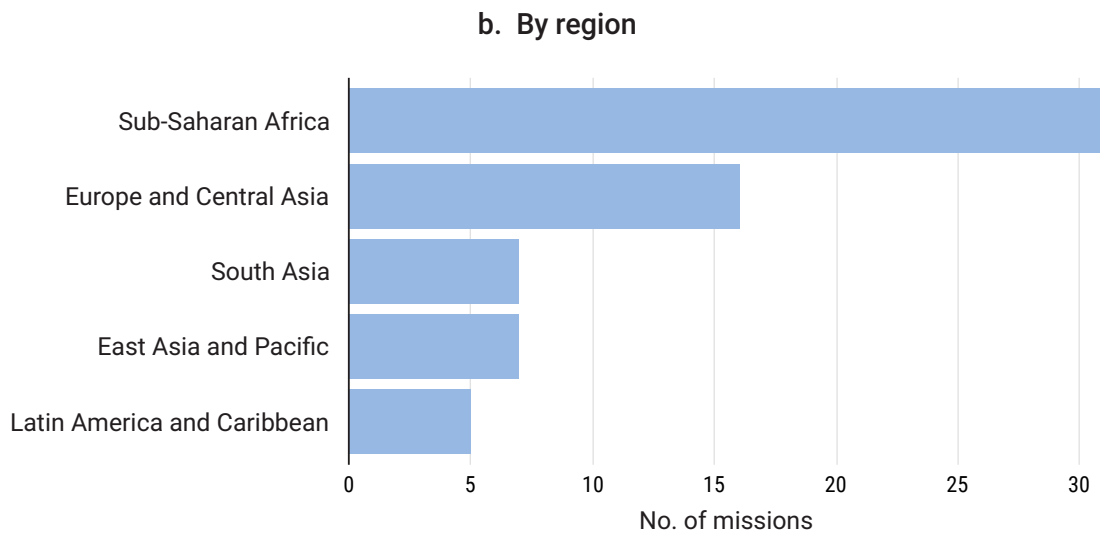
Figure 2.15

### Domestic debt market development missions, by year and region



(Figure continues next page)

Figure 2.15 (continued)



Source: DMF Secretariat and DMF annual reports.

#### Box 2.1.

### Domestic Debt Market Reforms in Georgia

Through assessments, reform plans, and training opportunities, the DMF generated significant progress in Georgia's debt management and helped the country reduce its vulnerabilities to fiscal shock. The DMF's engagement in Georgia was initiated with a DeMPA, followed by a Reform Plan. Staff from the government's Debt Management Office attended many DMF training programs, including managerial-level participation in the DMF's Debt Management Practitioners Program in 2018. These training opportunities significantly improved the analytical capacity of debt management experts in the Ministry of Finance—particularly with respect to conducting debt sustainability analyses, analyzing the debt portfolio, and formulating debt management strategies. The 2020 follow-up DeMPA identified important progress. Debt transparency improved with the publication of monthly and semi-annual debt statistics. Debt sustainability analysis was conducted annually. The DMS was

first developed in 2019 and has been annually updated since 2021.

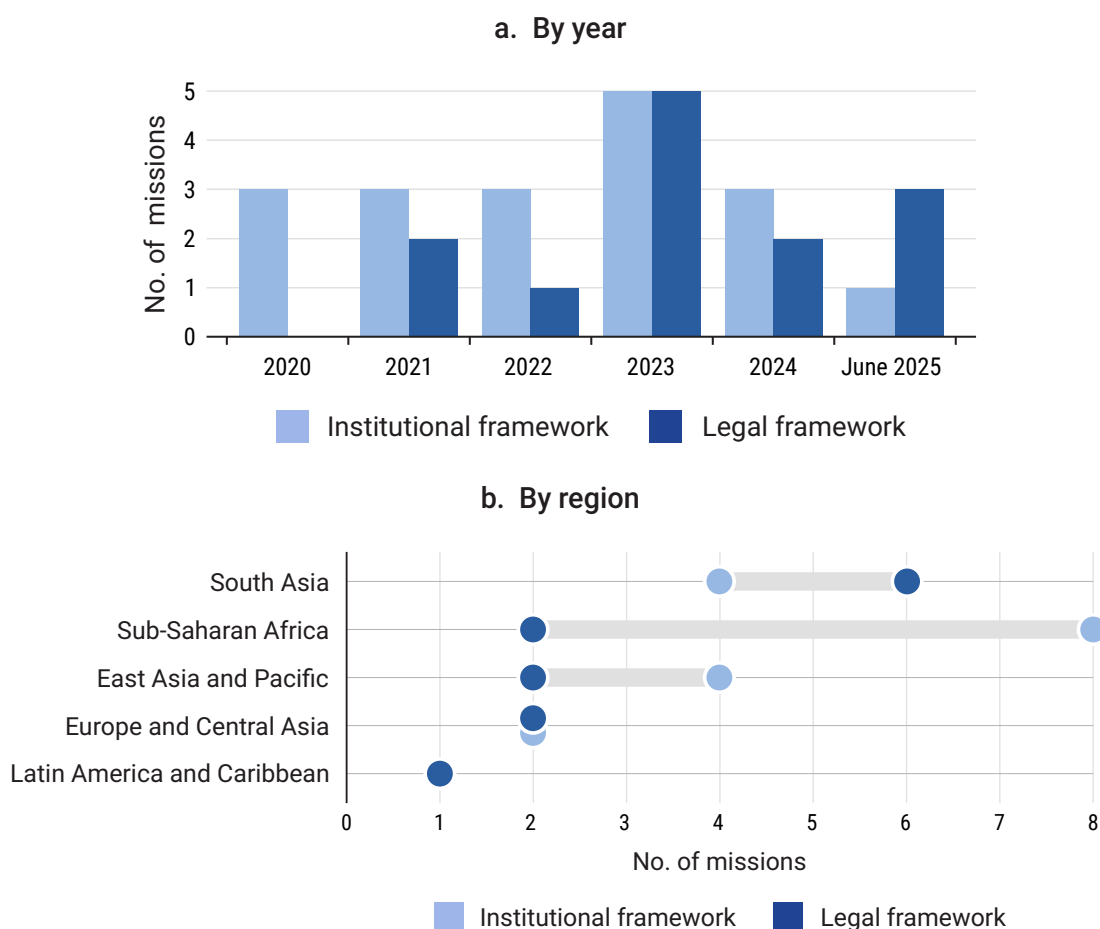
The existence of a functioning domestic debt market increased Georgia's resilience, to weather the debt crisis. The government adopted the reform in strengthening the domestic securities market in the years preceding the COVID-19 pandemic. With the DMF and First's support during 2017–20, Georgia amended the regulation on domestic market issuance, introduced a benchmark issuance program in key tenors to facilitate the issuance of benchmark bonds and set the Market Making Pilot Program in motion to diversify the investor base and enhance secondary market liquidity. In 2020, the government raised the equivalent of US\$1.8 billion in the domestic market alone—of which 88 percent involved long-term maturities. Domestic financing was critical to meeting the spiking financing needs during the pandemic.

identified by LCBM evaluation. Since the rollout, it has generated strong demand for application. Armenia, Bangladesh, Bhutan, Bolivia, Lesotho, Kyrgyz Republic, Papua New Guinea, Tanzania, Uzbekistan, and Zambia have been assessed under the framework.

### Institutional and Legal Framework TA

The DMF introduced TA on legal framework and institutional arrangements at the start of DMF III. After a DeMPA and development of a reform plan, client countries often ask for assistance with a specific area of debt management. The line of work helps countries with the initiative to establish a new Debt Management Office or restructure and strengthen existing debt management institutional setup, or draft or amend debt management legislation. Sixteen countries and one regional organization benefited from these TA through 31 missions, of which 18 focused on institutional arrangements and 13 on legal frameworks (figure 2.16).

Figure 2.16  
Institutional arrangement and legal framework missions, by year and region



Source: DMF Secretariat and DMF annual reports.

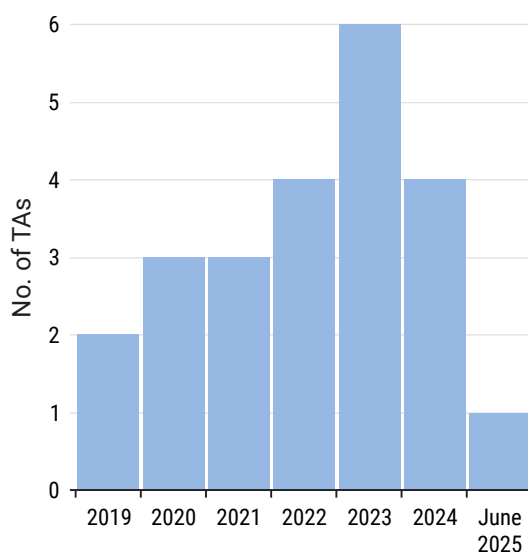
## Debt Reporting and Monitoring TA

**Debt reporting and monitoring TA was created to improve debt transparency.**

The TA reviews the legal framework and institutional arrangements related to debt reporting and evaluation, and back-office functions in debt recording and reporting; identifies the gaps in the publication of debt statistical bulletins and annual reports; and makes recommendations aligned with sound practice. Twenty countries received 23 debt reporting and monitoring TA during DMF III (figure 2.17).

Figure 2.17

### Debt reporting and monitoring TA



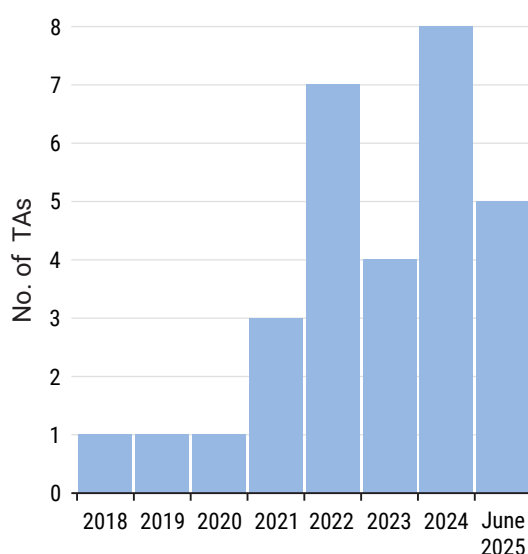
Source: DMF Secretariat and DMF annual reports.

## Cash Management TA

**Driven by client demand and the changing global financing environment, more new activities were added in DMF II and DMF III.** Deficiencies in cash management, including the lack of reliable cash flow forecasts and effective cash balance management and investment, have been identified by DeMPAs as a widespread weakness in DMF countries. Since 2018, 30 TA dedicated to cash management were delivered in 18 DMF countries, of which 28 were carried out during DMF III (figure 2.18). The TA supported the countries in establishing sound banking arrangements, improving cash forecasts, and identifying investment options.

Figure 2.18

### Cash management TA



Source: DMF Secretariat and DMF annual reports.

## Subnational TA

**Subnational DMF TA were dominated by the subnational DeMPA and concentrated in three countries.** Out of 27 subnational TA, 20 focused on subnational DeMPA, six on reform plans, and one on MTDS (figure 2.19). Around 85 subnational TA have been received by Nigeria, India, and Bosnia and Herzegovina subnational governments, of which nine subnational DeMPA were undertaken in Nigeria states, six in India states and

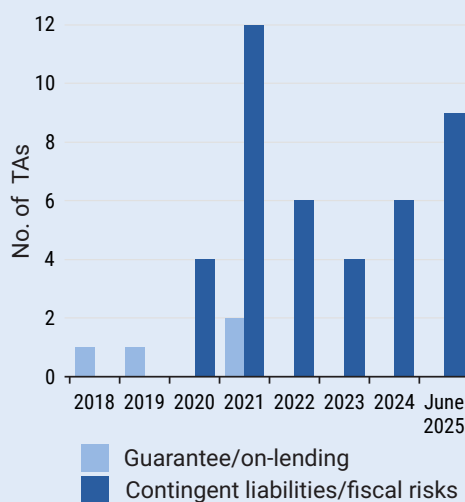
## Box 2.2

## Debt-Related Fiscal Risk Assessment TA

DMF III reached beyond central government debt management, expanding to broader fiscal risk management. Contingent liabilities and fiscal risks can be a major source of debt creation, especially during crisis periods. Contingent liabilities and fiscal risks TA involves reviewing and providing recommendations for the relevant legal and institutional framework, identifying the sources of fiscal risks, and assessing and disclosing the identified fiscal risks. It has seen great demand since it was introduced in DMF III. By the end of June 2025, 41 TA had been implemented in 27 beneficiary countries (figure B2.2.1). In addition, a framework guiding the issuance of government guarantees and a tool for assessing and monitoring guarantees<sup>a</sup> were developed and finalized in 2020. The methodology has been piloted or applied in four countries.

Figure B2.2.1

## Contingent liabilities and fiscal risk TA



Source: DMF Secretariat and DMF annual reports.

a. "Government Guarantees: A Framework and Scenario Analysis," Publication, World Bank, updated May 29, 2020, <https://www.worldbank.org/en/topic/debt/publication/government-guarantees-a-framework-and-scenario-analysis>.

two in Bosnia and Herzegovina states; in addition, four subnational reform plans were implemented in Bosnia and Herzegovina and one in India. Other beneficiaries included provinces or municipalities in Bolivia, Pakistan, and Uganda.

