Debt strategy analysis enables governments (or individual government agencies) to:

- Plan and negotiate the best available new borrowing and financing options to fund economic development, growth and poverty reduction.
- Keep debt costs and risks as low and sustainable as possible in the short and long-term.
- Negotiate maximum debt relief from creditors where this is needed.
- Assess potential risks arising from private sector debt and contingent liabilities.

The main inputs needed to conduct debt strategy analysis are:

- a comprehensive debt database, including projected stock and service payments for external and domestic debt and contingent liabilities of central government and other government agencies, as well as private sector debt.
- analysis of the risks and costs of debt, including its interest rates and other fees, its maturity, and its composition by currency and by interest rate type

- analysis of the options for mobilizing new external and domestic finance
- analysis of the options for restructuring existing external debt
- comprehensive macroeconomic projections, including a baseline scenario and optimistic or pessimistic scenarios for GDP, balance of payments and budget.

- forecasts of the unmet financing needs for national development and poverty reduction strategies.

These inputs are then combined and analysed using a variety of computerized tools to assess debt sustainability, risks and costs, resulting in recommendations for the design and implementation of a national debt strategy. Given that government priorities and international circumstances change frequently, strategies are best updated annually, preferably annexed to the budget to provoke transparent parliamentary discussion, and widely disseminated to inform potential development funders and civil society.

Latest work DFI carried out in this area:
15 April 2015 - DFI to Support DRC to Reform Debt Laws and Design Debt Strategy

DFI has won an AfDB competitive bid to support DRC to reform its debt management laws and design a national debt strategy. The project is expected to be completed during 2015-16.

28 February 2013 - Debt Cancellation for Comoros

Comoros is to receive debt relief under the Heavily Indebted Poor Countries initiative. After significant and positive progress was made in the country’s economic management, Paris Club creditors have agreed an $8.06 million of debt cancellation for the small island archipelago which now becomes the 35th country to qualify for debt cancellation under the HIPC Initiative.

25 Nov - 12 Dec 2012 - Reform Plan mission to Tonga
A joint World Bank/DRI mission visited Nuku’Alofa, Kingdom of Tonga. The objective of the mission was to prepare a reform plan for debt management, and the recommendations were structured around four key areas: Medium Term Debt Strategy, Operational Risks, Coordination and Staff Capacity. The mission prepared a draft to be submitted to peer reviews and then to the Tongan authorities for their comments. A final report is scheduled to be completed by January 2013.

19-30 November 2012 - Reform Plan Mission to CAR

At the request of the Central African authorities, a World Bank/UNCTAD/DRI visited Bangui to formulate a reform plan of the country's public finances. Together with CAR's technical and financial partners, the mission identified 4 key areas around which the plan should be structured: institutional and legal framework, exterior loans procedures, development of domestic financial markets, treasury management and operational risks. A draft reform plan has been submitted to the national institutions and donors for consideration until its final adoption by the authorities.

12-16 November 2012 - MTDS Francophone Regional Workshop

DRI coordinated for the World Bank Debt Management Facility (DMF) a regional MTDS training workshop in Dakar, Senegal, facilitated by World Bank and DRI consultants, which attracted 44 participants from 19 Francophone countries and institutions. The workshop introduced participants to the toolkit developed to assist governments to develop an MTDS. The training also familiarised them with the analytical tool through a series of exercises enabling them to quantify and measure the performance of alternative debt management strategies under
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different shock scenarios.

9-19 October 2012 - MTDS Mission to Ethiopia

A joint IMF/World Bank/MEFMI/DRI mission went to Addis Ababa to conduct a medium-term debt strategy. About 25 staff from the Debt Directorate, Treasury Department and the Central Bank participated in the workshop to learn about the IBW methodology. A draft aide-memoire was prepared and shared with the Ethiopian authorities for comments. They will next elaborate their own debt strategy based on the results of the workshop and aide-memoire's recommendations.

12-20 September 2012 - MTDS Mission to Côte d'Ivoire

After reaching completion point, Côte d'Ivoire hosted an IMF/World Bank mission in Abidjan in order to formulate a medium term debt strategy document, with DRI as technical partner. The analysis of the existing debt revealed the challenges of clearing domestic arrears, of recapitalising of public banks and the weight of debt service on the 2013-2015 budget. Simulations led to proposals for a reference strategy, as well as alternative strategies in case of shocks in order to respond to the country's challenges of its development financing programme while securing debt sustainability.
11-20 September 2012 - MTDS Mission to Cameroon

MTDS Mission to Cameroon. DFI took part in a joint World Bank/IMF mission to Yaoundé, Cameroon, to provide Government and Central Bank officials with assistance in formulating a medium-term debt strategy. The mission focused its training on concepts and notions of debt strategy, the use of strategy formulation tool through applied exercises, and on evaluating costs and risks linked to the existing debt portfolio and those linked to alternative strategies. Results were later presented by participants who were also given a complete tool kit for the formulation of a medium-term debt strategy.

