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Nations**

Department of
Economic and
Social Affairs

Interaction with International Financial Institutions

Practical guide for Resident Coordinator's office

[Version 1.0]

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Introduction

This note lays out practical ways for the United Nations Resident Coordinator Office (RCO) to engage with their counterparts of the World Bank Group (WBG) and other International Financial Institutions (IFIs), including the International Monetary Fund (IMF).¹ It proposes a framework that can be used to find opportunities for joint engagements to assist the government to undertake diagnostic assessments and projects of an investment and/or development policy nature to attain its development goals, such as the Sustainable Development Goals (SDGs).

These opportunities for constructive engagement can be to seek out areas of development, which are inherent more of a medium to long term nature in which collaboration can lead to more efficient and effective delivery of aid. Or can be of a more immediate nature such as the need to collaborate to minimize the negative impact on a country's development because of crisis emerging from macro-economic imbalances and/or food or fuel price shocks.² The latter often requires a more important role by the IMF, given its mandate and requires a focus on fast disbursing instruments.

The framework is being applied to three Least Developed Countries, Niger, Lao PDR, and Malawi, which each face different development challenges and as such different types of potential engagement with the WBG and other IFIs. In the case of Niger, the potential collaboration and coordination with the WBG is related to the long-term development challenges Niger faces, in Lao PDR an important challenge is coming from debt related issues which are anchored in broader economic and financial issues, while in the case of Malawi, the challenge is coming from a recent natural disaster in the form of cyclone Freddy, which was exacerbated by existing structural challenges. Each of these situations poses different interaction challenges and opportunities with IFIs and governments.

For the RCO to collaborate and coordinate with the Country Manager's office (CMO) of the WBG or other IFIs it is important to understand the various channels that the WBG or other IFIs use to assist/convince and agree with the government on how their assistance, through its convening power, financial assistance and/or through advisory services, can be put to good use. At the same time, it is pertinent that the WBG itself as well as other IFIs are each a large institution with its own internal coordination mechanisms and challenges. A critical first point of contact for the RCO should be through its own channels with the CMO and join forces in those areas and thus with departments and UN organizations in which both offices think its collaboration will be beneficial.

The remainder of this note consists of two parts. The first part focusses more exclusively on the interaction with the WBG and provides an extensive list of links to information about the WBG (see box 1), its main operational products that are relevant for the RCO to have knowledge of and links to country information regarding those products. The second part provides more background about various processes in the WBG that are deemed relevant for the RCO and a proposed mechanism to be able to systematically monitor and evaluate overlaps and opportunities to collaborate.

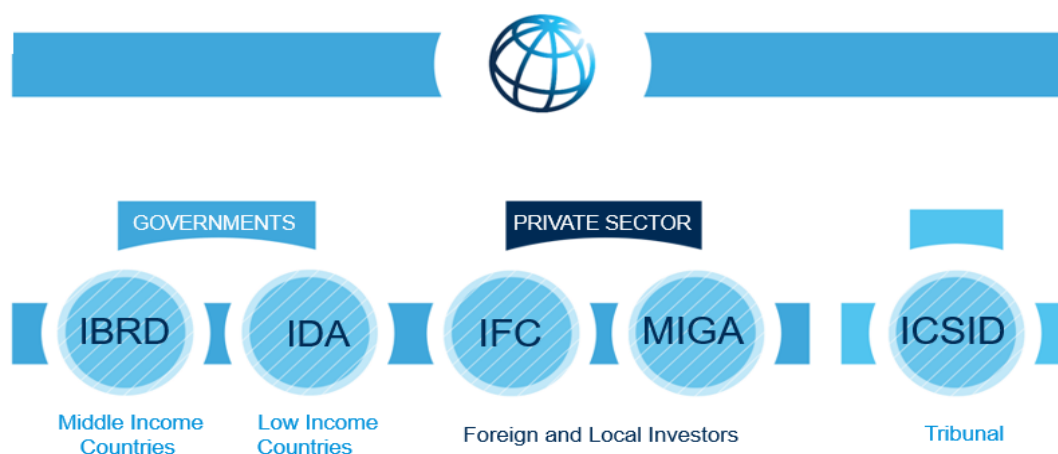
¹ The proposed approach for engagement with the WBG can be replicated for other regional IFIs. For ease of exposition, the note only mentions the WBG.

² See annex 1: WBG and IMF – Development paper the food & energy crisis: weathering the storm.

Box 1

The World Bank Group consists of five organizations

The World Bank Group



- **The International Bank for Reconstruction and Development (IBRD)** lends to governments of middle-income and creditworthy low-income countries.
- **The International Development Association (IDA)** provides interest-free loans — called credits — and grants to governments of the poorest countries.
- Together, IBRD and IDA make up the World Bank (WB).
- **The International Finance Corporation (IFC)** is the largest global development institution focused exclusively on the private sector. We help developing countries achieve sustainable growth by financing investment, mobilizing capital in international financial markets, and providing advisory services to businesses and governments.
- **The Multilateral Investment Guarantee Agency (MIGA)** was created in 1988 to promote foreign direct investment into developing countries to support economic growth, reduce poverty, and improve people's lives. MIGA fulfills this mandate by offering political risk insurance (guarantees) to investors and lenders.
- **The International Centre for Settlement of Investment Disputes (ICSID)** provides international facilities for conciliation and arbitration of investment disputes.

Source: Who We Are (worldbank.org)

WBG processes and instruments: opportunities to interact and relevant links

Opportunities to interact for the RC and its office

The WBG has a variety of instruments at its disposal to interact with clients: it has its convening power, financial instruments, (see box 2) like trust funds, grants, credits, and loans to provide resources for projects, and its Advisory Services and Analytics (ASA) often also referred to as AAA (Analytical and Advisory Activities) and/or ESW (Economic and Sector Work).³ The countries this note focusses on are UN LDCs and are in addition also IDA eligible countries and consequently can borrow (only) from IDA and not (yet) from the IBRD.⁴ There can be additional requirements then income levels to be able for a country to access WBG (financial) resources, e.g., if a country has received debt relief through the Heavily Indebted Country Initiative (HIPC)⁵ or has requested budget support in the form of a DPL. For example, the latter requires a favourable assessment of the maintenance of an adequate macro economic framework, with inputs from the IMF.

Box 2

World Bank Financial Products Overview

	Product	Use
Financing (Loans)	IBRD Flexible Loan (IFL) ^{1, 2}	IBRD loan product with flexible financial terms tailored to the needs of development financing or the client's debt management strategy. <ul style="list-style-type: none"> Committed and repayable in the currency or currencies of the loan selected by the borrower. Includes embedded risk management features – see financial risk management options below.
	IDA Concessional Financing ¹	Lending from IDA on concessional terms (carrying no or low interest charges) to address primary education, basic health services, clean water and sanitation, environmental safeguards, business climate improvements, infrastructure and institutional reforms.
	Scale Up Window (SUW)	Transitional support or additional lending offered to Blend and IDA countries (at low or medium risk of debt distress) on IFL terms.
	IBRD Enclave Loans for IDA borrowers	Additional lending for IDA countries on IFL lending terms for investment projects with foreign exchange revenues that can ringfenced.

³ It is important to remember that the grants, credits, and loans of the WB are contracted with the Government and even though the WB will be closely monitoring/supervising its financial instruments, partners for implementation are being decided on by the Government itself, NOT the WB. Henceforth, any UN agency that wants to be part of the implementation needs to go through the normal process of bidding and selection that the Government has in place.

⁴ See [IDA Borrowing Countries | What is IDA? | International Development Association - World Bank](#) for a full list of IDA eligible countries and [UN list of least developed countries | UNCTAD](#).

⁵ See [Heavily Indebted Poor Countries \(HIPC\) Initiative \(worldbank.org\)](#) or [Debt Relief Under the Heavily Indebted Poor Countries Initiative \(imf.org\)](#) for more information.

Contingent Financing (Loans)	IBRD DPL DDO	Contingent credit line that provides financing following adverse economic events such as a downturn in economic growth or unfavorable changes in commodity prices or terms of trade. It also provides a formal basis for continuing a policy-based engagement with the World Bank when no immediate need for funding exists.
	IBRD and IDA DPL with CAT DDO ^{3, 4}	Contingent credit line that provides financing following natural disaster events or health related emergencies, a time when liquidity constraints are usually highest. Cat DDOs enhance countries' capacity to plan for and manage crises by securing access to financing before disaster strikes and then disbursing quickly once the event occurs.
Financial Risk Management	Currency risk in IFL	Convert currency of an IFL between the four lending currencies, USD, EUR, GBP, JPY, using options embedded in the loan agreement ⁵ . Convert disbursed amounts into 25 liquid local currencies.
	Interest rate risk in IFL	Fix, unfix, cap, or collar the interest rate using options embedded in the loan agreement ⁵ .
	Commodity price risk	Reduce exposure to changes in commodity prices (e.g. oil prices) through World Bank intermediated derivative transactions.
	Hedging non-IBRD exposure	Non-IBRD exposures to currency and interest rate risks can be hedged similarly to IFL loans using free standing derivatives. Hedging Non-IBRD exposure requires a client to have an ISDA Master Derivatives Agreement with IBRD.
Credit Enhancement	IBRD or IDA Guarantees	Guarantees a portion of the public-sector borrower's debt service obligations to private sector investors ⁶ . Project-based guarantees: for investment projects. Policy-based guarantees: for general budget support.
Insurance for Disaster Risk Management	Catastrophe Bonds	Provides insurance against natural disasters by transferring risks to capital markets.
	Insurance/ Reinsurance	Provides insurance against natural disasters (e.g. geological events) and weather events by transferring risks to insurance markets.
	Derivatives	Provides insurance against natural disasters and weather events by transferring risks to markets in derivative form.