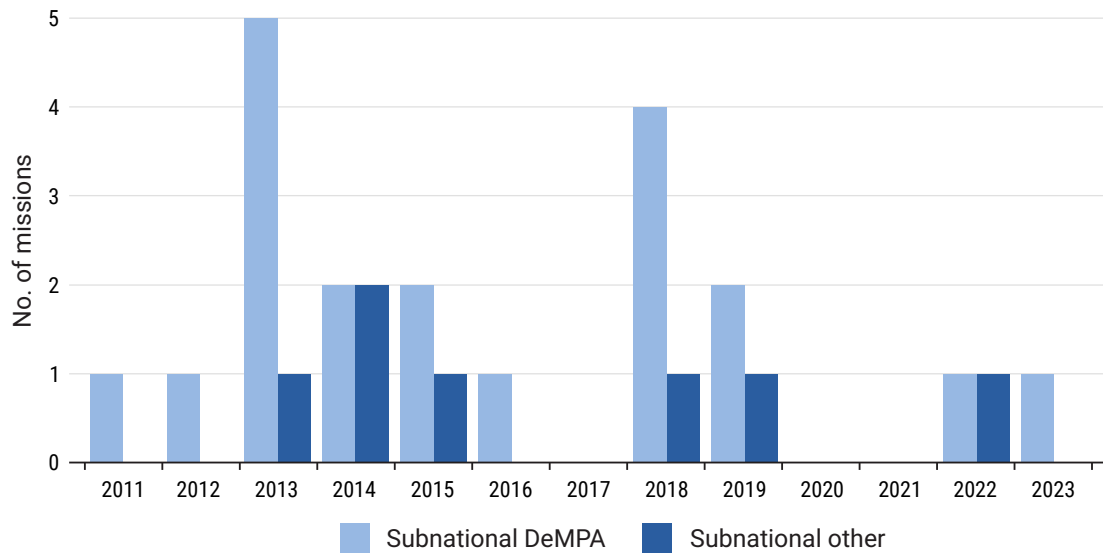
## Training Activities

**Demand for training continues to increase (figure 2.20).** Over the course of DMF I, II, and III, 392 training events have been delivered. More than 7,000 government officials were trained in person or through virtual training adopted from in-person training. In addition, a few thousand participated in online training, mostly in the form of MOOCs. During DMF III, 212 events took place. Many of the training courses were either in newer areas, such as fiscal risk management, debt reporting and monitoring, and governance or in new formats, such as e-learning or as MOOCs.

**The training delivery has scaled up substantially in DMF III since the COVID-19 crisis.** On average, 46 training events took place annually between 2021 and 2025, compared to the pre-COVID-19 peak of 30 in 2019. The scaleup was mainly driven by the delivery under the Boost Debt Transparency pillar, followed by the Developing Debt Market pillar,

Figure 2.19

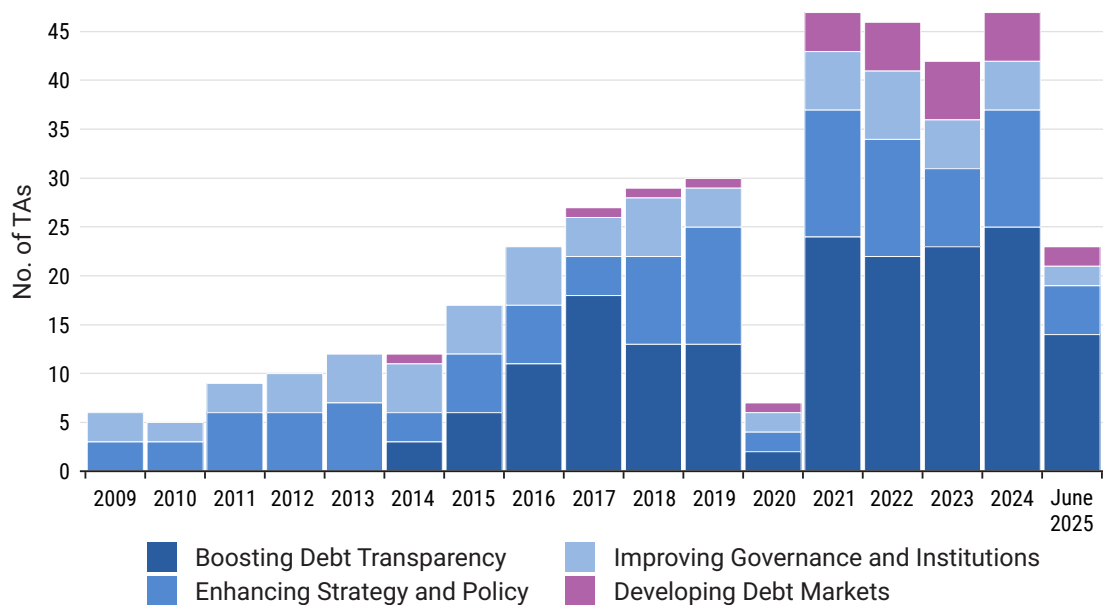
### Subnational debt management missions



Source: DMF Secretariat and DMF annual reports.

Figure 2.20

### Training events, by product line



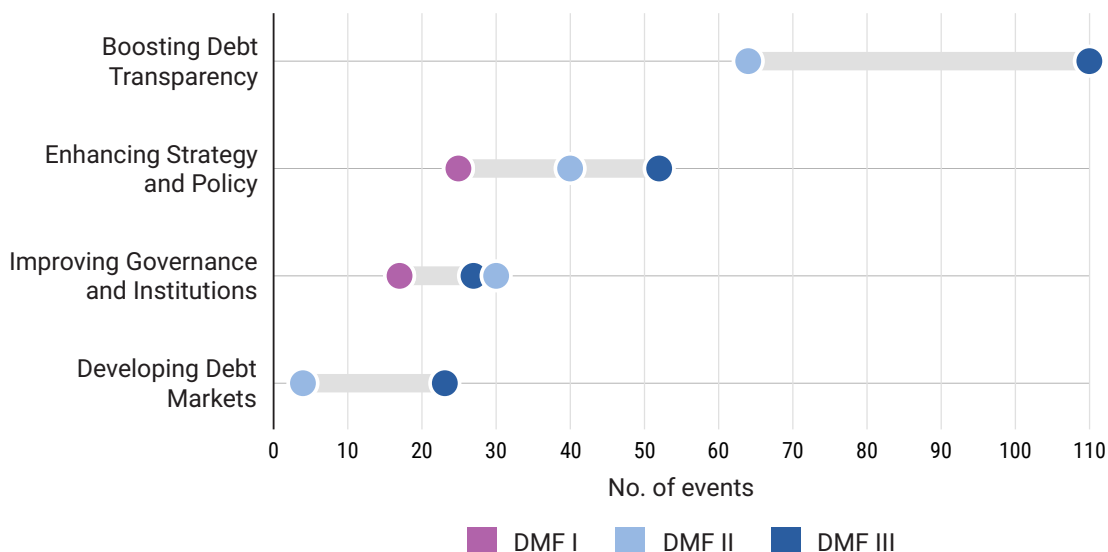
Source: DMF Secretariat and DMF annual reports.

especially the newly developed courses on fiscal risk management, debt reporting and monitoring, and domestic market development (figure 2.21). Demand for debt strategy development remained strong as well.

**The DMF adapted promptly to the challenges posed by the pandemic.** As the traditional in-person training was disrupted with the onset of the pandemic, DMF responded promptly and adapted most in-person courses to virtual format. From mid-2020 through

Figure 2.21

### Training events, by product



Source: Data are as of end-2023 and come from the DMF Secretariat and DMF annual reports.

late 2022, when in-person training resumed, 68 adapted virtual trainings were delivered. Innovative e-learning courses for DeMPA and MOOCs on DSF for LICs were launched during DMF II. The MOOCs continued to expand in topics covered and language offered with the support of the DMF during DMF III. These courses were offered to government officials and the public as self-paced courses available on demand, providing free access to high-quality training at any time on debt management and debt sustainability. In addition, two microlearning playlists were developed on fundamental concepts of debt management and made available on YouTube.

**Under the DMF Program, three microlearning video playlists on public debt management were released.** The first 23 explores some fundamental concepts of public debt management, the second 24 some fundamental public debt management acronyms and definitions, and the third 25 introduces basic concepts of the LCBM framework, including enabling conditions and the six main building blocks. These videos are part of the DMF’s efforts to promote blended technical assistance and training.

## Peer Learning and Knowledge Products

The DMF promotes and facilitates peer learning through its Debt Managers Practitioners’ Program (DMPP), the DMF Stakeholders’ Forum, and Debt Managers’ Network (DMN) webinars. By the end of June 2025, 61 government debt managers graduated from the DMPP (see list in appendix D). The program enables government officials from Debt Management Offices in eligible countries to be seconded to the World Bank for

three-month assignments.<sup>26</sup> The DMPP was suspended from 2020 to 2023 due to the COVID-19 pandemic. Since the program resumed in 2024, 10 practitioners had graduated.

**The DMF Stakeholders' Forum and DMN webinars have facilitated peer-to-peer learning and kept debt managers informed of recent issues in debt management.** The DMF Stakeholders' Forum has been held annually since 2010 except in 2020 due to the onset of the pandemic. The forum brings together public debt management practitioners and policy makers, TA providers, bilateral donors, multilateral and intergovernmental institutions, the private sector, civil society, and academia. The forum from 2021 to 2023 addressed the challenges developing countries were facing during and in the wake of the pandemic, including surging financing need and changing financing environment. Appendix E presents a list of forums since the inception of the DMF.

**In addition, 68 webinars were organized in the context of the DMN.** Periodic DMF webinars inform debt managers of new debt management tools and knowledge products, providing the opportunity for knowledge sharing on various debt management topics in a cost-effective manner. Thanks to the webinars' virtual format, their delivery was not stalled by the pandemic and instead scaled up during 2020 to June 2025, with 33 organized. The selected themes included LCBM development, green financing and thematic bonds, fiscal risk assessment and management, and legal framework. The webinars were joined by numerous debt management experts throughout DMF-eligible countries in addition to broader stakeholders in the DMN. Webinar recordings from 2021 were made available on the DMF website. Appendix F includes a list of webinars organized by the DMF.

**Knowledge products funded by the DMF and the World Bank have contributed to the creation and sharing of global knowledge and added valuable insights into debt-management-related issues:**

- **Development and maintenance of the DMF website.** The DMF Secretariat is responsible for the maintenance of the DMF website,<sup>27</sup> which comprises information on DMF products and services, copies of toolkits (such as DeMPA and MTDS), and reports made public by country clients, as well as DMF newsletters. The website was launched in FY10 and is continuously updated to include the latest DMF activities and knowledge products. In addition to the public DMF website, a special internal web page was created for the coordination of DMF activities and is used by the Secretariat, World Bank, IMF, and implementing partners.
- **Preparation and publication of the quarterly newsletter, *DMF News*.** Since July 2010, the DMF Secretariat has been compiling and publishing a quarterly newsletter distributed to debt management practitioners from developing countries, donors, DMF implementing partners, civil society organizations, and private sector firms. *DMF News* shares the facility's work, lessons learned, and news and developments related to debt management. All newsletters published since July 2010 are posted on the DMF website.

- **Debt Management Monitor (DMM).** The first DMM was developed in 2016; it was enhanced and published for the first time in 2018. The publication serves as a comprehensive resource for those interested in past or ongoing debt management reforms and advisory services supported by the DMF. The DMM provides a country-level overview of the key macroeconomic indicators, Country Policy and Institutional Assessment, latest official published debt sustainability ratings, composition, and maturity of government debt portfolio risk indicators, and DeMPA results. The DMM is intended to contribute to the Monitoring and Evaluation Framework of the DMF.
- **Debt Reporting Heat Map.** The heat map presents an assessment based on the availability, completeness, and timeliness of public debt statistics and debt management documents posted on national authorities' websites for International Development Association countries. The assessment is updated annually.

In addition to these regular publications, DMF supported the creation of knowledge products including analytical tools, guidance notes, reports, and papers.

### Box 2.3

#### Collaboration with Parliamentarians

Considering the challenging global environment for debt management and the increased focus on transparency and its benefits, the World Bank is piloting an activity on whether clarifying the roles and responsibilities of parliaments, parliamentary technical staff, and public debt managers can increase reporting quality and facilitate debt management strategy implementation. The focus is on enabling parliamentary technical staff to link parliament with debt managers.

Transparency improves policy outcomes by minimizing the potential for mismanagement and corruption and fosters accountability of and trust in government. In public debt management, transparency leads to better cost-risk outcomes and provides the information needed by stakeholders to evaluate a government's debt management performance. Parliament's involvement

in debt management and members' understanding of their involvement varies significantly, from separate approval of each borrowing transaction to blanket approval of the debt management strategy.

The World Bank, in partnership with the Westminster Foundation for Democracy, the Macroeconomic and Financial Management Institute of Eastern and Southern Africa, and the West African Institute for Financial and Economic Management, has been piloting an initiative to strengthen stakeholder capacity to enhance transparency and accountability in public debt management. Two roundtables were held with debt managers, members of parliament, and parliamentary technical staff, representing eight countries.

# 03

## Capacity Development and Results Achieved

**The role of debt managers is focused on managing the risk exposure of the debt portfolio, that is, the composition of debt.** Debt managers decide when and what to borrow, but not how much. They must work with the funding requirements resulting from decisions beyond their control. While good debt management practices can achieve lower financing costs and more sustainable maturity structures with a given level of risk, sound practices alone cannot prevent crises, and poor debt management decisions can exacerbate crises.

