WORLD BANK GROUP

# Building Together

## CO-FINANCING WITH THE WORLD BANK
PROGRESS REPORT 2025

OCTOBER 2025

*Building Together: Co-financing with the World Bank, Progress Report 2025* was produced by the Trust Fund and Partner Relations (DFTPR) department in the Development Finance Vice Presidency of the World Bank. Akihiko Nishio provided the overall vision and Maitreyi Bordia Das provided leadership and strategic direction for the report. The core team led by Angela Willamson included Leslie Ashby, Ravikumar Podduturi, Rohail Salman, Chandrasekhar Sirigiri, and Sridharan Srinivasavaradhan. Juri Oka provided guidance to the core team along with Janet Minatelli.

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## Acronyms and Abbreviations

| | |
|---|---|
| ADB | Asian Development Bank |
| AFD | Agence Française de Développement |
| AfDB | African Development Bank |
| AIIB | Asian Infrastructure Investment Bank |
| BOAD | West African Development Bank |
| BPS | Budget, Planning & Strategy Vice Presidency |
| CFA | Co-financing Framework Agreement |
| DFI | Development Finance Vice Presidency |
| DPF | Development Policy Financing |
| DPO | Development Policy Operation |
| EIB | European Investment Bank |
| FCDO | United Kingdom's Foreign, Commonwealth and Development Office |
| FIF | Financial Intermediary Fund |
| FMRF | Full Mutual Reliance Framework |
| FY | Fiscal year |
| G20 | Group of Twenty |
| IBRD | International Bank for Reconstruction and Development |
| IDA | International Development Association |
| IADB | Inter-American Development Bank |
| IPF | Investment Project Financing |
| IsDB | Islamic Development Bank |
| KfW | Kreditanstalt für Wiederaufbau |
| MDB | Multilateral development bank |
| OPCS | Operational Policy and Country Services Vice Presidency |
| PFA | Procurement Framework Agreement |
| REDA | Recipient Executed Disbursing Account |
| SIDA | Swedish International Development Cooperation Agency |
| UN | United Nations |

## Foreword

In a time of unprecedented global challenges, our ability to mobilize resources and expertise alongside our partners is more critical than ever. That is why I am so pleased to present *Building Together: Co-Financing with the World Bank – Progress Report 2025*. This report shows what can be achieved when organizations unite around a shared vision for impact.

Co-financing is not new. But in a world of increasingly strained resources, this financing mechanism brings partners together around joint priorities, ensuring that scarce funds go further and finance more complex projects than any one financier could achieve alone.

This report documents the World Bank's progress in unlocking the potential of co-financing over the past five years. It highlights how co-financing has reached new heights, illustrating through powerful country stories how co-financing can reduce duplication, strengthen results, and deliver lasting benefits for people and communities.

This growth reflects the World Bank's strong commitment to clear pathways for co-financing projects. Policy adjustments, more attractive cost-sharing structures, and new institutional agreements with partners have all played a role. It also reflects a renewed spirit of collaboration among multilateral development banks (MDBs), bilateral donors, UN agencies, and philanthropic actors.

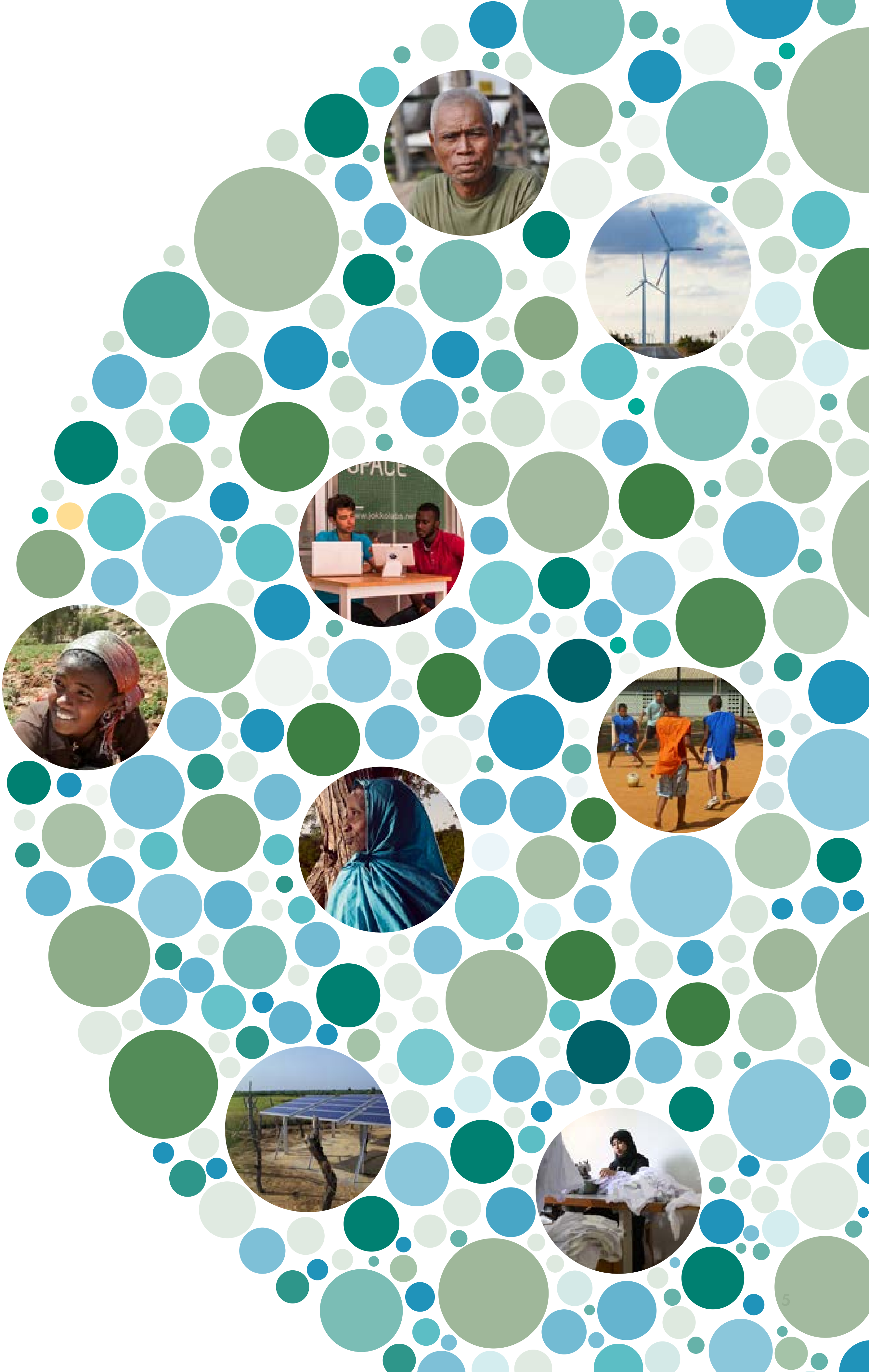
Initiatives such as Mission 300, which is a joint initiative with the African Development Bank that aims to expand electricity access in Sub-Saharan Africa, demonstrate the transformative potential of working together. The launch of the Global Collaborative Co-financing Platform and the formalization of relationships through Framework Agreements have further strengthened our ability to deliver results efficiently and transparently.

Looking ahead, the task is to sustain and to build on this momentum. The World Bank is committed to deepening co-financing partnerships to address urgent country priorities, particularly those that create jobs and expand opportunities for people to build better lives. Through transparency, flexibility, and shared purpose, the Bank and its partners can maximize impact and help countries to navigate a path toward resilience, prosperity, and sustainability.

This report is more than a record of achievements—it is a call to action.

Let's keep building—together.

