Project Information Document/ Identification/Concept Stage (PID)

Concept Stage | Date Prepared/Updated: 22-Nov-2024 | Report No: PIDDC01131

BASIC INFORMATION

A. Basic Project Data

Operation Name DMF III - Implementing Partners -2024	Operation Short Name DMF III IP-2
Operation ID P508220	Financing Instrument Investment Project Financing (IPF)
Beneficiary country/countries	Region World
Environmental and Social Risk Classification Low	
Date PID Prepared 03-Oct-2024	Estimated Date of Approval 20-Dec-2024
Borrower(s) Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI), COMSEC, UN Trade and Development (UNCTAD) -DMFAS, West African Institute for Financial and Economic Management (WAIFEM), DRI	Implementing Agency DRI, COMSEC, MEFMI, WAIFEM, UNCTAD

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Operation Cost	**1.50**
Total Financing	**1.50**
Financing Gap	**0.00**

DETAILS

Non-World Bank Group Financing

Trust Funds	1.50
Debt Management Facility for LICs	1.50

B. Introduction & Context

Country Context

Implementing partners (IPs) work across Africa region (MEFMI, WAIFEM) and well as globally (UNCTAD, COMSEC, DRI).

Sectoral and Institutional Context

Public debt is an important source of financing for development. It allows governments to promote growth by investing in productive infrastructure projects and in critical social spending when their capacity to mobilize domestic revenues, grants or private sector financing is limited. Safeguarding debt sustainability and making prudent and efficient use of borrowed resources is critical for achieving the sustainable development goals.
Sound debt management can promote good public financial management practices. Debt management is an important component of broader public financial management. Integrated management creates incentives to manage all government financial resources in a portfolio, ensures consistency of financing across government, and consolidate scarce resources by allowing streamlining of information technology systems and back-office facilities. in this context, Debt Management Offices (DMOs), given the relative size of the government debt portfolios, play a critical role. In addition, DMOs have been growing their roles in recent years.
According to their expertise, IPs will participate in technical assistance related to debt management performance assistance, debt reform plans, medium term debt management strategies (MDTS) or reporting and monitoring, or prepare data on client beneficiaries for MDTS, and debt sustainability assessments. They would also provide logistical support for training provided by the DMF and may work with the World Bank in the development of new debt management training areas.
All implementing partners will support the overall outcomes of DMF III.

Relationship to CPF

The RETF Project Development Objective (PDO) is to strengthen the capacity of DMF III Eligible Countries to manage debt effectively and improve their debt transparency.
The RETF envisages grants up to five recipient organizations, who are implementing partners under DMF III:
• Debt Management Program of the United Nations Conference on Trade and Development (UNCTAD-DMFAS);
• Debt Management Section of the Commonwealth Secretariat (COMSEC);
• Debt Relief International (DRI); •
Macroeconomic & Financial Management Institute of Eastern and Southern Africa (MEFMI);
• West African Institute for Financial and Economic Management (WAIFEM).

C. Development Objective

Development Objective

DMF III program's development objective is to strengthen the capacity of Eligible Countries to manage debt effectively and improve their debt transparency. Grant agreements with IPs are contributing to aching program objective, in line with DMF program design.

Key Results

The Project will support Outputs of DMF III under the following three result areas:
(i) Improving governance and institutions;
(ii) Enhancing Strategy and Policy; and

(iii) Boosting debt transparency.

1. The Project will contribute to output level results under the following DMF III outcomes:
2. Outcome 1: Number of countries with sound managerial structure for central government borrowing and related transactions;
3. Outcome 3: Number of countries, where a medium-term debt management strategy has been prepared and published at least once over FY20-FY24;
4. Outcome 8: Number of countries, that publish a debt statistical bulletin (on at least central government debt and guarantees) annually with debt data that are not more than six months old at the date of publication;
5. Outcome 9: Number of countries with sound fiscal policy coordination, where key macro variables and a debt sustainability analysis (DSA) has been undertaken by the government are shared with the debt management entity (or entities).