**Improvements in debt management also relate to institutional change.** In this section, Debt Management Performance Assessment (DeMPA) results, survey results, and case studies are used to monitor the changes in debt management outcomes and the impact of Debt Management Facility (DMF) programs. While other technical assistance (TA) and training provided outside of the DMF may have contributed to some of these outcomes, such analysis is beyond the scope of this report.

**The DMF closely monitored and assessed the results using a range of instruments and methods.** DeMPA assessment and Debt Reporting Heat Map provide some quantitative measures of countries' status and progress in debt management. Independent evaluation conducted by external assessors offers an objective view on the relevance and achievements of the program. The DMF country survey captures the impact of the program from the perspective of recipient countries. Case studies—particularly in countries with programmatic engagement—are useful in tracking reform progress and helping to identify the factors that facilitate or hinder reforms in different contexts.

## Core Areas of Government Debt Management

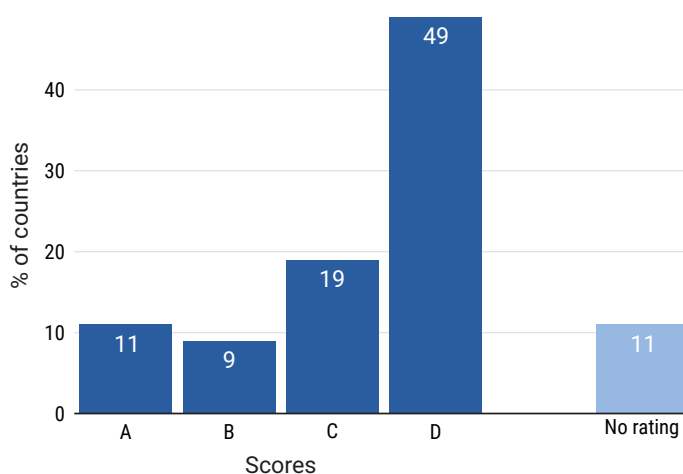
### Achievements toward Debt Management Sound Practice

**The revised DeMPA methodology adopted in 2021 expanded the coverage of public debt and redesigned the existing indicators.** It comprises 15 debt performance indicators and 35 dimensions, compared to 14 and 33, respectively, in the 2015 version. The updated methodology was applied in 22 countries from 2021 to 2023. In addition to the added dimensions, the assessment criteria have been modified for most existing indicators, thus only the scores for a few dimensions are strictly comparable to the previous versions of DeMPA.

**Despite score improvements, achieving the minimum DeMPA requirement remains a significant hurdle for many DMF-eligible countries.** In a DeMPA, a score of C reflects the minimum level for a specific DeMPA indicator to meet sound practice in a given area. Scores B and A reflect intermediate and strong practices in debt management. For many developing countries, achieving the minimum requirement of a C is a significant challenge: the most frequent score is a D among the latest DeMPAs (figure 3.1).

**Examining DeMPA results is an effective way of identifying strengths and weaknesses comprehensively and monitoring progress achieved in debt management institutions.** Taking advantage of the more than 100 DeMPAs based on the previous methodology, 23 dimensions where scores are largely comparable under the updated and previous methodologies were identified.<sup>28</sup> In the area of governance and strategy development, and coordination with macroeconomic policies, the previous DeMPA methodology contains seven debt performance indicators and 14 dimensions. All these dimensions were retained in the updated methodology, and the scores are generally comparable. Five dimensions were added to these two areas, mainly on monitoring and reporting broader public debt and fiscal risks. The area of cash flow forecasting and cash balance management still has one debt performance indicator and two dimensions, and the scores are largely comparable, although more details were added to the rating

**Figure 3.1**  
**DeMPAs overall performance**



Source: DMF Secretariat.

Note: DeMPA = Debt Management Performance Assessment Number of responses: 70. The figure shows only comparable debt performance indicators.

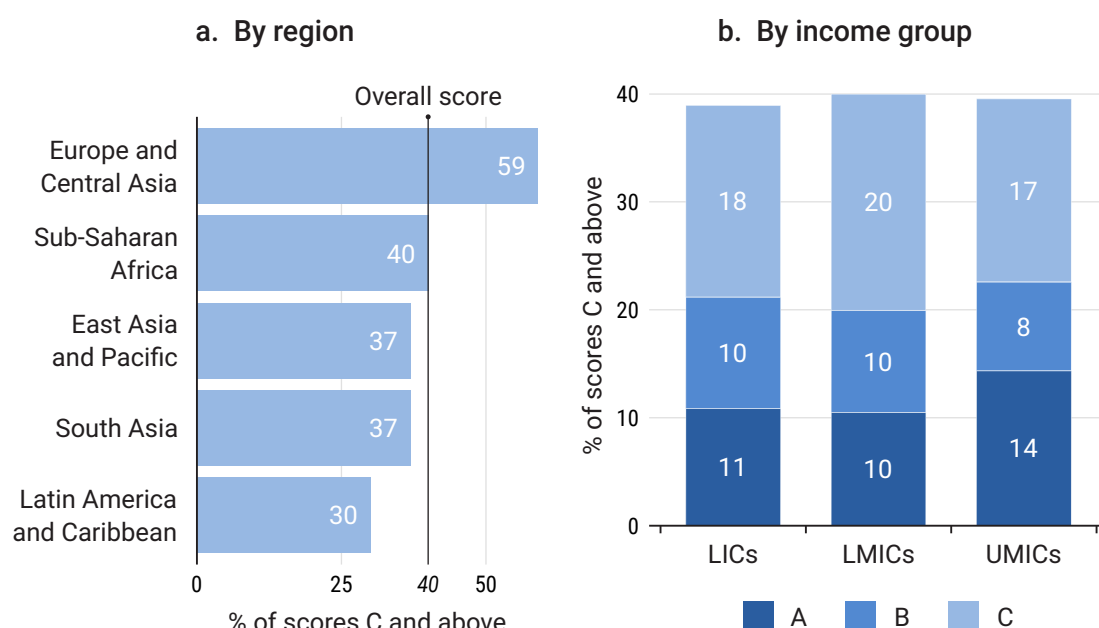
criteria. The scores in the other two areas are less comparable. Four out of seven dimensions for borrowing and other financing activities and three out of seven for debt recording, payment, and operational risk management are comparable. In general, indicators for domestic borrowing, external borrowing, and debt recording and payment are not comparable.

**DeMPA outcomes vary substantially by region but not necessarily by income group.** Europe and Central Asia countries perform substantially better than those from other regions. Out of 23 comparable dimensions evaluated by the DeMPA, Europe and Central Asia countries, on average, meet the minimum requirement for 59 percent of the indicators, while this share ranges from 30 to lower 40 percent for other regions (figure 3.2, panel a).<sup>29</sup> The income level, on the other hand, does not seem to have a significant impact on the results (figure 3.2, panel b).

**The managerial structure for debt management and coordination with macroeconomic policies are, on average, the strongest categories, while scores related to cash flow forecast and cash balance management are the lowest.** Figure 3.3 shows the scores for each comparable category. The indicators reflect the average ratings for underlying sub-categories, which could differ substantially. For example, the DeMPA results reveal that 67 percent of the assessed countries have a consolidated or well-coordinated managerial structure for borrowing, while only 50 percent of the countries meet the similar requirement for the institutional setting for issuing guarantees. In more than two-thirds of the

Figure 3.2

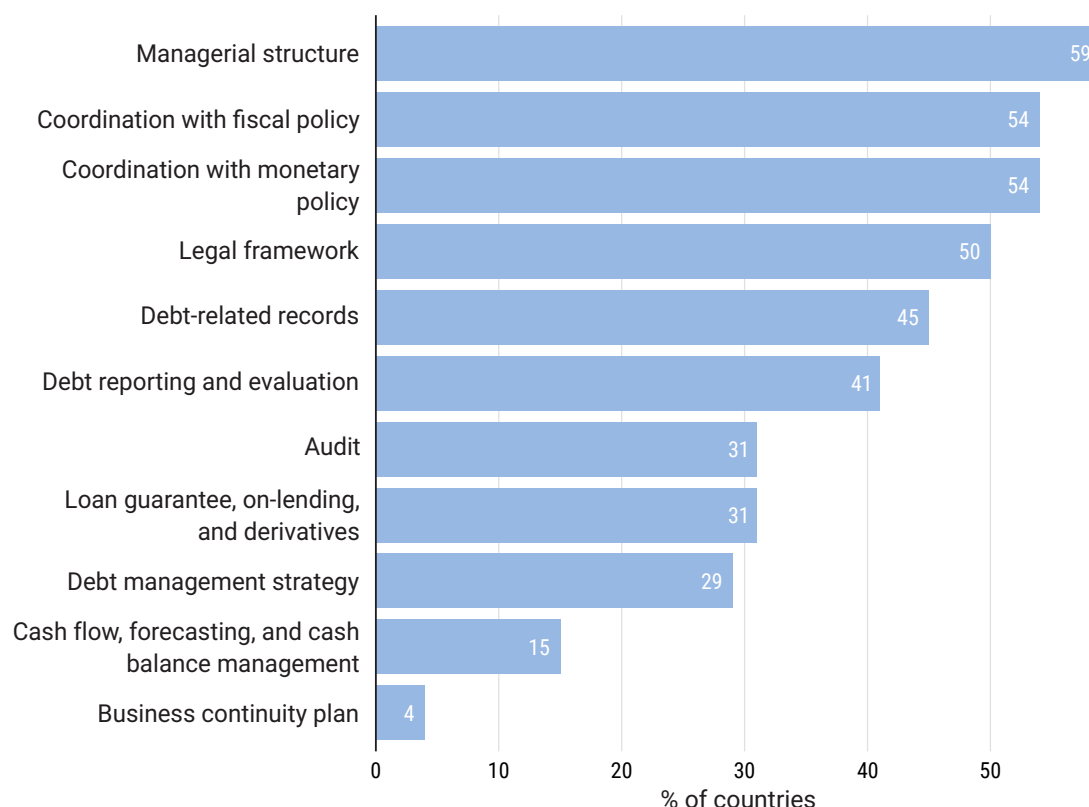
### DeMPA performance by region and income group



Source: Data are as of end-2025 and come from the DMF Secretariat.

Note: DeMPA = Debt Management Performance Assessment; LICs = low-income countries; LMICs = lower-middle-income countries; UMICs = upper-middle-income countries.

Figure 3.3  
DeMPA scores of C or higher, by indicator



Source: DMF Secretariat.

Note: DeMPA = Debt Management Performance Assessment. Data based on the latest DeMPA. Number of respondents = 70. The figure shows comparable dimensions only.

countries, as part of the coordination with fiscal policy, the Debt Management Office (DMO) provides the reliable and timely debt services forecast for budget preparation; in only 39 percent of the countries, the debt sustainability analysis (DSA) is regularly conducted. Cash management has long been identified as an area with significant weakness. The weakness is especially acute in cash balance management related to the linkage of debt issuance program with cash balance forecast and the investment of cash balance, where only 7 percent of the countries meet the minimum requirement.

### Progress Measured by DeMPA Results

**DeMPA indicators also allow the monitoring of progress with respect to debt management in a subset of DMF countries.** By end-June 30, 2025, 57 DMF countries had more than one DeMPA, including DeMPA conducted before the launch of DMF in 2009. Progress can be measured for these countries. Sub-Saharan Africa countries account for 58 percent of all countries that had repeated DeMPAs, compared to 47 percent for Sub-Saharan Africa countries as a share of DMF-eligible countries. In contrast, East Asia and Pacific countries are less likely to have repeated DeMPAs. East Asia and Pacific

countries represent 19 percent of all DMF countries, while 7 percent of the countries with multiple DeMPAs are in East Asia and Pacific.

**DeMPA scores have improved during DMF implementation.** By comparing the DeMPA results of the most recent DeMPAs with those of the previous DeMPAs in countries with multiple DeMPAs, progress is observed in managerial structure for borrowing, availability of the Debt Management Strategy (DMS) and its decision-making process, debt reporting and evaluation, and undertaking of in-house DSA (figure 3.4). Notably, the share of countries that have developed the quality DMS increased from 12 to 25 percent. Most recent DeMPAs show that 40 percent of assessed countries published debt statistics bulletins that met the content and timeliness requirement, compared to 21 percent when they were previously assessed. Forty percent of the countries conducted in-house DSA in the past three years, as revealed by the most recent DSA, an increase over 33 percent in the previous assessment. Compared to the development and publication of DMS and debt statistical bulletins, changes in managerial structure require broader consensus, stronger commitment, and greater institutional efforts in the government. The scores for managerial structure for central government borrowing have seen improvement, with 70 percent of the countries meeting the minimum requirements, up from 60 percent in the previous assessment. The rise is the result of establishing a centralized DMO or improvement in the coordination between DMOs, as in the Democratic Republic of Congo, Mauritania, Nepal, Niger, and Togo, among other countries.