Notes

1. IFL loans and IDA concessional financing can be blended with other concessional financing (for example, through trust funds or grants). See case studies: Jordan and Lebanon, China, Mexico 1, Mexico 2
2. General conditions and instructions for IFL's: a. Development Policy Financing general conditions b. Investment Project Financing general conditions c. Program for Results general conditions d. Flexible Loan Choice Worksheet instructions e. Flexible Loan Choice Worksheet.
3. For IDA borrowers 50%/50% of the CAT DDO can be funded through Country Allocation/IDAs overall resources. Eligible IDA counties can fund the CAT DDO using SUF financing.
4. Other crisis financing options available to IDA countries include: a. Crisis Response Window b. Immediate Response Mechanism c. Pandemic Emergency Financing Facility.
5. Standalone hedges (currency and interest rate swaps) are also available on IBRD loans. Fees quoted here are for currency and interest rate embedded conversion options only. Fees for standalone hedges will differ for currency and interest rate swaps.

6. IBRD and IDA guarantees are also available to cover defaults on non-loan related Government payment obligations, to private entities and foreign public entities arising from contract, law or regulation.

Acronyms

CAT DDO: Catastrophe Deferred Drawdown Option.

DDO: Deferred Drawdown Option.

DPL: Development Policy Loan.

GDP: Gross Domestic Product.

IBRD: International Bank for Reconstruction and Development.

IDA: International Development Association.

IFL: IBRD Flexible Loan.

ISDA: International Swaps and Derivatives Association.

SBL: Single Borrower Limit.

SUW: Scale Up Window

Source: Overview-of-WB-Financial-Products.pdf (worldbank.org)

Given the situation in country, the RCO can decide how and through what mechanisms, it can best interact with the WBG (and any other IFI for that matter). Past experiences have shown that coordination and collaboration can be effective and very satisfying. One example is the MDG Acceleration Reviews that took place under the auspices of the UN System Chief Executive Board for Coordination (CEB) from April 2013 through November 2015. This exercise brought together UN and WBG staff to systematically review the situation regarding a specific MDG in 16 countries and a sub-region to identify bottlenecks to progress and propose how the UN system could better assist each country to accelerate progress toward the MDG in question. The CEB review triggered actions that have had a notable impact in the participating countries.⁶

In whatever process the RCO decides to collaborate with the WBG (or any other IFI), the process will be as important as the substance on which one wants to collaborate. It will be critical for the RC to lead the initial outreach and remain actively involved. Once, the collaboration and coordination are ingrained in the DNA of each organization involved, it can be left to the appropriate staff at each participating UN organization. The initial effort to bring together the various institutions should not be underestimated, and it is very likely that without the RC(O)s continuous involvement, one falls back to its silo approaches to development.

Table 1 provides an overview of the various projects and activities that are deemed especially relevant for the RCO to be engaged in to influence and assist the content and focus of the WBG's CMO in country. Some activities of the World Bank Group require coordination and outreach such as Country Partnership Framework (SPF) and Systematic Country Diagnostic (SCD), but not all. It is seen as good practice to coordinate with partners, but very often these meetings become briefings and take place at the end of a WBG mission. It is then often too late to influence the project and/or analytical reports. It would be useful for the RCO to have regular meetings with the CMO to ensure it is aware of all World Bank group activities, missions, and opportunities to coordinate and collaborate.

⁶ See <https://unsceb.org/transitioning-mdgs-sdgs> for more information.

Table 1

Opportunities to collaborate and coordinate with the WBG

Projects and activities	Suggested participation and potential impact
Preparation and implementation of the Country Partnership Framework	<p>Consultations during preparation of the CPF are required.</p> <p>Role of RC: participate in consultation meetings with briefing material to be prepared by relevant UN agencies.</p> <p>Role of RC: ensure that all relevant UN agencies provide written feedback on draft CPF to RCO to be submitted to CM in one communication by the RC.</p> <p>Potential high impact as areas of financing and ASA and its timing are identified.</p> <p>Follow up implementation of the CPF: potential high impact but continuous dialogue needed by the RC during high level coordination meetings and by UN agencies/technical staff at implementation level itself.</p>
Preparation of Systematic Country Diagnostic	<p>Consultations during the preparation of the SCD are required.</p> <p>Role of RC: participate in consultation meetings with briefing material to be prepared by relevant UN agencies.</p> <p>Role of RC: ensure that all relevant UN agencies provide written feedback on draft SCD to RCO to be submitted to CM in one communication by the RC.</p> <p>Potential high impact given that the SCD provides the analytical underpinnings of the CPF and therefore provides guidance to the WBG country team in which areas to engage with the government.</p>
WBG Investment projects (preparation/implementation/supervision/evaluation)	<p>WBG teams are encouraged to undertake consultations with partners.</p> <p>Role of the RCO: ensure that relevant UN agencies participate in consultations and if appropriate participate in the preparation of the investment project.</p> <p>Role of RC: follow up with heads of UN agencies (especially those in country) to ensure that adequate attention is given into this opportunity during (regular) internal coordination meetings.</p> <p>Potential high impact. Even though the decision on the role in implementation is with the executing government/borrowing agency.</p>
WBG Development policy lending/Program for Results	<p>WBG teams are encouraged to undertake consultations with partners.</p> <p>Role of the RCO: ensure that relevant UN agencies participate in consultations and if appropriate participate in the preparation of the DPL or PforR.</p> <p>Role of RC: follow up with heads of UN agencies (especially those in country) to ensure that adequate attention is given into this opportunity during (regular) internal coordination meetings</p> <p>Potential high impact as the reforms supported through the DPL are to set the stage for future development outcome, while PforRs reward the government for the achievement of development results. It will be useful to have consensus on the reforms/prior actions for the DPL and the results to be achieved through the PforR.</p>

<p>Analytical and Advisory services (AAA&ESW) Special relevant ESW-DSA/PA</p>	<p>The WBG will regularly undertake analytical reports to inform its projects, including DPLs, and at the behest of the government. The conclusions and policy advice generated by those reports are expected to influence its projects and DPLs/PforRs.</p> <p>The most common reports (see box 4) do lend themselves for joint approaches. Not just with the UN but also with bilateral partners and/or other IFIs.</p> <p>Role of RCO: be aware of the timing of these most common analytical reports and have an inventory of staff that has the skills and expertise to contribute to those reports.</p> <p>Role of RC: to agree with the CM which of the most common reports could be best undertaken jointly and mobilize (jointly) others, bilateral donors and/or other IFIs, to partake.</p> <p>Potential high impact as the development community and the country government will benefit from the clarity that a joint report brings. In addition, it also influences the development agenda i.e., projects etc., going forward.</p>
<p>Crises related project and activities.</p>	<p>Basically, each crisis, be it because of war, natural disaster, and/or economic reasons has a humanitarian component as well as a financial one. It will be important to understand what each institution is allowed to do in each crisis.</p> <p>Role of RCO: discuss with the CM of the WBG, what the possibilities are for the WBG to provide emergency assistance.</p> <ul style="list-style-type: none"> ▪ In the case of civil strife and/or war, one can expect that the WBG has a limited role to play given its stature. However, the WBG is more and more expected to engage in the humanitarian development nexus. Consequently, finding out the possibilities for the WBG to engage should be a priority. ▪ In the case of a natural disaster, it would be more clear what type of assistance the WBG can provide. Again, finding out the type of assistance and its magnitude should be a priority for the RC to find out from the CM. Note that it might also be good practice to engage the WBG to undertake a diagnostic of the development impact of such a crisis. This could potentially be done in collaboration with various UN agencies. ▪ In the case of a macro-financial crisis, including debt related or food and/or fuel price shocks, it would be good to coordinate with the WBG and the IMF, to explore the assistance these institutions could provide and on what basis i.e., expected reform efforts to ensure a return to a sustainable macro-economic outlook. In some cases, it could be useful to offer expertise to partake in the missions of the IMF/WBG.
<p>Activities in Fragile and Conflict-Affected Situations</p>	<p>The WBG has a special arrangement with UNHCR with respect to its engagement in fragile and conflict affected situations. UNHCR and the WBG undertake jointly the eligibility assessment of such cases. Special resources will then flow to various (WBG) projects in the field (see links below).</p> <p>Role of the RC(O): be well aware of these resources and coordinate closely with the UNHCR representative.</p>

This ongoing partnership with UNHCR is one with high impact and visibility.

