

Update to the Executive Board of UNDP/UNFPA/UNOPS on UNOPS engagement with International Financial Institutions

I. Purpose

The purpose of this document is to provide an update on UNOPS engagement with International Financial Institutions (IFIs) for the First Regular Session of the Executive Board in 2023, in line with decision 2022/14/4 made at the Second Regular Session in June 2022.

This document provides an outline of 1) the role of IFIs in the development landscape, 2) UNOPS work with IFIs in key strategic areas 3) challenges, lessons learned, and opportunities to expand partnerships.

II. Executive Summary

IFIs play a pivotal role in financing the achievement of the SDGs. Around the world, increasing humanitarian needs and obstinate development challenges outstrip the resources of national governments and traditional approaches to international aid. IFIs seek to leverage new sources of financing and require implementing partners who can keep pace with the increasing scale and complexity of responding to overlapping global challenges.

UN agencies are natural partners for IFIs, sharing a commitment to work to high standards of transparency, inclusion and integrity in the delivery of global public goods while building national capacity for the future. UNOPS supports the achievement of the SDGs by successfully implementing peacebuilding, humanitarian and development projects on behalf of its partners. UNOPS receives no core funding and operates on full cost recovery from projects delivered.

UNOPS works with a wide variety of IFIs, including both global and regional multilateral development banks. Engagement with IFIs takes place through four principal modalities: direct financing, indirect financing, knowledge exchange primarily in UNOPS core capabilities of infrastructure and procurement, and UN Web Buy Plus.

This report showcases examples of UNOPS engagement with IFIs, which spans a variety of sectors and SDGs, especially initiatives related to climate action, resilient infrastructure, health, sustainable procurement and gender equality. Support through these areas is highly relevant for the Humanitarian-Development-Peace Nexus, as shown by UNOPS engagement with the World Bank and other IFIs in settings affected by Fragility, Conflict and Violence (FCV), in which UNOPS has extensive experience.

While IFIs and UNOPS have similar underlying principles and values, important differences in how these are operationalized can emerge, especially as partnerships expand. This document also discusses opportunities, challenges and lessons learned around topics such as impediments to national implementation capacity, complexity related to institutional variation and differentiation in conditions attached to IFI financing and the benefits of standard framework agreements.

III. Context: The Role of IFIs in the Development Landscape

As recognized in the Addis Ababa Action Agenda (AAAA) of the Third International Conference on Financing for Development (A/RES/69/313), increased financial resources are needed to support the implementation of the SDGs by 2030¹. Estimates show that more than USD 5 trillion² is needed annually to achieve the Sustainable Development Agenda.

Filling the financing gap will require a concerted, collaborative and innovative approach across the UN system, governments, financial institutions, and other key stakeholders. IFIs provide significant financing, amounting to USD 120 billion in 2020 alone³, and play a pivotal role in financing the achievement of the SDGs by seeking to leverage new sources of financing. In order to maximize their impact, IFIs require implementing partners who can keep pace with the increasing scale and complexity of responding to overlapping global challenges.

UN agencies are natural partners for IFIs, sharing a commitment to work to high standards of transparency, inclusion and integrity in the delivery of global public goods and national capacity building. The Roadmap for Financing the 2030 Agenda for Sustainable Development provides a framework to take collective actions, in which the Secretary-General called on IFIs to:

- Work more closely with the UN system through country platforms, notably to increase climate finance, catalyse private finance, and promote financial innovation.
- Improve debt sustainability by addressing structural issues, curbing illicit financial flows, and developing innovative debt instruments for investment in Disarmament, Demobilisation and Reintegration (DDR) and resilience.

Given this and the increased economic pressures donors have faced in recent years as a consequence of the COVID-19 pandemic, the war in Ukraine and the ongoing financial crisis, there are significant opportunities for UN organizations to increase their collaboration and explore alternative financing mechanisms with IFIs.