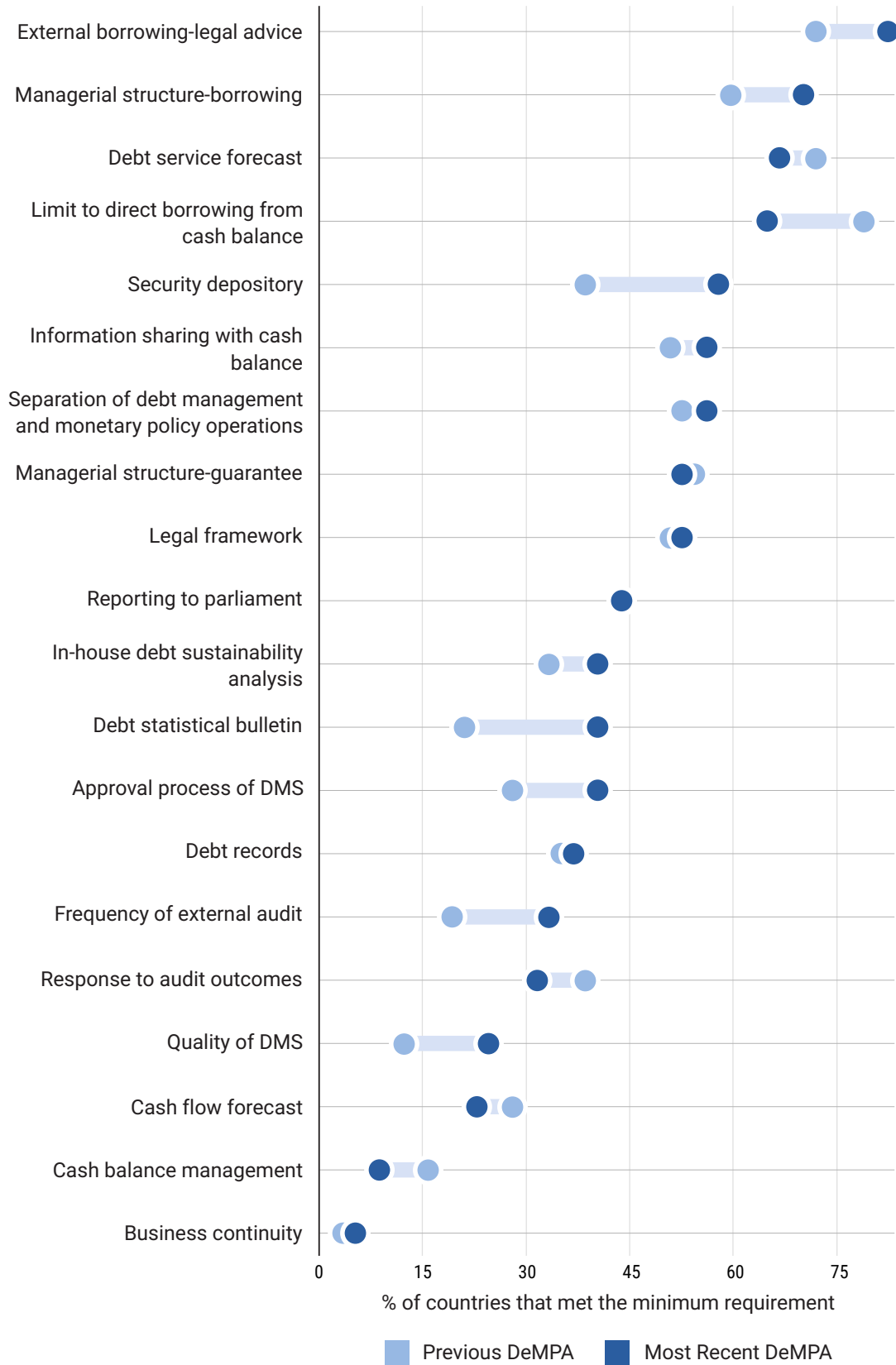
### Debt Reporting Heat Map

**Clear improvement in debt transparency over time is documented by the Debt Reporting Heat Map.**<sup>30</sup> Boosting debt transparency is one of the five DMF pillars in DMF III. DeMPAs provide comprehensive evaluation of the changes in the debt management institution and practice in the assessed countries, whereas assessments are conducted only every few years in some countries. Complementing DeMPA results, the Debt Reporting Heat Map tracks the debt transparency on an annual basis for 75 International Development Association (IDA)–eligible DMF countries.

**The number of countries that publish a debt statistical bulletin with full coverage and no more than six months old increased to 37 in 2024 from 19 in 2020 (figure 3.5), when the heat map was launched.** Similarly, data accessibility, coverage, and timeliness continued to see minute progress. Thirty-nine countries published DMSs including debt management targets for 2024 compared to 31 for 2020. And the number of countries that prepared and published Annual Borrowing Plans (ABPs) increased to 15 in 2024 from nine in 2020. Only two countries published broader contingent liabilities for the central government beyond guarantees in 2020, and this increased to 13 in 2024.

Figure 3.4

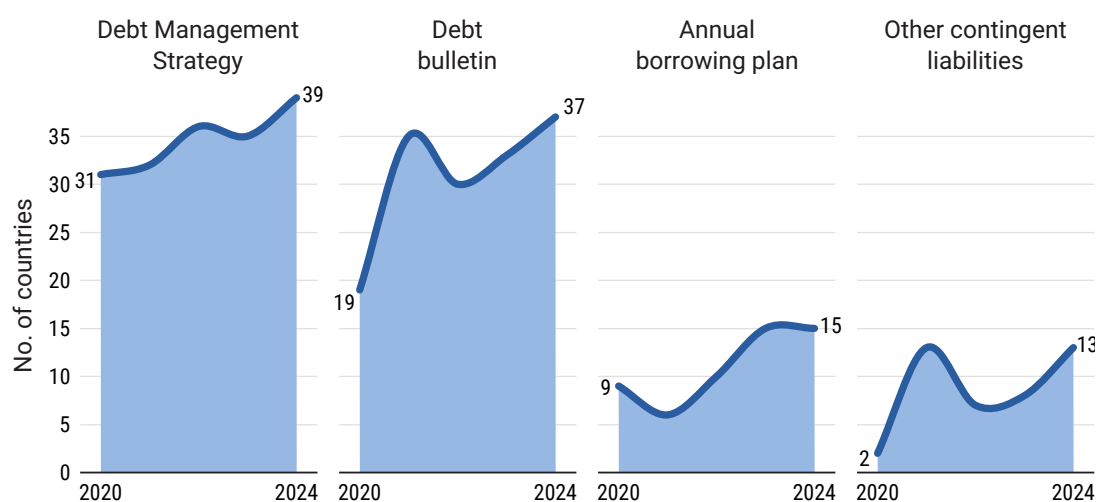
**Comparison of ratings of C or higher for selected comparable indicators between the latest and previous DeMPAs**



Source: Data are as of the end of June 2025 and come from the DMF Secretariat.

Note: DeMPA = Debt Management Performance Assessment ; DMS = Debt Management Strategy. Number of responses: 57.

Figure 3.5

**Debt transparency**

Source: Debt Reporting Heat Map, <https://www.worldbank.org/en/topic/debt/brief/debt-transparency-report>.

**The Domestic Debt Securities Heat Map<sup>31</sup> was designed and published since 2020, following similar methodology to the Debt Reporting Heat Map.** The assessment is updated annually and includes five core areas:

- Use of market-based mechanisms to borrow from national (regional) markets
- Predictability of the government securities issuances
- Adherence to the issuance calendar
- Publication of the results of the borrowing transactions
- Secondary market operations

It is based on the information available on national authorities' public websites and provides links to the primary sources of information for each indicator and score, enabling users to learn more about each country's transparency practices.

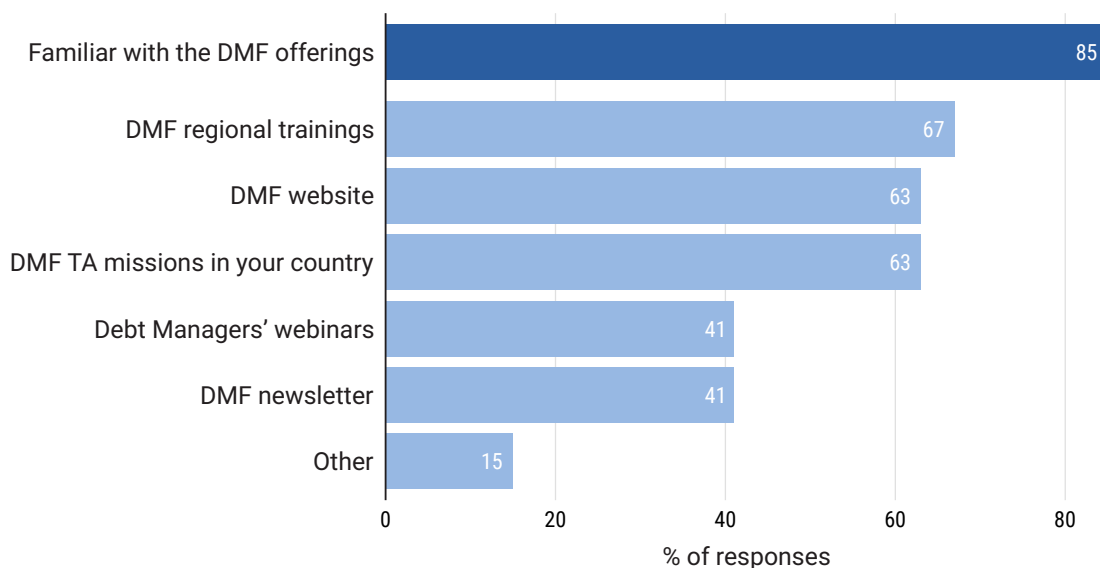
**DMF Survey**

**A May 2024 survey of the DMOs of all 86 DMF-eligible countries was conducted to help understand the current debt management performance, progress in debt management reforms, and the impact of the support of the DMF.** Twenty-seven DMOs responded and 19 completed the entire survey.<sup>32</sup> The number of responses to different questions ranged from 19 to 27.

**Survey results show that DMOs are well informed of DMF offerings (figure 3.6).** Around 85 percent of the respondents are very or somewhat familiar with DMF offerings. Information on the DMF is effectively distributed through multiple channels. DMF regional training is the leading one, through which two-thirds of DMF countries are informed of

Figure 3.6

**Familiarity with DMF offerings, by information channel**



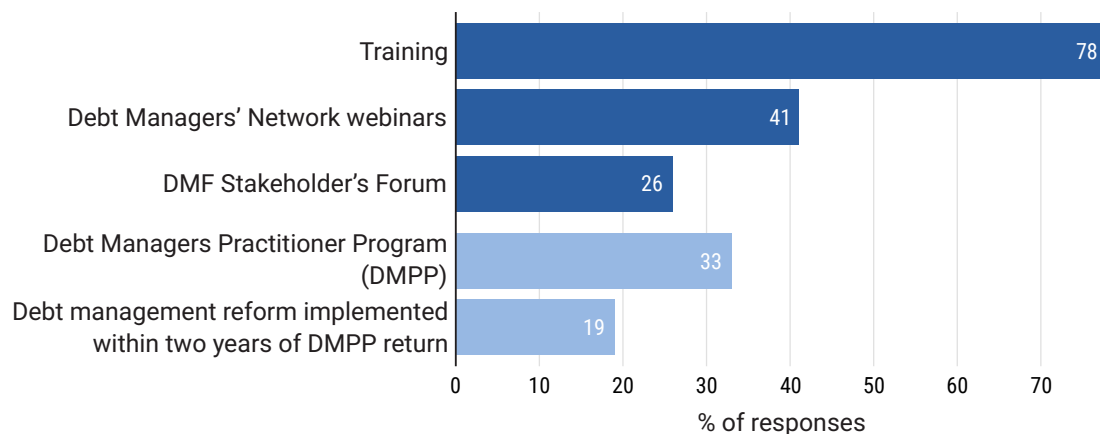
Source: DMF Secretariat.  
 Note: Number of responses: 27.

DMF activities. The DMF website and TA in the country closely follow, with 63 percent of the respondents getting DMF information from these sources. In addition, 41 percent are informed by debt managers' webinars and DMF newsletters.

**Training is the DMF activity with the most participants and benefited 78 percent of the respondents (figure 3.7).** One-third of responding DMOs had staff enrolled in the Debt Management Practitioners Program (DMPP) before the COVID-19 crisis; the program was suspended from 2020 to 2023 due to the pandemic. In more than half of these

Figure 3.7

**Participation in DMF activities**



Source: DMF Secretariat.  
 Note: Number of responses: 27.

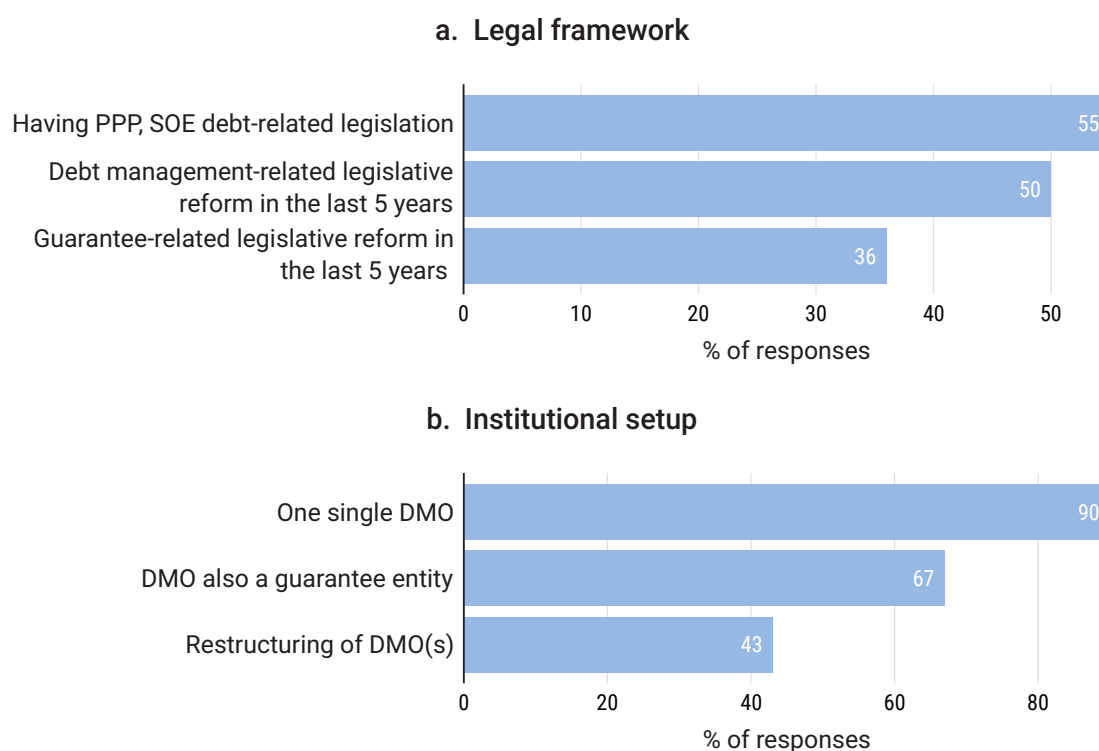
DMOs, the debt management reforms were implemented within two years of the return of DMPP participants.