30 July - 8 August 2012 - Reform Plan Mission to Burundi

DRI took part in a World Bank mission aimed at producing a reform plan of Burundi’s public debt management. The plan focused on 4 priority areas: legal and institutional framework; operational risks; forecast and treasury management and debt management’s publication, analysis and strategy. The action plan and implementation schedule were subsequently shared with the authorities at a results’ dissemination and information sharing session.

13-22 July 2012 - Reform Plan Mission in Vietnam
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A joint World Bank/DRI mission visited Hanoi, Socialist Republic of Vietnam. The objective of the mission was to prepare a reform plan for debt management, and the recommendations were structured around four key areas: institutional arrangements, debt policy and strategy, cash management, and operational risk management. The mission prepared a draft to be submitted to peer reviews and then to the Vietnamese authorities for their comments. A final report is scheduled to be completed by mid-August 2012.

3-10 June 2012 - MTDS Mission in Mauritania
DFI joined the World Bank and IMF/AFRITAC Ouest in Nouakchott to conduct an MTDS mission. The mission trained the Debt Committee in the MTDS methodology, and participants drafted the MTDS report with the consultants’ assistance. Results were presented to the national public debt committee as well as to the Ministers for Finance and for Economic Affairs and Development during a closing session attended by World Bank and IMF resident representatives.

30 May – 8 June 2012 - MTDS Mission in Tajikistan
A joint DFI and World Bank mission visited Tajikistan. The mission took place at the request of the Ministry of Finance, and focused on providing technical assistance in debt management strategy formulation. The mission shared the Bank-Fund framework for Medium-Term Debt Management Strategy (MTDS) development, and jointly with a government team, applied it to Tajikistan. In the process, the team provided training on basic cost-risk analysis, data preparation, and preparation of a debt management strategy document.

23 January - 2 February 2012 - Reform Plan Mission to Comoros
A joint DFI-World Bank mission was held in Comoros in order to put together a reform plan of debt management. The mission met with national institutions to identify capacity building activities in debt management in terms of governance, debt strategy, and operational risks. Training was also provided in interpreting DSA results, report drafting, treasury management and operational risks. The reform plan was submitted to the national authorities who agreed to its implementation.

15–29 September 2011 - MTDS mission to Mongolia
DFI joined a World Bank mission to Mongolia from September 15 to 29, 2011. The mission took place at the request of the Ministry of Finance, and focused on providing technical assistance in debt management strategy formulation. The mission shared the Bank-Fund framework for Medium-Term Debt Management Strategy (MTDS) development, and jointly with a government team, applied it to Mongolia. In the process, the team provided training on basic cost-risk analysis, data preparation, and preparation of a debt management strategy document.

11-15 July 2011 - MTDS mission to Cape Verde
DFI participated in a joint mission with the IMF to Cape Verde. The mission worked with the debt unit at the Ministry of Finance in order to finalize the Medium Term Debt Strategy (MTDS), which the Government wants to have ready by the fourth quarter of this year. The mission included presentations on how to finalize the different underlying assumption of the model and guidance on how to advance in the work.

June-August 2011 - Institutional Missions in the Franc Zone
In the context of the BCEAO/BEAC/BCC Capacity Building Programme under the HIPC CBP, five institutional missions were held in Senegal (30 May – 3 June), in Togo (6-10 June), in Burkina Faso (13-17 June), in Central African Republic (27 July – 1 August) and in Comoros (15-19 August). These missions focus on helping countries to introduce debt management procedures manuals adapting international best practices to national needs. Two other similar missions will be held soon in Chad and Congo.

31 January - 4 February 2012 - MTDS Francophone Medium Term Debt Strategy Workshop
DRI participated in this workshop organized in Dakar, Senegal by Pôle-Dette and sponsored by the World Bank and the IMF. Participants familiarized themselves with the MTDS framework and were shown how to analyze the costs and risks and how to use the simulation software to support the elaboration of the MTDS.

13-16 September 2011 - Final HIPC CBP Mission to Ethiopia
The final mission of the HIPC Debt Strategy and Analysis Capacity-Building Programme (see http://www.hipc-cbp.org/) was conducted by DFI and a Zambian expert, fittingly to Ethiopia which made major strides in improving its debt strategy capacity under the CBP. The mission agreed with the Government on a debt strategy and analysis capacity-building programme for potential donor funding.

25 Jul - 5 August 2011 - Southern Sudan Debt Policy and Capacity Building Mission
DFI was funded by the Joint Donor Capacity Building Trust Fund for Southern Sudan to help the Government of the newly-independent Republic of Southern Sudan to examine policy options for post-independence development financing – especially borrowing on concessional terms – and the institutional and capacity-building measures required to establish a debt management unit well coordinated with wider economic policymaking. To read more on Southern Sudan’s debt, click here.