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)

Part 1

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

	Product	Use

Contingent Financing

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

Table 1

Opportunities to collaborate and coordinate with the WBG

Projects and activities	

Analytical and Advisory services (AAA&ESW) Special relevant ESW-DSA/PA	The WBG will regularly undertake analytical reports to inform its projects, including DPLs, and at the behest of the government. The conclusions and policy advise generated by those reports are expected to influence its projects and DPLs/PforRs. 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. 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. 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. 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.
Crises related project and activities.	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. Role of RCO: discuss with the CM of the WBG, what the possibility are for the WBG to provide emergency assistance. In the case of civil strife and/or war, one can expect that the WBG has a limited role to play given its statue. 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.
Activities in Fragile and Conflict-Affected Situations	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). Role of the RC(O): be well aware of these resources and coordinate closely with the UNHCR representative.

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 CPFôs 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 wrote[8] ñ*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.*ò

It is important to realize that the conclusions of the DSA have serious implications for a countryôs [illegible]

IDAôs 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 [illegible]

An important concern is that teams of the various institutions do not regularly meet to discuss

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)[1]n

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

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.

2. Selection of WBGôs contribution
3. Implementation of the CPF
4. Completion and Learning

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 WBGôs 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

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

Once a project is identified, the client countryôs 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 objectivesô 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).

The client countryôs 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 countryôs 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 countryôs 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 countryôs government in developing the project design, identifying implementation arrangements, and conducting various reviews and studies. The WB Ap & assesses the relevant capacity of the implementing agencies at this point to reach agreement with the client countryôs 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.

: Appraisal gives the client countryôs government an opportunity to review the project design in detail and resolve any outstanding questions. The client countryôs government and the WB review the work done during the identification and preparation phases and

Box 4

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 agenciesð together with member countries, the private sector, and civil societyð 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 develo

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_9

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-

ANNEX 1

Note:

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.

The food & energy crisis: weathering the storm.

. As economies rebounded from the COVID-19