As an example, the Islamic Development Bank (IsDB) immediately launched a Strategic Preparedness and Response Programme⁴ during the COVID-19 pandemic with a total allocation of USD 2.3 billion. The programme aimed to support efforts of IsDB member countries to prevent, contain, mitigate and recover from the impact of the pandemic.

Furthermore, since the outbreak of war in Ukraine in February 2022, the World Bank has mobilized around USD 18 billion in support to Ukraine, of which about USD 15.3 billion has been disbursed to date⁵. In addition, IsDB created the Food Security Response Program (FSRP) to respond to the global food security crisis in its member countries, with a total allocation of around USD 10.5 billion.

Most recently, during COP27, the World Bank launched the Scaling Climate Action by Lowering Emissions (SCALE) fund⁶ to tackle greenhouse gas emissions. The partnership will pool funding from the global community – including donor countries, the private sector and foundations - and make it available

¹ https://www.un.org/en/development/desa/population/migration/generalassembly/docs/globalcompact/A_RES_69_313.pdf

² <https://www.un.org/sustainabledevelopment/development-agenda/>

³ Homi Kharas and Meagan Dooley, 'Status Check: Managing debt sustainability and development priorities through a 'Big Push'', Center for Sustainable Development at Brookings, October 2021 [Link](#)

⁴ [isdb.org/news/the-islamic-development-bank-group-strategic-preparedness-and-response-programme-for-the-covid-19-pandemic](https://www.isdb.org/news/the-islamic-development-bank-group-strategic-preparedness-and-response-programme-for-the-covid-19-pandemic)

⁵ <https://www.worldbank.org/en/country/ukraine/brief/world-bank-emergency-financing-package-for-ukraine> Data as of 5 January 2023

⁶ <https://www.worldbank.org/en/programs/scale>

for the most impactful programmes that reduce greenhouse gas emissions. The initial funding target is USD 1 billion by the end of 2023.

IV. UNOPS Work with IFIs

Overview

UNOPS receives no core funding from Member States and as such, operates through full cost recovery from projects implemented on behalf of partners. UNOPS is specialized in implementation and has developed responsive, efficient and transparent processes to facilitate its partners' success and enhance the achievement of the 2030 Agenda.

UNOPS collaborates with and welcomes partnerships with IFIs, particularly in initiatives related to climate action, resilient infrastructure, creating strong and resilient health systems, building public procurement capacity, and gender equality and women's empowerment. With IFI's funding, UNOPS has helped governments design, build and manage infrastructure, as well as provide technical assistance and advisory services through evidence-based infrastructure systems development. UNOPS collaboration with IFIs especially targets fragile countries where UNOPS helps connect conflict-affected communities to immediately needed livelihood means for example, through social infrastructure rehabilitation using a cash-for-work approach.

IFIs and the national governments they serve have turned to UNOPS more often in recent years to benefit from its expertise. The share of the UNOPS portfolio financed directly or indirectly by IFIs has since grown steadily. From 2018 through 2022, UNOPS delivered more than USD 1.2⁷ billion through projects in over 70 countries- with a total of 133 projects in Fragile and Conflict-Affected Situations (FCS)⁸ and 33 projects in Small Island Developing States (SIDS).

During this period, there has been increased demand from the World Bank and other partners for support in settings affected by Fragile and Conflict-Affected Situations (FCS). UNOPS has extensive operational expertise in FCV environments and tailored systems which allows it to respond timely where needed. As such, UNOPS is able to operate in settings where other partners, including IFIs themselves, may not be able to maintain a presence. More than 52 per cent of UNOPS portfolio with IFI partners is in an FCS context, amounting to over USD 650 million in delivery between 2018 and 2022.

The World Bank is the most significant IFI partner for UNOPS by volume, with substantial projects also delivered for the Islamic Development Bank (IsDB), the African Development Bank (AfDB), the Asian Development Bank (ADB), the Asian Infrastructure Investment Bank (AIIB), the Central American Bank for Economic Integration (CABEI), the International Monetary Fund (IMF), the Latin American Development Bank (CAF) and the Inter-American Development Bank (IADB).