Anshula Kant
*Managing Director and Chief Financial Officer*
*World Bank Group*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# 1

# INTRODUCTION

## Better coordination, more impact

# Picture a country with bold ambitions to transform its economy, but the price tag on development is out of reach.

**The government may be successful in securing financing from multiple partners, but progress is hampered by the paperwork, processes, and competing priorities each financier brings to the table. Now picture a different scenario in which development partners put results and efficiency ahead of everything else. They pool their resources and apply a single set of procedures, with the country in the driver's seat. They streamline communication and draw on each other's respective strengths to cultivate a coordinated development project that surpasses anything any of them could have done on their own. This is co-financing, and it is real.**

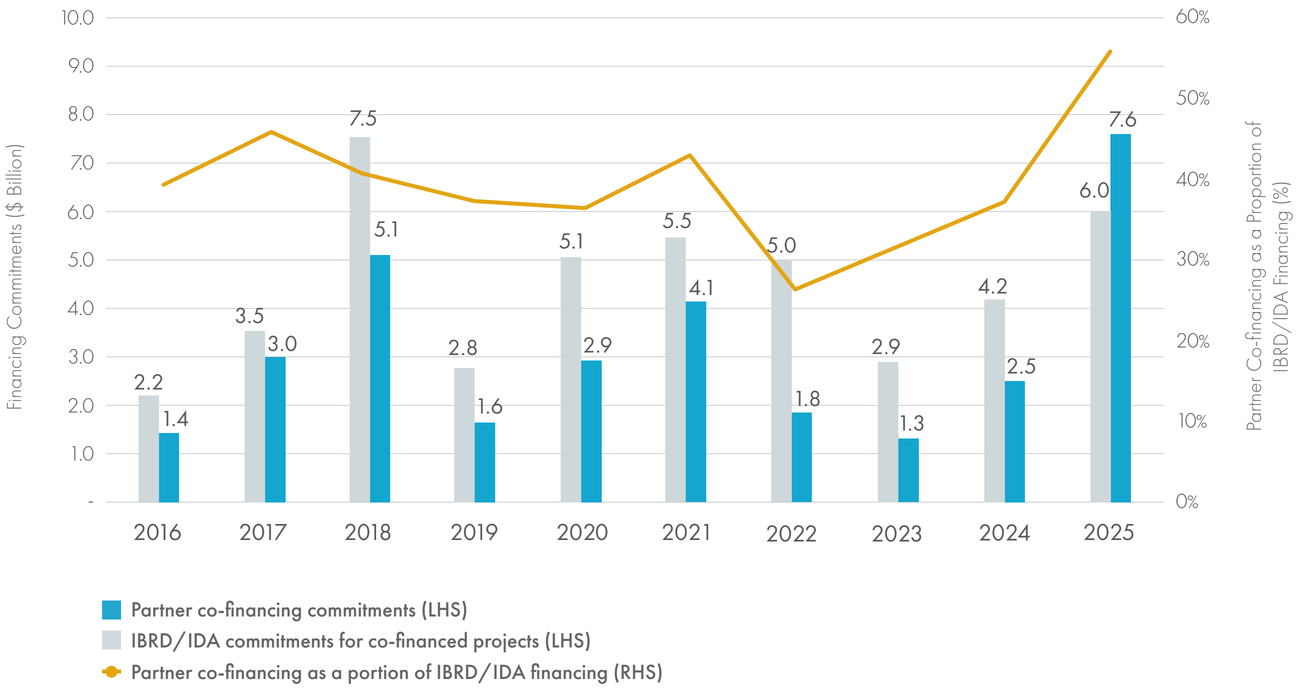
**Co-financing is greater than the sum of its parts.** It is not new, but in the last two years, the World Bank has worked to increase co-financing interest and opportunities among its partners—MDBs, bilateral and UN agencies, and philanthropy. Having multiple partners finance the same project together, rather than different projects separately, reduces aid fragmentation; enables the financing of larger, more complex projects; and reduces the administrative burden on countries. Through co-financing, governments typically follow just one set of rules while receiving coordinated support from multiple development actors. By sharing costs and risks, co-financing can optimize the use of limited resources and enable larger, more impactful investments than any single entity could achieve alone.

### Co-financing benefits countries and financiers

- Improves strategic alignment
- Generates efficiencies
- Reduces aid fragmentation
- Decreases transaction costs
- Crowds in resources in a highly coordinated manner
- Mobilizes concessional financing
- Improves development success and sustainability

**Figure 1: A focus on increasing co-financing of World Bank projects is showing results**

Co-financing Volumes for World Bank Projects, Fiscal Years 2016–25




**A combination of policy adjustments, added incentives, formalized institutional agreements, and relationship building has fueled a surge in co-financing for World Bank projects.** In fiscal year 2025 alone, co-financing reached $7.6 billion, making up 57 percent of total financing for 25 co-financed Bank projects and surpassing the Bank's own funding ($6.0 billion) for co-financed projects for the first time (Figure 1). Between fiscal years 2021–25, co-financing for Bank projects averaged $3.5 billion annually, up from $2.9 billion in the previous five-year period. The rise is particularly dramatic since fiscal year 2023, when the Bank adopted a more attractive cost-sharing structure and focused on formalizing co-financing arrangements at the corporate level with key co-financing partners.[1]

**Increased collaboration through co-financing transcends the World Bank Group.** In April 2024, the Bank worked in concert with nine other MDBs to launch the Global Collaborative Co-financing Portal to improve coordination and identification of co-financing opportunities by exchanging information on projects with financing needs. Since the Co-financing Portal launched, the number of listed projects has increased from 70 to 158, representing $110 billion in total financing needs As of August 31, 2025, and 17 projects worth $17 billion from across the portfolios of MDBs are moving forward with cofinancing[2] (as of August 31, 2025). Focus on greater collaboration among MDBs and bilaterals has also led to partners signing collaboration or cooperation agreements among themselves.

**This growth reflects high demand and urgent need for cooperation.** As development finance shrinks and debt distress grows, low-income countries around the world feel the squeeze in spending on health, education, and other vital services that allow people and businesses to thrive. Against a backdrop of conflict, uneven economic growth, climate change, rising energy insecurity, and joblessness, the international community has called for more efficient collaboration among MDBs and other development partners.[3] Strengthening partnerships is a key element of the World Bank Group's new playbook aimed at boosting impact and its April 2024 Development Committee Paper highlights co-financing as an important instrument to help countries address development challenges with greater impact and speed.

**This report covers the Bank's progress in unlocking the potential of co-financing.** Looking at the last five years (fiscal years 2021–25), it explores trends in the Bank's co-financing portfolio and retraces the steps the Bank has taken to spark interest among partners, earn their trust, and mobilize record amounts of co-financing for Bank projects. Several of the 104 Bank projects co-financed in the past five years are highlighted to illustrate how co-financing can enable greater efficiency and development impact.

## Co-financing drives resilient recovery in Mozambique

When Cyclones Idai and Kenneth struck Mozambique in 2019, the port city of Beira was left with the daunting task of rebuilding and preparing for future storms. In response, the World Bank, the Netherlands Ministry of Foreign Affairs and Development Cooperation, and KfW joined forces and financing—$130 million from the Bank, $60 million from the Netherlands, and $60 million from KfW—for an emergency recovery and resilience project that blended traditional engineering, like improved drainage and flood barriers, with nature-based solutions, such as restoring mangroves. By sharing resources and expertise, the Bank and KfW were able to coordinate their efforts efficiently and effectively, setting up a joint structure for managing the project, making decisions together, and playing to each other's strengths. That shared structure made it easier for government decision makers and local implementing partners to engage, plan, and deliver on reducing flood risks, bringing new life to local ecosystems, and creating welcoming spaces for residents.

By sharing resources and expertise, co-financiers were able to coordinate their efforts efficiently and effectively.

# 2

# APPROACH

## How the World Bank does co-financing

**For the World Bank, co-financing refers to partner financing for a specific Bank operation.** Under the terms of a separate financing agreement, resources from the partner co-financier flow directly to a recipient to support activities within the scope of a lending project that is financed by the Bank through IBRD or IDA. These can be investment lending projects or programs for results (Box 1). The amount of financing from the co-financier and its uses are reflected in the official project document, and the Bank normally provides operational services on behalf of the co-financier for the entire project. Technically termed "direct co-financing," these partner resources are distinct from co-financing that flows indirectly through World Bank trust funds[4], and from parallel financing,[5] which supports activities alongside but outside the scope of a Bank project.

