

Early Warning System

IADB-RG-T4055

Fiscal risks analysis, ALC monitoring and policy options with inclusive growth

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Quick Facts

Financial Institutions	Inter-American Development Bank (IADB)
Status	Proposed
Bank Risk Rating	U
Borrower	Regional
Sectors	Law and Government, Technical Cooperation
Investment Type(s)	Advisory Services
Investment Amount (USD)	$ 0.35 million
Project Cost (USD)	$ 0.35 million

Project Description

This Technical Cooperation (TC) project aims to evaluate and improve existing tools for macro-fiscal risk analysis in Latin American and Caribbean countries. Additionally, to integrate these tools with fiscal discipline frameworks, such as fiscal rules and councils, and with energy transition strategies to strengthen institutions to contribute to mitigating existing macroeconomic risks and promoting fiscal sustainability. In the aftermath of the COVID-19 crisis, the region's fiscal position deteriorated significantly, four countries defaulted, and most had to abandon the fiscal sustainability paths they were on before the pandemic. In this context, the TC proposes to improve early warning tools so that governments can promptly mitigate the different sources of risk and respond with appropriate policies that will allow them to return to their fiscal consolidation processes. The specific objectives of the TC are: (i) to develop analytical tools for identifying the main macro-fiscal variables that may affect the fiscal sustainability of countries. (ii) To improve the early warning model with accurate information and integrate institutional and climate change indicators that will allow countries to assess current macro-fiscal risks thoroughly. (iii) To promote regional dialogue among countries to share lessons learned and promote best practices in identifying and mitigating risks to fiscal sustainability.

Investment Description

- Inter-American Development Bank (IADB)

Contact Information

ACCOUNTABILITY MECHANISM OF IADB

The Independent Consultation and Investigation Mechanism (MICI) is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an Inter-American Development Bank (IDB) or Inter-American Investment Corporation (IIC)-funded project. If you submit a complaint to MICI, they may assist you in addressing the problems you raised through a dispute-resolution process with those implementing the project and/or through an investigation to assess whether the IDB or IIC is following its own policies for preventing or mitigating harm to people or the environment. You can submit a complaint by sending an email to MICI@iadb.org. You can learn more about the MICI and how to file a complaint at http://www.iadb.org/en/mici/mici,1752.html (in English) or http://www.iadb.org/es/mici/mici,1752.html (Spanish).