Debt Management Performance Assessment (DeMPA) - World Bank

**Objective and features**

1. **Objective**
   - DeMPA is a benchmarking tool for assessing government debt management performance to form the basis for a sequenced capacity-building plan.

2. **Institutional coverage**
   - National and subnational governments (a subnational DeMPA is available).

3. **Technical coverage**
   - DeMPA deals with debt management and closely related functions such as issuance of loan guarantees, on-lending, and cash flow forecasting and cash balance management. There are 14 debt management performance indicators (DPIs) and 33 sub-indicators (dimensions) spread across five areas:
     - 1. Governance and strategy (dimensions)
     - 2. Technical coverage
     - 3. Borrowing and related financing
     - 4. Debt recording and operational risk management
     - 5. Methodology

4. **Application method**
   - Sustainability analysis. Other evidence and indicative questions to be asked. The DeMPA report contains specific recommendations not made as assumptions or to the potential of ongoing reforms on government debt management performance.

5. **Development and use**
   - Launched in 2007, DeMPA was developed in consultation with international and regional agencies involved in debt management capacity building, as well as with government agencies during country-level field testing. DeMPA was developed with inputs from the IMF, Macroeconomics and Financial Management Institute of Eastern and Southern Africa (MEFMI), West African Institute for Financial and Economic Management (WAIFEM), Center for Latin American Monetary Studies (CEPAL), United Nations Conference on Trade and Development (UNCTAD), Debt Management Financial Analysis System (DMFAS) program, Debt Management Facility, Public Expenditure and Financial Accountability Program (PEFA) Secretariat, and bilateral debt experts during the team missions and training activities.
   - DeMPA was revised in December 2009, reflecting changes in the scoring methodology and in a small number of indicators. DeMPA was further revised in 2015, to reflect the revisions to IMF's Guidelines for Public Debt Management, 2014 discontinuing the debt reporting indicator and incorporating the debt recording dimensions into DPI 4. Debt records dimension has been collapsed with operational risk management dimensions. The updated DeMPA was published in 2016. A DeMPA for SN was issued in 2016.

6. **Benchmarking system**
   - DeMPA follows a scoring system. Assessments are made by scoring each dimension on a 4-point scale representing stages in development. Each dimension is assigned a score of A, B, C, or D. The A score denotes sound practice; B lies between the minimum requirements and sound practice for that aspect. C indicates that the minimum requirement is met, and D indicates that the minimum requirement is not met signaling a deficiency in performance normally requiring priority corrective action. The methodology accommodates situations in which it is not possible to assign a score.

7. **Linkage to PEFA framework**
   - DeMPA's assessment approach was designed to mirror the PEFA framework. In its recent upgrade, the PEFA framework aligned debt management (FS 15) with the updated DeMPA criteria. DeMPA explored PEFA debt management (FS 15) in further detail recording and reporting of debt and guarantees (FS 15.7) to debt records (DPI 14), approval of debt and guarantees (FS 15.9) to borrowing and guarantees (DPIs 8 to 10), and debt management strategy (FS 15.13 to DPI 5).

8. **Complementarily with PEFA framework**
   - A DeMPA assessment can provide an important input to PEFA debt management (FS 15) assessment; it can also deliver a more detailed analysis of the underlying issues where weaknesses have been identified in a PEFA assessment or in other broad PFM assessments.

9. **Development and coordination**
   - Launched in 2007, DeMPA was developed in consultation with international and regional agencies involved in debt management capacity building, as well as with government agencies during country-level field testing. DeMPA was developed with inputs from the IMF, Macroeconomics and Financial Management Institute of Eastern and Southern Africa (MEFMI), West African Institute for Financial and Economic Management (WAIFEM), Center for Latin American Monetary Studies (CEPAL), United Nations Conference on Trade and Development (UNCTAD), Debt Management Financial Analysis System (DMFAS) program, Debt Management Facility, Public Expenditure and Financial Accountability Program (PEFA) Secretariat, and bilateral debt experts during the team missions and training activities.

10. **Assessment management**
    - Assessment is demand-driven and managed by the WB. The countries engage in the assessment process by providing the WB with the necessary data and information. The assessment process involves interactions with government officials, external experts, and external consultants. Findings are discussed with government officials. In addition, the WB supports the government in drawing the reform action plan.

11. **Uses by the government and members of the PEFA community**
    - DeMPA is used (1) as an input to debt management performance, (2) as an input to the design of action plans to develop capacity and institutions for debt management, and (3) to facilitate monitoring of efforts toward achieving government debt management objectives. The tool is designed to promote donor harmonization through a common understanding of priorities. The tool is also used as a baseline to set targets under the Sustainable Development Financing Policy (International Development Association, 1A-19).

12. **Sequencing with other tools**
    - A DeMPA assessment can be conducted in parallel with the PEFA assessment to evaluate the debt management performance in a country. DeMPA can be used to undertake a detailed assessment of the underlying factors leading to poor PEFA ratings in debt management. Alternatively, if the DeMPA exercise precedes a PEFA assessment, the latter can use the DeMPA results to inform its assessment of the relevant indicators.

13. **PFM capacity building**
    - Regional training events have been conducted for client-country debt managers and central bank staff dealing with debt management, which has encouraged sharing of cross-country experiences, dissemination of sound practices, and peer networking. Although DeMPA does not specify recommendations for reform or capacity- and institution-building needs, the performance indicators do stipulate a minimum level that should not be met under all conditions. Consequently, an assessment showing that the DeMPA minimum requirements are not met clearly indicates an area requiring reform or capacity building or both. DeMPA assessment findings may form an input for WB's technical assistance programs.

14. **Tracking of changes and frequency of assessments**
    - While the methodology was revised in 2009 and again in 2015, comparison of reports across these timelines is facilitated by a section in the report on the reform measures implemented leading to improvement (or any deterioration) in government debt management performance. The frequency of assessment is agreed by country stakeholders but aimed no sooner than after a period of three years.

15. **Resource requirements**
    - About US$6,000 to per mission. Field missions typically last for seven to ten days. Final report is submitted within four to five weeks. Assessments are carried out by three or four team members, comprising two WB experts partnered with other debt experts such as independent external consultants or a regional/international technical assistance provider.

**Transparency**

16. **Access to methodology**
    - The 2016 methodology, the updated 2015 methodology, and the SN DeMPA are available.

17. **Access to assessment results**
    - Disclosure of final reports is at the discretion of the government. Published reports are available.