World Bank - UNIDO Workshop on Partnerships and Cooperation Modalities

20 March 2017
UNIDO HQ
Vienna, Austria
Objective and Expected Outcome

**Workshop Objectives**
- Update on WB-UNIDO Partnership
- Raise awareness on UNIDO’s cooperation modalities with the World Bank
- Explain UNIDO-WB Standard Forms of Agreements

**Expected Outcome**
- UNIDO staff equipped with knowledge on how to develop project-level cooperation with the World Bank, utilizing the UNIDO-WB Standard Forms of Agreements
**UNIDO-WB: potential test cases**

- Pilot project-level cooperation opportunities in a set of pre-identified countries in order to test, on a small-scale, the Standard Forms of Agreement:
  - **Democratic Republic of Congo** – Agro-pole project of **USD 4.42M**; scale-up by **USD 3.8M**; financing source – **IDA grant**
  - **Pakistan** – Cluster development initiative of **USD 1.2M** with Punjab Small Industries Corporation; financing source – **IBRD loan**
  - **Burundi** – Coffee sector competitiveness support project; financing source – **IDA grant**
  - **India** – Discussion to expand a potential UNIDO-GEF Air Quality project by linking it to **WB TA (~ USD 6M available)** and a potential project
  - **Myanmar** – Discussion on accessing **USD 500K** of **WB TA** funding to finance a feasibility study for a potential Integrated Agro-Food Park project of an overall budget **USD 40-45M** (investment) + **USD 5M** (TA)
UNIDO-WB Cooperation: Outlook

- **Project-level** discussions also ongoing/planned in:

<table>
<thead>
<tr>
<th>PCP Countries</th>
<th>Asia</th>
<th>Arab/Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethiopia</td>
<td>Afghanistan</td>
<td>Cote d'Ivoire</td>
</tr>
<tr>
<td>Peru</td>
<td>Bangladesh</td>
<td>Egypt</td>
</tr>
<tr>
<td>Senegal</td>
<td>Cambodia</td>
<td>Kenya</td>
</tr>
<tr>
<td></td>
<td>Myanmar</td>
<td>Nigeria</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>Sudan</td>
<td></td>
</tr>
<tr>
<td>Vietnam</td>
<td>Tanzania</td>
<td></td>
</tr>
</tbody>
</table>

- Additional countries can be added, should concrete opportunities of cooperation emerge
- To scale-up the size of cooperation, UNIDO should be involved from the outset in the WB programming process
# Financing of the UN

## FY06-FY16

<table>
<thead>
<tr>
<th>UN Agency</th>
<th>Total Financing</th>
<th>In FCV</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNICEF</td>
<td>$1.5 billion</td>
<td>$180 million</td>
</tr>
<tr>
<td>UNOPS</td>
<td>$500 million</td>
<td>$250 million</td>
</tr>
<tr>
<td>UNFPA</td>
<td>$400 million</td>
<td>$65 million</td>
</tr>
<tr>
<td>WHO</td>
<td>$300 million</td>
<td>$50 million</td>
</tr>
<tr>
<td>WFP, FAO</td>
<td>$200 million</td>
<td>$100/125 million</td>
</tr>
<tr>
<td>UNDP</td>
<td>$200 million</td>
<td>$90 million</td>
</tr>
<tr>
<td>ILO</td>
<td>$60 million</td>
<td>$30 million</td>
</tr>
</tbody>
</table>
OUTLINE

1. UNIDO Partnerships with IFIs & WB
2. WB Engagement & Financing Modalities of UN Agencies
3. WB-UNIDO Standard Forms of Agreement
4. PTC/PRM/CPD Service Functions vis-à-vis the Rest of UNIDO and Closing Remarks
UNIDO Partnerships with Financial Institutions & the World Bank
WHAT are IFIs/DFIs?