Links to various WBG products

The Country Partnership Framework (CPF)

To guide its support to a government the WBG prepares every four/six year a Country Partnership Framework (CPF) which aims to make its country-driven model systematic, evidence-based, selective, and focused on the World Bank's twin goals of ending extreme poverty and increasing shared prosperity in a sustainable manner. The CPF replaces the Country Assistance Strategy (CAS). Used in conjunction with a Systematic Country Diagnostic (SCD), the CPF guides the WBG support to a member country.

- Information regarding the CPF and its process can be found here:
<https://www.worldbank.org/en/projects-operations/country-strategies#1>.

The Systematic Country Diagnostic (SCD). The SCD has a special purpose as it is to inform the CPF. The SCD guidance note clearly states that it is to identify a set of priorities through which a country may most effectively and sustainably achieve its poverty reduction and shared prosperity goals and serves as the reference point for consultations when developing the CPF. The SCD is hence quite a different report as it is supply driven while its focus and scope is not limited to areas or sectors where the WBG is currently active or where the WBG expects immediate country demand.

- Information regarding the content and process of the SCD can be found here:
<https://www.worldbank.org/en/projects-operations/country-strategies#3>.

The use of its financial resources: loans, credits, grants, and trust funds

The WBG has a variety of financing instruments to its avail. For IDA countries, these are of a concessional nature It finances investment projects which often disburses its financial resources over the medium term, changes to a country's development policy, which disburses its financial resources against prior actions and within a short time frame, financial package that disburses against results achieved, the so-called Program for Results operations, a guarantee program is to facilitate private (foreign) investment and insures against unfavorable (for the investor) policy changes; and manages on behalf of donors a set of trust funds.

In addition, the WB has a so-called Crisis Response Window. This can be called upon when an IDA country is subjected to a variety of crises and emergencies that can undermine their economic and social development efforts. These include economic shocks such as food, fuel and financial crises, and natural disasters, such as droughts, earthquakes, floods, tsunamis, and storms. IDA has had a long-standing involvement in various aspects of crisis response, including the provision of financial support. IDA's key comparative advantages in crisis response are its ability to link short-term crisis mitigation and long-term development objectives, its capacity to work closely and collaboratively with other organizations (notably the UN and IMF), and to build on previous analytical work and the portfolio of projects under implementation.

To improve IDA's capacity to respond in the immediate aftermath of a crisis or emergency, the Immediate Response Mechanism (IRM) was adopted in 2011. The IRM allows participating IDA

countries to have immediate access to a portion of the undisbursed balances of their IDA project portfolio in the event of an eligible crisis or emergency and thus shorten IDA's response time, while encouraging countries to proactively prevent and prepare to respond to crises in a rapid and effective manner.

- Information regarding investment project finance can be found here: <https://www.worldbank.org/en/what-we-do/products-and-services/financing-instruments/investment-project-finance>.
- Information regarding development policy finance can be found here: <https://www.worldbank.org/en/what-we-do/products-and-services/financing-instruments/development-policy-finance>.
- Information regarding program for results finance can be found here: <https://www.worldbank.org/en/programs/program-for-results-finance>.
- Information regarding guarantees can be found here: <https://www.worldbank.org/en/programs/guarantees-program>.
- Information regarding trust funds can be found here: <https://www.worldbank.org/en/programs/trust-funds-and-programs>.

Crisis related resources available. Information can be found through the following links.

- Crisis: <https://ida.worldbank.org/en/financing/crisis-finance>.
- Crisis Response Window IDA: <https://ida.worldbank.org/en/financing/crisis-finance/crisis-response-window>.
- Crisis Immediate Response Mechanisms IDA: <https://ida.worldbank.org/en/financing/crisis-finance/crisis-response-window>.
- COVID: <https://ida.worldbank.org/en/financing/responding-covid-19>.
- Fragility-IDA: <https://ida.worldbank.org/en/financing/resource-management/fcv-envelope>.
- Information about IFC's financial products for the private sector can be found here: https://www.ifc.org/wps/wcm/connect/CORP_EXT_Content/IFC_External_Corporate_Site/Solutions/Products+and+Services.
- Information about MIGA, which provides a wider spectrum of guarantee products can be found here: <https://www.miga.org/>.

The advisory and analytical agenda

Advisory Services and Analytics (ASA) are the World Bank Group's primary country-based analytic and advisory business line, designed to serve the development planning needs of the WBG's member countries and the international community. By deepening the understanding of development and by conveying the lessons of experience, ASA provides a basis for conducting policy dialogue, developing, and implementing country strategies, formulating effective lending

programs, building institutional capacity, and informing the international community about a country's development challenges.

The following links will provide more information about these products.

- General (Advisory Services and Analytics (ASA): <https://www.worldbank.org/en/what-we-do/products-and-services/advisory-services>.

A few examples of WBG wide country thematic reports:

- Country Climate and Development Reports (CCDR): <https://www.worldbank.org/en/publication/country-climate-development-reports>.
- Country Private Sector Diagnostics with IFC (CPSD): https://www.ifc.org/wps/wcm/connect/publications_ext_content/ifc_external_publication_site/publications/cpsds.
- Debt Sustainability Analysis with IMF: <https://www.worldbank.org/en/programs/debt-toolkit/dsa>.
- IFC's Advice and Analytics: https://www.ifc.org/wps/wcm/connect/CORP_EXT_Content/IFC_External_Corporate_Site/Solutions/Products+and+Services/Advisory/.

Country Specific Information

While the above information is useful, it will be even more useful for the RCO to find country specific information. The following steps will assist the RCO to find the country specific CPF, SCD, projects and ASA.

Country Pages:

- Overall: <https://www.worldbank.org/en/where-we-work>.
 - Select a **Country Name**.
 - Select **Overview**.
 - ♦ Select **Strategy** to see latest CPF.
 - ♦ Select **Results** to see main projects.
 - Select a **Country Name**.
 - ♦ Scroll down and Select **View All Projects**.
- Alternative approach: to get to country information:
 - CPF: <https://www.worldbank.org/en/projects-operations/country-strategies>.
 - Projects: <https://projects.worldbank.org/en/projects-operations/project-country?lang=en&page=>.
 - Analytics.
 - ♦ Open knowledge repository – Economic and sector work studies: 07. Economic and Sector Work (ESW) Studies ([worldbank.org](https://www.worldbank.org)).
 - Scroll down and select **Country**.
 - Select report of interest.
 - ♦ List of countries with a CCDDR report: Country Climate and Development Reports (CCDRs) ([worldbank.org](https://www.worldbank.org)).

- ♦ List of countries with a DSA: <https://www.worldbank.org/en/programs/debt-toolkit/dsa>.
- ♦ List of countries with a CPSD: https://www.ifc.org/wps/wcm/connect/publications_ext_content/ifc_external_publication_site/publications/cpsds.
- Country Data: <https://data.worldbank.org/country>.

Applying the framework to three case studies⁷

The case of Niger

The RCO in Niger wants to find overlaps with the CMO regarding long term development challenges that Niger faces. It would therefore be helpful to locate the CPF and SCD for Niger. The document can be found at: Niger - Country partnership framework for the period of FY18-FY22 ([worldbank.org](https://www.worldbank.org))

- **Country Partnership Framework (CPF):** Go to: <https://www.worldbank.org/en/projects-operations/country-strategie> and scroll down to Niger's CPF.

An alternative approach would be to find the RMO website. Click on Where we work ([worldbank.org](https://www.worldbank.org)). Select Niger and this will bring up the CMO website: Niger: Development news, research, data | World Bank ([worldbank.org](https://www.worldbank.org)). Select Overview and next Strategy and the relevant information and links are on this page. Additional information about WBG engagement can also be found under the tab Results or by scrolling down on the RMO landing page and selecting project or for more complete info by selecting View All Projects.

Note that the current Niger CPF is at the end of its implementation period and a new one should be in its preparation stage. The preparation phase of the CPF, requires consultations wrt. The SCD (see below) and during the preparation of the CPF itself. The RCO is well placed to coordinate the UN systems input to the CPF itself and its process.

- **Completion and Learning Review (CLR):** It will also be important to be involved in the CLR regarding the ending CPF. The previous CLR can be found at Niger - Completion and learning review for the country partnership framework and country partnership strategy for the period FY13-FY16 : IEG review ([worldbank.org](https://www.worldbank.org)).
- **Systematic Country Diagnostic (SCD):** The SCD which underpinned the previous CPF can be found at Niger - Systematic Country Diagnostic: priorities for ending poverty and boosting shared prosperity ([worldbank.org](https://www.worldbank.org)) and provides useful information about the development challenges identified for the previous CPF. The SCD for the new CPF is still in preparation or under review. The process of the SCD involves consultations with partners which the RCO should use to state the UN systems observations regarding Niger's development challenges and binding constraints.

⁷ See annex Core Indicators and its data sources to see key indicators that can be used in the cases of Niger, Malawi, and Lao PDR.

The main issue for the RCO is get properly embedded into the preparations cycle of the SCD and the CPF at the management level but also at the technical level. This will facilitate collaboration and coordination during the CPF's implementation.