### Box 1: Types of co-financing

Co-financiers can support two types of Bank lending operations: investment lending projects and programs for results.*

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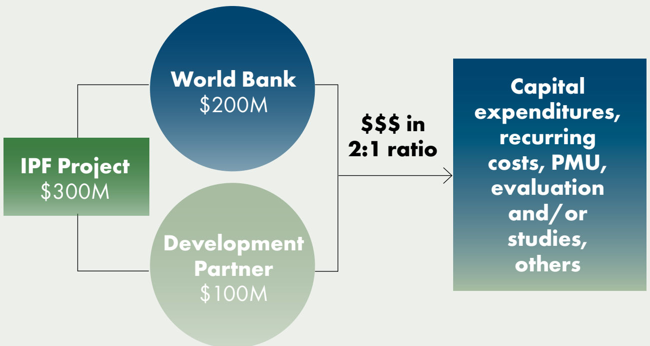
**INVESTMENT LENDING PROJECTS,** or Investment Policy Financing (IPF), have defined development objectives, activities, and results, and disburse financing against specific eligible expenditures. Co-financiers have long been attracted to the Bank's investment projects, particularly large infrastructure projects. Co-financing for Bank investment lending projects may be joint or parallel.

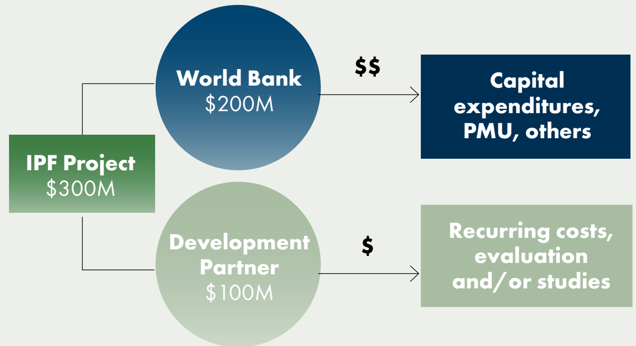
**JOINT CO-FINANCING**

The Bank and co-financier finance eligible expenditures from a common list, and the Bank supervises the procurement of expenditures.




**PARALLEL CO-FINANCING**

The Bank and co-financier finance different eligible expenditures. The co-financier may supervise procurement under the portion of the project it finances.

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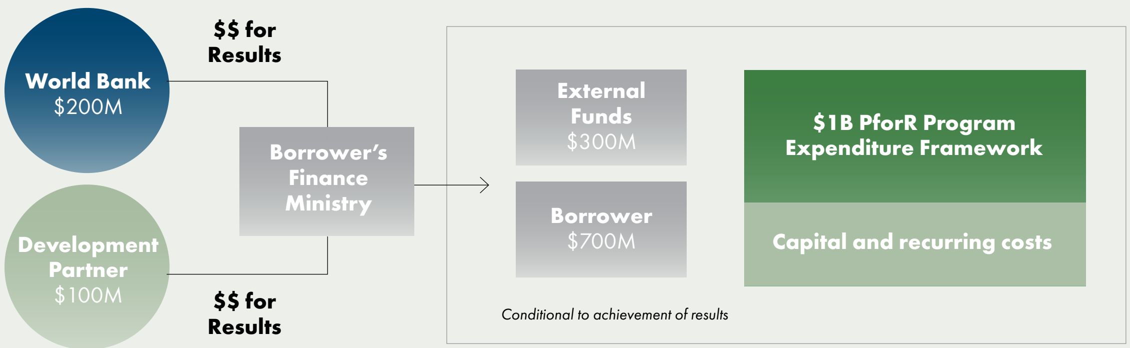
**PROGRAMS FOR RESULTS (PforRs)** entail financing a borrower's program of expenditures and activities and disbursing against achievement of results rather than inputs. The focus is on strengthening institutional capacity to implement the program, ensuring financing is used appropriately and the environmental and social impacts of the program are adequately addressed. Co-financers can finance the same or different disbursement-linked results as the Bank.

For example, to support the Tanzania Education PforR, the Bank, FCDO, and SIDA put mechanisms in place to harmonize donor dialogue and coordination. They pooled their resources and financed different components within the same disbursement-linked indicators. The project resulted in significant improvements in national exam results, teacher attendance, and primary reading.




* The Bank's development policy operations (DPOs) do not include co-financing; however, partners can provide budget support to countries under similar terms to Bank-financed DPOs and often in coordination with the Bank.

**The Bank typically takes the lead in co-financed projects.** To maximize efficiency when co-financing a Bank project, the co-financier delegates project preparation and supervision responsibilities to the Bank while maintaining close coordination throughout the project life cycle. As lead co-financier, the Bank serves as the focal point for the country and is the main institution responsible for the project. This approach is designed to benefit all stakeholders:

- **For the recipient,** co-financing helps coordinate external resources (especially for large-scale projects), secure better financing terms, and remove the need to comply with the rules of multiple institutions.
- **For the co-financier,** co-financing provides a cost-effective way of channeling funds to assist countries while relying on the expertise of Bank staff to design, appraise, and supervise projects and programs. Partners have indicated that they value the Bank's strength in project development. These Bank projects arise from the robust policy dialogue, focus on critical country and regional development issues, and incorporate high technical, environmental, social, and fiduciary standards.
- **For the Bank,** co-financing provides additional funding that is often required to meet the financing requirements of large, complex projects and programs. It allows the Bank to establish closer coordination with co-financiers on country programs, sector policies, and investment priorities.

## Co-financing powers regional cooperation

In Western and Central Africa, millions of people still live without electricity due to high costs, challenging geographic landscapes, and weak institutions. The OMVG Interconnection Project, launched in 2015, set out to change this by connecting The Gambia, Guinea, Guinea-Bissau, and Senegal through a new transmission network. This effort brought electricity to more than 2.5 million households and businesses and helped countries shift to cleaner energy sources and lay the groundwork for a thriving regional electricity market.

Eight co-financiers together provided $700 million for the project: the World Bank, AfDB, EIB, IsDB, BOAD, AFD, KfW, and the Kuwait Fund for Arab Economic Development. Each contributed rich regional experiences, specific and complementary financial instruments, and diversified advisory services throughout the project cycle. By spreading financial risks and bringing together diverse expertise from partner organizations, co-financing enhanced the project's viability and sustainability.

The effort has brought electricity to more than **2.5 million households and businesses.**

**The following principles underpin the Bank's approach to co-financing:**

1. **Resource optimization:** Co-financing provides a way to optimize the use of limited resources in the current environment of fiscal constraint and shrinking foreign aid. Partners can share risk and minimize transaction costs by delegating responsibility for project preparation and supervision to a lead co-financier.

2. **Partnership:** The Bank views co-financing as a true partnership built on transparent and frequent communication among the co-financiers and the partner country. It involves information sharing, joint missions, shared visibility, and strong coordination. Flexibility also matters, such as adapting to a partner's procedures when it makes sense, using parallel financing to handle complexity and currency risks, and playing to each financier's strengths. Teams who are willing and able to learn from one another can better adjust should shifts in the project or circumstances require a restructuring, extension, or targeted reallocation.

   Co-financing works best when partners engage around shared priorities and agreed ways of working. In the Rwanda Transformation of Agriculture Program, for example, all nine development partners were involved early, which ensured inclusive planning and avoided duplication and inefficiencies. Similarly, all financiers of the Quito Metro project and the government of Ecuador jointly developed a Principles of Coordination document, which outlined clear roles and conflict resolution mechanisms. Joint supervision and common reporting also help to maintain a focus on results. For instance, the Bank provided a platform for harmonized donor support and technical assistance for the Ethiopia Enhancing Shared Prosperity through Equitable Services project by organizing bi-annual joint review and implementation support missions with all partners.

3. **Concessionality:** Co-financing provides an opportunity to crowd-in concessional financing to tackle global challenges. In the context of increasing debt burdens, the levels of concessionality provided by co-financiers and the debt distress of the partner countries need to be carefully considered. Some co-financiers provide grants or guarantees to increase concessionality for certain projects while others offer better terms for specific sectors. Co-financing can facilitate the inclusion of concessional financing into financing packages, including for IBRD countries, where concessionality is critical for climate-related projects.

4. **High-quality, bankable projects:** Co-financing responds to demand from partners and recipients for high-quality projects that address global challenges and capitalize on the Bank's expertise, financing, and convening power. A growing number of financiers with significant scope to use their resources are interested in working with the Bank because of its country focus, multi-sector approach, global presence, and technical knowledge.