As with all its non-IFI partners, UNOPS focuses collaboration efforts with IFIs on core capabilities in infrastructure and procurement, as shown in Chart 1. Support through these service lines is highly relevant for the Humanitarian-Development-Peace Nexus. Chart 2 demonstrates the breadth of sectors, where UNOPS partners with IFIs.

⁷ Based on preliminary delivery data for 2022.

⁸ In accordance with 2023 World Bank Fragile & Conflict Affected Situations list

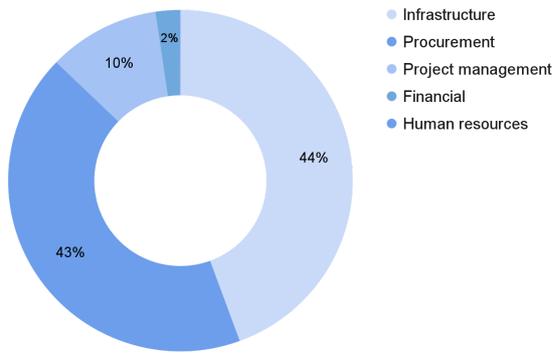


Chart 1: UNOPS delivery with IFI partners 2018-22 by UNOPS service line

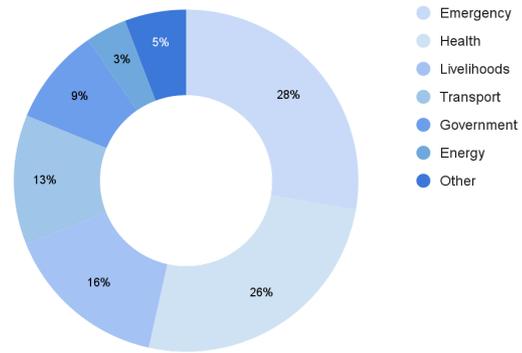


Chart 2: UNOPS delivery with IFI partners 2018-22 by sector

Modalities of IFI-UNOPS partnerships

This section presents the primary modalities of UNOPS engagement with IFIs, highlights the sectors and themes most present in the UNOPS IFIs portfolio, and showcases specific project examples.

There are four principal modalities in which UNOPS engages with IFIs:

1. Indirect financing
2. Direct financing
3. Knowledge exchange
4. UN Web Buy Plus

Indirect financing

This is the standard approach, whereby the IFI provides a loan or grant to a recipient government. UNOPS then signs an agreement with the national government to implement a project funded by this contribution.

In other words, UNOPS legal counterpart is the government, not the IFI. In the case of the World Bank, UNOPS uses the Standard Forms of Agreement signed between UNOPS and the World Bank in 2016, which facilitates rapid processing and uniform requirements across the portfolio.

Direct financing

In certain exceptional circumstances, the IFI partner will provide *direct financing* to the UN. This generally requires specific approvals within the IFI and is individually negotiated between the partner and UNOPS teams. For instance, the World Bank has implemented direct contract modalities with UNOPS in FCV settings such as Yemen, South Sudan, Zimbabwe and Afghanistan.

Knowledge exchange

UNOPS works with IFIs to share knowledge and build awareness within key areas of its mandate and expertise. For instance:

- Bilateral sessions on specific areas of interest: As an example, in 2020 IsDB and UNOPS held a [joint knowledge-sharing event](#) to upskill colleagues and explore possible areas of collaboration to support socio-economic recovery and development.
- Public events aimed at building awareness: At COP27, [UNOPS collaborated with IFIs on several events](#), such as a panel with IsDB entitled “Nature-based infrastructure: Challenges and opportunities to achieve the SDGs”.
- Thought leadership:
 - Scaling Up Essential Services in African Cities: In support of AfDB’s Sustainable Urban Development Action Plan 2021-2025, UNOPS, the African Development Bank and Cities Alliance launched a paper on providing critical infrastructure services in Africa during the World Urban Forum. Read more [here](#)
 - Infrastructure for sustainable development: In 2019 UNOPS in collaboration with IADB, World Bank and several other partners co-authored the paper on the impact of sustainable infrastructure on the SDGs. Read the paper [here](#).
- UNOPS Client Board: Since February 2020, The World Bank and IsDB have been regular attendees at UNOPS annual Client Board meetings. These sessions give partners an opportunity to directly engage with the Executive Director of UNOPS and identify opportunities and challenges, provide early warning of potential risks, inform possible corrective actions, and advise on strategic measures for the medium and longer term.