The case of Lao PDR

The RCO was interested in engaging with the WBG and IMF to discuss issues around debt sustainability. In early 2023, the IMF and WBG jointly wrote⁸ *“Unsustainable public debt and rising vulnerabilities pose substantial risks to the outlook. Even with primary surpluses maintained at current levels, public debt would remain very high for an extended period and financing needs significant. In the absence of substantial external financing, financing needs would have to be met domestically, raising risks of crowding out private investment or forcing monetary financing, putting further pressures on the exchange rate and setting progress on debt reduction back. Against this background, low foreign exchange liquidity and reserves, limited external market access and limited domestic capital markets compound risks.”*

It is important to realize that the conclusions of the DSA have serious implications for a country's ability to borrow from the WBG and/or IMF.

- IDA's financing framework provides grants to countries based on risk of debt distress assessed using the joint IMF-WBG Low-Income Countries Debt Sustainability Framework (LIC DSF). Under this framework, the IDA-only countries at high risk of debt distress or in debt distress receive 100 percent of their IDA allocation on grant terms; those at moderate risk of debt distress receive 50 percent of their IDA allocation on grant terms and 50 percent as loans, while low risk is associated with 100 percent credits.
- The IMF's Debt Limit Policy establishes the framework for using quantitative conditionality to address debt vulnerabilities in IMF-supported programs. Its November 2020 reform provides countries with more financing flexibility while maintaining the same risk-based approach setting conditionality according to debt vulnerabilities as identified through a Debt Sustainability Analysis. In the revised DLP, critical debt data disclosure gaps need to be addressed upfront in program cases with a requirement for a debt holder profile table in all program documents.

While an IMF guidance note⁹ indicates that a DSA should be undertaken once a year, clearly this has not happened in various cases. In the case of Lao PDR, it seems the last DSA was completed in early 2023 while the previous (published) DSA was from 2019. A fruitful first step for the RCO should be to have meetings with the IMF Resident Representative and the WBG Country Manager or economist leading the macro-economic work program at the resident mission in country. As the IMF is an important if not leading partner on the macro-economic work it will be equally important to engage regularly with the Resident Representative (RR) of the IMF. Sometimes the RR of the IMF is not based in country as is the case for LAO PDR, the RR is actually based in Hanoi, Vietnam. While, not having an IMF RR in country will pose additional challenges, this should not holdback efforts to coordinate closely.

⁸ See for the case of Lao PDR: [Lao People's Democratic Republic: 2023 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Lao PDR \(imf.org\)](#)

⁹ See <https://www.imf.org/-/media/Files/Publications/PP/2017/pp122617guidance-note-on-lic-dsf.ashx>.

An important concern is that teams of the various institutions do not regularly meet to discuss implementation issues that underpin the various programs or use different analytical frameworks to engage the government. The UN is often guided by the Integrated National Financing Framework (INFF), while the IMF is basically guided by its Article 4 report or operational macro-economic monitoring programs, while the WBG will use its own assessment (often heavily based on the IMF assessment). In these cases, leadership coordination at the country level is a must. This is best initiated and overseen at the RC/RR/CM's level of the three organization. Implementation and assessments can be delegated to technical staff, but oversight on how the implementation is progressing is best done at the RC/RR/CM level. One that focus on how to assist the government to implement the various reforms proposed while dealing with different implementation modalities. It is to be expected that differences of focus will emerge. Therefore, it is important to focus on the assistance needed to ensure that growth and development is economically, socially, and environmentally sustainable as agreed under the 2030 Agenda and monitored by the SDGs.

Even though many challenges can be solved at the country level through coordination and collaboration across the main institutions involved, it would be advantageous to engage senior management to support the various issues a country like Loa PDR, faces. For example, a coordinated effort at the level of senior management of the IMF, WBG, and the UN to not only emphasize the economic messages to the government, but as important discuss the economic realities that a country faces with its main creditors, bilateral, private, as well as other IFIs. Initiatives and briefs are best coordinated at country level, which then can be used at global meetings of the various institutions, Annual and Spring Meetings of the IMF and WBG, and the General Assembly at the UN.

- Link to information about the DLP of the IMF can be found here: IMF-World Bank Debt Sustainability Framework for Low-Income Countries ([imf.org](https://www.imf.org)).
- Information about the WBG's DSF and DSA can be found here and in box 3: Debt & Fiscal Risks Toolkit ([worldbank.org](https://www.worldbank.org)).

Box 3

Debt Sustainability toolkit by the IMF and WBG

This box briefly explains the various concepts being used by the Bretton Woods institutions to assess and assist LDCs with issues arising from Debt instruments.

Debt Sustainability Framework (DSF)

The Debt Sustainability Framework (DSF) is the main tool for multilateral institutions and other creditors to assess risks to debt sustainability in Lower-Income Countries (LICs). The framework classifies countries based on their assessed debt-carrying capacity, estimates threshold levels for selected debt burden indicators, evaluates baseline projections and stress test scenarios relative to these thresholds, and then combines indicative rules and staff judgment to assign risk ratings of debt distress.

First introduced in 2005, the LIC DSF has been subject to a comprehensive review every 5 years. The most recently revised LIC DSF became operational in 2018.

Debt Sustainability Analysis (DSA)

The World Bank Group and the IMF work with low-income countries to produce regular Debt Sustainability Analyses, which are structured examinations of developing country debt based on the Debt Sustainability Framework. The two institutions use this framework to guide the borrowing decisions of low-income countries in a way that balances their financing needs with their ability to repay—both in the present and in the future.

This area of work has three goals:

- Ensure that countries that have received debt relief are on a sustainable development track.
- Allow creditors to better anticipate future risks and tailor their financing terms accordingly.
- Help client countries balance their needs for funds with the ability to repay their debts.

Other instruments within the Debt and Fiscal Risk toolkit includes:

- Debt Management Performance Assessment (DeMPA)
- Medium-Term Debt Strategies (MTDS)
- Fiscal Risk
- Training, events, and publications on debt management

The WBG manages two trust funds to support activities in country. These trust funds take the lead in delivering in-country training to debt managers. The Debt Management Facility (DMF) and the Government Debt & Risk Management Program (GDRM) both work with client countries to increase their capacity in the area of public debt management.

The case of Malawi

In the case of Malawi, the RCO was keen on coordinating and collaborating with the WBG on the impact of Cyclone Freddy which brought havoc to southern Malawi in particular. While information is readily available online on which instruments are available to the WBG to act when a country is struck by a natural disaster, direct contact between the UN RC and the WBG CM seems a must. Reaching a quick agreement on who does what and who leads which effort to assist the country will be beneficial for all involved. The UN clearly has a comparative advantage in dealing with the immediate fall out of a natural disaster, the WB has a comparative advantage in crisis financing and rebuilding of critical infrastructure.

Sharing information between the RCO and WBG CO on what each of them will take responsibility for is useful and to get a clear understanding by the CM of the WBG on what and how much funding the country is eligible for under the various crisis funding related windows is important information for all.

While joint analytical work and/or participating in visiting missions to gather information to write (climate) reports is important (think Country Climate and Development Reports (CCDR), it should not lead to the emphasis on solutions without having thought through its implementation and who is best equipped to lead/coordinate implementation of emergency assistance/projects that will deal with the damage done by natural disasters.

General information about crisis funding can be found here (see also page 2):

- Crisis: <https://ida.worldbank.org/en/financing/crisis-financing>.

- Crisis Response Window IDA: <https://ida.worldbank.org/en/financing/crisis-financing/crisis-response-window>.
- Crisis Immediate Response Mechanisms IDA: <https://ida.worldbank.org/en/financing/crisis-financing/crisis-response-window>.

In the case of Malawi, the WBG had reacted to the impact of previous crises¹⁰ – whether COVID-19, the 2022 cyclones Ana and Gombe, the year-long cholera outbreak– by providing additional resources to support Malawi’s emergency response and systems-building for more durable solutions with the following:

- \$87 million for COVID-19 response, vaccines, and systems strengthening.
- \$60 million for the rehabilitation of the Kapichira Dam, supporting one-third of Malawi’s installed electricity capacity.
- \$100 million to protect front line essential health services in the face of cholera.
- \$110 million for social protection programs in response to food insecurity, cholera, and (now) Cyclone Freddy.
- The Bank has also activated emergency contingency measures worth \$47m to purchase 65,000 metric tons of maize and emergency medical supplies in the context of food insecurity and cholera.

The WBG’s response to Freddy is multi-phased and multi-sectoral. Immediately following the cyclone, the World Bank made project funds available to support clearance of debris, supply of clean water, and finance fuel for search and rescue. The WBG activated two Contingent Emergency Response Components (CERC) which allow the quick re-direction of project funding – for maize supply and essential medicines– to the southern region, where they are most needed now. Reconstruction after Cyclone Freddy will require immediate and longer-term support. The Bank, working closely with the UNDP and the European Union, supported a Post-Disaster Needs Assessment (PDNA) which estimates loss and damages of around \$600 million and recovery needs of \$700 million.

The WBG also indicated that looking ahead to the longer term, it is also preparing a comprehensive crisis response and resilience program to help Malawi build-back-better while also scaling up critical work on degraded landscapes to ensure a durable solution. It will be important for the RCO to fully engage with these activities, be it analytical or project preparation and execution. Note that involvement with analytical work helps influence the agenda of reforms and projects coming out from such analytical reports.