5. **Scale and sustainability:** The presence of multiple development partners in a single project aligned with country priorities can increase the likelihood of long-term success. Likewise, co-financing can address larger cross-sectoral issues that require multi-pronged interventions that no one financier can easily do on their own. Such was the case in Central and Western Africa, where the Bank and co-financiers shared expertise, as well as financial risks, to support the construction of a new transmission network that has brought electricity to more than 2.5 million households and businesses.

6. **Responsiveness:** Co-financing has proven to be an efficient way to meet countries' financing needs in response to emergencies, as evidenced by a spike in co-financing during the COVID-19 pandemic. From fiscal years 2020–22, co-financiers provided over $2 billion through the Bank's COVID-19 response, a large portion of which would not have been available otherwise or may have been provided in a fragmented manner. For example, co-financing with the Bank and other MDBs allowed AIIB to rapidly help countries with their pandemic responses, despite health not being AIIB's core focus at that time.[6]

## Co-financed project prepared at speed

The Indonesia Health Systems Strengthening Project has benefited from the existing partnerships and fast-paced action of its four co-financiers. Launched in the wake of the COVID-19 pandemic, which laid bare deepening inequalities in health care access, the project seeks to ensure health facilities across the country—from remote community posts to major hospitals—have the equipment and resources needed to provide quality care.

The initiative brings together the Bank, AIIB, ADB, and the IsDB for a total investment of $4 billion. The Bank plays a coordinating role and has leveraged existing framework agreements—such as the AIIB-World Bank CFA and the ADB-World Bank PFA—to streamline project administration, procurement and implementation, and ensure alignment with Bank guidelines. Project preparation took just six months, and task teams were able to begin procurement preparations early. Seven procurement packages for hospital equipment worth over $700 million opened for bid within 10 months of project start.

The Indonesia Health Systems Strengthening (HSS) Project brought **a total investment of $4 billion.**

# 3

# TRENDS

## World Bank co-financing portfolio over time

**A review of the Bank's co-financing portfolio reveals concentrations of growth among partners and within sectors and regions of the world.** Over the last five years, MDBs have overtaken bilateral development agencies as the largest co-financiers of Bank projects (Figure 2). In fiscal year 2025, 80 percent of partner co-financing to Bank projects came from MDBs (Figure 3), reflecting a response to calls from the global community for MDBs to work more closely together as a system.

**Figure 2: Partner co-financing commitment value by institution type, fiscal years 2021–25**

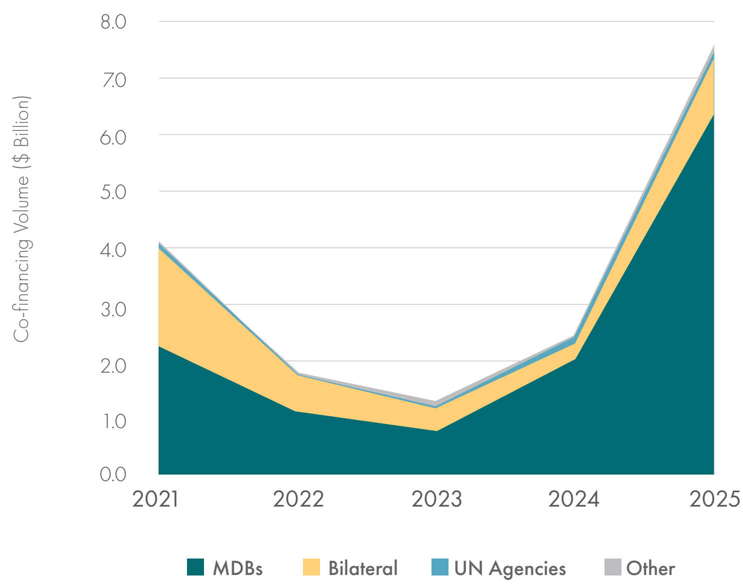
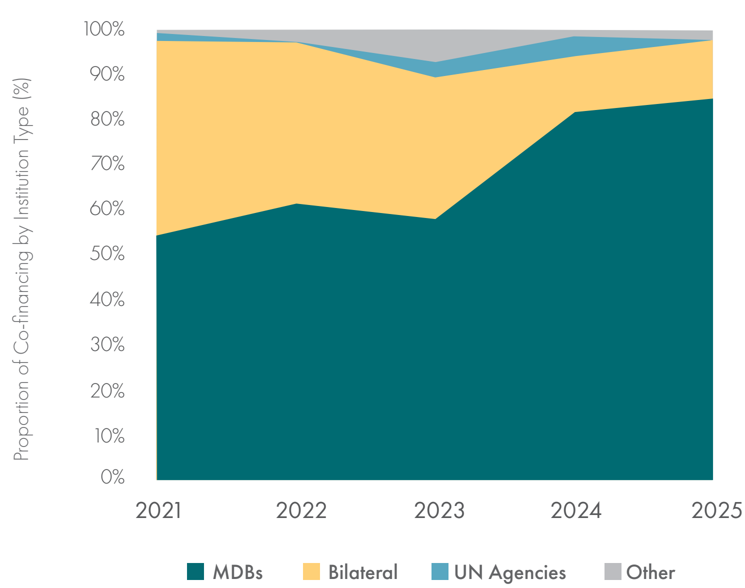



**Figure 3: Partner co-financing by institution type (as a proportion of total commitment value), fiscal years 2021–25**



**The top five co-financing partners bring significant scale: on average, $166 million per project.** Four of the five largest individual co-financiers of Bank projects over the past five years, by volume of co-financing and volume of co-financed projects, are MDBs: AIIB, ADB, EIB, and IADB. The other largest co-financier is AFD, one of the Bank's oldest bilateral co-financing partners (Figures 4 and 5).