**The survey results provide an overview of the current debt management performance in the DMF countries.** In 90 percent of the countries, debt management functions were reported to be consolidated into one DMO (figure 3.8). DMOs also act as a guarantee entity in two-thirds of the countries. More than 70 percent of the countries have prepared and approved the debt management strategy, and 60 percent of them report doing so on an annual basis; the approved DMS was published in 87 percent of these countries. More than half of the countries prepared the ABP covering both external and domestic borrowing, and 43 percent published the ABP.

**The survey reveals that 90 percent of the respondents regularly published debt statistical bulletins, all covering central government debt, whereas about one-fifth did not publish outstanding guaranteed debt (figure 3.9, panel b).** More than 60 percent of the countries submitted an annual report on debt management to the legislature. Though almost all countries reported having a debt management information system (DMIS)—such as the Debt Management Program of the United Nations Conference on Trade and Development, Debt Recording and Management System of the Commonwealth Secretariat, or a system developed in-house—only close to one-third of the countries store

Figure 3.8

### Debt management performance: legal and institutional framework

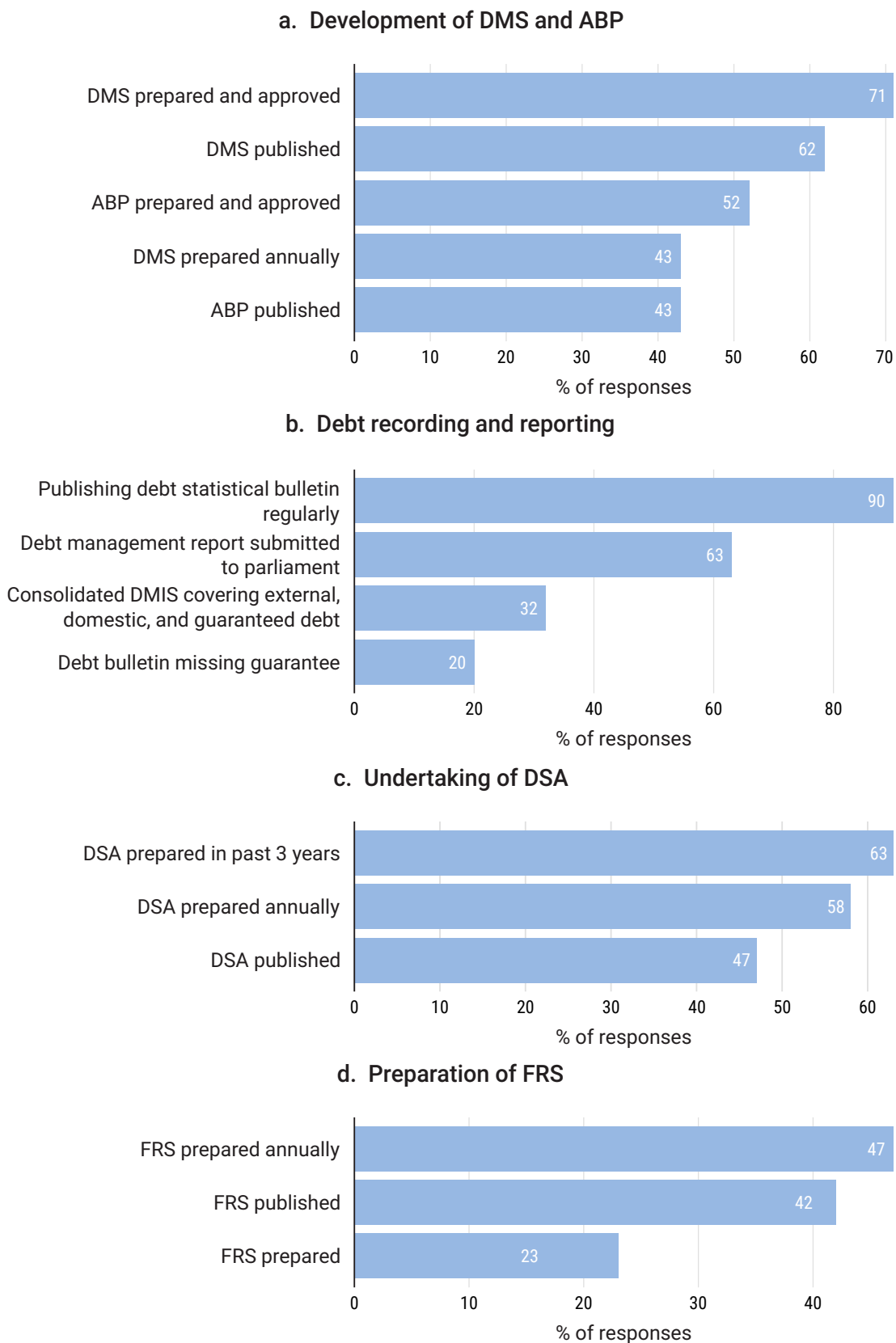


Source: DMF Secretariat.

Note: PPP = public-private partnership; SOE = state-owned enterprise. Number of responses for panels a and b: 22 and 21, respectively.

Figure 3.9

**Debt management performance: DMS, ABP, debt recording and reporting, DSA, and fiscal risk statement**



Source: DMF Secretariat.

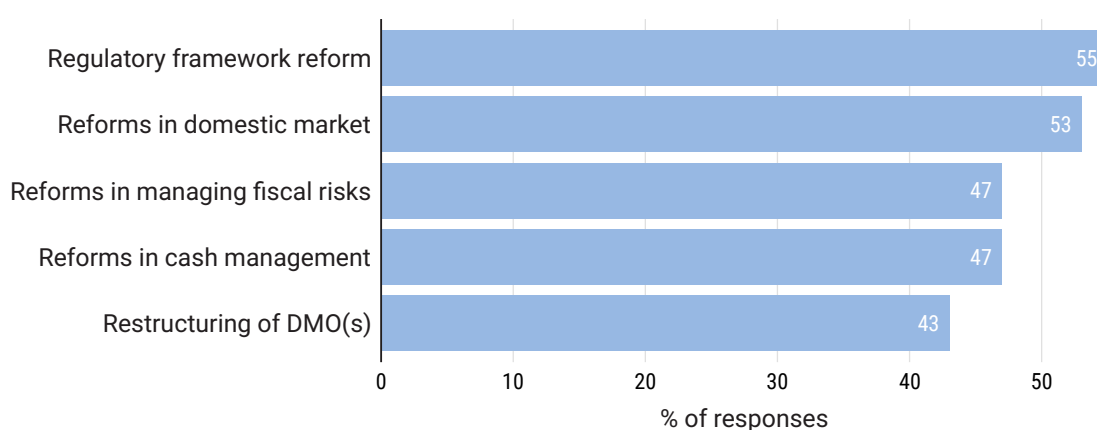
Note: ABP = annual borrowing plan; DMIS = Debt Management Information System; DMS = debt management strategy; DAS = debt sustainability analysis; FRS = fiscal risk statement. Number of responses: 19 to 21.

entire debt records, including external, domestic, and guaranteed debt, in the DMIS. Excel spreadsheets are used as the principal debt database in a few countries or are often used in parallel with a DMIS. More than 60 percent of the reporting countries undertook the DSA in the past three years (figure 3.9, panel c), and in 90 percent of these countries, the DSA was conducted annually and 80 percent of them published the DSA. In 53 percent of the responding countries, a fiscal risk statement was prepared, and close to 90 and 80 percent of these countries prepared the fiscal risk statement annually and published the statement.

**DMF countries have implemented reforms to strengthen debt management institutions and operations.** More than half of the reporting countries have implemented legislative reforms by introducing or amending legislation related to central government borrowing or issuing guarantees in the past five years. For instance, Burundi in 2024 enacted public debt law that also covers the issuance of loan guarantees. DMO restructuring, including consolidation and realignment of debt management functions, took place in 43 percent of responding DMOs (figure 3.10). The DMOs of Liberia and Madagascar were reorganized into front, middle, and back offices. In South Sudan, the middle office function was introduced. The cash management function was moved to the DMO in Burundi as result of a DeMPA TA, and further support was requested from the DMF. The institutional mechanisms to monitor and manage fiscal risks were strengthened in 47 percent of the responding countries. For instance, Madagascar adopted the decree related to the establishment of a fiscal risk assessment and management framework in 2023, and committees were created in 2024 to monitor and manage fiscal risks and provide the guidance on credit risk analysis. In Armenia, the fiscal risk assessment and management function improved by clarifying the priorities, adopting new tools, expanding the coverage of the analysis, and conducting continuous capacity-building activities. Reforms in developing and deepening domestic debt markets were implemented in 53 percent

Figure 3.10

### Debt management areas of reforms by the DMOs



Source: DMF Secretariat.

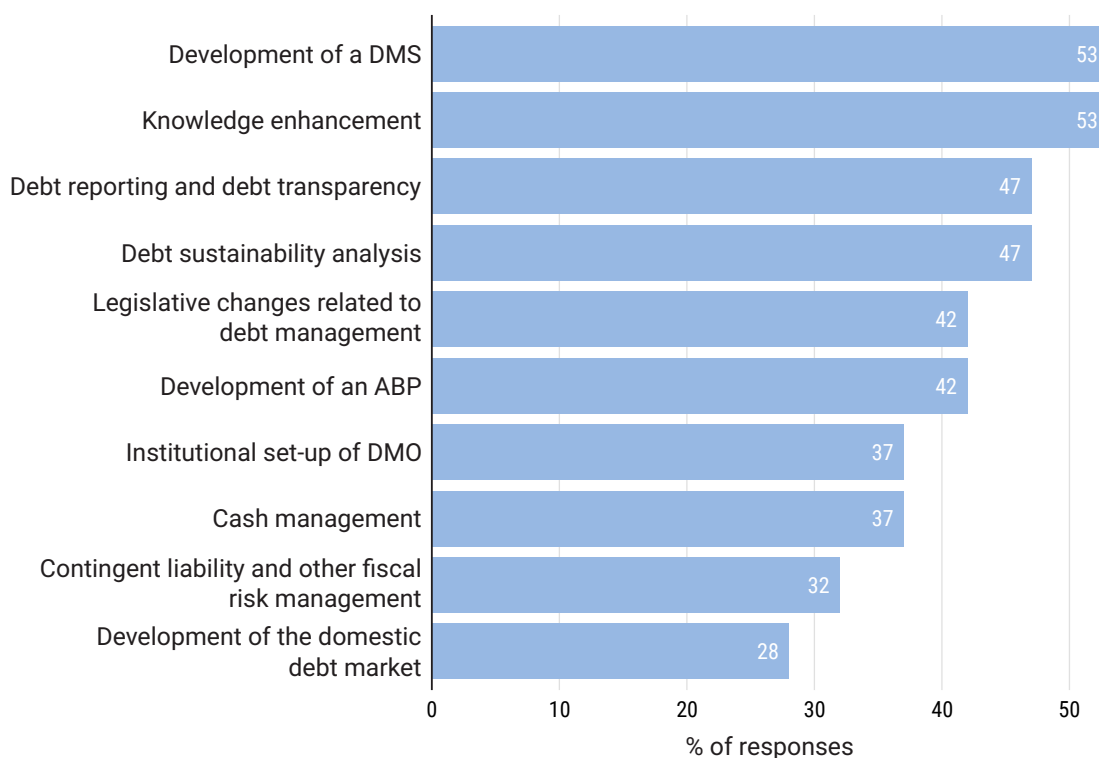
Note: DMO = Debt Management Office. Number of responses: 19 to 22.

of responding countries. In Cambodia, the government prioritizes the development of government security and financial market through policy documents, leading to the initial issuance of government bonds in September 2022 and the following 14 issuances in 2023. Moving forward, the government adopted the policy framework to diversify financing sources to meet public investment needs required for sustainable economic growth. Cash management reforms were undertaken in 47 percent of responding countries. In Burundi and Kenya, the preparation of establishing a treasury single account is underway. Honduras strengthened the treasury single account as a banking services system for the broader public sector beyond the central government. Uganda adopted a cash flow forecast module and started developing the framework for cash surplus investment.