D. Preliminary Description

Activities/Components

The objective of the Project is to strengthen the capacity of Eligible Countries to manage debt effectively and improve their debt transparency.
The project is focused on the recipient executed activities with technical assistance (TA) providers, which have been Implementing Partners (IPs) under previous DMF programs.
IPs will contribute to the following Activities:
-**TA** for DeMPA, MTDS and Reform Plans, and Debt Reporting
-Regional Training for DeMPA, MTDS, DSA, and others
The Project consists of the following parts conducted in collaboration with the Bank:

I- Debt Management Technical Assistance

a) Provision of technical assistance to national and subnational entities in relevant Eligible Countries in the application of DeMPA methodology through participation in DeMPA missions (in person or virtual if in person not feasible), contributing to data collection, conducting interviews and drafting the relevant indicator write-ups for the respective DeMPA report.
b) Provision of technical assistance to national and subnational entities in relevant Eligible Countries in the design of a Debt Management Reform Plan through participation in missions (in person or virtual if in person not feasible), contributing to data collection, conducting interviews, and drafting the relevant write-up in the Debt Management Reform Plan report.
c) Provision of capacity development to national and subnational entities in relevant Eligible Countries on DSA activities (in person or virtual if in person not feasible) through data collection and preparation.
d) Provision of technical assistance to national and subnational entities in relevant Eligible Countries in debt reporting and monitoring through participation in missions (in person or virtual if in person not feasible), data collection, conducting interviews and drafting the relevant sections of the respective report
e) Provision of technical assistance to national and subnational entities in relevant Eligible Countries in debt reporting and monitoring through participation in missions (in person or virtual if in person not feasible), data collection, conducting interviews and drafting the relevant sections of the respective report

II- Debt Management Training

Organization of training events on debt management topics, including regional DeMPA, MTDS, or LIC-DSF.

Environmental and Social Standards Relevance

E. Relevant Standards

ESS Standards	Relevance
ESS 1: Assessment and Management of Environmental and Social Risks and Impacts	Relevant
ESS 10: Stakeholder Engagement and Information Disclosure	Relevant
ESS 2: Labor and Working Conditions	Relevant
ESS 3: Resource Efficiency and Pollution Prevention and Management	Not Currently Relevant
ESS 4: Community Health and Safety	Not Currently Relevant
ESS 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
ESS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
ESS 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
ESS 8: Cultural Heritage	Not Currently Relevant
ESS 9: Financial Intermediaries	Not Currently Relevant

Legal Operational Policies

Safeguard Policies	Triggered?	Explanation (Optional)
Projects on International Waterways OP 7.50	No	
Projects in Disputed Area OP 7.60	No	

Summary of Screening of Environmental and Social Risks and Impacts

The project environmental risk is low. The project will support recipient-executed activities to enhance the capacity of eligible countries in managing their debt. This will be achieved through the design and application of tailored advisory services, technical assistance, applied analytical work, training, webinars, and peer-to-peer learning. These activities do not involve physical interventions that could harm the environment or have known downstream impacts. Accordingly, the project's environmental risks or impacts are expected to be minimal. However, while the Debt Management Facility (DMF) activities themselves do not have direct environmental impacts, improved debt management can indirectly lead to better environmental outcomes. It can result in more sustainable fiscal policies, potentially increasing investments in environmental protection and sustainable development projects. Additionally, by reducing debt-related vulnerabilities, countries may be better positioned to allocate resources toward addressing environmental challenges, yielding positive environmental benefits. The social risk rating of the project is Low. The grant's objective is to strengthen the capacity of government institutions in charge of debt management. Based on the experience of DMF Phase I and II, DMF III is not expected to incur any social risks and impacts with the capacity building TA activities. It will potentially have positive social impacts for the eligible beneficiary governments. Better debt management could help eliminate negative social impacts of excessive or poorly managed debt, including factors like increased poverty, reduced access to essential services, and community instability. The project needs to leverage the existing networks of IPs, i.e., UNCTAD, WAIFEM and WEFMI to make sure that the targeted beneficiary public institutions of the eligible countries, as the primary stakeholder, will be fully participating in the design and delivery of the TA activities under the program so that their needs are understood and met. Either the DMF Secretariat or the IPs individually will need to establish and implement a feedback and grievance redress mechanism (GRM) to receive and facilitate resolution of any possible concern and grievances from stakeholders. The project will build on the implementing partners' relevant policies and procedures linked to labor and working conditions to the extent possible and use any gap filling measures as needed. The project does not require any further environmental and social assessment beyond this screening and initial scoping given that it supports TA and capacity building activities with low E&S risks and impacts. As such, only ESS1, ESS2, and ESS10 apply to the project. Also, no standalone Stakeholder Engagement Plan (SEP) and Labor Management Procedure (LMP) are necessary. Each recipient of the project grant (IP) will develop an Environmental and Social Commitment Plan (ESCP) by appraisal. Aspects relevant to SEP and LMP will be built into the ESCP, including requirement for a grievance redress mechanism, and will apply the IPs policy and regulations and the World Bank ESF. Each IP will assign a focal point to be responsible for ensuring adequate and timely implementation of the ESCP. All TAs and training activities shall incorporate the relevant requirements of the ESS during both the preparation and implementation phases, ensuring that the outputs from these activities are consistent with the ESS.

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