IFIs

Provide concessional and non-concessional public sector financing to national and/or regional governments

DFIs

Provide financing directly to private sector as direct investment or indirect funding, through local financial intermediaries

Finance projects in developing and least-developed countries;
Fill the financing gap
Support projects with higher risk profiles
Focus on development and social aspects + return on investment
WHAT are IFIs/DFIs?

DFIs vary based on their ownership structure:

• **Multilateral DFIs** are *the private sector arms of IFIs, established by more than one country* – e.g. International Finance Corporation (IFC – WBG), Asian Development Bank (ADB), Inter-American Development Bank (IDB), African Development Bank Group (AfDB), etc.

• **Bilateral DFIs** are *either independent institutions*, such as the Netherlands Development Finance Company (FMO), or part of *larger bilateral development banks*, such as the German Investment and Development Company (DEG) of the German Development Bank (KfW).
WHY does UNIDO cooperate with IFIs/DFIs?

UNIDO Partnership Strategy - engagement with International Financial Institutions (IFIs/Development Banks) and Development Finance Institutions (DFIs) is an organizational priority.

IFIs/DFIs are UNIDO's strategic partners for industrial development:
- attract the capital needed for large-scale industrial development projects,
- leverage additional flows of resources for advancing inclusive and sustainable industrial development (ISID)
Financing by IBRD and IDA

- “World Bank” -
  - International Bank for Reconstruction and Development (IBRD)
  - International Development Association (IDA)
- International Finance Corporation (IFC)
- International Centre for the Settlement of Investment Disputes (ICSID)
- Multilateral Investment Guarantee Agency (MIGA)
World Bank-UNIDO Cooperation

In 2016, the WB Vice-President (Operations Policy and Country Services) and UNIDO Director General signed a framework agreement comprising of two WB-UNIDO Standard Templates for the use by the member countries (Gov):

- Technical Assistance (7 June 2016)
- Output-based (5 December 2016)
Engagement Modalities
The WB and borrowing government jointly identify priority sectors and specific projects. UNIDO can already be identified as a partner.

The borrowing government is responsible for the project preparation (WB shadows). UNIDO can provide technical advise in project design to ensure feasibility.

The WB appraises and approves.

Joint Activity  World Bank Activity  Borrower Activity
Example Case

- **Democratic Republic of Congo** – Agro-pole project of **USD 4.42M**; scale-up by **USD 3.8M**; financing source – **IDA grant to the Gov**

  by Ms. Meryem SGHIR (PTC/AGR/FSN)
# Project Description

<table>
<thead>
<tr>
<th>Project SAP ID</th>
<th>130194</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project Title</strong></td>
<td>Technical assistance for establishment of industrial platforms in different nodal poles targeted by the PDPC in Kongo Central</td>
</tr>
<tr>
<td><strong>Total Budget</strong></td>
<td>USD 4,420,614 (including 10% support costs)</td>
</tr>
<tr>
<td><strong>Funding and Donors</strong></td>
<td>Ministry of Finance (under World bank funding)</td>
</tr>
<tr>
<td><strong>Project Status</strong></td>
<td>Ongoing</td>
</tr>
<tr>
<td><strong>Starting Date</strong></td>
<td>02 July 2015</td>
</tr>
<tr>
<td><strong>Completion Date</strong></td>
<td>01 July 2019</td>
</tr>
<tr>
<td><strong>Main Counterpart</strong></td>
<td>Ministry of Finance</td>
</tr>
</tbody>
</table>
Background UNIDO / PDPC

• In 2011 and 2012: UNIDO implemented a project funded by the JSB for the establishment of an agro-processing center in Kimpese

• 2012: WB formulation mission - UNIDO becomes the reference (Kimpese)

• 2013: WB grant approval for the DRC – 110 MUSD
Background UNIDO / PDPC

• October 2013: Entry in force and start of negotiations on UNIDO contract (25 MUSD)

• July 2015: UNIDO agreement signature (4.4 MUSD)

• July 2015: Ongoing project, exploring possibilities for south-south cooperation and extending collaboration as part of the PDPC

• June 2017: Mid-term of evaluation
Suggestions

- Early stage involvement with the WB/Ministry of Finance – formulation stage

- Contact to be made with the Ministry of Finance

- Promoting the new template agreement as well as UNIDO’s past/ongoing projects
The WB and borrowing government jointly identify priority sectors and specific projects. UNIDO can already be identified as a partner.