Part 2

Additional Information about the World Bank Group

It is critical to understand the structure of the WBG and what each of the five institutions that make up the WBG main tasks are and how each of them is to interact with other actors of development,

¹⁰ See [Moving from Response to Resilience as External Shocks and Macro-fiscal Imbalances Persist in Malawi](https://www.worldbank.org/en/publications/moving-from-response-to-resilience-as-external-shocks-and-macro-fiscal-imbalances-persist-in-malawi) (worldbank.org)

e.g., governments, private sector, and United Nations (UN). The WBG is an important partner for the UN to assist countries develop and attain the Sustainable Development Goals.

The WBG is part of the UN system as a Specialized Agency.¹¹ It provides analytical and advisory services and financial resources for long term development. Even its short-term focused development policy lending (DPL) is designed to set the stage and prepare the fundamentals for long term development and assist each member country to reach their long-term development objectives. The intention is to provide its clients with the tools to make informed development decisions for lasting impact through analysis and advice, financial instruments, and convening power. Note that IDA and IBRD together make up the World Bank (WB).¹²

To monitor its own performance, the WBG has developed corporate scorecards for the WB, IFC, and MIGA which complement the WBG's overall scorecard.¹³ These scorecards provide snapshots of results and performance indicators to the WBG Executive Board, management, and the public as part of the institution's accountability framework.

Data are shown for three tiers - Tier 1 on development context and the poverty and prosperity goals, which obviously contains various globally focussed SDGs, Tier 2 on results delivered through WBG operations, which again contain various SDGs, but evaluated at country level, and Tier 3 on the WBG's operational and organizational effectiveness. Where applicable and possible, the scorecards' indicators are disaggregated by gender and fragile and conflict-affected situations (FCS), recognizing the strategic importance of these categories. The data for all tiers are updated annually in October. It is expected that the corporate scorecards as they stand now will be revised during 2023.

Instruments and processes

1. The Country Partnership Framework (CPF) Process

To guide its support to a government the WBG prepares every four/six year a Country Partnership Framework (CPF) which aims to make its country-driven model systematic, evidence-based, selective, and focused on the World Bank's twin goals of ending extreme poverty and increasing shared prosperity in a sustainable manner. The CPF replaces the Country Assistance Strategy (CAS). Used in conjunction with a Systematic Country Diagnostic (SCD), the CPF guides the WBG support to a member country.

The CPF goes through four stages:

1. Identifying the biggest constraints to development

¹¹ Specialized agencies are autonomous organizations whose work is coordinated through ECOSOC (intergovernmental level) and CEB (inter secretariat level). Note that the International Centre for Settlement of Investment Disputes (ICSID) and Multilateral Investment Guarantee Agency (MIGA) are not specialized agencies in accordance with Articles 57 and 63 of the UN Charter but are part of the World Bank Group.

¹² The process of IFC and MIGA are different because they have a different clientele i.e., private sector while ICSID deals with contractual disputes between a government and a private (foreign) investor. If private sector development and attracting foreign investments is of critical importance, then the UN RCO should maintain good contacts and a dialogue with those institutions although they do not often have a representative in country and are often represented by the WB Country Manager or Country Director in the field.

¹³ See <https://scorecard.worldbank.org/en/scorecard/about> for more detail.

2. Selection of WBG's contribution
3. Implementation of the CPF
4. Completion and Learning

1. Identification: During this stage a Systematic Country Diagnostic (SCD) is undertaken with the aim is to identify the most important challenges and opportunities a country faces in advancing towards the WBG's twin goals. This is derived from a thorough analysis and informed by consultations with a range of stakeholders. The SCDs are built on an analysis of data and existing studies by the WBG and external partners, and aim at identifying the most critical constraints to, and opportunities for, reducing poverty and building shared prosperity sustainably. The SCD's findings consider the views of a broad set of stakeholders, including the UN and private sector.

2. Selection: What are the most important contributions the WBG can make? When preparing a CPF, the WBG starts from the member country's own vision of its country development goals, which may be laid out in a poverty-focused national development strategy. In consultation with key stakeholders in the country, including UN, private sector clients and civil society, the WBG works with the government to review and learn from the previous country engagement cycle, draws on the findings of the SCD, and utilizes the WBG's comparative advantage to agree on a few selected development outcomes (e.g., SDGs) that the WBG engagement seeks to contribute to, and determine related CPF Objectives, against which the program is monitored during and evaluated at the end of the CPF cycle.

3. Implementation: Performance and Learning Reviews (PLRs) are prepared mid-way through the CPF cycle. PLRs identify and capture lessons and determine midcourse corrections in the CPF objectives and program of interventions. They also contribute to and help build the WBG's knowledge base, into the SCD and CPF.

4. Completion and Learning: What did we learn? Completion and Learning Reviews (CLR) identify and capture end-of-cycle learning to contribute to the WBG's knowledge base, including on how to integrate inclusion and sustainability dimensions into WBG programs. CLR findings are an important input to the preparation of a new CPF.

2. The use of its financial resources: loans, credits, grants, and trust funds

The project cycle is the framework used by the WB to design, prepare, implement, and supervise projects. In practice, the WBG and the client work closely throughout the project cycle, although they have different roles and responsibilities. The WB project cycle includes six-stages:

1. Identification
2. Preparation
3. Appraisal
4. Negotiation/approval
5. Implementation
6. Completion/validation and evaluation

1. Identification: The task of identifying and proposing projects for WB financing lies mainly with the client country's government. The CPF identifies the country's main development priorities and as such also potential projects.

Once a project is identified, the client country's government and the WB agree on an initial project concept and its beneficiaries, and the WB's project team outlines the basic elements in a Project Concept Note. This document identifies proposed objectives, risks to these objectives' achievement, alternative scenarios, and a likely timetable for the project preparation process. Two WB documents are prepared and disclosed to the public during this phase: The Project Information Document (PID) which outlines the scope of the intended project and the Environmental and Social Review Summary (ESRS) for investment projects starting in October 2018 that apply the Environmental and Social Framework (ESF).

2. Preparation: The client country's government is responsible for the project preparation phase, which includes conducting technical, economic, social and environmental assessments and preparing feasibility studies, engineering and technical designs, among others. Most client country's governments typically contract with consultants and private sector firms for goods, works and services, as needed, during this phase and later during the project's implementation phase. During preparation, the client country's government and the WB team also give attention to other important concerns including citizen engagement, gender, climate change, fraud and corruption, and grievance redress mechanisms. Beneficiaries and stakeholders are also consulted during this phase to ensure the project considers their needs.

In addition to providing financing, the WB serves as a vehicle for global knowledge transfer and technical assistance and generally takes an advisory role and offers analysis and advice during this phase. The WB team supports the client country's government in developing the project design, identifying implementation arrangements, and conducting various reviews and studies. The WB assesses the relevant capacity of the implementing agencies at this point to reach agreement with the client country's government on arrangements for overall project management, such as the systems required for financial management, procurement, environmental and social risk management, reporting, and monitoring and evaluation.

3. Appraisal: Appraisal gives the client country's government an opportunity to review the project design in detail and resolve any outstanding questions. The client country's government and the WB review the work done during the identification and preparation phases and confirm the expected project outcomes, intended beneficiaries, application of ESF requirements (for IPF) and evaluation tools for monitoring progress. At this time, agreement is reached on the viability of all aspects of the project. The WB team confirms that all aspects of the project are consistent with all WB operations requirements, assesses the project's readiness for implementation, and that the client country's government has institutional arrangements in place to implement the project efficiently. All parties agree on a project timetable and on public disclosure of key documents and identify any unfinished business required for final WB approval. The Project Information Document and Environmental and Social Review Summary (for IPF) are updated and disclosed during this phase.

4. Negotiation/Approval: Once all project details are negotiated and accepted by the client country's government and the WB, the WB team finalizes the Project Appraisal Document (for IPF), the Program Appraisal Document (for PforR) or the Program Document (for DPf), along

with other financial and legal documents, for submission to the WB's Board of Executive Directors for consideration and approval.

5. Implementation: Project implementation is the responsibility of the client country's government, while the WB's role is to provide effective implementation support to improve results, help manage risks, and increase institutional development. With technical assistance and support from the WB, the client country's government prepares the specifications for the project and carries out all procurement of goods, works and services needed, as well as any environmental and social impact mitigation set out in agreed plans, including those described in the Environmental and Social Commitment Plan (ESCP). Financial management and procurement specialists on the WB's project team ensure that adequate fiduciary controls on the use of project funds are in place. Changing circumstances, project delays and unexpected events can sometimes require adjustments to the project design, such as implementation arrangements or even objectives, resulting in a restructuring.

The client country's government and the WB also join forces at least twice a year to prepare a review of project progress. Based on this review, the WB team prepares an Implementation Status and Results Report.

6. Completion/Validation & Evaluation: When a project is completed and closed at the end of the loan disbursement period, the WB, with input from the client country's government and other stakeholders, compiles an Implementation Completion and Results Report, which evaluates the project's outcomes; challenges, and lessons learned to determine what additional measures are needed to sustain the benefits derived from the project. In addition, the evaluation team assesses how well the entire operation complied with the WB's operations policies and accounts for the use of WB resources.