UN Web Buy Plus

[UN Web Buy Plus](#) is a practical service offering within the UN and is open to development partners, governments and UN agencies, with or without existing projects or framework agreements with UNOPS. Through this platform, UNOPS handles complex procurement processes in an efficient manner and can help mitigate risk, ensuring the proper use of the funds through high-quality and competitive product delivery for its partners in categories such as vehicles, health, IT, energy, agriculture, peace and security, and waste management. This allows IFI partners and government recipients to efficiently place orders and focus on their core business.

As more partners become familiar with UN Web Buy Plus and new product offerings are added to the platform, UNOPS has seen increased demand for this platform (see Chart 3). From 2018 to 2022, IFIs procured goods worth a total of USD 152 million through UN Web Buy Plus. The most significant category by volume is vehicles, with USD 56 million procured by IFIs during this period, followed by IT equipment (USD 24 million) and health-related items (USD 23 million). As an example, during 2020-21, over 600 vehicles and 1,300 motorcycles were procured under World Bank projects via the platform.

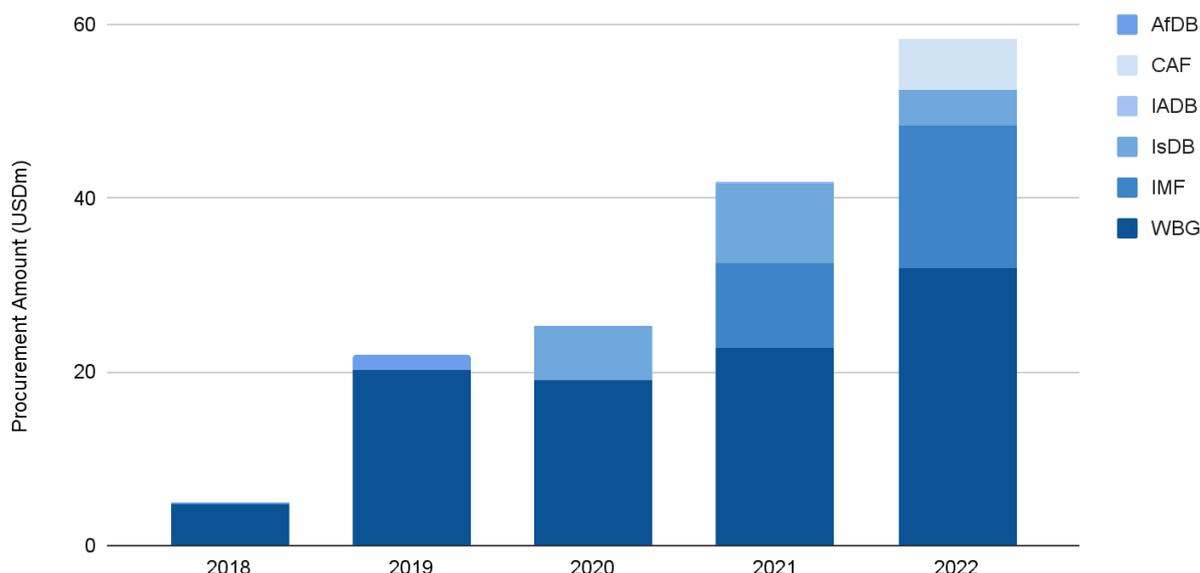


Chart 3: UN Web Buy Plus procurement with IFI partners 2018-22 in USD millions

IFI-UNOPS partnerships in key strategic areas

UNOPS and IFIs partner in initiatives related to climate action, infrastructure for resilience, creating strong and resilient health systems, sustainable public procurement, and gender equality and women’s empowerment

Climate Action

Without effective mitigation efforts and deep reductions in greenhouse gas emissions in the coming years, global warming of 1.5°C will be exceeded during the 21st century. At the same time, climate change is already affecting many with weather and climate extremes in every region across the globe, particularly in the global south, calling for an increased focus on adaptation. UNOPS works with IFI partners in many contexts around the world to mitigate and adapt to the effects of climate change.

