

**INFORMAL  
SESSION TO  
BRIEF**

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To: Members of the Executive Board

From: The Secretary

Subject: **Broad Principles for Bank-Fund-WHO Coordination in RSF Arrangements on Pandemic Preparedness**

Board Action: **Informal session to brief** Executive Directors

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Questions: Mr. Gamba, SPR (AGamba@imf.org)



## Broad Principles for Bank-Fund-WHO Coordination in RSF Arrangements on Pandemic Preparedness

(Preliminary version as of September 13, 2022)

1. The IMF (“the Fund”) recently established a new Resilience and Sustainability Trust (RST). RST loans can be accessed by an eligible member under a Resilience and Sustainability Facility (RSF) arrangement (“RSF arrangement”). The RST focuses on supporting policy reforms to help eligible members build resilience and sustainability by addressing longer-term structural challenges (e.g., climate change and/or pandemic preparedness) that pose risks to their prospective balance-of-payments stability and that may also affect the members’ actual, potential, or protracted balance-of-payments needs. To help address these issues, support under RSF arrangements will provide policy support and affordable longer-term financing.
2. The identification and design of Reform Measures (RMs) that comprise conditionality under RSF arrangements will greatly benefit from close coordination with other relevant international institutions with expertise and experience in the areas supported by the RSF. Broad principles for such coordination with the World Bank (“the Bank”) in the case of RSF arrangements that focus on climate change were established in Annex III of the [policy paper](#) approving the establishment of the RST.
3. This note proposes broad, informal principles for coordination between the IMF and other institutions in the diagnostics and design of conditionality under RSF arrangements that focus on pandemic preparedness. These principles are based on those established for Bank-Fund coordination in the case of climate change and are adjusted to reflect the specific features of pandemic preparedness, including to draw also on the expertise of the World Health Organization (WHO) and other relevant institutions in this area. These principles have been informed by discussions between the staff of the Bank, Fund, and WHO and are specific to coordination on RSF arrangements focused on pandemic preparedness.<sup>1</sup>

### Guiding Principles

4. Coordination between Bank, Fund, and WHO staff (and those of other international institutions as relevant, in line with existing modalities) on RSF arrangements focused on pandemic preparedness will be subject to each institution’s respective mandate and expertise, in line with the Bank-Fund Concordat and existing modalities for coordination between the Fund and the United Nations (UN)-family organizations, such as the Agreement Between the United Nations and the International Monetary Fund.<sup>2</sup> Specifically:

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<sup>1</sup> These coordination principles should be viewed in conjunction with the broader context of the Bank-Fund good practice note on information sharing across country teams to discuss country policies and ensure consistency of policy advice.

<sup>2</sup> The Agreement can be found in [Selected Decisions and Selected Documents of the International Monetary Fund](#), pp. 793-798. See paragraph 11 of the [Revised Operational Guidance to IMF Staff on the 2002 Conditionality Guidelines](#) for discussion of IMF staff collaboration with other multilateral institutions in the design of conditionality.

- RSF arrangements on pandemic preparedness will be informed and expected to be broadly consistent with country diagnostics on pandemic preparedness developed by leading international institutions in this area, such as the Bank and WHO. Any diagnostics and action plans by the country authorities would also be important inputs. Diagnostics that are likely to be relevant in this regard are discussed in further detail in the next section.
- RSF arrangements on pandemic preparedness will focus on policy areas of Fund expertise, complemented by the expertise of the Bank, WHO, and other relevant institutions as needed on a case-by-case basis. The intention of this coordination is to seek strong complementarity with other institutions' policy support and financing for pandemic preparedness and to best leverage the expertise in all institutions for the best policy advice to the member country. At the same time, the RST remains fully Fund-administered, and the Fund's governance framework applies, including that all RSF conditionality will be designed, monitored, and assessed by the Fund.
- The purpose of the RST is to enhance economic resilience and sustainability by (i) supporting policy reforms that reduce macro-critical risks associated with select longer-term structural challenges and (ii) augmenting policy space and financial buffers to mitigate the risks arising from such longer-term structural challenges, thereby contributing to prospective balance-of-payments stability. RST loans provided under RSF arrangements would provide financial support to eligible members to help them meet a range of financing needs, including those associated with RST-supported reforms and the augmentation of longer-term policy space and financial buffers to manage risks to prospective balance of payments stability. RST financing would not be earmarked for specific projects. Other institutions will continue to take the lead on development policies and on supporting specific investments for pandemic preparedness.

### **Possible Key Steps**

5. With the understanding that the final establishment, monitoring, and assessment of RMs will be by the Fund, the key areas identified for coordination are: (i) Diagnostics; (ii) Policy priorities; (iii) Conditionality; (iv) Board documentation; and (v) Modalities/process of engagement.

- (i) Diagnostics:** Fund staff will draw on country diagnostics to assess the need for an RSF arrangement on pandemic preparedness in line with the Fund's mandate and to assist the country authorities in identifying RMs that could be supported by an RSF arrangement.