The borrowing government is responsible for the project preparation (WB shadows) UNIDO can provide technical advise in project design to ensure feasibility.

The WB appraises and approves.

The borrowing government implements. UNIDO requested to support the implementation of the project, though a direct agreement.
Engagement Modalities - Systematic Country Diagnostic

• Previously known as Country Assistance Strategy (CAS), World Bank has launched a new programming framework as of 2014 known as **Country Partnership Framework (CPF)**, which generally covers a 4-6 year programming cycle

• The CPF is preceded by the **Systematic Country Diagnostic (SCD)**, which informs the strategy and identifies the most important challenges and opportunities

• In most fragile states cases CPF is usually replaced by an **Interim Strategy Note (ISN)**
Important Partners

• Long history or partnership (1947 UN-IBRD Agreement)

• Same family (WB – a specialized UN agency)

• Overlapping agendas (global issues, MDGs/SDGs/ 2030 Agenda, economic and social development, crisis and post-crisis response)

• WB financed $4 billion (FY06-16) through 12 key UN agencies, including UNIDO
World Bank Group Basics

Products and Services

**Public Sector**

**Financial Products**
- Development Financing Instruments
  - (1) Investment Project Financing (IPF)
  - (2) Program for Result (PforR)
  - (3) Development Policy Financing (DPF)

**Advisory Services and Analytics**

**Private Sector**

**IFC**
- I. Investment Services
  - (1) Loans
  - (2) Syndicated Loans
  - (3) Quasi-equity Finance
  - (4) Equity Finance
  - (5) Risk Management Services
  - (6) Trade and Supply-Chain Finance
- II. Asset Management Company

**MIGA**
- Guarantee Products
  - (1) Currency Inconvertibility and Transfer Restriction
  - (2) Expropriation
  - (3) War, Terrorism, and Civil Disturbance
  - (4) Breach of Contract
  - (5) Non-honoring of Financial Obligations

**Advisory Services**
- (1) Firm Level Advice
- (2) PPP Transaction Advice
- (3) Advice to Governments and Non-government Institutions to Improve the Enabling Environment
How to Find Projects

**Country Intelligence**

- **Description**
- **$ to Borrower**
- **Current status**

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Country</th>
<th>Project ID</th>
<th>Commitment Amount</th>
<th>Status</th>
<th>Approval Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya Statistics Program for Results</td>
<td>Kenya</td>
<td>P149718</td>
<td>50.0</td>
<td>Active</td>
<td>September 10, 2015</td>
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<tr>
<td>Addl Financing - Kenya Water Security and Climate Resilience Project</td>
<td>Kenya</td>
<td>P151660</td>
<td>58.0</td>
<td>Active</td>
<td>June 26, 2015</td>
</tr>
<tr>
<td>Kenya Informal Settlements Improvement Projects - Additional financing</td>
<td>Kenya</td>
<td>P144966</td>
<td>8.3</td>
<td>Active</td>
<td>June 8, 2015</td>
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<tr>
<td>Kenya Climate Venture Facility</td>
<td>Kenya</td>
<td>P154586</td>
<td>4.9</td>
<td>Active</td>
<td>June 8, 2015</td>
</tr>
</tbody>
</table>

- WB transparency policy - all programming documents are published on the WB project webpage
- Information on ongoing/pipeline/closed projects
- Further information can be found via [World Bank Project Database](http://www.worldbank.org) which can be filtered
Project Information

Rural Electrification and Renewable Energy Development II (RERED II) Project

Project Document, Financing Agreement: Identify project components and specific entry points

Procurement plan: Identify specific activities foreseen where UN Agency can provide support