The World Bank: [Yemen Waste Management](#)



With a holistic approach to solid waste infrastructure, UNOPS worked to restore access to critical urban services in selected cities across Yemen, benefitting ~1.4 million people. This includes water and sanitation, transportation, energy, and waste management services. UNOPS conducted technical assessments, supported the rehabilitation of selected sites, and undertook capacity-building activities with a focus on technical skills for waste management. Landfill rehabilitation and local capacity building encouraged private sector investments in biogas power generation with gas production wells being constructed.

IsDB: [Tunisia Green Jobs platform](#)



Given the strong potential for the development of renewable energy and organic farming, Tunisia is spending over 1 per cent of its annual budget on environmental protection actions. This involves the development of "Cleantech" companies and the economic inclusion of young people. In partnership with the Ministry of Vocational Training and Employment and with funding from IsDB, UNOPS supported the creation of a "Green Jobs Platform", targeting 850 young graduates seeking employment. This project aims to improve the employability of young people and place them in 50 "cleantech" green enterprises, which this platform will also help create.

The World Bank: [Southeast Asia Regional Programme on Combating Marine Plastics \(SEA-MaP\)](#)



Working with the Association of Southeast Asian Nations (ASEAN) Secretariat, UNOPS is supporting ASEAN Member Countries to strengthen their plastics policies and regulatory frameworks with the aim to promote innovative circular economy solutions. The initiative aims to reduce the use of plastics, increase recycling, and prevent sea-based marine plastic pollution. UNOPS facilitates knowledge exchange to enable regional collaboration, by establishing a regional platform for innovation to mobilize private sector investment and develop knowledge products to foster education and partnership on plastic reduction.

Health

Around the world, health inequities prevent underserved populations from achieving their full potential. Sustainable, inclusive and resilient health systems are critical in addressing the global health challenges the world faces today, tomorrow and for years to come. From working with governments to improve public health procurement, to ensuring critical infrastructure is in place to enable access to services, UNOPS is committed to building a healthier future for all.

IsDB: [Reinforcing Health services in Guinea](#)



Following the Ebola outbreak in 2014-15 UNOPS has been supporting the Government of Guinea to improve the access and quality of future health services for Guineans throughout the country. As the major implementer for IsDB through its COVID-19 response programme, UNOPS has constructed, rehabilitated or extended 50 health facilities, also ensuring the supply of critical medical goods. This partnership has strengthened the country's ability to rapidly respond to the COVID-19 outbreak, enabling dual use of health centres for safe triage and treatment since early 2021.

ADB: Greater Mekong Subregion Capacity Building for HIV/AIDS Prevention



The project funded by the Japanese Fund for Poverty Reduction and administered by the ADB aimed to assist the Government of Myanmar to increase the coverage and quality of HIV information and services for targeted populations near the East and North economic corridors. UNOPS was requested to construct 33 new facilities. The civil works programme managed by UNOPS included the construction of new health centres and larger HIV, TB and malaria facilities, an Integrated Disease Control Complex and procurement of medical equipment. UNOPS provided architectural design, environmental safeguards/improvements, and construction supervision.

COVID-19 Response

Health emergencies such as the COVID-19 pandemic require rapid mobilisation of operations on the ground, as well as the scale-up of treatment capacity and supplies. UNOPS leverages its global capacity in procurement, logistics, and infrastructure to deliver agile, scalable high-quality solutions for its partners. During the COVID-19 pandemic, procurement of medical equipment and supplies was a major area of collaboration between UNOPS and IFIs, with USD 390 million in engagements between 2020 and 2022⁹. UNOPS collaborated with several IFIs to provide support for economic recovery in some of the developing countries most impacted by the pandemic.