The Independent Evaluation Group (IEG) evaluates the development effectiveness of the WB Group. IEG is independent of the Management of the WB Group and reports directly to the Executive Board. IEG conducts different types of evaluation, validation, and synthesis exercises.

3. The advisory and analytical agenda.

Advisory Services and Analytics (ASA) provides a basis for conducting policy dialogue, developing and implementing country partnership frameworks, formulating lending programs, building institutional capacity, and informing the international community about a country's development challenges.

ASA such as Poverty Assessments, Public Expenditure Reviews, Country Private Sector Diagnostics, or the new Country Climate and Development Reports are in principle demand driven and to often identified in the CPF (See Box 4 – A few examples of ASA reports). Note that various ESW reports are mandatory to be done before a project can be undertaken.¹⁴

¹⁴ See <https://openknowledge.worldbank.org/communities/dc3e8bba-82f9-5019-944b-dba4eed9c5e1> for a comprehensive list of ESW topics.

Box 4

Most common ASA reports

Country Climate and Development Reports (CCDR) are new, core reports that integrate countries' climate and development considerations. Climate change poses serious threats to sustainable development. For this reason, long term planning for development needs to take into account climate change.

Countries need to identify opportunities for climate action by the public and the private sectors, so that their development goals can be achieved in a green, resilient and inclusive manner. Integrating climate and development is a pillar of the WBG's new [Climate Change Action Plan 2021–2025](#) and CCDRs advance its implementation.

CCDRs analyze how a country's development goals can be achieved in the context of adapting to and mitigating climate change. CCDRs also reflect the country's climate commitments and identify ways to support their implementation through public and private sector solutions.

Poverty Assessments provide information on the causes and consequences of poverty in a country and examine how public policies, expenditures, and institutions affect poor people. The assessments describe the poor, detail their living conditions, describe their changing situation over time, and clarify the main challenges facing poor people when they try to emerge from poverty. The assessments also consider how labour-intensive growth, human resource development, and social protection programs can alleviate poverty.

Public Expenditure Reviews collect information on how public expenditure management affects a country's development. The reviews examine government resource allocations within and among sectors and assess the equity, efficiency, and effectiveness of those allocations in the context of the macroeconomic framework and sector priorities. In addition, they identify the reforms needed in budget processes and administration to improve the efficiency of public spending. Public Expenditure Reviews play a central role in shaping Bank lending decisions that have an impact on the public resource envelope.

Country Economic Memoranda analyse key aspects of a country's economic development, such as growth, fiscal reform, public administration, foreign trade, financial sector development, and labor markets. They are flexible analytic instruments whose structure and content are largely dependent on country circumstances. Their aim is to provide an integrated view of a country's development priorities and a framework for designing development strategies.

The ASA process is not that different from the process cycle of a project. First, the CPF preparation is used to identify which core ASA will be undertaken during the CPF period. Second, the WB team is expected to prepare a concept note in which it outlines the scope and focus of the ASA. The concept note is to be accompanied by a budget and an outline as well as who will be leading which part of the ASA. This concept note is normally discussed with the various parties involved.

In the production of ASA, partnerships among the WB, its clients, and other development institutions are important for sharing knowledge, building capacity, and leveraging scarce development resources. Frequently, the World Bank and the International Monetary Fund, other multilateral development banks, bilateral donors, and United Nations agencies—together with member countries, the private sector, and civil society—have pooled resources and skills to produce ASA and better serve its clients.

An important piece of analytical work is the so-called Debt Sustainability Analysis, which is a joint undertaking of the IMF and the WB. The IMF and the WBG work with low-income countries to produce regular DSAs, which are structured examinations of developing country debt based on the Debt Sustainability Framework. Our two institutions use this framework to guide the borrowing decisions of low-income countries in a way that balances their financing needs with their ability to repay—both in the present and in the future. ¹⁵

Finding the overlaps and connecting the dots

Sometimes the manner through which the CMO influences and assist the government can be direct, e.g., one on one meetings, or more indirect, e.g., through meetings with donors and/or local NGOs and civil society. A useful organizational framework that can be used is to identify various counterparts with whom the CMO interacts to assist and influence governments and to identify mechanisms through which the RCO can be part of those interactions.

Preparing a UN-WBG/IFIs country matrix of projects and activities

Every RCO must have an established mechanism through which it interacts at Resident Coordinator/management level with other development partners, including the WBG and other IFIs. This mechanism should also connect institutions and organizations at the technical level. If these do not exist, it could be very useful to establish them. Exchanging information about ongoing projects and other activities regularly through meetings is a very effective manner to grow trust and create communication channels to inform each other about the status of one another's programs and to create a mechanism to support one another to alleviate bottlenecks that exist.

Clearly, the RCO will need to understand potential overlaps in projects and activities of the UN system organizations and other development partners. A starting point for strengthening any partnership requires an understanding of projects and activities and of overlapping interests and priorities. While the UN has a much wider agenda than say the WBG, there are clearly overlaps. For example, SDG1 of no poverty – end poverty in all its everywhere and SDG 10 of reduced inequalities – reduce inequalities within and among countries, feature prominently in the WBG scorecard and are directly related to the WBG twin goals. At the same time, it is well understood that without adhering to human rights, there is not sustainable development possible.

It is proposed that the RCO creates a matrix of programs existing of projects and activities (see figure 1) in which the UN country team provides a complete set of projects and activities it undertakes on one side of the matrix and projects and activities of relevant IFIs on the other side. This would be an important first step in understanding each others work program. It will identify existing areas of overlap as well as lead to finding additional potential areas for (further) collaboration and coordination. These overlaps can point to opportunities to be more effective and/or efficient but can also point towards potential new business opportunities.

¹⁵ See <https://www.worldbank.org/en/programs/debt-toolkit/dsa> for a full list of countries examined.

UN-WBG Matrix of projects and activities

[illegible]

Other IFIs (EBRD, AfDB, ADB, IADB, IMF,

European Bank for Reconstruction and Development (EBRD)

The EBRD is committed to furthering progress towards ‘market-oriented economies and the promotion of private and entrepreneurial initiative’. This has been its guiding principle since its creation at the beginning of the 1990s and, new challenges and the welcoming of new countries to the EBRD world notwithstanding, will continue to be its mission in years to come.

Sectors: <https://www.ebrd.com/what-we-do/sectors-and-topics.html>.

Projects: <https://www.ebrd.com/work-with-us/project-finance.html>.

Financing: <https://www.ebrd.com/financial-report-2022>.

African Development Bank (AfDB)

The overarching objective of the African Development Bank (AfDB) Group is to spur sustainable economic development and social progress in its regional member countries (RMCs), thus contributing to poverty reduction.

The Bank Group achieves this objective by:

- mobilizing and allocating resources for investment in RMCs; and
- providing policy advice and technical assistance to support development efforts.

Sectors: <https://www.afdb.org/en/topics-and-sectors/sectors>.

Projects: <https://www.afdb.org/en/projects-and-operations>.

Lending instruments: <https://www.afdb.org/en/about-us/corporate-information/financial-information/lending-instruments>.

Financing: <https://www.afdb.org/en/documents/financial-report-2022> (see page 17 for commitments/disbursements/undisbursed balances).

Asian Development Bank

The ADB supports projects in developing member countries that create economic and development impact, delivered through both public and private sector operations, advisory services, and knowledge support. The global development challenges facing our world, such as climate change, water security, inequality and poverty, can only be resolved at an international level. ADB provides its member countries in Asia and the Pacific with the knowledge and expertise to tackle these problems.

Sectors: <https://www.adb.org/what-we-do>.

Projects: <https://www.adb.org/projects>.

Lending instruments: <https://www.adb.org/business/how-to/what-are-adb-s-main-financial-products-public-sector>.

Financing: <https://www.adb.org/news/adb-operations-2022-addressing-crises-building-resilience>.

Inter-American Development Bank: We work to improve lives in Latin America and the Caribbean. Through financial and technical support for countries working to reduce poverty and inequality, we help improve health and education, and advance infrastructure. Our aim is to achieve development in a sustainable, climate-friendly way. With a history dating back to 1959, today we are the leading source of development financing for Latin America and the Caribbean. We provide loans, grants, and technical assistance; and we conduct extensive research. We maintain a strong commitment to achieving measurable results and the highest standards of integrity, transparency, and accountability.

The IDB prioritizes social inclusion and equality; productivity and innovation; and regional economic integration in its development work across Latin America and the Caribbean. In doing so, it addresses the cross-cutting issues of gender equality and diversity; climate change and environmental sustainability; and institutional capacity and the rule of law. Learn more about the Institutional Strategy [here](#).

Sectors: <https://www.iadb.org/en> (and select sectors for a full breakdown).

Projects: <https://www.iadb.org/en/projects>.

Lending instruments: <https://www.iadb.org/en/about-us/public-sector-financing>;
https://idbinvest.org/en?_gl=1*139yugv*_ga*MTA2MDcwNDQ2Ni4xNjg3MDc3NzYx*_ga_9CQ7ER9V3F*MTY4NzA3Nzc2MC4xLjEuMTY4NzA3ODIwNi40Mi4wLjA.

