

2017 Trust Funds Annual Report

A Brief Overview

The **2017 Trust Fund Annual Report** summarize key results, financial trends, and reforms pertaining to WBG trust funds and Financial Intermediary Funds (FIFs).¹ The first section covers WBG trust funds, which consist of IBRD/IDA trust funds, IFC trust funds, and MIGA trust funds. Section two covers FIFs, which are financial arrangements that typically leverage a variety of public and private resources in support of international initiatives.

Trust Fund Results

Trust funds cover all Global Practices, Global Themes, Regions, and IFC. The 60+ case studies of trust fund achievements featured in the report are organized around the IDA18 special themes of climate change; fragility, conflict, and violence; gender and development; governance and institutional development; and jobs and economic transformation. In addition, the report also includes case studies from trust funds that allow the WBG to test innovative approaches using information and communication technology and scale them up through regular operations.

Significant results and impacts have been achieved through trust funds over the past five years. Some examples of these achievements include:

- The **Global Facility for Disaster Reduction and Recovery (GFDRR)** is a global partnership of 400 partners worldwide that provided just-in-time assistance to 20 countries vulnerable to climate-related hazards and helped them integrate climate resilience measures in their development strategies and program in FY17.
- The **Afghanistan Reconstruction Trust Fund (ARTF)** brings together 34 donors to channel 50 percent of all development expenditures in the country and benefited 9.3 million people by providing access to schools and health clinics in thousands of villages across the country.
- The **Global Financing Facility (GFF)**, an innovative multi-stakeholder partnership that supports country-led efforts to improve reproductive, maternal, newborn, child, and adolescent health and nutrition, helped leverage \$1.3 billion in IBRD/IDA financing for 10 countries in FY17.
- The **Trust Fund for Accelerating Growth and Reforms (TAGR)** support to Pakistan reform program contributed to an increase in taxpayer registration and payment, raising tax revenues from 11 percent of GDP in 2014 to 13 percent of GDP in 2016.
- The **Swiss State Secretariat for Economic Affairs (SECO) Financial Support for Advisory Services in Europe and Central Asia** trust fund supported by the IFC helped the Government of Ukraine adopt innovative food safety laws, generating \$159 million in direct compliance cost savings for agribusinesses.
- The **High Frequency South Sudan Survey**, using technological innovations in survey design through use of cell phones and video tablets, enabled the poor, who account for 66 percent of the country's population, to directly inform policy makers about the poverty, exclusion, and insecurity they face to help shape the design of appropriate development policies and programs.

Trust Fund Financial Trends

The financial portfolio of IBRD and IDA trust funds remained stable over the past five years. As of end-FY17, the funds held in trust (FHIT) for WBG trust fund was \$10.5 billion with IBRD/IDA trust funds accounting for 85 percent of the FHIT.² Total cash contributions to WBG trust funds declined during the five-year period, dropping to \$3 billion in FY17. However, disbursements and cash transfers of WBG trust funds remained relatively stable over the past five years, fluctuating between \$4.4 billion in FY13 and \$4.2 billion in FY17. The

¹ Access the online version of the 2017 Trust Fund Annual Report via <http://bit.ly/TrustFundAnnualReport>

² Funds Held in Trust are comprised of cash and investments and promissory notes receivable at the end of the fiscal year. It includes transfers from FIFs to IBRD/IDA trust funds as an implementing agency.

number of standard trust funds decreased from 597 in FY13 to 544 in FY17, as part of the World Bank's consolidation efforts toward multi-donor trust funds (MDTFs) and programmatic trust funds. The share of IBRD/IDA multi donor trust funds and programmatic trust funds also increased over the five years from 52 percent to 61 percent and 64 percent to 70 percent, respectively. Sovereign governments remain the largest contributors to IBRD/ IDA trust funds, accounting for 76 percent (\$2.1 billion) of total cash contributions received in FY17, with the United Kingdom accounting for 21 percent of the total cumulative cash contributions received between FY13–FY17, followed by European Union and the United States.

The number of IFC trust funds decreased over the past five years from 290 as of end-FY13 to 217 as of end-FY17, mainly due to IFC's efforts to consolidate the trust fund portfolio. Cash contributions for IFC trust funds decreased from \$375 million in FY13 to \$268 million in FY17, while disbursements decreased from \$357 million in FY13 to \$300 million in FY17. IFC trust funds received largest cash contributions from sovereign donors, with Switzerland accounting for 13 percent of total cumulative cash contributions received between FY13–FY17, followed by the United Kingdom and the Netherlands.

Financial Intermediary Funds

FIFs have enabled the World Bank and the world community at large to engage in new and urgent corporate and global priorities such as environmental protection, combating climate change, fighting communicable diseases, and improving food security etc. and support the international community in providing targeted and coordinated responses. FIFs provide the flexibility for customization based on partnership needs and allow the World Bank to develop innovative financing models to maximize funding through the involvement of the public and the private sectors. The FIF portfolio has grown substantially over the past decade, raising governance and strategic risks for the Bank and the overall aid architecture. As of end of FY17, 29 FIFs have been established. Examples of such FIFs include:

- The ***Pandemic Emergency Financing Facility (PEF)*** provides a first ever insurance-like mechanism for pandemic risk for low-income countries eligible for financing under IDA.
- The ***Global Concessional Financing Facility (GCFF)*** provides middle income countries impacted by the influx of refugees with new concessional financing, which they would not otherwise have access.
- The ***Pilot Auction Facility for Methane and Climate Change Mitigation (PAF)*** is an innovative climate finance model used to stimulate investment in projects that reduce greenhouse gas emissions while maximizing the impact of public funds and leveraging private sector financing.

FIF Financial Trends

The FHIT for FIFs reached the highest point of \$21.1 billion as of end-FY17, of which approximately \$724 million was transferred to the World Bank to implement activities. Contributions averaged \$7.7 billion, while cash transfers remained relatively steady with an average annual transfer of \$6.8 billion during the past five years. The largest amounts of funds are held in four FIFs and account for 80 percent of the total FHIT by FIFs across the five-year period. The top ten donors contributed \$32.3 billion to FIFs in the last five years, comprising 36 percent of the total contributions. The United States remains the largest donor to FIFs, followed by the United Kingdom and Japan.

Trust Fund and FIF Reforms

Successive trust fund reforms in the past have made significant progress in transitioning trust funds to World Bank operational, financial, and administrative controls, aligning trust funds with broader World Bank strategies and priorities, strengthening corporate oversight over the trust fund lifecycle, and improving integration of trust fund resources into budget planning to reduce costs and better manage risks. The new vision for structural trust funds reform ensures that trust funds remain a strong pillar of World Bank resources for the next decade, around fewer and larger individual funds that reflect the highest priorities for the institution, reduced transaction costs, more efficient use of resources, stronger results focus, and more active strategic management at all levels.