IADB: COVID-19 response in Haiti



With funding from the IADB, UNOPS supported the Ministry of Public Health and Population's immediate COVID-19 public health response by strengthening structures dedicated to the COVID-19 response, including activities such as assuring the continuity of essential care services. Across the country, UNOPS improved health facilities by completing technical assessments on health infrastructure and providing human resource support services. UNOPS also procured ambulances and vehicles to support the national epidemiological surveillance programme.

⁹ Tracking of COVID-19 related engagements in UNOPS was suspended in June 2022

CABEI: [Multi-Sector Programme For Economic Reactivation & Social Protection \(NIC-SOLIDARIA\)](#)



The NIC-SOLIDARIA programme is being implemented with a loan granted to the Government of Nicaragua by the Central American Bank for Economic Integration (CABEI). The programme is based on supporting the health security of the population in the face of COVID-19, assisting people in vulnerable situations and strengthening Nicaragua’s economy.

UNOPS provides technical assistance to the Ministry by supervising procurement and acquisitions for 41 projects implemented in the country by different government entities.

Infrastructure

Infrastructure forms the backbone of a functioning society. It enables access to basic services, supports the livelihood of communities, and facilitates the local economy. By ensuring sustainability, resilience and inclusion, infrastructure can help reduce inequality and sustain peace. It also helps enable communities to better mitigate disaster risks, strengthen coping capacity and build back better.

UNOPS works with IFIs and helps governments design, build and manage infrastructure, as well as provide technical assistance and advisory services to help partners make evidence-based infrastructure management decisions, optimizing its impact with limited resources. UNOPS collaboration with IFIs targets FCS countries where UNOPS contributes to helping conflict-affected communities access needed livelihood means and recover through social infrastructure rehabilitation with the cash-for-work approach.

The World Bank: [Zimbabwe Idai Recovery Project](#)



In Zimbabwe, flash flooding and landslides damaged critical infrastructure, leaving +50,000 households destroyed, affecting 270,000 people – including displacing 60,000 people. The cyclone also cut off communities from basic services. With funding from IDA (WBG), UNOPS is responsible for the overall management of the Zimbabwe Idai Recovery Project (ZIRP), launched to help recovery in the immediate aftermath of the disaster and build long-term resilience. FAO, IOM, UNESCO, UNICEF, UNOPS, UNFPA, WFP and WHO are engaged via UN-to-UN grants to work together on food security, livelihoods, health, education, and WASH needs.

AfDB: Greater Banjul Area: Sustainable Urban Development Programme 2020-40



The overall objective of the Greater Banjul Area Digital Master Plan and Capacity Building Programme in Gambia is to strengthen the capacity of Local Authorities to put in place innovative mechanisms to increase their local revenues, deliver basic services and to support the rolling out of the decentralised approach. UNOPS provided technical assistance to Government Ministries to prepare a comprehensive, environmentally sensitive digital master plan and reinforce the capacity of the institutions concerned.

The World Bank: Supporting displaced communities in the Central African Republic (CAR)



Since 2013, armed conflict has affected all aspects of life in CAR. To help displaced communities rebuild their lives and in a partnership with the World Bank, UNOPS is enabling access to public services through improved infrastructure and the provision of financial support to around 15,500 vulnerable households in the first phase (with additional funding received to support 30,000 households until 2023). Through a labour-intensive approach, UNOPS engages beneficiaries – in collaboration with local companies – in the construction or rehabilitation of roads, community centres, and other critical assets to enhance economic resilience and social cohesion.

The World Bank: Yemen Emergency Human Capital project



Since 2017, all World Bank projects in Yemen are done under the direct grant modality, due to the specific political situation.

As part of the World Bank's Emergency Human Capital Project jointly implemented with UNICEF and WHO, UNOPS supports the rehabilitation of essential services in urban and peri-urban areas in the sectors of Water and Sanitation (WASH), solid waste management, roads, and electricity. As part of the project, UNOPS will procure and install water wells with solar-powered pumps as well as solar panels to provide a clean, cost-effective and reliable source of energy.