**Figure 4: Largest co-financiers by number of co-financed projects, fiscal years 2021–25**

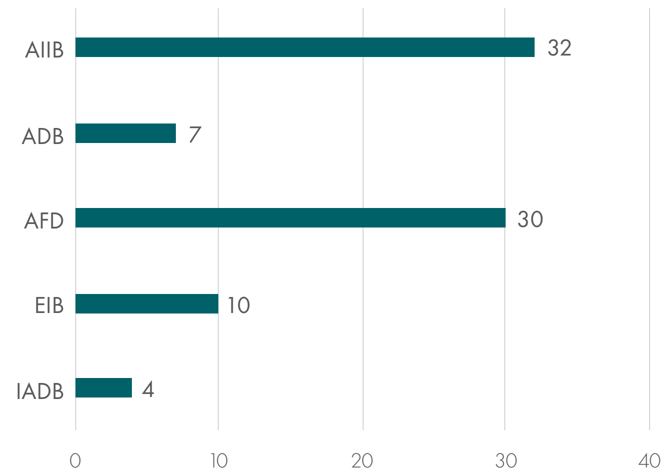
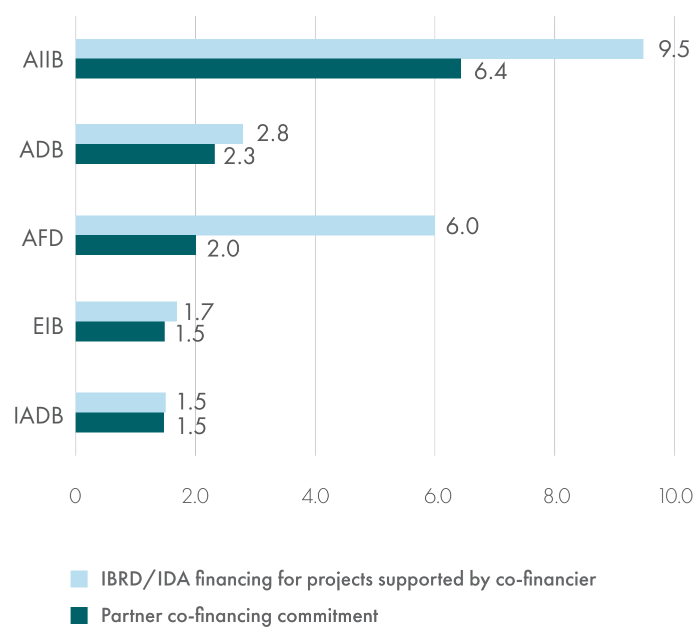
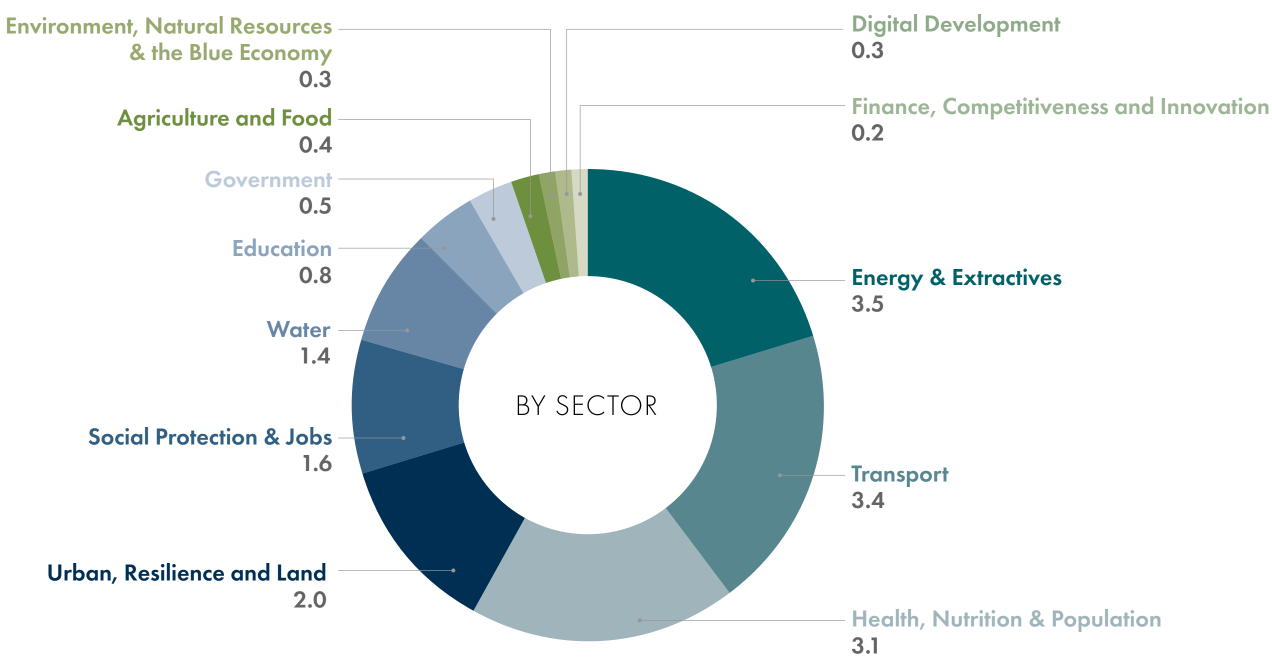



**Figure 5: Largest co-financiers by co-financing commitment amount, fiscal years 2021–25 ($ billion)**



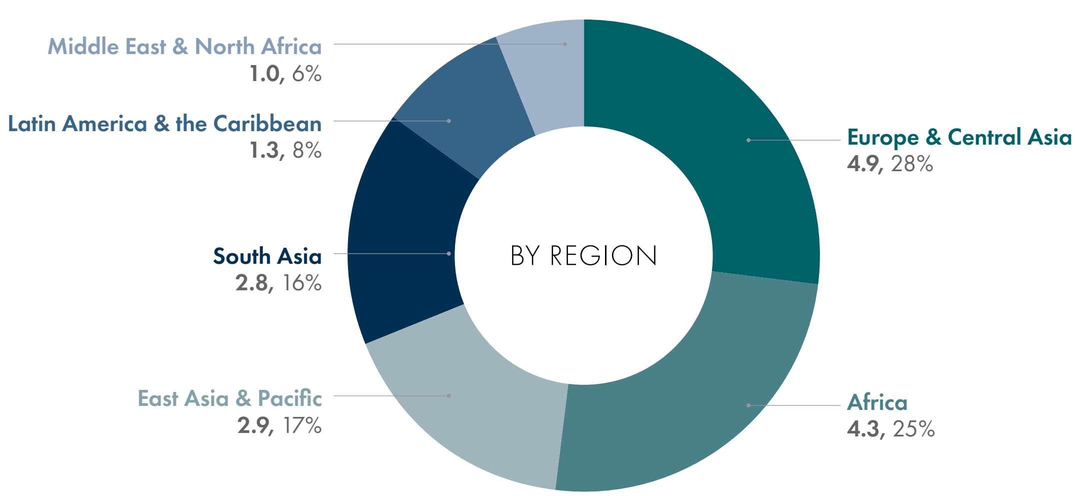
**Co-financing is concentrated in three sectors: 1) Energy and Extractives; 2) Transport; and 3) Health, Nutrition and Population.** During the last five years, 57 percent of co-financing commitments—or $9.9 billion—were for projects in these three sectors (Figure 6). Co-financing typically coalesces around large, complex infrastructure projects, which require multiple sources of expertise and financing. The mobilization of resources in response to the COVID-19 pandemic contributed significantly to the concentration of co-financing in the Health, Nutrition and Population Sector.

**Figure 6: Co-financing by sector, fiscal years 2021–25 ($ billion)**



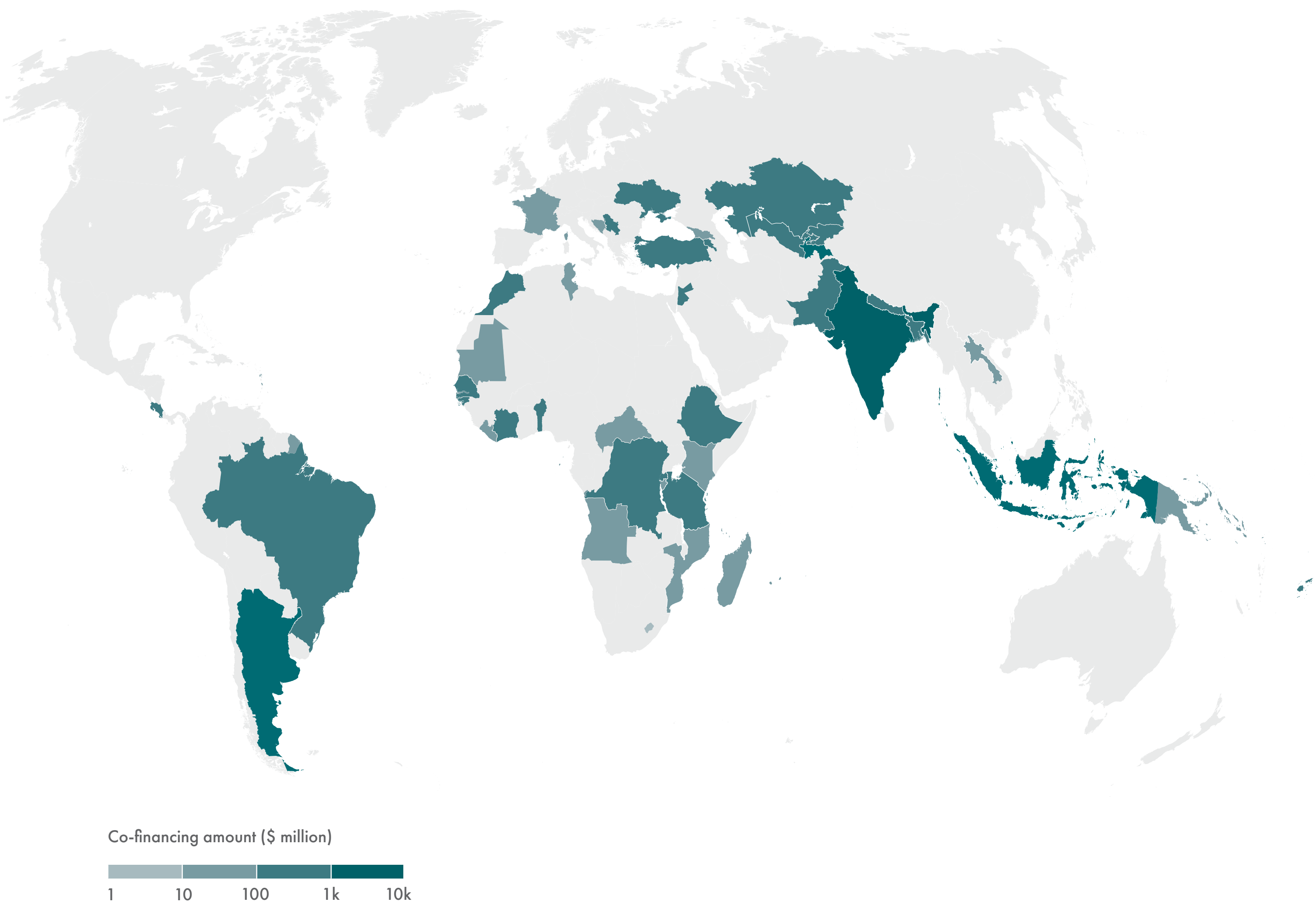

**Bank projects in the Europe and Central Asia and Africa Regions have received the most co-financing from partners.** During the last five years, 52 percent of co-financing commitments—or $9.0 billion—went to projects in these two regions (Figure 7).