Financing: <https://www.iadb.org/en/news/idb-closes-year-nearly-20-billion-new-financing-latin-america-caribbean>.

Asian Infrastructure Investment Bank (AIIB)

By investing in sustainable infrastructure, AIIB unlocks new capital, new technologies and new ways in which to address climate change and to connect Asia, and the world.

Many of us have an in-built desire for a better quality of life. This means accessible physical, digital, commercial, medical, educational and other social infrastructure. AIIB, its members and clients, work together to finance infrastructure development—turning aspirations into reality.

What our clients build and how and where their investments are built will evolve as infrastructure technologies advance and as people, the economy and the world change. The way people live, move and work and the way markets develop will shape the Infrastructure for Tomorrow (i4t).

i4t reflects AIIB's firm commitment to sustainability:

- **Environmentally:** Addresses ecological impacts like water and air quality, biodiversity, pollution and climate change.
- **Financially and economically:** Projects with sound return on investment that raise economic growth and increase productivity.
- **Socially:** Gives inclusive access, particularly to citizens excluded from access to infrastructure services.

Projects: <https://www.aiib.org/en/projects/summary/index.html>.

Lending instruments: <https://www.aiib.org/en/about-aiib/who-we-are/financing-operations/index.html>.

Financing: <https://www.aiib.org/en/news-events/annual-report/2021/home/index.html>.

International Monetary Fund (IMF)

IMF works to achieve sustainable growth and prosperity for all of its 190 member countries. It does so by supporting economic policies that promote financial stability and monetary cooperation, which are essential to increase productivity, job creation, and economic well-being. The IMF is governed by and accountable to its member countries.

The IMF has three critical missions: furthering international monetary cooperation, encouraging the expansion of trade and economic growth, and discouraging policies that would harm prosperity. To fulfill these missions, IMF member countries work collaboratively with each other and with other international bodies.

Projects: <https://www.imf.org/en/About/Factsheets/IMF-Surveillance> and <https://www.imf.org/en/Capacity-Development>.

Lending instruments: <https://www.imf.org/en/About/Factsheets/IMF-Lending>.

Financing: <https://www.imf.org/external/np/fin/tad/balmov2.aspx?type=TOTAL>.

ANNEX 1

Core Indicators and its data sources to use in the cases of Niger, Malawi, and Lao PDR and other relevant data sources

Niger

The Sustainable Development Report provides an excellent data visualization of each SDG of a country, i.e., its status and trend towards achieving each SDG (<https://dashboards.sdgindex.org/profiles/niger>).

This is an excellent starting point for a discussion with the World Bank's CMU (and potentially other IFIs and donors, bilateral or foundations) to come to an agreement on which SDGs could/should be a priority for the next few years and who is best placed to assist the government of Niger to make progress towards the SDGs in question.¹⁶

The World Bank Group (as a corporate entity) is particularly interested in ending extreme poverty, as measured by SDG 1.1.1, and promoting shared prosperity defined as medium growth of consumption/income of the bottom 40% as reported for SDG target 10.1, and to do this in a sustainable manner.¹⁷ The following table provide a snapshot of Niger regarding relevant indicators, to evaluate progress in poverty reduction, inclusivity of economic development and the sustainability of its development path.

NIGER	Column1	Column2	Column3	Column4	Column5	Column6	Column7	Column8	Column9	Column10	Column11	Column12	Column13	Column14	Column15
World Bank Twin Goals	Avg. '10-19	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 E	2023 F
Poverty															
International Poverty Rate (2.15 in 2017 PPP)	53.1	..	60.6	..	..	53.6	..	..	..	50.6	47.6	48.6	53.3	46.9	47.2
Multidimensional poverty headcount ratio (% of total population)	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Shared prosperity - Income growth of the bottom 40%															
Annualized Growth rate of income for the poorest 40						-0.1									
Gini coefficient			31.5			34.3				37.3					
Sustainability															
Co2 emissions (metric tons per capita)	0.1	0.08	0.08	0.11	0.11	0.11	0.10	0.10	0.09	0.09	0.09	0.09			
External debt stocks (% of GNI)	21.9	18.5	23.7	18.3	18.7	17.6	21.9	23.5	26.3	23.8	26.7	34.7	32.8		
Other Indicators															
GDP Growth (annual %, real)	6.4	8.6	2.4	10.5	5.3	6.6	4.4	5.7	5	7.2	5.9	3.6	1.4	11.5	6.9
GDP per capita growth (annual %, real)	2.0	4.6	-1.4	6.4	1.4	2.7	0.5	1.7	1.1	3.2	2	-0.2	-2.3	7.5	3
GDP per capita (US\$, nominal)	520.6	467.7	503.5	521.4	544.5	558.2	481.1	497	514.5	567.3	551	564.8	590.6	654.3	686.9
GDP, current US\$ million	10580.8	7786.2	8702.6	9360.6	10156.7	9683.9	10398.8	11185	12808.6	12808.6	12916.5	13744.1	14915.0	17148.2	18686.4
Population (in millions)	19.9	16.6	17.3	18	18.7	19.4	20.1	20.9	21.7	22.6	23.4	24.3	25.3	26.2	27.2

Notes: "... indicates not available. E = estimate, F = forecast. Data from MFMD unless otherwise noted. Poverty data are expressed in 2017 PPP, versus 2011 PPP in previous editions - resulting in major changes. See pip.worldbank.org

Sources: MFMD Database, World Bank WDI and GEM databases

Lao PDR

To expand the table for Lao PDR is an exercise in ensuring that the most relevant info is taken on board from the latest Debt Sustainability Analysis by the IMF and the WBG.¹⁸

¹⁶ Sometimes, it might even be useful to agree on a division of labor, i.e., who takes the lead and coordinate interaction among IFIs/Donors such that the government hears advise with one voice.

¹⁷ See <https://scorecard.worldbank.org/en/scorecard/home> for more information and indicators.

¹⁸ See <https://www.imf.org/en/Publications/CR/Issues/2023/05/22/Lao-People-s-Democratic-Republic-2023-Article-IV-Consultation-Press-Release-Staff-Report-533636> for more information.

World Bank Twin Goals	Avg. '10-19	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 E	2023 F
Poverty															
International Poverty Rate (2.15 in 2017 PPP)	7.5	..	..	10.9	..	..	..	..	..	7.1	6.9	7.0	6.9	6.8	6.7
Multidimensional poverty headcount ratio (% of total population)	10.0	..	..	11.9	..	..	..	..	..	8.1	..	..	..	..	..
Shared prosperity - Income growth of the bottom 40%															
Annualized Growth rate of income for the poorest 40		..	..	..	..	..	..	..	..	1.91	..	..	..	..	..
Gini coefficient		..	..	36	..	..	..	..	..	38.8	..	..	..	..	..
Sustainability															
Co2 emissions (metric tons per capita)	1.4	0.45	0.47	0.50	0.63	0.65	1.31	2.28	2.72	2.77	2.66	2.62			
External debt stocks (% of GNI)	85.8	98.1	86.8	77.4	72.2	75.9	84.5	88.9	90.9	89.5	93.9	97.6	97.2		
Other Indicators															
GDP Growth (annual %, real)	7.3	8.5	8.0	8.0	8.0	7.6	7.3	7.0	6.9	6.2	5.5	0.5	2.5	2.7	3.9
GDP per capita growth (annual %, real)	5.8	6.9	6.5	6.5	6.5	6.2	5.8	5.4	5.3	4.6	3.9	-1.0	1.1	1.3	2.5
GDP per capita (US\$, nominal)	1988.3	1127.8	1363.7	1566.0	1815.4	1984.5	2125.5	2309.0	2439.5	2553.4	2598.5	2593.4	2535.6	2088.4	2012.9
GDP, current US\$ million	13562.9	7131.8	8750.1	10192.8	11983.3	13279.2	14426.4	15912.5	17071.2	18141.7	18740.6	18981.8	18827.1	15724.4	15366.9
Population (in millions)	6.8	6.3	6.4	6.5	6.6	6.7	6.8	6.9	7.0	7.1	7.2	7.3	7.4	7.5	7.6

Notes: "... " indicates not available. E = estimate, F = forecast. Data from MFMOD unless otherwise noted. Poverty data are expressed in 2017 PPP, versus 2011 PPP in previous editions - resulting in major changes. See pip.worldbank.org
Sources: MFMOD Database, World Bank WDI and GEM databases

Lao PDR	Column2	Column3	Column4	Column5	Column6	Column7	Column8
	2021	2022	2023	2024	2025	2026	2027
Lao PDR Debt Indicators							
Total Stock of public debt (% of GDP)	92.4	128.5	123.1	120.1	116.0	112.4	108.3
External Public and Publicly Guaranteed (PPG) (% of GDP)	79.5	104.5	93.5	87.6	79.6	73.4	69.7
Domestic Debt (% of GDP)	12.9	24.0	29.6	32.5	36.4	39.0	38.6
External PPG Debt Service to exports ratio	8.3	6.7	20.4	14.7	16.5	14.0	10.2
External PPG Debt Service to revenue ratio	26.8	26.9	96.9	73.0	81.4	69.3	50.1
Other							
GDP Growth (annual %, real)	2.1	2.3	4.0	4.0	4.1	4.2	4.3

Source: <https://www.imf.org/en/Publications/CR/Issues/2023/05/22/Lao-People-s-Democratic-Republic-2023-Article-IV-Consultation-Press-Release-Staff-Report-533636>

Note: some of the numbers do not match in the two tables. This is normally due to different timing of the generation of the underlying reports.