Procurement

The need for effective procurement underpins nearly all sustainable development activity. Every global goal, every mission, every operation. Without the underlying structure of goods and services, addressing the world's problems would be impossible.

UNOPS ensures sustainable and resilient procurement that can strengthen supply chains, enhance transparency and fight corruption. Diversifying supply chains can give businesses owned by women, young people, people with disabilities and ethnic minorities a chance to prosper. This is done via policies and tools such as [Delivering Responsibility in Vendor Engagement \(DRiVE\)](#), which focuses on helping

suppliers improve their own ambitions on sustainability while, in turn, helping to ensure UNOPS and its partners gain an insight into how suppliers manage their impact.

CAF and the World Bank: [Improving internet access in public schools across Argentina](#)



Through UN Web Buy Plus, the Education Ministry of Argentina procured 450,000 netbooks, 92,000 technological kits for kindergartens and other items to provide internet connection to 15,000 public schools and 5 million students as part of two programmes to improve conditions in public schools across the country. The smooth process that UN Web Buy Plus conducted not only provided efficiency and transparency to a significant procurement process, but also saved 24 per cent to the Argentinian Government in prices due to well-negotiated long-term agreements with the suppliers.

Gender

Described by UN Secretary-General António Guterres as “the unfinished business of our time”, addressing gender inequalities and empowering women and girls is a fundamental human right and a priority of the SDGs.

In working towards the achievement of SDG 5, UNOPS strives for gender equality, in their workforce, projects, and in beneficiary communities. This commitment is reaffirmed throughout our [Strategic Plan 2022-2025](#); our [Gender Mainstreaming Strategy](#) and our [Gender, diversity and inclusion Strategy 2022-2025](#), and is put at the core of our work through:

- **Building gender-sensitive infrastructure**: Recognizing that women and girls are disproportionately affected by gender-blind infrastructure, UNOPS incorporates a gender mainstreaming approach in all phases of infrastructure projects.
- **Strengthening gender-responsive procurement processes**: Through a supplier diversity and inclusion programme, UNOPS ensures that the selection of services, goods and civil works considers gender equality and women's empowerment.
- **Enhancing diversity and inclusion in human resources**: To support gender equality in project activities, UNOPS advises partners on the value of a gender-balanced workforce and contributes to creating employment opportunities for women.

The World Bank: [Providing childcare facilities on construction sites in Zimbabwe](#)



Under the Zimbabwe Idai Recovery Project, UNOPS has introduced childcare facilities at construction sites to allow women to participate in labour-based works for community infrastructure rehabilitation. The facilities ensure that infants and toddlers of community workers have access to well-equipped supervised care while their mothers are working. Additionally, UNOPS is providing lockable toilets at all sites with emergency sanitaryware to support the participation of women. Community awareness activities were undertaken to further support women's empowerment by allowing them to take on roles traditionally reserved for men.

IV. Challenges, Lessons and the Path Ahead

Key challenges and lessons learned

While the principles and values underlying both IFIs and UN agencies, like UNOPS, are very similar, there can be important differences in how these are operationalized. For instance, each agency has its own set of financial rules and regulations, procurement procedures, quality standards, practices related to social, environmental and other safeguards, internal audit practices, and overall governance structure. These institutional differences can generate challenges but also provide an opportunity for sharing lessons across institutional boundaries. This section presents a few lessons of experience from UNOPS' perspective:

1. Early Engagement
2. National Implementation Capacity
3. Conditions Attached to IFI Financing
4. Standard Agreements

Looking ahead, UNOPS seeks to continue its support to IFIs as they continue their push for impact and results on the ground. UNOPS draws on the lessons presented here, and others, in developing new partnerships and deepening relationships with existing partners.

Early Engagement

Engagement of UNOPS, or any desired implementing partner, at the design stage for a programme between IFIs and governments is potentially very useful. This can help to enhance the quality of projects based on the expertise that UNOPS can bring, either from the particular country context or from global experience.