Depending on the country, key diagnostic sources may include, Universal Health and Preparedness Reviews (UHPR), State Party Annual Reports (SPARs), Joint External Evaluations (JEEs),<sup>3</sup> National Action Plans for Public Health Security (NAPHS), World Bank Pandemic Preparedness Assessments

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<sup>3</sup> JEEs consolidate the WHO's International Health Regulations (IHR) Monitoring and Evaluation Framework with the Global Health Security Agenda (GHSA) country assessment, providing an objective, voluntary, peer-to-peer, and multi-sectoral assessment of a country's health security preparedness and response capacity across 19 IHR areas. The JEE is divided into 4 areas: (i) prevention; (ii) detection; (iii) response; and (iv) other hazards, with indicators rated on a score of 1 (no capacity) to 5 (sustainable capacity).

and Public Expenditure Reviews, Health Financing Progress Matrix Assessments (HFPM), National Health Accounts (NHA), and reports from regional health agencies, among other documents. Fund surveillance products, such as Article IV and Selected Issues papers, as well as other Fund analytical and capacity development work, such as Governance Diagnostic Assessments, Fiscal Transparency Evaluations, and Fiscal Safeguards Reviews, could also inform the design of RMs under an RSF arrangement on pandemic preparedness.

For most countries, no single document is likely to be fully comprehensive, up-to-date, and prioritized. Consequently, no specific document would be a prerequisite, and Fund staff may need to draw on a range of sources as well as close consultations with the staff of the Bank, WHO, and other relevant partners to support the authorities in identifying pandemic preparedness reforms that could be supported by the RSF.

Adequate diagnoses should be in place and key reforms should be identified before the RSF arrangement is approved by the IMF's Executive Board so that the arrangement period can focus on implementing reforms rather than completing diagnostics or simply developing plans for reforms. To support this objective, capacity development support from the Bank, Fund, WHO, and/or other donors may need to precede the approval of an RSF arrangement.

**(ii) Policy priorities:** Based on the diagnostics and consultations with relevant partners, Fund staff will coordinate with the Bank and the WHO to assist the country authorities in identifying RMs on pandemic preparedness that could be supported by an RSF arrangement. Fund teams will coordinate with their relevant counterparts to foster consistency and complementarity between RMs committed to under an RSF arrangement and measures and reforms supported by these other institutions' activities, according to each institution's mandate and role. RMs should be in line with a country's assessed implementation capacity.

**(iii) Conditionality:** RSF-supported RMs would be designed consistently with the principles underpinning the Fund's Guidelines on Conditionality. In RM design, Fund staff will focus on areas of Fund expertise (or joint expertise with other institutions), such as fiscal, monetary, and financial issues, as well as statistical and modeling capacity. However, there may be some cases where there are measures critical to program success that are in areas within the expertise of the Bank, WHO, or other relevant international institutions, and these measures become a matter of RSF conditionality (similar to a social safety net reform that is critical to program success rising to being a structural benchmark in a PRGT/GRA-supported program). In these latter cases, Fund staff would support the authorities in identifying pandemic preparedness reforms that could be supported by the RSF by drawing on existing analysis/advice in relevant diagnostic reports and in consultation with staff of the relevant international institution(s). RMs will be established exclusively by the Fund's Executive Board, and the Executive Board will also assess whether an RM is completed (consistent with the

IMF's policy of not having cross-conditionality), drawing to the fullest extent possible on the advice of other international institutions in their areas of expertise.<sup>4</sup>

**(iv) Board documentation:** Fund staff will prepare documentation for an RSF arrangement, including information on (i) the justification of the need and appropriateness of an RSF arrangement; (ii) diagnostics of key priorities and needed reforms; (iii) current pandemic preparedness strategy/policies; (iv) pandemic preparedness policies going forward, including any RSF-supported RMs; and (v) for reviews, an assessment of policy implementation and commitments. The staff report, LOI, and/or MEFP (which will cover both the RSF arrangement and accompanying UCT-quality program) will document the coordination with key relevant international institutions, including a description of these institutions' engagement in the sector and/or their technical assistance related to RSF-supported RMs, if applicable. Staff reports would also acknowledge inputs of staff from key relevant institutions in the cover note.

As with climate-focused RSF arrangements, Bank staff will provide an assessment letter on the authorities' policies related to pandemic preparedness. Timely provision of assessment letters will be important, as with Fund staff assessment letters provided for Bank operations. Accordingly, Fund staff should inform Bank staff of the need for an assessment letter as early as possible. Bank staff may consult WHO staff and should provide the letter in time to prevent any delay in RST disbursements. Bank and Fund staff should aim to agree on a specific timeline early in the process.

**(v) Modalities/process of engagement:** In designing RMs under an RSF arrangement on pandemic preparedness, Fund staff are expected to coordinate with staff of the Bank and WHO (and other relevant international institutions as needed, in line with existing modalities). Broad expectations for such coordination are outlined further below.