**Figure 7: Co-financing by region, fiscal years 2021–25 ($ billion; % of total)**



**Individual countries with the highest concentration of co-financing are more geographically dispersed.** Countries with the largest volumes of co-financing commitments are Indonesia, India, Tajikistan, Argentina, Türkiye, Ethiopia, Kazakhstan, and Rwanda (Figure 8).

### Figure 8: Map of co-financing commitments, fiscal years 2021–25



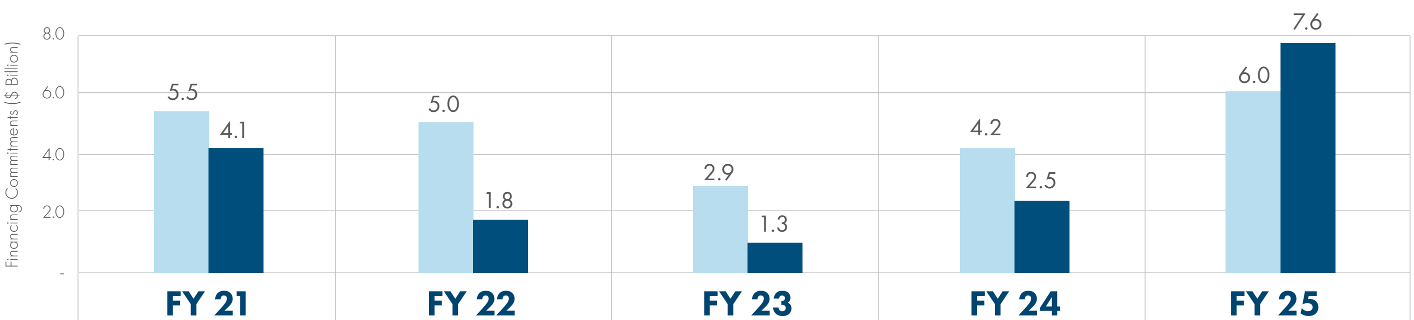
# 4

# TODAY

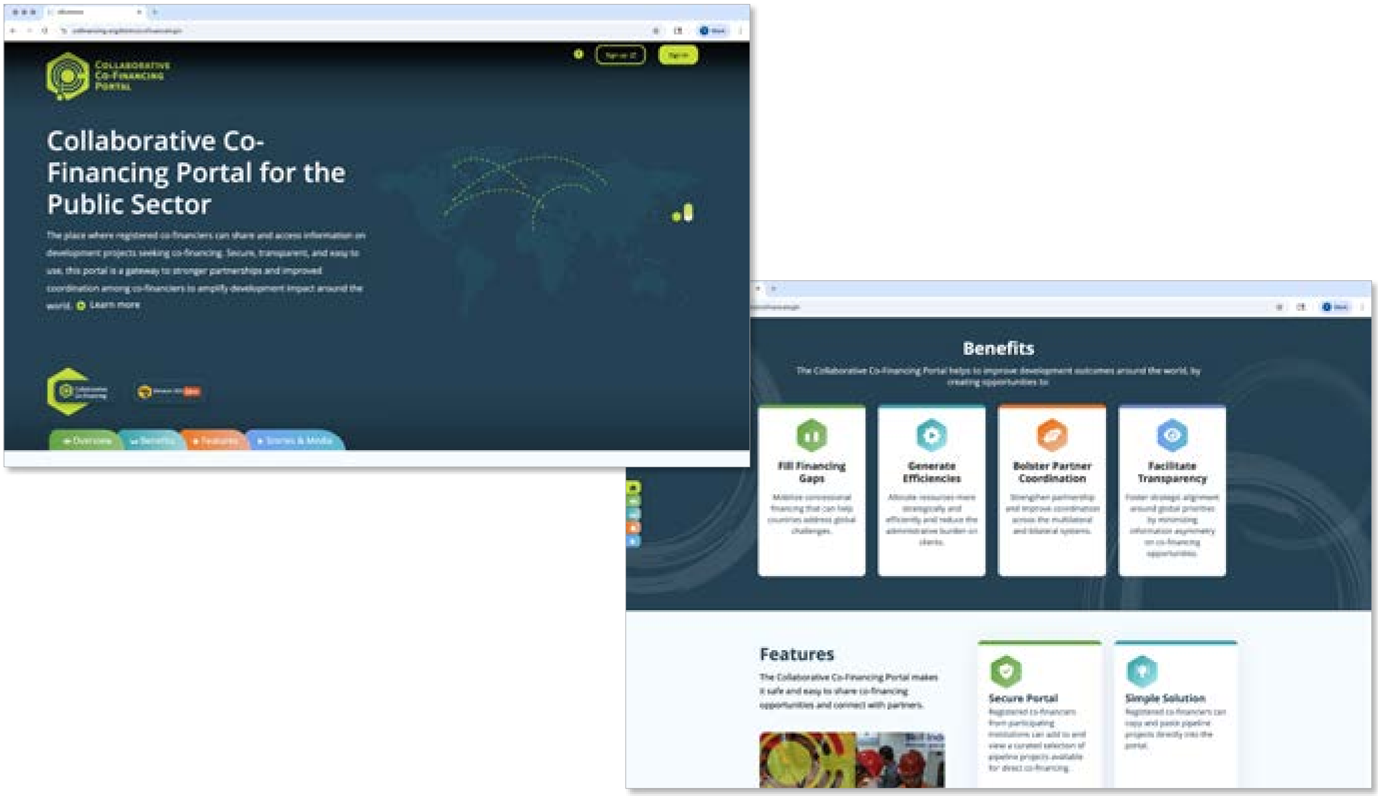
## Becoming a co-financing partner of choice

**During the past five years, the Bank has worked to deepen its collaboration with partners as a matter of priority.** Key initiatives have made it easier for partners to work with the Bank, precipitating a surge in co-financing interest and flows (Figure 9). These include working with MDBs to develop the Co-financing Platform to enhance coordination and information exchange, formalizing co-financing relationships by signing CFAs, making cost sharing more attractive, and bolstering support to Bank teams working with co-financiers.

### Figure 9: Timeline of recent co-financing milestones




| FY 21 | FY 22 | FY 23 | FY 24 | FY 25 |
|---|---|---|---|---|
| • Joint Declaration of Intent (DOI) with BMZ (October 2021) | • Retrofit of the World Bank Policy: Co-financing finalized | • Adoption of the Bank's new Approach to Cost Sharing | • Launch of the Global Collaborative Co-financing Platform<br>• Renewed CFAs with AFD, AIIB, Spain, and the Global Fund<br>• New PFAs with IFAD and EBRD | • New CFAs with the government of Italy, KfW, the OPEC Fund, the Arab Fund for Economic and Social Development (AFESD)<br>• New PFAs with AfDB and EIB |




## Developing the Global Collaborative Co-Financing Platform

**In April 2024, the Bank and nine other MDBs launched the Global Collaborative Co-financing Platform to deepen project-level collaboration among MDBs, bilaterals, and other co-financiers.** Its Co-financing Portal is a secure, digital marketplace, hosted by the Bank, where registered co-financiers can exchange information on projects with financing needs. The second part of the Co-financing Platform—the Co-financing Forum—is where users can discuss co-financing opportunities, best practices, and policy coordination and consistency. These digital tools enable more efficient and transparent partner collaboration, supporting increased coordination and minimized aid fragmentation. The Co-financing Platform complements, rather than replaces, existing collaboration at the country level, and supports ongoing efforts to harmonize policies to reduce the administrative burden and lower transaction costs for countries.