**The DMF informs and supports the implementation of the debt management reforms.**

The greatest impact of the DMF is seen in DMS development (figure 3.11). Half of the respondents reported that DMF activities supported the development of DMS in their countries. The DMF TA and training helped 44 percent of the responding countries in enhancing debt reporting and transparency and strengthening the capacity in conducting debt sustainability analysis. As revealed by the survey results, contingent liability and fiscal risk management and domestic debt market development are the debt management areas least impacted by the DMF. In addition, debt managers from more than half of the countries reported that their knowledge of sound debt management practices as

**Figure 3.11**  
**Impact of the DMF**



Source: DMF Secretariat.

Note: ABP = annual borrowing plan; DMO = Debt Management Office; DMS = debt management strategy. Number of responses: 19 to 22.

well as understanding of current debt management challenges and how to address them was enhanced through DMF offerings.

### Box 3.1

#### External evaluation results

An external DMF III midterm evaluation was undertaken from October 2023 to May 2024. The evaluation was guided by an evaluation matrix approved by the DMF and applied the Organisation for Economic Co-operation and Development Development Assistance Committee evaluation criteria. The objectives are:

- To evaluate whether DMF III is on track to achieve its stated objectives and goals found in the DMF III Results-Based Framework.
- To evaluate whether the new activity areas under DMF III have added value and are relevant to eligible-country needs.
- To evaluate whether the changes made in DMF III have been helpful in addressing challenges identified by stakeholders during DMF II.
- To provide specific advice on how to improve future DMF design implementation, reporting, and governance.

The evaluation report makes observations on the relevance, coherence, effectiveness, efficiency, and sustainability of DMF III. The main findings are:

- DMF III is highly relevant in the current global economic and debt context and in light of the increasing debt-related vulnerabilities facing DMF-eligible countries; there is ongoing and significant support for its continuation. The combined World Bank and International Monetary

Fund (IMF) expertise in public debt management and agility and adaptability of DMF operations is widely and highly recognized.

- Increased coherence between DMF III and World Bank and IMF country programming strategy is observed, while the coordination with other debt management service providers can be further strengthened.
- Good progress is being made in outcome achievement against targets, despite the effects of the COVID-19 pandemic. The implementation of the programmatic approach continues to face challenges, from securing country commitment to limited DMF resources.
- The governance structure did not appear to work effectively in providing strategic direction and ensuring coordination among key stakeholders. DMF III program management is not sufficiently resourced to implement the designed program. While the coordination between the World Bank and IMF has improved, the role of implementing partners was not sufficiently integrated.

The medium-term sustainability of the DMF is likely, given its continued relevance and donors' intention to support it. Challenges exist in sustaining the progress already achieved in DMF countries, stemming from a lack of country commitment, staff rotation, or ineffective aid.

## Programmatic Engagement and Case Studies

**Sustained support through a programmatic approach and tailored reform plan has proved to be effective in achieving meaningful outcomes.** DMF III placed great emphasis on the programmatic approach which aligns the DMF support with the government reform priorities and addresses the country's challenges through continuous engagements. Bangladesh, the Democratic Republic of Congo, Georgia, Madagascar, Malawi, Papua New Guinea, Sri Lanka, Uzbekistan, and Zambia have benefited from such engagement. In the Democratic Republic of Congo, Madagascar, and Sri Lanka, the programmatic engagement began with a systematic DeMPA assessment followed by a reform plan TA mission. The resulting government-adopted reform plan laid out the roadmap for a comprehensive multiyear debt management reform program. This deep and sustained engagement enables the upgrade of governance structure, including updates to legal framework and institutional arrangement—which typically take years to amend or establish, also lay the groundwork for the reforms in other aspects of public debt management. Through the multiyear process, the Democratic Republic of Congo and Sri Lanka have enacted a new public debt law and Madagascar and Sri Lanka reorganized their debt management office. The programmatic approach also allows addressing specific government priorities. The debt reporting TA provided to Burkina Faso had resulted in a significant improvement in the debt transparency as revealed by the Debt Reporting indicators. In Bangladesh, Georgia, Papua New Guinea, and Uzbekistan, DMF support advanced local currency bond market (LCBM) development by assisting the formulation of steering debt management strategies that prioritized the market development and development of more transparent and market-based issuance mechanism. In Zambia, DMF support the creation of cash management unit and production of a holistic cash flow forecast.



### Bangladesh

#### CONTEXT

Bangladesh has experienced economic strife since the COVID-19 pandemic. Despite a robust postpandemic recovery, the country now grapples with growing external imbalances, declining reserves, exchange rate pressures, rising inflation, and vulnerabilities in the banking sector.

Yet, one predictor of stability has been the country's relatively low public debt, which is below 40 percent of gross domestic product (GDP). This has kept Bangladesh at a low risk of external debt distress and provided a buffer against economic turbulence.

Bangladesh's public debt primarily consists of central government debt, with external debt accounting for nearly half of the total. These external loans have traditionally been concessional, provided by multilateral and bilateral creditors. However, as Bangladesh approaches graduation from the IDA, these loans have become less concessional.

Domestically, the debt is almost evenly split between marketable government securities and nonmarketable debt, such as national savings certificates issued at administered rates. Recent monetary tightening has made market borrowing more expensive, while high national savings certificates rates continue to attract retail investors, increasing the government's costs and crowding out the local debt market.

Navigating these economic challenges and structural constraints requires debt management to maintain macroeconomic stability and ensure debt sustainability.

#### INTERVENTION BY THE DMF

Recognizing this, Bangladesh has increasingly turned to targeted capacity development support for debt management delivered by the DMF. The support focuses on two areas: strengthening the country's debt management framework through a risk-based MTDS and developing the LCBM to provide sustainable financing and enhance the resilience of the debt portfolio.

The DMF provided TA to help the Ministry of Finance and Bangladesh Bank, the country's central bank, develop the MTDS, which was published after an eight-year gap. The MTDS has been a crucial tool for navigating debt management and balancing the cost-risk trade-offs in a challenging global environment. Institutional factors, such as fragmented debt management responsibilities and the lack of an integrated debt database, had previously delayed the update.

The DMF also provided TA to develop the LCBM, assessing the current state of Bangladesh's domestic sovereign debt market and making policy recommendations based on the Guidance Note for Developing Government Local Currency Bond Markets.<sup>33</sup> This effort involved key stakeholders including the Ministry of Finance, Bangladesh Bank, and the Bangladesh Securities and Exchange Commission.

## RESULTS

Following DMF recommendations, Bangladesh also reduced national savings certificates interest rates to cut costs and improved debt management transparency by launching a *Quarterly Debt Bulletin*. Further, TA helped update the MTDS, focusing on implementing the strategy considering significant macroeconomic changes and setting risk targets to guide borrowing decisions.

Bangladesh prioritized the development of its LCBM as a key pillar of financial market development. The authorities acted swiftly on key reforms that were foundational to market development, such as withdrawing central bank support in primary markets, extending the issuance calendar, and adjusting national savings certificates investment limits.

Marketable bonds in nominal terms have doubled between 2019 and 2024. As a share of GDP, outstanding bonds increased from 10 to 12 percent, with a faster reduction in national savings certificates (from 11 to 7 percent). Bond market turnover, although low by emerging market standards, more than tripled. A high-level Interagency Committee led by the Ministry of Finance recently constituted will ensure strong coordination and reform sequencing in the future. Reducing the sovereign-bank nexus will be a key challenge for bond market development, as the authorities plan to diversify the investor base.

## LOOKING FORWARD

As Bangladesh continues its debt management and market reform initiatives, the IMF and World Bank remain committed to supporting these efforts through programmatic support facilitated by the DMF.



## Burkina Faso

### CONTEXT

Inadequate reporting on public debt was a major problem, with public debt creeping up yearly to reach 42.7 percent of GDP by end-2019 (a 60 percent increase over 2014). The country needed to capture and publicly disseminate timely and accurate debt data to better inform government decisions.

The 2020 results of the World Bank Debt Reporting Heat Map highlighted gaps in public debt reporting. Although Burkina Faso was periodically publishing a *Statistical Debt Bulletin* and an ABP, they were neither complete nor timely. Specifically, there was no information on recently contracted loans or fiscal risks relating to contingent liabilities. The bulletin did not cover guaranteed debt or the state-owned enterprise debt. And by the time the bulletin was published, after a significant delay, decisions about debt financing had already been made.

#### INTERVENTION BY THE DMF

Burkina Faso and the DMF partnered to improve debt transparency on a just-in-time basis. Over four months (from December 2020 through March 2021), the DMF supported Burkina Faso in building the DMO's capacity for debt reporting.

The first part of the work focused on improving the quality of the data recorded in the database system. The second component focused on improving the quality and timing of the quarterly *Statistical Debt Bulletin*. The team designed a roadmap for the entire year of 2021, with step-by-step instructions for publishing bulletins in line with international best practices, in terms of content and timing.

#### RESULTS

In March 2021, Burkina Faso published its first comprehensive *Statistical Debt Bulletin*, on time. The new bulletin includes information about loan guarantees and information with detailed data on terms and conditions. Based on the Debt Reporting Heat Map, Burkina Faso achieved full disclosure of debt.

Efforts to improve debt transparency and full disclosure of public debt have shown the first positive signs, but the challenge of sustaining these efforts over time remains. With changes in government and staff rotation in the DMO, there are growing concerns over their ability to commit to debt transparency objectives.



## Democratic Republic of Congo

### CONTEXT

Despite its vast natural resources, the Democratic Republic of Congo remains one of the poorest countries in the world. A long history of conflict, political upheaval, and instability have led to an ongoing humanitarian crisis. The economy is highly dollarized, undiversified, and vulnerable to commodity-price shocks and supply risks.

The risk of external and public debt distress in the Democratic Republic of Congo is considered moderate based on the latest published DSA (June 2023). Public debt—including debt owned by its largest state-owned mining companies—remains one of the lowest in Sub-Saharan Africa, estimated at just under 25 percent of GDP in 2022, while external and domestic arrears are under reconciliation. Yet, because of the Democratic Republic of Congo’s particularly limited buffer and debt vulnerability to external shocks, the country needs to advance on key areas of debt management: implementing prudent borrowing policies and strengthening debt management policies to ensure long-term debt sustainability.

### INTERVENTION BY THE DMF

The TA for a debt management reform plan, provided in May–June 2023, built on the outcome of a DeMPA, focuses on the following areas:

- Strengthening debt management governance by establishing a legal, institutional, and organizational framework in line with best practices.
- Improving management, monitoring, and analysis of fiscal risks.
- Enhancing transparency and quality of debt reports.
- Mitigating operational risks and streamlining debt service payment processes.

The reform plan is part of a series of broader reforms tackling both the overall management of public finances and financial market. It is supported by earlier institutional and organizational reforms of the debt management units and reforms on cash flow forecasting TA provided by other development partners.

## RESULTS

Earlier in 2024, the Congolese government finalized a debt management reform logical framework (log frame) for 2024–26 that includes priority reforms, a timeline of implementation and the supporting TA programs, as well as the expected outputs and outcomes. The log frame was also shared with donors, including the Groupe Inter Bailleurs Santé, in a workshop led by the Ministry of Finance with the objective of gathering support and aligning TA programs. Lastly, the log frame was incorporated into the Democratic Republic of Congo’s broad agenda of public finance reforms, which should facilitate further the decision-making process.

Less than two years after its launch, the reform plan has already started to yield positive results. The collaboration with the World Bank and other partners contributed to accelerating the September 2023 adoption of the debt management law, which had been pending for six years. The coverage of SOEs and provinces in the annual reports and quarterly debt bulletins has been expanded.

By end-2024, the timeliness and content of the Democratic Republic of Congo’s debt report is expected to be further improved, and a medium-term debt strategy should be approved by the executive branch and submitted to Parliament for the first time. Technical support for this work program is provided through the DMF III program.

## LOOKING FORWARD

The coordination and implementation of the programmatic reform plan will be discussed in a platform of dialogue including the Democratic Republic of Congo’s committee responsible for the orientation of the public finance reforms (Comite d’Orientation des Reformes des Finances Publiques), the Groupe Inter Bailleurs Santé, the DMO, and other government entities.

This platform for coordination is key. It will help trigger a stronger alignment of TA work and an accelerated pace of implementation of reforms.



## Madagascar

### CONTEXT

Following the COVID-19 pandemic, Madagascar's debt vulnerabilities increased. External debt risk shifted from a low to moderate level, reflecting a deterioration in debt dynamics, as confirmed by the DSA conducted in August 2020 that was prepared in the context of the IMF's Rapid Credit Facility review report. The report recognized Madagascar's debt vulnerabilities and recommended measures in the areas of domestic resource mobilization and efficiency of public spending, and continuing reforms to mitigate fiscal risks like those related to the public utility Jirama or other state-owned enterprises (SOEs), whose financial situation may be impacted by the crisis or risks related to fuel pricing.

### INTERVENTIONS BY THE DMF

In February 2023, a DeMPA led by the World Bank was conducted to identify strengths and areas for improvement in debt management practices. While recognizing progress, the assessment identified challenges in many debt management areas.

Following the DeMPA, a debt management reform plan TA took place during July to August 2023 and identified three main areas for reform:

- Debt management governance.
- Legal and institutional framework and monitoring of fiscal risks, particularly for debt-related contingent liabilities.
- Domestic market development and cash management.

The World Bank also provided TA on the establishment of a Fiscal Risk Management Framework.

In addition, the DMF supported capacity building on the Medium-Term Debt Management Strategy (MTDS) and ABP tool for the middle office of the DMO.

## RESULTS

Supported by DMF III TA, Madagascar's government has been engaged in a series of debt management reforms that are already yielding positive results.