In this context, it is important to note that all of the expectations set forth below are subject to appropriate adjustments as needed to handle confidentiality and/or operational considerations at the Bank, Fund, and WHO, in line with their respective mandates and cooperation/coordination arrangements between them. For information sharing between Bank and Fund staff, the Bank/Fund Concordat is currently the key framework. For information sharing between Fund and WHO staff, the Agreement Between the United Nations and the International Monetary Fund provides a general framework for information sharing, as the WHO is a specialized agency of the UN.<sup>5</sup>

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<sup>4</sup> See paragraph 16 of the [Revised Operational Guidance to IMF Staff on the 2002 Guidelines of Conditionality](#) for a discussion of cross-conditionality.

<sup>5</sup> Article I (3) of the Agreement Between the United Nations and the International Monetary Fund provides: The United Nations and the Fund are subject to certain necessary limitations for the safeguarding of confidential material furnished to them by their members or others, and nothing in this agreement shall be construed to require either of them to furnish any information the furnishing of which would, in its judgment, constitute a violation of the confidence of any of its members or anyone from whom it shall have received such information, or which would otherwise interfere with the orderly conduct of its operations. Article V provides: The United Nations and the Fund

It is also important to note that staff of these institutions are subject to their respective legal and policy frameworks governing the safeguarding of confidential information furnished to them by their members or others. Consequently, information would not be furnished from institutions which would constitute a breach of their respective rules on dissemination and sharing of information, including the confidentiality of information shared by any of their members or other third parties who provided such information. To support information sharing, IMF staff should, at the outset of discussions on a possible RSF arrangement, seek permission from the authorities to share information on pandemic preparedness relating to the RSF arrangement, including draft conditionality, with the Bank and WHO.

To promote coordination and subject to the caveats above, Fund staff are expected to:

- Share any available Fund diagnostic or analytical work on RSF-related issues on pandemic preparedness (e.g., Selected Issues papers) with Bank and WHO staff.
- Engage early in the process with Bank and WHO staff on potential RMs concerning pandemic preparedness by, for example, an early discussion/brainstorming meeting.
- Incorporate the outcome of this engagement into the Policy Note for the RSF Arrangement and UCT-quality program.
- Draw significantly on available country diagnostics on pandemic preparedness issues.
- Periodically share with Bank and WHO staff an advance calendar of expected RSF operations on pandemic preparedness and tentative document circulation timelines.
- Subject to confidentiality or other operational constraints, circulate—with a 5-day turn around—all background and conditionality sections of the Policy Note, Staff Report, and Letter of Intent/Memorandum of Economic and Financial Policies that relate to pandemic preparedness to Bank and WHO staff for comments.
- Subject to confidentiality or other operational constraints, invite Bank and WHO staff to comment on parts of the Policy Note relevant to pandemic preparedness and/or attend a Policy Consultation Meeting (PCM) dedicated to discussing RSF-supported pandemic preparedness reforms (in such cases, PCMs for accompanying UCT arrangements would be done separately).<sup>6</sup>
- When necessary and feasible, participate in each other's mission meetings on issues related to RMs on pandemic preparedness.

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will, to the fullest extent practicable and subject to paragraph 3 of Article I, arrange for the current exchange of information and publications of mutual interest, and the furnishing of special reports and studies upon request.

<sup>6</sup> If helpful for scheduling purposes and to streamline operations, the PCM for RSF-supported pandemic preparedness reforms could occur immediately before or after the PCM for the accompanying UCT arrangement.

- Support ongoing engagement for each review to ensure continued “note sharing” across institutions.

As per the existing agreement with the Bank and subject to the caveats above, Fund staff can expect Bank staff to:

- Engage with Fund staff in early discussion/brainstorming on the design of RMs.
- Provide comments on draft documents prepared by Fund staff on pandemic preparedness and join Fund mission meetings on pandemic preparedness as appropriate and feasible.
- Prepare, upon request by the Fund Mission Chief to the Bank’s Country Director, an Assessment Letter, in line with agreed timelines.
- Support ongoing engagement at all steps (e.g., DPO related to pandemic preparedness; RSF arrangement preparation; RSF arrangement reviews, etc.) to ensure continued “note sharing” across institutions.

In line with existing modalities for coordination between UN-family organizations and subject to the caveats above, Fund staff can expect WHO staff to:

- Engage with Fund staff in early discussions/brainstorming on the design of RSF-supported RMs on pandemic preparedness and, where appropriate, on their implementation.
- Provide comments on draft documents prepared by Fund staff on pandemic preparedness and join Fund mission meetings on pandemic preparedness as appropriate and feasible.
- Support ongoing engagement at all steps to ensure continued “note sharing” across institutions.
- Explore linkages with a country’s SPAR, UHPR, and/or JEE (if available), to ensure greater sustainability of investments in health security strengthening and enhanced compliance with IHRs.