Implementation status reports: Identify project implementation issues (risk, delivery, etc.)
WB - Key Units for the UN

- President
- Engagement Modalities
- Partnership Commitments/Global Priorities
- OPCS
- Lead SDGs Agenda
- SVPMM
- Technical and Sector Lead
- Global Practices / Cross-Cutting Solution Areas
- Operationalized Engagements
- Regions
- Task Teams

INCLUSIVE AND SUSTAINABLE INDUSTRIAL DEVELOPMENT
**WB-UNIDO Thematic Complementarities**

<table>
<thead>
<tr>
<th>Global Practices</th>
<th>Cross-Cutting Solutions</th>
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<tbody>
<tr>
<td>1. Agriculture</td>
<td>1. Climate Change</td>
</tr>
<tr>
<td>2. Education</td>
<td>2. Fragility, Conflict and Violence</td>
</tr>
<tr>
<td>3. Energy and Extractives</td>
<td>3. Gender</td>
</tr>
<tr>
<td>4. Environment and Natural Resources</td>
<td>4. Jobs</td>
</tr>
<tr>
<td>5. Finances and Markets</td>
<td>5. Public Private Partnerships</td>
</tr>
<tr>
<td>6. Governance</td>
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<tr>
<td>8. Macroeconomics and Fiscal Management</td>
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<tr>
<td>9. Poverty</td>
<td></td>
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<tr>
<td>10. Social Protection and Labor</td>
<td></td>
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<tr>
<td>11. Trade and Competitiveness</td>
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<tr>
<td>12. Transport and ICT</td>
<td></td>
</tr>
<tr>
<td>13. Urban and Social Development</td>
<td></td>
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<tr>
<td>14. Water</td>
<td></td>
</tr>
</tbody>
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Close inter-linkages with UNIDO’s ISID priorities
Entry Points and Key Players

- **Borrowing Government**
  - Ministry of Finance
    - Project Implementation Unit
  - Sectoral Ministry
    - Project Implementation Unit
  - State / Municipal Authority
    - Project Implementation Unit

- **World Bank**
  - Country Offices
    - Sector
      - Country Director/Manager
      - Sector Manager
      - Task Team Leader
    - Procurement
      - Procurement Manager
      - Procurement Specialist

- Critical engagement points
  (Triangular engagement: WB, Government and UNIDO)

* DC-based (over 60% of WBG technical/sector personnel are based in DC)
Financing Modalities
Main Financing Options (IBRD/IDA)

Direct financing through Grants and Transfers (WB→UN Agencies)
- Several types of grants - different terms apply

Indirect financing (WB→Government→UN Agencies)
Direct Financing

via a grant agreement
Indirect Financing

World Bank → Government
Loan/credit/ grant financing

Government → Project
Services
Standard Agreement template

Project → UNIDO
WB-UNIDO Standard Forms of Agreement
Framework Agreement

Standard Forms of Agreement for the use by WB Borrowers:

- Technical Assistance template
- Output-based template

Both available on the [WB procurement website](http://www.wb.org)
New WB Procurement Policy

- **Direct Financing:** WB Borrowers’ Regulations (formerly “WB Procurement Guidelines”) apply
- **Old vs. New**
  - UN Agencies - *single source contracting* – UN regulations apply
  - Use of Standard Form of Agreement
  - No sector limitation
  - Capacity constrains as basis for direct contracting
  - Applies to any type of inputs (goods, works, services)
  - Implementing agent vs. Trusted Advisor
  - Procurement agent vs. Specialized Supplier
  - Focus on outputs and deliverables
Standard Templates: Structure

- Same structure across the two templates:
  - Form of Agreement
  - General Conditions
  - Annexes

- General Conditions are broadly harmonized across a number of UN agencies
- Framework type

- This will:
  - Significantly reduce the time it takes to negotiate new engagements with governments
  - Make it easier for governments to partner with UNIDO
Standard Form of Agreement: TA