As the authorities envisaged reforms to follow sound international practices, the government then approved the debt management reform plan in November 2023. A follow-up reform plan implementation review and Fiscal Risk Management Advisory TA were provided in March 2024. Significant advances were achieved within four months of the government's adoption of the reform plan, with notable improvement in the areas of governance and fiscal risk management. These include:

- The government completed a logical framework (log frame) for the debt management reform for the period 2024–26 that outlined priority reforms, TA support, and the expected outputs and outcomes. The log frame was presented to the donors' community with the objective to align TA support programs and establish a timeline for the reform plan actions and outputs and outcomes. The Ministry of Economy and Finance led the workshop, which helped bring together technical and financial partners and all other government entities.
- The Government Council approved a decree organizing the DMO into front, middle, and back offices, with the services and departments set to be established by July 2024, and it became fully operational with the appointment of all concerned staff in July 2025.
- The legal and institutional framework for fiscal risk management was established and operationalized in April 2024. It consists of the Credit Risk Analysis Committee, in charge of assessing credit risk, and the Fiscal Risk Committee, responsible for coordinating and finalizing the fiscal risk statement. The procedures for processing credit risk assessment have been established and will be enshrined in a procedural manual. The standard format and methodology for the preparation of fiscal risk statements have been established.
- The law on active cash management was adopted in July 2025, establishing a formal Cash Management Committee/Treasury Committee.

## LOOKING FORWARD

Currently, the reform plan content is more complex, requiring stronger political will and deeper institutional changes. Key reforms remaining to be implemented by end-2025 include:

- The submission of the Annual Debt Report to Parliament for the first time.
- The release of the first internal audit of debt by the Ministry of Finance.
- The official release of the credit risk report for the seven largest SOEs in Madagascar.

- The incorporation of SOE debt-related contingent liabilities in the fiscal risk statement to be annexed to the 2026 Finance Law.
- The adoption of a formal preparation/validation process for the MTDS and creating/operationalizing a MTDS/ABP working group involving the Central Bank and other departments at the Ministry of the Economy and Finances (MEF) to inform the government cash plan and issuance calendars that will feed into the 2026 budget.
- The adoption of a protocol between the Central Bank and the Treasury to transfer to the Central Bank the Central Securities Depository for public bonds from the Treasury and the development of an infrastructure for the Central Bank to issue bonds.
- Reforms to design sanctions against SOEs that do not submit their financial statements to the MEF.

The second annual progress review of the Reform Plan will take place in December 2025. It was preceded by a midterm review in July 2025. It will take stock of progress and challenges in the Reform Plan implementation and establish the 2026 the plan objectives with an updated list of TA to be provided by partners.



## Papua New Guinea

### CONTEXT

Papua New Guinea is a fragile state whose macroeconomic and social stability is at risk. A series of exogenous shocks over the past decade contributed to persistent foreign exchange shortages and increased public debt, alongside risks to political and social stability. However, the country is progressing toward a more stable economic environment, with improved macroeconomic conditions and a narrowing fiscal deficit, supported by the government's commitment to credible macro policies and a positive track record with IMF programs. The country is well positioned to strengthen debt management, including developing the LCBM, leveraging enhanced macroeconomic stability and monetary reforms, despite its relatively small economy and existing development gaps.

Development of LCBMs is a priority for the five countries in the IMF's Pacific Financial Technical Assistance Center region, yet government bond markets remain largely underdeveloped, with significant differences across countries. Some are in the initial stages of issuing government securities, while others, such as Papua New Guinea, are enhancing their processes, including the issuance of benchmark securities, and expanding investor relations.

## INTERVENTION BY THE DMF

As an initial step, a regional workshop was organized in collaboration with the World Bank (DMF III funded) to introduce the IMF–World Bank LCBM framework in the region. It also provided guidance on the preparation of country-specific reform programs aiming to develop and deepen domestic markets. Participants from all five countries were presented with the LCBM framework and the key building blocks necessary for successful LCBM development. Following the regional workshop, Papua New Guinea requested bilateral LCBM development assistance, which was delivered with assistance from DMF III.

A diagnostic mission in January 2025 to identify the existing challenges in developing the LCBM was undertaken supported by the DMF III. Additionally, the LCBM reform program aligned with Papua New Guinea's broader economic reform agenda under the IMF program, which aims to strengthen fiscal policy and monetary sector reforms. The joint assessment categorized Papua New Guinea's domestic debt market as "developing" for most building blocks. Several key recommendations were established to strengthen the LCBM, with follow-up implementation TA, also DMF III financed, undertaken to enhance transparency through the preparation and publication of a quarterly issuance calendar and the publication of securities auction announcements and results. The calendar will guide all government securities issuance and enhance engagement with market investors.

## RESULT

The TA ensured the capacity to produce and publish the quarterly issuance calendar and auction announcements and results for the fourth quarter of 2025, thereby enabling the government to meet the corresponding structural benchmark under the IMF program. In this context, the IMF and the World Bank, supported by DMF III, have played a supportive role in advancing the development of the LCBM in Papua New Guinea and alignment with the government's established priorities and sequencing. This collaborative effort is essential for the successful implementation of the government's strategic initiatives for LCBM development and macroeconomic reforms.

## LOOKING FORWARD

The DMF has enabled the IMF and the World Bank to act swiftly to address Papua New Guinea's priorities within the country's timelines. Ongoing support is anticipated for Papua New Guinea as it embarks on this long-term reform process. At the same time, at the regional level, a second diagnostic mission is planned for Fiji, thereby reinforcing support for the region's LCBM development initiatives.



## Sri Lanka

### CONTEXT

Sri Lanka is facing an unprecedented macroeconomic crisis. Debt has reached unsustainable levels, and the country lost access to international financial markets in 2020. Amid depleted reserves, Sri Lanka announced an external debt service suspension in April 2022, pending debt restructuring. In March 2023, the IMF Executive Board approved a 48-month Extended Fund Facility of approximately US\$3 billion to support the government's reform program. The World Bank since 2022 has been preparing a series of Development Policy Operations to follow the approval of the IMF-supported program, and the associated reform matrix has been built to address some important causes of the ongoing crisis sustainably. The institutions have been collaborating to ensure that the reform agenda to be implemented by the authorities will strengthen current practices in the following areas: (1) tax policy and administration; (2) fiscal and debt management; (3) financial stability; (4) structural and governance reforms; and (5) social and financial sector safety nets.

### INTERVENTION BY THE DMF

A DeMPA was conducted in August 2022 to update the 2015 assessment of debt management practices and identify areas for improvement. While there has been some progress, such as developing Sri Lanka's first debt management strategy and debt management auditing, challenges in many other areas remain. The most critical identified areas for improvement in the 2022 assessment relate to the fragmented debt management institutional arrangement and weak debt-related legal framework. Developing a framework for managing sovereign guarantees and on-lending and improving debt transparency practices will also be critical reforms.

A joint World Bank–IMF reform plan mission in March 2023 supported Sri Lanka in developing an action plan to establish a centralized DMO within the Ministry of Finance. The plan also advises the government on necessary legal reforms for establishing the DMO and creating a single law that concentrates (existing and new) debt-related provisions. Both reforms must be implemented in 2023–24 to enable the country to access the resources provided under the IMF-supported program and the World Bank series of Development Policy Operations. The reform plan also provides analysis and recommendations for developing a framework for sovereign guarantees and on-lending to be developed in alignment with other public finance management reforms (for example, the enactment

of a new public financial management law and SOE sector reforms). Finally, the plan covers a fourth area related to improvements in debt transparency practices, including enhancing debt recording and ensuring greater timeliness and coverage of existing debt.

Follow up legal and institutional framework TA was implemented in 2023.

## RESULTS

Public Debt Management Act was enacted in June 2024 which established the centralized debt management office. Authorities created the new centralized DMO and the transferring and consolidating of tasks and responsibilities is underway.

## LOOKING FORWARD

The authorities have requested additional TA support from the World Bank and the IMF to ensure that the envisaged reforms follow international sound practices and that a final proposal considers the most suitable arrangement for Sri Lanka.



## Uzbekistan

### CONTEXT

Uzbekistan's economy has shown resilience to recent shocks. The country has achieved robust growth since 2015, at an annual average of 5.5 percent, and public debt distress risks remain low, with public debt level below 40 percent of GDP. The debt burden has been modest, supported by a favorable debt composition: 80 percent of public debt is held by official creditors. The country's situation is also benefited by ample external buffers, equivalent to around 10 months of imports by end-2023.

The favorable circumstances are result of ambitious reforms that Uzbekistan took on in 2017 to become a market-oriented economy. As part of these reforms, Uzbekistan for example introduced a fiscal rule that sets a target on the budget deficit at 3 percent of GDP and a debt rule setting a target on public debt at 60 percent of GDP. The new public debt law, which became effective in August 2023, also required designing a Medium-Term Debt Management Strategy (MTDS) along with a fiscal strategy.

Yet, as Uzbekistan aims to graduate from its lower-middle-income economic classification in the next few years, the country is getting ready to face new challenges, including potentially higher borrowing costs when compared to the official concessional financing that has been a major financing source until now.

As part of preparations for the transition toward market-based financing, the country's debt managers have taken steps to widen their funding options and develop new instruments and markets. After Uzbekistan's debut in international markets in 2019, the government plans to tap into these markets and explore new debt instruments. Uzbekistan was the first country in Europe and Central Asia to issue sovereign green bonds in local currency in the international market in October 2023.

### INTERVENTION BY THE DMF

A key objective of Uzbekistan's debt management strategy is to develop a robust domestic government bond market. The Debt Management Facility (DMF) has provided advice to authorities so they can assess the strengths and weaknesses of the domestic government bond and prepare an action plan to improve and deepen the market. At the initial stage, the IMF–World Bank LCBM development framework was applied.

Following this initial phase, the work turned to the development of a MTDS with DMF TA from the IMF and World Bank in October 2023. This includes the consideration of domestic market reform priorities and the preparation of a cost-benefit analysis by reviewing the cost-risk trade-offs for different debt issuance strategies. In 2025, a TA mission on investor relations and debt reporting was carried out.

### RESULT

In just a few years, the domestic government bond market has expanded significantly, from a small fraction (less than 2 percent) of the total domestic debt in 2020 to nearly 35 percent today.

### LOOKING FORWARD

A well-functioning domestic debt market offers sustainable public financing while minimizing exchange rate risks. However, diversification of different funding sources remains crucial, and the DMF Program will continue to support Uzbekistan in strengthening its domestic debt management capacity.



## Zambia

### INTERVENTION BY THE DMF

Three successive missions to strengthen the cash management function and cash forecasting were delivered in January 2024,<sup>34</sup> October 2024, and January 2025, led by the IMF. The TA aligns with the DMF objective to improve the asset and liability management framework through more accurate and timely cash flow forecasts for the central government.

### RESULT

The establishment of a Cash Management Unit began laying the foundation for more reliable, data-driven cash forecasts. A major accomplishment of the project was the development of a holistic cash flow plan for fiscal year 2025, which integrated monthly projections of revenue, expenditure, and financing. This forecast not only reflects the current financial landscape but also incorporates hypothetical policy options to guide decision-making. The cash plan was prepared using the IMF's Cash Forecasting Assessment Tools (CFAT) through the series of collaborative training and hands-on support. The successful implementation of the CFAT, coupled with a structured committee framework, has set up the dynamic process of regularly updating the cash forecasts and continually improving cash management practices within the Ministry of Finance.

The project also tackled long-standing inefficiencies in banking arrangements. Despite the existence of over 21,800 government accounts in commercial banks, a one-time mop-up of ZMW 3.9 billion marked a significant step toward liquidity consolidation. A phased transition plan was launched to prioritize the closure or transfer of high-impact accounts to the Bank of Zambia, aiming to streamline operations and reduce risks.

### LOOKING FORWARD

Regular Donor Working Group meetings and bilateral briefing on various public finance management topics are held. The cash management capacity development has been closely coordinated between the DMF team and other donors based in Lusaka, Zambia, who are also supporting the authorities in implementing reforms in cash management.

# 04

## The Way Forward: Challenges and Lessons Learned

The implementation of the Debt Management Facility (DMF) program has provided valuable lessons that are shaping the direction and design of DMF IV. These lessons, also highlighted in the 2024 external evaluation report, are central to refining our approach to technical assistance (TA) and advancing debt management reforms globally.

- **Country ownership and tailored support.** Strong country buy-in has proven essential for aligning reforms with national priorities and ensuring sustained commitment. While long-term engagements often yield deeper impact, ad hoc TA continue to play a critical role by offering timely, targeted support when needed.
- **Operating in fragile and conflict-affected states.** Delivering results in complex and fragile environments requires flexibility, patience, and persistence, especially when introducing new areas of TA. To enhance our impact under DMF IV, we will expand outreach efforts, engage a broader set of stakeholders, and pilot more agile diagnostic tools to accelerate service delivery.
- **Coordination and transparency.** Strengthening the coordination of debt management TA across partners will remain a priority to improve efficiency and optimize resources. Promoting public debt transparency is also key to building trust, improving accountability, and supporting sustainable debt practices.
- **Peer learning and capacity building.** Peer-to-peer learning has emerged as a powerful tool to drive reforms through shared experiences and best practices. Participation in the Debt Management Practitioners' Program (DMPP), in particular, is strongly linked with successful reform outcomes.
- **Engaging high-level decision makers.** Many debt management challenges stem from decisions made at the highest levels of government. Expanding outreach to policy makers, parliamentarians, and auditors—through targeted training and dialogue—will be critical to strengthening oversight and supporting informed decision-making.

