

**Transcript of an online interview of Senior Operations officer of the World Bank,  
Federico Baechli by MIC Correspondent, Natalee Legore**

- **What requirements did T&T have to meet to qualify for a loan?**

The World Bank Group engages with countries like Trinidad and Tobago to access different financial products such as investment projects, Development Policy Financing, Program-for-Results, or any combination of those by a Multiphase Programmatic Approach.

The Bank lends money to middle-income countries at interest rates lower than the rates on loans from commercial banks and member countries have access to different financial instruments.

There are some conditions the countries must meet. A project begins when a country identifies a need, develops a plan, and asks the Bank for a loan. Experts from the borrowing country and the World Bank then study the plan carefully. The Bank team confirms that all aspects of the project are consistent with all World Bank operations requirements, assesses the project's readiness for implementation, and that the Borrower has institutional arrangements in place to implement the project efficiently.

Once an agreement is reached, and the loans are approved, work can begin. The Bank carefully monitors progress and pays out the loan in installments.

- **Are the requirements different because of the pandemic? If yes, how so?**

The World Bank set out a new approach to providing exceptional support in speed, scale, and selectivity to countries as they tackled the unprecedented threats posed by the COVID-19 crisis. The Bank set up fast-track financing for COVID-19 response efforts through a combination of new projects, restructuring and emergency components of existing projects, and deployment of disaster finance instruments.

- **Are there processes in place to evaluate how the monies are spent?**

When a project is completed and closed at the end of the loan disbursement period, the World Bank, with input from the Borrower and other stakeholders, compiles an Implementation Completion and Results Report, which evaluates the project's outcomes, challenges, and lessons learned to determine what additional measures are needed to sustain the benefits derived from the project.

In addition, the evaluation team assesses how well the entire operation complied with the Bank's operations policies and accounts for the use of Bank resources.

All operations are also evaluated by the Independent Evaluation Group, which conducts strategically selected project-level evaluations through Project Performance Assessment Reports. Those evaluations are public through the Bank's website.

- **Are there penalties associated with not keeping with the terms and conditions of the loans. If yes, what are they? If no, why not?**

The following information is public and appears on the Bank's website. There are financial penalties associated with not repaying a loan from the International Bank for Reconstruction and Development (IBRD) and/or the International Development Association (IDA). These vary depending if the delay in payment is 30 days (in which case no new projects will be presented for approval at the Board, no agreements of approved loans will be signed and all IBRD Borrowers in the country lose eligibility for interest charge waiver), 45 days (in which case all outstanding payments from the borrower and country come due), 60 days (in which case disbursement of all loans to or guaranteed by the member country is suspended, the Board and the Borrower are informed of the suspension and after suspension, the Bank may decide to cancel the operation), and 180 days (in which case the country's portfolio is placed in non-accrual). According to the IMF's lending into arrears policy, the Fund will not engage with a borrower in non-accrual status with the Bank.

- **What hinders a country from accessing future loans?**

As per the policy on financial terms and conditions of Bank financing described above, being more than 30 days late in repaying loan obligations to the Bank (IBRD and/or IDA).

- **What qualifies T&T for accessing grants from the World Bank?**

By grants, we assume you mean IDA concessional funds. To be eligible for IDA funds, countries must first meet the following criteria:

- Relative poverty defined as GNI per capita must be below an established threshold (updated annually). In fiscal year 2023, this was US\$1,255.
- Lack creditworthiness to borrow on market terms and therefore have a need for concessional resources to finance the country's development program.

Additionally, the Bank establishes and administers Trust Funds (TFs) as a complement to IDA and IBRD financing to promote development and aid effectiveness by leveraging its capacity and development knowledge. TFs administered by the Bank may, among others, enhance global, regional, and country-level knowledge; complement Bank operations; and serve as a vehicle to provide assistance when the Bank's ability to lend is limited (i.e. when dealing with fragile and crisis-affected situations and responding to natural disasters and other emergencies). TFs also promote cutting-edge knowledge and help pilot and scale up innovative approaches and practices.

These TFs are financed by both sovereign and non-sovereign donor(s). To improve the strategic alignment of TF resources with corporate and sector priorities of the Bank, GPs and GTs ensure that TF resources are closely aligned with their sector and work program priorities. The Regions ensure that TFs are consistent with their regional priorities, Country Partnership Frameworks (CPFs), or other relevant country engagement strategies. All GPs, GTs and Regions organize their TF portfolio around Umbrella Programs and a limited number of Standalone TFs in support of these priorities. The CPF identifies main objectives and development results through which the WBG intends to support a member country, and is considered an important tool that guides the WBG's support for the member country's development program. So, it is normally based on what the country needs as set out in the CPF and what criteria the TF sets out.

- **What limitations are there to accessing loans in short period of time, example, one year?**

There are no financial policy limitations. These will be set out in the legal agreements, and if all conditions are met, the effectiveness of the loan can be declared, generally, in 3 months after the operation is approved by the Board so the loans can be disbursed. For example, for Situations of Urgent Need of Assistance or Capacity Constraints, using fast track preparation, this period can even be shorter from initiation of project preparation to the start of the loan.

- **What happens if T&T defaults on a loan?**

For the financial consequences, please refer to the answer above.

- **Does the World Bank rely on credit ratings to determine how qualified a country is to access borrowing?**

The World Bank conducts its own credit assessment to determine creditworthiness for IBRD finance and credit risk of all IBRD and IDA borrowers. The Bank takes note of, but is not informed by, external credit rating agencies. For more detail on the methodology, please see the link below:

<https://worldbankgroup.sharepoint.com/sites/CRO/CROCR/Pages/Assessing-country-eligibility-for-IBRD-resources-08182019-015900.aspx>