**The Co-financing Platform has gained momentum quickly and continues to evolve to meet demand.** It has expanded beyond the 10 founding MDBs to include seven additional partners,[7] with several others seeking entry. The Co-financing Portal now includes a dedicated, publicly accessible tab for projects supporting Mission 300, a program led by AfDB and the World Bank Group that aims to provide electricity access to 300 million people in Sub-Saharan Africa by 2030. A dedicated tab for development policy operations is also under development. While development policy financing is not considered for co-financing by the Bank, these operations involve strong partner collaboration and can benefit from the Co-Financing Portal's reach.

**As of August 31, 2025, 17 projects worth $17 billion have met their financing needs via the Co-financing Portal.** This digital marketplace connects about $110 billion in project needs with co-financiers, but it is only as good as its information. As host, the Bank is working closely with MDBs and putting in place measures internally to ensure data is constantly updated to remain relevant.

## Co-financing propels Mission 300

Coordination and pooling of resources are critical for the success of Mission 300. Led by the AfDB and the World Bank Group, together with other partners, M300 aims to provide electricity access to 300 million people in Sub-Saharan Africa by 2030. This ambitious effort strives to accelerate the pace of electrification while ensuring that the transition to more diversified and cleaner sources of energy meets growing demand, brings economic growth, and creates jobs.

In January 2025, at the African Energy Summit in Dar es Salaam, 12 African Heads of State launched their National Energy Compacts, outlining concrete reforms and actions to expand access to reliable, affordable, and sustainable electricity. Many more African governments are now doing the same. Development partners also lent their support at the Summit, pledging over $6 billion of new financial resources for Africa's energy sector.

M300 co-financiers seek to collaborate on projects that expand connectivity, boost power generation, transmission, and distribution, as well as regional interconnection and sector reform across Sub-Saharan Africa. A space dedicated to M300 projects was added to the Co-Financing Portal to connect partner organizations with projects seeking support. Co-financiers are currently being identified to support approximately 35 World Bank M300 projects, which collectively seek around $7 billion in co-financing. By supporting M300, partners will drive socioeconomic progress by delivering electricity to underserved communities and join a global coalition leading the energy transition.

M300 aims to provide electricity access to **300 million people in Sub-Saharan Africa by 2030.**

## Deepening and formalizing co-financing relationships

**The Bank prioritizes efficiency as an overarching goal of co-financing.** To reduce transaction costs and avoid multiple standards and reporting lines with which the client country must comply, the Bank's preference is for only one set of operational policies to apply.

**In this spirit and under its Co-financing Policy, the Bank endeavors to develop framework agreements with key co-financiers** to facilitate fast and easy processing of their co-financing on an ongoing basis. Framework agreements establish co-financing arrangements at the institution level so that they do not need to be renegotiated for each co-financed Bank project or program. The type of framework agreement differs depending on the nature and circumstances of the co-financing partner. For example, Co-financing Framework Agreements (CFAs) cover all aspects of co-financing, while Procurement Framework Agreements (PFAs) only cover procurement.

**CFAs are comprehensive corporate-level agreements which establish the parameters under which the partners will co-finance subsequent operations.** This is geared toward efficiency and predictability. CFAs generally involve the co-financier delegating preparation and supervision responsibilities to the Bank, whose policies and procedures apply to the operation. CFAs cover technical arrangements, procurement, disbursement, financial management, environmental and social safeguards, and cost sharing arrangements.[8]

**Since fiscal year 2023, the Bank has signed four CFAs with new and longstanding co-financing partners,** bringing its total number of CFAs to nine, with others under discussion (Box 2). This has allowed countries to benefit from streamlined operational arrangements with quicker processing times, lower administrative costs, and greater visibility for co-financing partners. The corporate-level dialogue engendered by CFAs further improves working relationships as overarching issues can be raised and addressed before they impact operations.

### Box 2: World Bank Framework Agreements with co-financiers

#### Co-financing Framework Agreements

- Agence Française de Développement (AFD), 2024
- Arab Fund for Economic and Social Development, 2025
- Asian Infrastructure Development Bank (AIIB), 2021
- Export-Import Bank of Korea (KEXIM), 2024
- The Global Fund, 2024
- Government of the Italian Republic, 2025
- Kingdom of Spain, 2024
- Kreditanstalt für Wiederaufbau (KfW), 2024
- The OPEC Fund, 2024

#### Procurement Framework Agreements

- African Development Bank (AfDB), 2025
- Asian Development Bank (ADB), 2018
- Caribbean Development Bank (CDB), 2020
- European Bank for Reconstruction and Development (EBRD), 2023
- European Investment Bank (EIB), 2025
- Inter-American Development Bank (IADB), 2020
- International Fund for Agricultural Development (IFAD), 2023

#### Full Mutual Reliance Framework Agreement

- Asian Development Bank (ADB), 2025

**PFAs are specific to procurement and allow the Bank and some of its partners to rely on each other's procurement rules and procedures[9] for jointly co-financed investment projects.** This reduces transaction costs and strengthens development impact for client countries with respect to procurement. Since 2018, the Bank has signed PFAs with seven partners, recognizing that procurement harmonization is essential to accelerating joint project co-financing and ensuring the consistent application of international good procurement practices.

**The Bank has also moved forward with the groundbreaking Full Mutual Reliance Framework Agreement (FMRF) with ADB,** to deepen and streamline collaboration on co-financed public sector projects. The FMRF enables the Bank and ADB to fully rely on each other's policy frameworks. Recipients of World Bank-ADB co-financing apply a single set of rules and communicate with a single, designated "Lead Lender" on all aspects of project design, preparation, appraisal, supervision, completion, and evaluation. This framework was developed in recognition of the substantial alignment the World Bank and ADB have on operational policies, business models, and institutional capacities.

## Making cost sharing more attractive to co-financiers

**Co-financed projects are typically larger, more complex, and require more time and resources to prepare and implement than projects solely financed by the Bank.** They often require more travel, studies, consultations, and more effort to align various agenda and priorities and navigate different policies and procedures. In the past, the Bank sought to recoup the costs of this work, but that led to a decline in co-financed projects. Further, over the last two decades, many co-financiers have developed the capacity to prepare and supervise their own operations and no longer need to rely on the Bank to do so. Some co-financiers provide highly concessional funding that benefits the Bank's member countries. In the end, the Bank reconsidered its approach.

**In fiscal year 2023, the Bank significantly lowered its fee and simplified its approach to cost sharing** in recognition of the benefits co-financing generates for client countries and the fact that co-financiers incur real costs even if they are not the lead financier (Box 3). The co-financing fee recovers only a portion of the Bank's incremental administrative and technical costs for project preparation and supervision services that the Bank performs on behalf of co-financiers.[10] The fixed-tiered approach is intended to incentivize larger co-financing volumes and concessional resources while also providing a small amount of additional budget to allow Bank teams to carry out the work required to adequately prepare and supervise co-financed projects.

### Box 3: World Bank approach to sharing administrative costs associated with co-financing

The fixed-tiered co-financing fee covers the life of the project and is typically paid over five or six years.

- 0.5% on the first $50 million of co-financing
- 0.3% on the next $50 million
- 0.1% on amounts over $100 million (minimum fee of $150,000)
- No fee for co-financing in the form of grants

To incentivize concessional co-financing and support for global challenges, a lower fee applies for concessional co-financing (i.e., financing terms that are more concessional than the World Bank's in a particular country) *and* co-financing of projects that address global challenges.*

In line with Bank policy, the fee structure enables the Bank to recover some of the costs of performing agreed roles related to co-financing while recognizing the benefits such arrangements bring to partner countries.

