The legal and institutional framework is an important element of debt management. In particular, an efficient institutional structure should have:

- Clear institutional and departmental responsibilities that are defined in law covering all executive, management and technical functions,
- Comprehensive provisions (including regulations) for the supply and flow of information and data,
- Comprehensive provisions (including regulations) requiring the evaluation and audit of debt management units,
- Clear co-ordinating mechanisms at political and technical levels
- Legislation and implementation circulars defining the parameters for debt contraction, guarantees and servicing

While experience across many countries indicates there is no superior framework, DFI has compiled information on best practices for legal framework, institutional arrangements and co-ordination structures.

To assist countries evaluate the quality of their legal and institutional arrangements, DFI in collaboration with its regional partners has developed an assessment methodology. Under the HIPC Capacity Building Programme, DFI has had extensive experience of assisting countries strengthen their legal and institutional capacities, as discussed in CBP Shows Improved HIPC Debt Management Capacity Since 2002 and Assessing HIPC Capacity: CBP and IDA Compared.

The World Bank has recently developed a Debt Management Performance Assessment Tool (DEMPA).

Latest work DFI carried out in this area:
10-20 November 2012 - DeMPA Mission to Kosovo

A joint mission of the World Bank and DRI visited Pristina, Kosovo to evaluate the country’s debt management, based on the DeMPA methodology elaborated by the BWIs. As part of the review, the mission held meetings with all the institutions involved in debt management. A draft report has been prepared which has been sent for peer review before being submitted to the country's authorities within the forthcoming weeks.

9-18 April 2012 - DeMPA Mission in Niger

A joint mission of the World Bank and DRI visited Niamey to evaluate the country's debt management, based on the DeMPA methodology elaborated by the BWIs. As part of the review, the mission held meetings with all the institutions involved in debt management. A draft report has been prepared which has been sent for peer review before being submitted to the country's authorities within the forthcoming weeks.

9-17 April 2012 - DFI in Burundi for a DeMPA Mission
DFI took part in a World Bank DeMPA mission in Bujumbura, Burundi on 9-17 April. The mission assessed the country's debt management and held meetings with various key institutions involved in the borrowing cycle. The team also provided training on operational risks, the calculation of the grant element and the interpretation of results of a DSA implemented in Burundi. Preliminary conclusions were shared with targets institutions as well as with the Ministry of Finance and Economic Planning.

28 January - 7 February 2012 - Sudan DeMPA Mission
A joint Development Finance International, UNCTAD and The World Bank mission visited Khartoum, Sudan to conduct a Debt Management Performance Assessment (DeMPA) during February. The mission met with officials from the various agencies responsible for debt management and reviewed the way the various functions are performed to see whether they are in line with international standards. As required by the methodology, each dimension of the indicators was scored and a draft report was prepared during the mission and is being peer reviewed.

July-September 2011 – Final Aid & Auditing Mission in Guinea
Two DFI experts have conducted their final two missions in Guinea in keeping with the national capacity building programme in aid management, and audit and control. After launching a training programme for Ministry of Finance executives and public investment experts, the consultants are now finalising a national manual of procedures for the management and control of public investment projects.

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.

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.

11-22 July 2011 - Tajikistan Debt Management Reform Plan
A joint Development Finance International and World Bank mission visited Dushanbe to conduct a Reform Plan mission in July. The mission met the various officials involved in debt management and with their input prepared a reform plan that contains short and medium-term recommendations, capacity building needs and their costings. The draft report was finalized and has been sent for peer review.

1-10 June 2011 – DeMPA Mission to Afghanistan
A joint Development Finance International and World Bank mission visited Kabul to conduct a Debt Management Performance Assessment (DeMPA) during June. The mission met with officials from the various agencies responsible for debt management and reviewed the way the various functions are performed to see whether they are in line with international standards. As required by the methodology, each dimension of the indicators was scored between A and D. A draft report was prepared during the mission and is being peer reviewed.

16-26 May 2011 – DeMPA Mission to São Tomé and Príncipe
DFI participated in a joint mission with the World Bank to Sao Tome and Principe. The mission met with officials from the Central Bank, Ministry of Foreign Affairs and the Ministry of Finance as well as commercial banks operating in the country. The main objective of the mission was to evaluate the existing debt management capacity in the country within the framework of the Debt Management Performance Assessment (DeMPA). At the end of the stay, the mission presented the national authorities with a preliminary assessment.
DFI participated in a joint mission to Tajikistan. Other partners that took part in the mission included the World Bank and UNCTAD. The mission met with officials from the Central Bank and the Ministry of Finance as well as commercial banks operating in the country. The main objective of the mission was to evaluate the existing debt management capacity in the country within the framework of the Debt Management Performance Assessment (DeMPA). At the end of the stay, the mission presented the national authorities with a preliminary assessment.

28 February – 4 March 2011 – Latin America Regional DeMPA Workshop

DFI participated as a resource person in the World Bank Debt Management Facility regional workshop on the Debt Management Performance Assessment tool, held jointly with the Centro de Estudios Monetarios Latino-Americanos in Mexico City. 31 participants from 14 countries participated in the workshop and DFI assisted Haiti to complete their own self-assessment and comment on the DeMPA tools. DFI has been asked to write an article about the workshop for the next DMF newsletter.

30 Jan – 3 February 2011 – DFI Assists Sudan Government to Plan Debt Relief and Capacity Building

DFI was funded by the Swiss Ministry for Economic Affairs to conduct this mission to Khartoum to assist the government with technical inputs for planning potential debt relief under the HIPC process, depending on various decisions relating to the treatment of debt in the discussions on secession by Southern Sudan. It also assisted the government to plan a 4-year programme for capacity-building to maximize its debt relief and ensure its debt remains sustainable after relief.

24 May - 1 June 2011 - Haiti Institutional Mission

This second CIDA-financed mission organised by CEMLA reviewed the institutional framework for public debt management and produced a first draft law for Public Debt Management.