– **Monitoring, evaluation, and evidence-based reform.** A robust monitoring and evaluation framework is essential to track progress, inform course corrections, and support learning. The DMF’s broad reach also provides a unique opportunity to collect and analyze data on reform outcomes across a wide range of countries.

**During program implementation, the delivery of TA and trainings scaled up significantly** (aside from disruptions caused by the COVID-19 pandemic). The World Bank and the International Monetary Fund (IMF), in collaboration with implementing partners, have worked closely to harmonize capacity-building efforts. Continued coordination during DMF IV will help strengthen policy dialogue at the country level and deliver more effective, tailored solutions to debt management offices.

**DMF I** focused on core tools like DeMPA, Medium-Term Debt Management Strategy, reform plans, and training through the **DMPP**.

**DMF II** (launched in 2014) expanded into areas such as **domestic debt market development, risk management,** and **international capital market access.** It also introduced training on the **joint IMF–World Bank Debt Sustainability Framework for Low-Income Countries,**<sup>35</sup> and piloted **online training modules.** However, early phases emphasized diagnostics and reform planning, with limited focus on reform implementation.

**DMF III** introduced a harmonized capacity development approach that integrated diagnostics, reform plans, and support for implementation. This phase emphasized **debt transparency,** improved monitoring of contingent liabilities and fiscal risks, and strengthened institutional TA.

**Under DMF IV, services will be delivered both programmatically—to countries committed to reform agendas—and on demand,** for those facing urgent, technical challenges. This dual approach requires strong country ownership and a shared commitment to achieving tangible reform outcomes (figure 4.1).

**Looking ahead, we will deepen our engagement with policy makers and executive authorities to promote debt transparency and enhance accountability in the design and implementation of debt strategies.** We also aim to leverage innovations—including AI and digital tools—to improve data quality, streamline diagnostics, and support countries in developing borrowing plans and debt reports.

**Ultimately, strengthening public debt management in DMF-eligible countries to reduce debt vulnerabilities remains the DMF’s overarching, long-term goal.** We will pursue this objective in close collaboration with DMF donors, partners, and country authorities around the world.

Figure 4.1

### The way forward



# Appendix



## APPENDIX A

## Debt Management Facility Eligible Countries (as of July 2025)

Low income, IDA-only		
1 Afghanistan	Middle East, North Africa, Afghanistan & Pakistan	HIPC
2 Burkina Faso	Sub-Saharan Africa	HIPC
3 Burundi	Sub-Saharan Africa	HIPC
4 Central African Republic	Sub-Saharan Africa	HIPC
5 Chad	Sub-Saharan Africa	HIPC
6 Congo, Dem. Rep.	Sub-Saharan Africa	HIPC
7 Eritrea	Sub-Saharan Africa	HIPC
8 Gambia, The	Sub-Saharan Africa	HIPC
9 Guinea-Bissau	Sub-Saharan Africa	HIPC
10 Lesotho	Sub-Saharan Africa	
11 Liberia	Sub-Saharan Africa	HIPC
12 Madagascar	Sub-Saharan Africa	HIPC
13 Malawi	Sub-Saharan Africa	HIPC
14 Mali	Sub-Saharan Africa	HIPC
15 Mozambique	Sub-Saharan Africa	HIPC
16 Niger	Sub-Saharan Africa	HIPC
17 Rwanda	Sub-Saharan Africa	HIPC
18 Sierra Leone	Sub-Saharan Africa	HIPC
19 Somalia	Sub-Saharan Africa	HIPC
20 South Sudan	Sub-Saharan Africa	
21 Sudan	Sub-Saharan Africa	HIPC
22 Syrian Arab Republic	Middle East, North Africa, Afghanistan & Pakistan	
23 Togo	Sub-Saharan Africa	HIPC
24 Uganda	Sub-Saharan Africa	HIPC
25 Yemen, Rep.	Middle East, North Africa, Afghanistan & Pakistan	

In temporary status not classified, IDA-only		
1 Ethiopia	Sub-Saharan Africa	HIPC

Income classification changes	FY24	FY25
1 Samoa	LMI	UMI
2 Cabo Verde	LMI	UMI

Lower middle income, IDA-only		
1 Bhutan	South Asia	
2 Comoros	Sub-Saharan Africa	HIPC
3 Djibouti	Middle East, North Africa, Afghanistan & Pakistan	
4 Guinea	Sub-Saharan Africa	HIPC
5 Kiribati	East Asia & Pacific	
6 Micronesia, Fed. Sts.	East Asia & Pacific	
7 Myanmar	East Asia & Pacific	
8 São Tomé and Príncipe	Sub-Saharan Africa	HIPC
9 Solomon Islands	East Asia & Pacific	
10 Tajikistan	Europe & Central Asia	
11 Tanzania	Sub-Saharan Africa	HIPC
12 Vanuatu	East Asia & Pacific	
13 Zambia	Sub-Saharan Africa	HIPC

Lower middle income, Gap		
1 Bangladesh	South Asia	
2 Benin	Sub-Saharan Africa	HIPC
3 Cambodia	East Asia & Pacific	
4 Ghana	Sub-Saharan Africa	HIPC
5 Haiti	Latin America & Caribbean	HIPC
6 Honduras	Latin America & Caribbean	HIPC
7 Kyrgyz Republic	Europe & Central Asia	
8 Lao PDR	East Asia & Pacific	
9 Mauritania	Sub-Saharan Africa	HIPC
10 Nepal	South Asia	
11 Nicaragua	Latin America & Caribbean	HIPC
12 Senegal	Sub-Saharan Africa	HIPC
13 Sri Lanka	South Asia	

Lower middle income, Blend		
1 Cameroon	Sub-Saharan Africa	HIPC
2 Congo, Rep.	Sub-Saharan Africa	HIPC
3 Côte d'Ivoire	Sub-Saharan Africa	HIPC
4 Eswatini	Sub-Saharan Africa	
5 Kenya	Sub-Saharan Africa	
6 Nigeria	Sub-Saharan Africa	
7 Pakistan	Middle East, North Africa, Afghanistan & Pakistan	
8 Papua New Guinea	East Asia & Pacific	
9 Timor-Leste	East Asia & Pacific	
10 Uzbekistan	Europe & Central Asia	
11 Zimbabwe	Sub-Saharan Africa	

Lower middle income, IBRD		
1 Angola	Sub-Saharan Africa	
2 Bolivia	Latin America & Caribbean	HIPC
3 India	South Asia	
4 Vietnam	East Asia & Pacific	

Lower middle income, not classified in lending category		
1 West Bank and Gaza	Middle East, North Africa, Afghanistan & Pakistan	

Upper middle income, IDA-only		
1 Maldives	South Asia	
2 Marshall Islands	East Asia & Pacific	
3 Samoa	East Asia & Pacific	
4 Tonga	East Asia & Pacific	
5 Tuvalu	East Asia & Pacific	

Upper middle income, Gap		
1 Kosovo	Europe & Central Asia	

Upper middle income, Blend		
1 Belize	Latin America & Caribbean	
2 Cabo Verde	Sub-Saharan Africa	
3 Dominica	Latin America & Caribbean	
4 Fiji	East Asia & Pacific	
5 Grenada	Latin America & Caribbean	
6 St. Lucia	Latin America & Caribbean	
7 St. Vincent and the Grenadines	Latin America & Caribbean	
8 Suriname	Latin America & Caribbean	

High income, Gap		
1 Guyana	Latin America & Caribbean	HIPC

Upper middle income, IBRD		
1 Armenia	Europe & Central Asia	
2 Azerbaijan	Europe & Central Asia	
3 Bosnia and Herzegovina	Europe & Central Asia	
4 Georgia	Europe & Central Asia	
5 Moldova	Europe & Central Asia	
6 Mongolia	East Asia & Pacific	

Data source for country classifications:  
World Bank Income and Lending Groups, July 2025

# Notes

1. World Bank, *International Debt Report 2025* (World Bank, 2025), <https://openknowledge.worldbank.org/entities/publication/7c0dbf75-2bd7-4ae3-9db9-91318290c781>.
2. World Bank, *Global Economic Prospects, January 2025* (World Bank, 2025), <https://openknowledge.worldbank.org/server/api/core/bitstreams/f983c12d-d43c-4e41-997e-252ec6b87dbd/content>.
3. World Bank, *International Debt Report 2025* (World Bank, 2025), <https://openknowledge.worldbank.org/entities/publication/7c0dbf75-2bd7-4ae3-9db9-91318290c781>.
4. Ibid.
5. The report excludes debt management activities not funded by the DMF, including those provided by the World Bank, the IMF, the DMF's implementing partners, and other debt management TA providers.
6. The classification of fragile and conflict-affected situations distinguishes between countries based on the nature of issues they face. The classification uses the following categories: (1) countries with a high level of institutional and social fragility, identified based on indicators that measure the quality of policy and institutions, and manifestations of fragility; and (2) countries affected by violent conflict, identified based on a threshold number of conflict-related deaths relative to the population. For more details, see <https://www.worldbank.org/en/topic/fragilityconflictviolence/brief/classification-of-fragile-and-conflict-affected-situations>.
7. As of April 2024, Country Policy and Institutional Assessment ratings for 2022 are available. The cutoffs for medium and strong policy performers are 3.25 and 3.75, respectively.
8. Based on 2025 DMF eligibility for 88 countries.
9. Five Indian states received DMF support, while no TA was implemented at the sovereign government level in India.
10. At the beginning of the DMF Program design (2007), nine countries had issued international bonds: Côte d'Ivoire, Ghana, Grenada, Moldova, Nicaragua, Pakistan (international Sukuk), Republic of Congo, Sri Lanka, and Vietnam. Between 2008 and 2023, an additional 22 DMF countries had issued international bonds: Angola, Armenia, Azerbaijan, Benin, Bolivia, Bosnia and Herzegovina, Cameroon, Ethiopia, Georgia, Honduras, Kenya, Maldives, Mongolia, Mozambique, Nigeria, Papua New Guinea, Rwanda, Senegal, Tajikistan, Tanzania, Uzbekistan, and Zambia.
11. "Debt Management Facility III Mid-term Evaluation," Draft Evaluation Report Volume I, Universalia, May 2024.
13. The Bank of Central African States and the Economic and Monetary Community of Central Africa.
14. Guyana was classified as a high-income country as of the end of June 2025.
15. Subnational DeMPAs are not discussed in this section.
16. A higher number of countries has received more than one DeMPA mission overall, but some of these DeMPA missions have not been funded by the DMF and others took place in countries that are not DMF eligible, which are, therefore, not included in this statistic. Chapter 3 considers the results of all available DeMPAs in DMF countries.
17. Income classification as of FY24.
18. These include Fiji and Eswatini, which had a DeMPA assessment before becoming DMF eligible.
19. The total number of DeMPAs undertaken is greater than for some countries when pre-DMF DeMPA are included.
20. "External Evaluation of the DMF, Phase II, Final Report – Volume I," Universalia, June 2018.
21. Some MTDS TA also include ABP components.
22. Bank of Central African States.
23. IMF Institute Learning Channel, "Basic Concepts in Public Debt Management," Youtube, May 30, 2023, [https://youtube.com/playlist?list=PLrRVF2zCyHxvzLBE0Gqt-fhMSeAzQ06D\\_&si=\\_Y8dTvDYp3iIirCQ](https://youtube.com/playlist?list=PLrRVF2zCyHxvzLBE0Gqt-fhMSeAzQ06D_&si=_Y8dTvDYp3iIirCQ).
24. IMF Institute Learning Channel, "Debt: Basic Definitions and Algebra," Youtube, June 13, 2023, <https://youtube.com/playlist?list=PLrRVF2zCyHxtU3O7YFNM6hiiQx8cRrLz&si=ElwSYLDYQYmYY8KQ>.
25. IMF Institute Learning Channel, "Local Currency Bond Markets," Youtube, May 14, 2024, [https://youtube.com/playlist?list=PLrRVF2zCyHxue-0P\\_xMB1mVhYvj8CUgo&si=IHrtUS5DJ3Fp0MdL](https://youtube.com/playlist?list=PLrRVF2zCyHxue-0P_xMB1mVhYvj8CUgo&si=IHrtUS5DJ3Fp0MdL).

26. An additional four DMPPs had graduated by the end of June 2019.
27. <https://www.dmfacility.org>.
28. Appendix F presents the minimum requirements for each indicator.
29. Middle East and North Africa region countries are not included due to the small sample size.
30. <https://www.worldbank.org/en/topic/debt/brief/debt-transparency-report>.
31. <https://www.worldbank.org/en/data/interactive/2024/08/12/domestic-debt-securities-heatmap>.
32. The 19 countries that completed the entire survey are Afghanistan, Armenia, Bhutan, Bolivia, Bosnia and Herzegovina, Burundi, Cambodia, Guyana, Honduras, Kenya, Kyrgyz Republic, Lesotho, Liberia, Madagascar, Moldova, Nigeria, South Sudan, Uganda, and Zambia. The following countries completed part of the survey: Cape Verde, Djibouti, Georgia, Grenada, St. Vincent and the Grenadines, Tanzania, Tuvalu, and Vanuatu.
33. <https://documents1.worldbank.org/curated/en/790921615526044752/pdf/Guidance-Note-for-Developing-Government-Local-Currency-Bond-Markets.pdf>.
34. Not DMF funded.