Malawi

In the case of Malawi, it is pertinent to include a set of indicators that bring to light Malawi's capabilities to handle the crisis and to have an insight of available resources from the WBG. Therefore, the table is expanded to include a few indicators that report on such issues.

Malawi	Column1	Column2	Column3	Column4	Column5	Column6	Column7	Column8	Column9	Column10	Column11	Column12	Column13	Column14	Column15
World Bank Twin Goals	Avg. '10-19	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 E	2023 F
Poverty															
International Poverty Rate (2.15 in 2017 PPP)	69.8	68.4	..	..	..	..	..	..	65.7	..	..	70.1	70.7	70.6	71.3
Multidimensional poverty headcount ratio (% of total population)	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Shared prosperity - Income growth of the bottom 40%															
Annualized Growth rate of income for the poorest 40		..	..	..	..	..	..	..	..	..	-2.96	..	..	..	..
Gini coefficient		45.5	..	..	..	..	..	44.7	..	..	38.5	..	..	..	..
Sustainability															
Co2 emissions (metric tons per capita)	0.1	0.07	0.07	0.07	0.07	0.06	0.06	0.07	0.08	0.09	0.09	0.08			
External debt stocks (% of GNI)	24.3	14.9	15.4	22.6	29.2	28.3	28.0	34.1	24.6	23.3	22.4	24.5	25.7		
Other Indicators															
GDP Growth (annual %, real)	4.4	6.9	4.9	1.9	5.4	5.6	2.8	2.5	4.0	4.4	5.4	0.8	2.8	0.9	1.4
GDP per capita growth (annual %, real)	1.5	3.8	2.0	-0.9	2.5	2.7	0.0	-0.2	1.2	1.6	2.7	-1.9	0.1	-1.6	-1.2
GDP per capita (US\$, nominal)	567.7	688.1	769.1	563.1	501.2	534.1	544.3	454.4	500.2	537.9	584.4	622.2	633.6	645.2	593.3
GDP, current US\$ million	9436.2	10128.3	11648.1	8773.2	8031.6	8801.3	9219.5	7909.9	8943.5	9880.7	11025.4	12056.1	12602.3	13164.7	12399.8
Population (in millions)	16.7	14.7	15.1	15.6	16.0	16.5	16.9	17.4	17.9	18.4	18.9	19.4	19.9	20.4	20.9

Notes: "... " indicates not available. E = estimate, F = forecast. Data from MFMOD unless otherwise noted. Poverty data are expressed in 2017 PPP, versus 2011 PPP in previous editions - resulting in major changes. See pip.worldbank.org
Sources: MFMOD Database, World Bank WDI and GEM databases

Impact of Tropical Storms	Column1	Column2
	Ana-Jan 22	Freddy-March 23
Loss of Life (number of people)	>46	>679
People displaced (number of people)	71700	659278
People in need of humanitarian assistance (number of people)	990000	2267458
Direct damages (in US million)	126	506.7
Direct damages (in GDP, %)	1.0%	4.1%
Recovery needs (in US millions)	192	680.4
Recovery needs (in GDP, %)	1.5%	5.5%
Sources: https://malawi.un.org/sites/default/files/2023-06/Tropical%20Cyclone%20Freddy%20Post%20Disaster%20Needs%20Assessment%20Governme nt%20of%20Malawi%20%20April%202023-12_05_2023.pdf ; https://malawi.un.org/en/173845-malawi-flash-appeal-tropical-storm-ana-february-may-2022		

Other relevant data links

General macroeconomic data: <https://data.imf.org/?sk=388dfa60-1d26-4ade-b505-a05a558d9a42>.

General food price data (includes data from FAO, WFP, IMF, and IPC):
<https://www.worldbank.org/en/topic/agriculture/brief/food-security-update/data-and-research>.

Global World Bank commodity price data (The Pink Sheet) includes fuel and energy price information: <https://www.worldbank.org/en/research/commodity-markets>.

WBG country data sheets:

- WBG: <https://data.worldbank.org/country>.
- Lao PDR: <https://data.worldbank.org/country/lao-pdr?view=chart>.
- Malawi: <https://data.worldbank.org/country/malawi?view=chart>.
- Niger: <https://data.worldbank.org/country/niger?view=chart>.

IMF country data sheets:

IMF: <https://data.imf.org/?sk=85b51b5a-b74f-473a-be16-49f1786949b3>.

Then select country of interest. In this note this is:

- Lao PDR
- Malawi
- Niger

For the IMF's World Economic Outlook data of April 2023 click
<https://www.imf.org/en/Publications/WEO/weo-database/2023/April>.

Then select country of interest.

The food & energy crisis: weathering the storm.

The first half of 2022 has witnessed one of the largest shocks to global food and energy markets that the world has seen in decades. As economies rebounded from the COVID-19 pandemic, sluggish supply chains struggled to keep up with increasing demand for food and energy, leading to supply bottlenecks that resulted in upward pressure on prices. The war in Ukraine has exacerbated these trends. Trade restrictions arising from concerns about food and energy security have led to major price spikes. Compounding these challenges, increased hydrological uncertainty and extreme weather events have reduced harvests and energy production in many parts of the world, adding to market volatility and uncertainty.

While most countries are impacted by these price shocks, poor households are more vulnerable to adverse shocks in the short term. Currently, 2022 is forecast to be the second-worst year for poverty reduction in decades. It is estimated that around 100 million more people are expected to be in poverty as a result of the combined impacts of COVID-19 and inflation. Protecting poor and vulnerable households, across countries at all income levels, is a top priority.

Food and energy sectors, while distinct, are linked in several ways. Natural gas is used both as a feedstock and energy source in the production of ammonia (a base material for nitrogen fertilizer), accounting for 70- 80 percent of ammonia production costs. The rapid increase in gas prices has turned into an increase in fertilizer prices. Hence, the food crisis has spread from food importers to producers, with at least 89 countries importing more than 90 percent of their nitrogen-based fertilizers. In addition, as land and certain food commodities (e.g., corn) are diverted towards energy use (4 percent of global agricultural land is currently devoted to producing biofuels), some countries face a difficult choice between securing food or energy supplies. These impacts are compounded by rising prices of petroleum products needed to support harvesting, transporting, and processing of food. The food-energy-water nexus brings additional challenges in an increasingly water stressed world.

In the face of these challenges, countries can tackle the food and energy price crises in ways that contribute to efficiency, shared prosperity, and sustainability. This will require focusing on three main objectives:

- ***Protecting vulnerable households and communities:*** Nutrition-sensitive social safety net systems are an urgent and immediate priority. While the COVID-19 crisis has already triggered an unprecedented scale-up in social safety nets, these must be targeted to ensure the affordability of essential foods and energy for vulnerable populations, especially female-headed households that are often disproportionately poorer.
- ***Tackling inefficiencies and distortive subsidies:*** There is scope to improve the efficiency of both production and consumption in food and energy value chains alike. Globally, governments spend enormous amounts on subsidies that can engender systemic inefficiencies – around US\$635 billion in the agriculture sector, and US\$577 billion for fossil fuel subsidies. These

¹⁹ Based upon and see for more detail <https://www.devcommittee.org/sites/dc/files/download/Documents/2022-10/Final%20Food%20and%20Energy%20DC2022-0005.pdf>.

funds, which total around US\$1.2 trillion, could be repurposed towards more productive uses -such as investments in resource use efficiency, renewable energy, health, education, and targeted cash transfer programs.

- **Maintaining trade flows and diversifying production:** Trade restrictions are counterproductive and exacerbate supply problems. By facilitating regional integration and trade in food, agricultural inputs, and electricity, countries can increase efficiency and resilience of supply. Supporting trade finance and agribusiness are important levers for accomplishing this. Freer trade offers greater opportunities for private sector participation. In the longer term, expanding and diversifying production into markets that have the appropriate comparative advantages can strengthen resilience to disruptions.

The World Bank Group stands at the forefront of assisting countries facing a crisis of compounding shocks, working closely with partners. This includes a wide-ranging portfolio of analytics, advisory services, financing, and risk mitigation instruments targeted at tackling the immediate crises without compromising long-term goals of efficiency, sustainability, resilience, and inclusion. Failing to do so will deepen poverty and leave the world vulnerable to new and unseen crises in the future.

Other relevant background material is:

WBG: special report on Food Price Shocks: Channels and Implications.

<https://thedocs.worldbank.org/en/doc/974291555528031558-0050022019/original/CMOApril2019SpecialFocus.pdf>.

IMF: <https://www.imf.org/en/Blogs/Articles/2022/09/09/cotw-how-food-and-energy-are-driving-the-global-inflation-surge>.

African Development Bank Node African emergency food facility:

<https://www.afdb.org/en/node/51696>.

Asian Development Bank: <https://www.adb.org/what-we-do/topics/agriculture/long-term-food-security>.