As an example, for road projects or other infrastructure works, consultants at the scoping stage may provide the government or the IFI partner with unrealistic cost assessments, which then form the basis of the project design and subsequent agreements. A "sense check" from UNOPS early in the process can help align expectations and ensure that the allocated funds are sufficient for quality and timely delivery of the task at hand.

National Implementation Capacity

While IFIs and the UN system are committed to supporting local ownership in their development programmes, there are often important impediments in a national context that demand a more coordinated approach, such as:

- low capacity of government borrowers/recipients of IFI loans/grants for planning and implementation of development programmes;
- insufficiently robust national frameworks for public procurement;
- inconsistent adherence of local contractors and the domestic private sector to environmental and social concerns; and
- underdeveloped in-country monitoring and evaluation systems.

UN agencies can play a useful role in ensuring that IFI funding achieves its intended impact by supporting the government in its planning, implementation and/or oversight functions. A challenge may

be a government's preference to rely on national systems and partners. It is essential that the IFI, government and the UN agency reach a shared understanding of the role of each in implementing the project. UNOPS is committed to building national capacity through the implementation of its programmes, especially through its engagement with national project implementation units.

Conditions Attached to IFI Financing

UNOPS strongly supports the UN approach to sustainable development, namely alignment with international norms and standards, equality and non-discrimination, active and meaningful participation, and robust accountability mechanisms. Thus UNOPS welcomes the maturation of related policies at each IFI, and accompanying guidance for their implementation.

Environmental and social safeguards are a case in point. Because the World Bank finances a significant share of UNOPS projects, UNOPS has developed considerable expertise in implementing World Bank-specific requirements like the [Environmental and Social Framework \(ESF\)](#). However, they are difficult and time-consuming to enforce in fragile settings, especially for infrastructure projects where ESF demands can strain local capacity. ESF places considerable demands on project implementing partners that need to be cascaded down from UNOPS to contractors and other organizations we work with. While the ESF is influential across the IFI community, each IFI has developed its own set of requirements on the same topic. Thus, scaling up UNOPS work for other IFIs would also require internal capacity building on the specific requirements for that IFI when it comes to environmental and social safeguards.

Looking ahead, a potential hindrance to greater cooperation between UN agencies and IFIs is the increasing sophistication of, and institutional variation in, these sorts of conditions attached to IFI financing. Anticipating continued variation in how UN values are translated into operational requirements of each IFI partner, UNOPS is prepared to invest in its own capabilities to customize its project implementation to the specific requirements of the financing entities as needed.

Standard Agreements

The indirect financing modality is a tripartite relationship between UNOPS, the IFI and the national government, even though the IFI is not a signatory to the UNOPS contract. Reaching a legal agreement in this context is potentially cumbersome, not only due to the IFI conditions described in the previous section but also due to the specific concerns that the national government might have. In order to prevent excessive delays in contract negotiations, the existence of a contract template for the concerned IFI is essential.

For instance, the negotiation of "Standard Forms of Agreement" between UNOPS and the World Bank has been extremely useful. Besides guaranteeing a certain level of standardization across the shared portfolio, the signed agreement has also enabled UNOPS country teams to comply more quickly with the formal requirements and, consequently proceed faster to the implementation of a project. The "Standard Forms of Agreement" were designed for indirect financing, and can generate efficiencies for the borrowing government rather than needing to engage public officials and lawyers to ensure that the signed contract meets World Bank requirements for the funding. The standardization of the contract through templates provides governments with the confidence that all formalities have been taken care of and that legal agreements are acceptable to the World Bank.

As partnerships with IFIs deepen, UNOPS will seek to develop agreements that outline how both parties can work together while staying within their respective operational boundaries. Negotiating a framework

agreement can lead to significant learning opportunities for both parties. Subsequently, its implementation may generate efficiencies in program delivery. Namely, individual teams can spend more time on designing a project's substance and less time concerned about legal clauses or administrative issues.