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The work of the World Bank Group (WBG) in the field of insolvency and creditor/debtor regimes (ICR) focuses on four major areas:

1. Standard-setting

The WBG and UNCITRAL, together, are co-standard setting institutions in the ICR area.

ICR systems constitute a crucial part of the legal infrastructure to promote a stronger investment climate and to enable market participants to more accurately assess, manage, and resolve default risks in commercial relationships –contributing to economic development, job preservation and financial stability.

In 2001, the WB developed the [Principles for Effective Insolvency and Creditor/Debtor Regimes \('WBG Principles'\)](#), which, since then, have been updated several times –the latest updated version has been published in 2021.

Both the WB Principles and the UNCITRAL Legislative Guide on Insolvency Law ('UNCITRAL Guide') distill international best practice on design of ICR systems, emphasizing contextual, integrated solutions and the policy choices involved in developing those solutions.

The World Bank ICR Principles combined with the recommendations contained in the UNCITRAL Legislative Guide form the **ICR International Standard** recognized as such by the Financial Stability Board.

2. Assessment

The WBG engages in the implementation of the ICR Standards through its diagnostic assessments, which cover all aspects of the life-cycle of credit in four primary areas:

- ✓ *Creditor/debtor rights systems* (credit protection, secured transactions, registries and enforcement procedures);
- ✓ *Risk management and recovery systems* (credit information, director and officer liability with respect to financially distressed businesses, informal business/debt restructuring practices – workouts);

- ✓ *Formal insolvency proceedings* (liquidation and reorganization);
- ✓ *Institutional framework for ICR implementation* (courts; insolvency representatives).

WBG ICR assessments analyze both the law on the books as well as its implementation. The assessment methodology is based on the International Standard: **a country's insolvency framework is evaluated against the benchmark of the WBG Principles and the recommendations contained in the UNCITRAL Legislative Guide on Insolvency.**

The assessment process is initiated distributing questionnaires to local authorities and stakeholders. The ICR team gathers and reviews relevant ICR legislation and data. Then, a field mission provides insight into the practical application of the insolvency framework through interviews with a broad cross-section of stakeholders (banks, law firms, insolvency administrators, judges, accounting and auditing firms, registries, government agencies, etc.).

After an exhaustive information gathering process, the overall findings and recommendations of the ICR team are materialized in either: (i) a *Report on the Observance of Standards and Codes* (ICR ROSC) or, (ii) a shorter *Technical Note* (ICR TN).

ICR ROSCs and ICR TNs coverage is similar although sometimes the ICR TNs due to their much shorter nature may focus on certain more limited aspects of the standard, at the request of those who lead the broader financial sector exercise. This means, they are different in length: ROSCs include a Principle-by-Principle Annex with a detailed description and rating of the country ICR framework –such Annex is absent in ICR TNs. However, the ICR ROSC and ICR TN are both aimed at:

- ✓ Identifying the weaknesses and areas for improvement in a country's ICR systems;
- ✓ Offering recommendations for improvement of the ICR legal and institutional frameworks in a prioritized manner; and,
- ✓ Offering implementation guides on specific targeted areas that the government identifies as important.

After these documents are delivered, the ICR team will remain available to discuss the findings and recommendations with the counterparts and to discuss how the recommendations may be implemented. The discussions often lead to the next area of WBG work in the ICR field: technical assistance.

3. Technical assistance

By agreement with country authorities, technical assistance work typically include:

- ✓ Technical support for legislative, judicial and regulatory reforms as needed;
- ✓ Specialized judicial training programs;
- ✓ Longer term assistance for capacity building to professionals involved in the ICR area.

In follow up activities, the UNCITRAL Legislative Guide on Insolvency Law constitutes the main reference piece for providing technical assistance for legal reform and specialized training in the ICR field.

As regards the UNCITRAL Model Law on Cross-Border Insolvency, its enactment has always been recommended to fully comply with the ICR Standard on international aspects of insolvency proceedings. In many cases, such recommendation resulted in the adoption of the Model Law (examples: Albania, Brazil, Chile, Colombia, Dominican Republic).

4. Knowledge Sharing

The WBG engages in knowledge sharing through a number of outreach initiatives that seek to generate public awareness of the WBG's work in this area and of the significance of insolvency law reform as a policy objective.

Examples of knowledge sharing and thought leadership initiatives in the ICR area include the dissemination of policy papers (for example, the 2022 World Bank [toolkit for corporate workouts](#), regulation of insolvency representatives, insolvency of small enterprises and individuals), as well as participation in conferences and industry forums.

In this area of work, UNCITRAL is also a key institutional partner of the WBG. For example, both institutions jointly organize, together with INSOL International, an international judicial colloquium on insolvency which brings together judges from the developed and developing worlds to discuss areas of common concern in handling insolvency cases.