- **TA template**
- **UNIDO = Capacity building advisor**
- Focus on **deliverables**
- Payments and Reporting are linked to deliverables
- **Equipment/materials – 25% limit** and only for own use to carry out the Advisory role
- **UNIDO own rules/procedures apply**
Standard Form of Agreement: Output-based

- **Output-based template**
- **UNIDO = Implementing agent**
- Focus on **deliverables**
- Payments and reporting are linked to deliverables
- **No limits on any type of inputs**
- **UNIDO own rules/procedures apply**
- Infrastructure aspects covered under agreement

- Example: establishment of NQI laboratories and establishment of the related mechanisms vs raising the Government’s capacity on NQI
Standard Form of Agreement: Output-based

I. Agreement (Government ↔ UNIDO)

II. Project (Government ↔ WB)

Inputs → Activities → Deliverables → Outputs

Project Outcomes
Standard Templates: Important Points/Clauses

• WB Project Closing Date vs. Agreement Completion Date
• Operational Completion vs. Financial Completion - difference between WB and UN requirements
• Agreement currency - USD
• UNIDO designated contact point – HQ-based
• Funding ceiling
• UNIDO support cost – Direct vs. Indirect Cost
• Staff, Consultant, Contractor hiring under the agreement
• Procurement of equipment threshold
• Modifications and Amendments
Standard Templates: Important Points/Clauses

• **Annex I** – Description of UNIDO Services and Work Plan

• **Annex II** – Total Funding Ceiling and *Payment Schedule and Terms*

• **Annex III** – Reporting Requirements *(UNIDO formats)*
  - RBM-based reporting
  - Interim financial statements vs. Certified financial statements

• **Annex IV** – Counterpart Staff, Services, Facilities and Property

• **Annex V** – Full Cost of UNIDO’s Services
## TA vs. Output

<table>
<thead>
<tr>
<th></th>
<th>TA Template</th>
<th>Output-based Template</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Policy advice</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Capacity-building</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Technology transfer and pilot demonstrations</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Procurement of equipment</td>
<td>✓ (for UNIDO)</td>
<td>✓ (for Govt)</td>
</tr>
<tr>
<td>Civil works/infrastructure</td>
<td></td>
<td>✓</td>
</tr>
</tbody>
</table>
PTC/PRM/CPD – How Can We Help?
Governing principles for UNIDO’s Engagement with Financial Institutions

- Maintain neutrality vis-à-vis all financial institutions, governments, and donors
- It is the responsibility of a government, as the project owner, to decide which IFI/DFI to work with
- UNIDO should not exclusively facilitate project negotiations between a government and a financial institution
Country Partnerships Division: Focal Point for UNIDO Partnerships

Serve as a one-stop-shop for UNIDO technical teams on partnership questions
• Establish institutional relationships and cooperation modalities and instruments with the financial institutions, including with the World Bank

Set up a network IFI/DFI partnership advisers
• Facilitate operational level coordination and removal of bottlenecks
• Serve as an “institutional memory” center - collect, analyze and share lessons learnt from success and failures
• Advise on appropriate engagement modality based on the type of financing arrangements available to UNIDO - facilitate project-level cooperation negotiations

Project portfolio management and support of project cycle management, consolidation of monitoring and progress reports

Capacity building and training for UNIDO staff
Project-level Engagement with the WB

Consult with PTC/PRM/CPD to obtain an overview on the latest status of UNIDO-WB cooperation in a country and/or sector

Refer to the:

In coordination with PTC/PRM/CPD, establish and maintain project level cooperation with the WB country and technical teams

Contact PTC/PRM/CPD to facilitate communication if there is no existing contact with the relevant WB team.

Inquire with the respective government regarding their interest in receiving UNIDO assistance in the WB project

Keep PTC/PRM/CPD, related technical departments, and where applicable, the respective UNIDO field office informed about the prospective and/or existing cooperation
Contact Us

dfi-partnerships@unido.org
Thank you!