Importantly, the co-financing fee does not represent the full cost incurred by the Bank. The underlying objective is to incentivize broader partnerships and support the development of large-scale initiatives.

* Both elements need to be in place for the lower fee to apply. Eligibility is determined by BPS, DFI and OPCS.

## Bolstering support to World Bank project teams

**The Bank has staff dedicated to supporting co-financing relationships both internally and externally** (Table 1). The Bank's co-financing support team, led by the Bank's Development Finance Vice Presidency, provides resources and guidance to help smooth the way. It comprises two parts:

1. **A Co-financing Working Group.** Internally, the Working Group is the main point of contact for Bank project teams working on co-financed projects. Members come from across the Bank's corporate units and work together to provide comprehensive guidance on all aspects of co-financing. The group also maintains the Bank's co-financing policies and procedures. Externally, the Working Group communicates with co-financiers to establish and manage co-financing partnerships, including by negotiating agreements and maintaining regular dialogue.

2. **Regional Focal Points for Co-financing.** The Bank's co-financing strategy employs both top-down and bottom-up approaches, which requires effective communication between corporate units and operational teams. To serve as this bridge, the Bank has regional focal points for co-financing to ensure that corporate initiatives most appropriately respond to issues on the ground.

**Table 1: The Bank's co-financing support team enables co-financing**

| | CO-FINANCING WORKING GROUP | REGIONAL FOCAL POINTS FOR CO-FINANCING |
|---|---|---|
| **Participants** | • Development Finance<br>• Budget, Planning and Strategy<br>• Legal<br>• Operational Policy and Country Services<br>• Accounting and Reporting | • Development Finance<br>• Representatives from all Regional Vice Presidencies |
| **Internal Role** | Provide comprehensive support for all aspects of co-financing to World Bank task teams collaborating with co-financiers | Serve as the bridge between corporate and regional/country initiatives, informing corporate-level initiatives based on regional/country contexts |
| **External Role** | Develop co-financing arrangements with new and existing co-financiers and maintain dialogue with co-financiers to ensure smooth running of co-financing arrangements | Work with new and existing regional co-financiers from a partnership perspective |

# 5

# LOOKING AHEAD

**In a world marked by global turbulence, co-financing is a compelling example of multilateralism working to benefit countries in need.** By cooperating, aligning policies and procedures, and offering meaningful incentives for collaboration, the World Bank and its partners are unlocking greater scale and impact with available development financing. These dynamic partnerships reduce aid fragmentation, drive efficiency, and strengthen countries' resilience and self-reliance. Central to success are transparency, collective ownership, and the sharing of information and costs, so teams have support and resources to deliver at the highest standard.

**The World Bank is building on co-financing momentum, with a focus on strengthening the foundations for job creation.** Jobs enable economic independence, empowerment, and greater community stability. The Bank and its partners invest in the infrastructure that creates the conditions for a ready workforce, meaningful employment, and thriving economies—including energy, agriculture, health, education, and social protection. Looking ahead, the Bank is developing initiatives, such as the multiphase programming approach, to ensure it is well positioned to take co-financing partnerships to the next level for a future free of poverty on a livable planet.

## New co-financing opportunities in MPAs

The Bank's multiphase programming approach (MPA) takes a wholesale approach to investing in strategic areas of development. Launched in 2018, MPAs enable long-term, large-scale, and complex engagements to be structured as a set of smaller linked operations or phases under one program, either within a single country or across many. MPAs offer co-financiers better visibility of investment opportunities over time and greater flexibility to participate when they are able to do so.

For example, the Eastern and Southern Africa Region has $25.6 billion in active MPA programs covering health emergency preparedness, access to energy (M300), food systems strengthening, basic education/learning, and access to digital technology. New programs are expected to prioritize trade and connectivity; irrigation, water supply, and sanitation; skills development for jobs; solid waste management; and an infrastructure guarantees program. MPAs represent fresh avenues for collaboration with co-financiers.

The Eastern and Southern Africa Region has **$25.6 billion in active MPA programs.**

# Annex 1: What is trust fund ("indirect") co-financing?

Trust fund co-financing is used when a contributor would like to provide grant financing to an IBRD/IDA operation, with all operational and administrative functions undertaken by the World Bank.

Trust funds resources are typically deployed as grants to a recipient through a Recipient Executed Disbursing Account (REDA). Under a REDA, a Grant Agreement is signed between the World Bank and the recipient, setting forth the use of the funds. The recipient is required to spend the funds following World Bank operational policies and procedures, in the same manner as IBRD and IDA projects.

A REDA may be used to co-finance IBRD/IDA projects and can be included as part of a project's financing plan. Existing trust fund programs with many activities, such as umbrella programs, can finance REDAs, but the Bank can also create a trust fund specifically to co-finance a particular IBRD/IDA project.

When contributing to a trust fund, the partner signs an Administration Agreement with the World Bank to establish a trustee account to hold the contributor's funds. This account allows contributions from multiple donors or a single donor. The donor specifies the intended use of funds, aligned to the World Bank's priorities, and project co-financing may be agreed at any point throughout the life of the trust fund.

The following are example scenarios of trust fund co-financing.

- Standalone co-financing trust fund: A bilateral agency identifies a specific World Bank project in the agriculture sector to which it wants to contribute grant funds. The Bank signs an Administration Agreement with the partner to establish a trust fund for the purpose of financing a subset of project activities and receives the funds from the partner. The Bank signs a Grant Agreement with the client and manages all aspects of project preparation, supervision, disbursement, and reporting.
- Multidonor trust fund: A bilateral agency pools its funds with other donors in a multidonor trust fund that seeks to co-finance agriculture projects in several countries. The Bank identifies projects to be co-financed from its pipeline of operations in eligible countries. The Bank then signs a Grant Agreement with each country for each project and manages all aspects of project preparation, supervision, disbursement, and reporting.

# Endnotes

1 Since fiscal year 2023, the World Bank has signed four new CFAs with KfW, the Government of Italy, the OPEC Fund for International Development, and Arab Fund for Economic and Social Development.

2 As the definition of co-financing can differ across institutions, this number includes some projects which may be considered parallel financing by the Bank's definition.

3 The Report of the G20 Eminent Persons Group on Global Financial Governance (October 2018) recommended MDBs operate as a system, increasingly harmonize their policies and procedures, and act for each other in client-facing roles. IDA19: An Overview: Ten Years to 2030: Growth, People, Resilience (February 2020) noted the Bank will work with other MDBs and the G20 to follow up on recommendation, building upon existing coordination mechanisms and tools of engagement. The G20 Roadmap towards Better, Bigger and More Effective MDBs (October 2024) outlines a vision for continuing to reform MDBs to better address regional and global challenges, create more jobs and opportunities, and support countries to accelerate progress toward the SDGs and the Paris Agreement.

4 Co-financing can be done through World Bank trust funds, to which one or more donors contributes resources that are held in trust by the Bank and used to achieve specific objectives. Included are those trust funds set up for the Bank as an implementing entity of FIFs. Co-financing through trust funds is governed by the Bank's Trust Fund Policy. See Annex 1 for more details.

5 Parallel or complementary financing refers to financing provided to a country by partner financiers with a similar objective to, but not within the scope of, a Bank project. There is no contractual relationship between the Bank and the financier, and the parallel financier does not benefit from Bank services. Parallel financing is not governed by the Bank's co-financing policy framework and is not captured in its co-financing portfolio.

6 AIIB. April 2024. Final Review of the AIIB COVID-19 Crisis Recovery Facility. AIIB

7 AECID, AFD, CDP, KfW, KEXIM, and IFAD

8 While CFAs are preferred by the Bank, Standalone Co-financing Agreements can be used at the project level to collaborate with a co-financier that does not have a CFA with the Bank. This type of agreement provides the same coverage as a CFA, but must be renegotiated for each project, thereby potentially eroding efficiencies.

9 The procurement rules and procedures of the other MDBs on which the Bank relies should be consistent with, among others, the provisions set out in the Procurement Policy, including Core Procurement Principles, Universal Eligibility, WBG Sanctions Framework, and Anti-Corruption Guidelines.

10 These include technical, fiduciary, and operational services such as project design inputs, environmental and social due diligence, procurement and financial management oversight, and disbursement administration.

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