



Bank Policy

Trust Funds

Bank Access to Information Policy Designation

Public

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Content

Policy framework for the management of Trust Funds

Applicable to

IBRD,IDA

Issuer

Board, IBRD, IDA

Sponsor

Vice President, DFIVP

SECTION I – PURPOSE AND APPLICATION

1. This Policy establishes the policy framework for the management of Trust Funds.
2. This Policy applies to the Bank.

SECTION II – DEFINITIONS

3. As used in this Policy, the capitalized terms or acronyms have the meanings set out below:
 - a. Bank and World Bank: IBRD and IDA (whether acting in its own capacity or as administrator of Trust Fund funds provided by Donors).
 - b. Donor: A legal entity that contributes financial resources to a Trust Fund.
 - c. Executive Directors: The Executive Directors of IBRD or IDA.
 - d. FIF: Financial Intermediary Fund
 - e. IBRD: International Bank for Reconstruction and Development
 - f. ICSID: International Centre for the Settlement of Investment Disputes
 - g. IDA: International Development Association
 - h. IFC: International Finance Corporation
 - i. MIGA: Multilateral Investment Guarantee Agency
 - j. World Bank Group or WBG: The common name used for concurrent identification of all the WBG Institutions.
 - k. WBG Institution: Any one of IBRD, IDA, IFC, MIGA, and ICSID.

SECTION III – SCOPE

1. A Trust Fund is a financing arrangement established by the Bank with contributions from one or more Donors and, in some cases, from a World Bank Group Institution.
2. Consistent with the overall purposes of IDA and IBRD set out in the Articles of Agreement, the Bank establishes and administers Trust Funds as a complement to IDA and IBRD financing to promote development and aid effectiveness by leveraging its capacity and development knowledge. In administering a Trust Fund and holding the Trust Fund resources, the Bank acts in a fiduciary capacity in accordance only with the provisions of the agreement concerning the Trust Fund.
3. The Bank promotes Trust Funds that draw on its operational role, reinforce country capacity and ownership, foster harmonization and alignment of aid modalities, and include contributions from more than one donor.

4. The Bank accepts contributions from both sovereign and non-sovereign Donors, and from the World Bank Group, provided that they meet the criteria set out below. Additionally, Trust Funds do not extend any benefits or unfair advantages to the Donor.
5. For each intended Trust Fund, the Bank decides whether to accept the role or responsibilities proposed, based on the following criteria:
 - a. *Consistency with the Bank's Purposes and Mandate.* Activities financed from the Trust Fund are in keeping with the IBRD and IDA Articles of Agreement.
 - b. *Strategic Relevance.* Activities financed from the Trust Fund are aligned with the Bank's priorities.
 - c. *Risk Management and Controls.* The risks arising from the Trust Fund, including those arising from any conflicts of interest or any restrictions on its use, are explicitly considered and are judged to be acceptable and manageable by the Bank.
 - d. *Governance.* The Bank has decision-making authority on the use of the funds adequate to fulfill its roles in administering the specific type of Trust Fund.
 - e. *Nationality Restrictions on Procurement.* The Bank does not accept any contribution to a Trust Fund that imposes nationality restrictions on procurement.
 - f. *Operational Efficiency and Sustainability.* Trust Funds are of a sufficient size and scope as determined by management from time to time to ensure efficient administration and portfolio consolidation. The Bank recovers the costs of performing agreed roles in administering Trust Funds, taking into account benefits associated with such funding.
6. The Bank categorizes Trust Funds into two types: World Bank Trust Funds and Financial Intermediary Funds.
7. World Bank Trust Funds are Trust Funds for which resources are used:
 - a. To provide grants, loans or guarantees for the purpose of financing projects or programs. In providing such grants, loans or guarantees, the Bank applies the operational policies and procedures applicable to IBRD and IDA financing; smaller-sized grants may be subject to simplified procedures.
 - b. To augment the Bank's administrative budget for the Bank's own development activities, in accordance with the Bank's administrative as well as planning, budgeting, and performance directives and procedures which apply to the Bank's administrative budget.
 - c. To provide financial assistance to members to facilitate debt reduction.
8. A Financial Intermediary Fund is a Trust Fund where the Bank provides a specific set of administrative, financial and/or operational services.
9. In a FIF, the Bank serves as limited trustee, and may also serve as secretariat and/or implementing entity. The Bank's policies and procedures apply to the Bank's performance of its roles as trustee, secretariat and implementing entity.

10. The Executive Directors approve any proposal for a Trust Fund where one or more of the following circumstances arise:
- a. The Trust Fund includes a transfer or transfers from the Bank's net income or surplus.
 - b. The Trust Fund will provide assistance to a non-member or to a member not in good standing with the Bank.
 - c. The Trust Fund presents novel or significant policy issues which, in management's judgment, warrant consideration by the Executive Directors.

In all other cases, the establishment of a Trust Fund is approved by management.

SECTION IV – EXCEPTION

- 1. Nationality restrictions on recruitment may be accepted in the case of specific staff programs managed by the Human Resources Vice-Presidency and in World Bank Trust Funds used to pay for externally funded advisors in the Executive Directors' offices.
- 2. Under exceptional circumstances and subject to conditions as determined by management, a Trust Fund may be used to transfer funds to other entities for the purpose of activities to be carried out by such entities. The Bank does not have any responsibility for the funds transferred and does not perform a supervisory role with respect to the funds transferred or the activities financed by such funds. The Bank's operational policies and procedures do not apply to the activities carried out by such entities. The activities financed by the transferred funds are carried out in accordance with the respective entities' relevant policies and procedures. The Executive Directors approve the eligibility criteria for selecting the entities that may receive such transfers.

SECTION V – WAIVER

The Board may waive any provision of this Policy.

SECTION VI – OTHER PROVISIONS

N/A

SECTION VII – TEMPORARY PROVISIONS

N/A

SECTION VIII – EFFECTIVE DATE

This Policy is effective as of the date on its cover page.

SECTION IX – ISSUER

The Issuer of this Policy is as stated on its cover.

SECTION X – SPONSOR

The Sponsor of this Policy is as stated on its cover.

SECTION XI – RELATED DOCUMENT

Trust Fund Board Paper

ANNEX(ES)

Questions regarding this Policy should be addressed to the Sponsor.