Designing an external new financing strategy includes a comprehensive assessment of potential new financing options from concessional and nonconcessional sources, as well as possible grant inflows, focusing on how best to mobilise the highest quality financing to support national development priorities and ensure debt sustainability.

To assist countries evaluate the quality of external resources, DFI has developed an assessment methodology on the basis of resource concessionality, conditionality, predictability, flexibility, types of finance, focus on national priority sectors/projects and other policy and procedural criteria.

A summary of the main issues for strategy design are set out in Key Analytical issues for Government External Financing and Diversifying Sources of Financing for Development.

To help countries strengthen their capacity in this area, DFI has developed detailed training materials and manuals, conducted research and analysis and provides advisory services.

Latest work DFI carried out in this area:

8-10 April 2015 - Development Cooperation to Support the SDGs, Incheon
DFI Director Matthew Martin participated as a resource person in several Financing for Development related events in a UN Development Cooperation Forum symposium in Incheon, Korea. He presented the case for closer monitoring of how private sector and blended private-public financing will contribute to reaching the SDGs, discussed lessons from DCF mutual accountability surveys for future assessment of MA, and presented a DCF policy briefing on which modalities of development cooperation can best reach the SDGs.

January-February 2013 - Debt Policy Mission in South Sudan

DFI conducted the final debt policy support mission to support the Ministry of Finance and Economic Planning in South Sudan. The mission, funded by the joint donor Capacity Building Trust Fund, had three aims: to finalise the South Sudan Debt Policy for approval by the Government; to finalise plans for institutional strengthening and capacity-building support on debt management to be provided to Government institutions as well as Parliament; and to provide any updated short-term advice on current borrowing issues.

June 2012 - DFI contributes to Commonwealth work on Innovative Financing

DFI is leading the production of a Handbook on Innovative Financing for Development for the Commonwealth Secretariat. The Handbook, due to be published in Q3 2012, uses a unique set of Principles to help developing countries to identify and assess a diverse range of new instruments in order to plug the huge development financing gaps necessary to meet their MDGs, address environmental challenges, and respond to exogenous shocks. It also raises awareness of innovative instruments presently under discussion. The Handbook is being targeted primarily at decision makers in developing countries.

29-30 September 2011 - COMSEC / OIF Meeting on Innovative Financing

DFI helped to facilitate a technical meeting of Commonwealth and OIF country and secretariat officials, held at Wilton Park in the UK, to raise awareness and discuss the practicalities of various types of innovative financing instruments and mechanisms. DFI gave a presentation on public revenue-raising measures such as Financial Transaction Taxes and taxes on aviation and shipping fuels. The meeting followed the recent Commonwealth and OIF Finance Ministers’ meetings which discussed these issues (see 22 September).

13-16 September 2011 - Final HIPC CBP Mission to Ethiopia

The final mission of the HIPC Debt Strategy and Analysis Capacity-Building Programme (see 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 July - 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.

External New Financing Strategy

As one of the last missions of the HIPC Debt Strategy and Analysis Capacity Building Programme, Development Finance International conducted a mission to Nouakchott to help the Government examine options for diversifying sources of development financing away from concessional OECD aid. The mission designed a plan for diversification and for reinforcing Mauritania’s institutional structures to manage all development financing, which will be finalized with Government by the end of Q3.

11 February 2011 - Second Guinea Aid/Auditing Mission
The second mission of the national capacity building programme in aid management, and audit and control is currently taking place in Conakry. After the first evaluation mission which reviewed the Guinean regulatory, legal, institutional and operational framework, two DFI consultants are now implementing the agreed schedule by launching a training programme for Ministry of Finance executives and public investment experts.

A DFI associate, funded by UNDP, assisted the Government of Rwanda to design a Resource Mobilisation Strategy to fund the national development programme. This focussed on diversifying financing sources away from OECD aid to new concessional and private financing sources.