The Value Proposition of the World Bank Group

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Presenters
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The WBG striving to become more open, flexible and responsive to deliver results to clients, shareholders and donors

**PCD Strategic Priorities**

- Targeting the poor and vulnerable
- Creating opportunities for growth
- Promoting global collective action
- Strengthening governance
- Managing risk and prepare for crises

**Ongoing Reforms**

- Modernization agenda (e.g. Corporate Scorecard, P4R, IL reform, new Results Report)
- Voice reforms
- Open data
- WB Trust Fund Reforms
- IFC’s Decentralization Strategy
- IFC’s Development Goals
- MIGA’s renewal
- Knowledge management

**Value Proposition**

- Strategic alignment
- Efficiency
- Innovation
- Results
World Bank TFs – an important delivery mechanism

- WBG partnership with donors to deliver PCD strategic priorities
- TF portfolio growth alongside rapid increase in “earmarked” multi-bilateral ODA
- Flexible instrument to meet critical funding gaps (fragile states, disaster response, global public goods, innovation)
- Issues: fragmentation, strategic alignment => Reform Road Map October 2011
  - Strategic alignment
  - Business integration
  - Cost recovery
  - SM oversight and reporting

### Funds Held in Trust, FY07-11
(US$ mil.)

<table>
<thead>
<tr>
<th>Year</th>
<th>IBRD/IDA TFs</th>
<th>FIFs</th>
<th>IFC TFs</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY07</td>
<td>7,966</td>
<td>8,792</td>
<td>480</td>
</tr>
<tr>
<td>FY08</td>
<td>9,625</td>
<td>10,572</td>
<td>533</td>
</tr>
<tr>
<td>FY09</td>
<td>9,587</td>
<td>13,635</td>
<td>573</td>
</tr>
<tr>
<td>FY10</td>
<td>9,788</td>
<td>15,287</td>
<td>731</td>
</tr>
<tr>
<td>FY11</td>
<td>10,468</td>
<td>18,000</td>
<td>653</td>
</tr>
</tbody>
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### Numbers of Trust Funds

<table>
<thead>
<tr>
<th>Year</th>
<th>IBRD/IDA TFs</th>
<th>FIFs accounts</th>
<th>IFC TFs</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY07</td>
<td>779</td>
<td>49</td>
<td>185</td>
</tr>
<tr>
<td>FY08</td>
<td>757</td>
<td>49</td>
<td>213</td>
</tr>
<tr>
<td>FY09</td>
<td>761</td>
<td>50</td>
<td>233</td>
</tr>
<tr>
<td>FY10</td>
<td>780</td>
<td>48</td>
<td>247</td>
</tr>
<tr>
<td>FY11</td>
<td>748</td>
<td>51</td>
<td>273</td>
</tr>
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</table>

Total: 1,013 1,019 1,044 1,075 1,072

**FIF Programs**

<table>
<thead>
<tr>
<th>Year</th>
<th>IBRD/IDA TFs</th>
<th>FIFs accounts</th>
<th>IFC TFs</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY07</td>
<td>12</td>
<td>12</td>
<td>185</td>
</tr>
<tr>
<td>FY08</td>
<td>12</td>
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<td>15</td>
<td>15</td>
<td>247</td>
</tr>
<tr>
<td>FY11</td>
<td>17</td>
<td>17</td>
<td>273</td>
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</table>
IBRD/IDA Trust Funds

On-going efforts to fully integrate TFs in Bank business processes
- *Bank-executed TFs*: corporate budget and planning (FY13-15 MTBF)
- *Recipient-executed TFs*: CASs, regional, and sector strategies

New approaches to enhance “upstream” strategic alignment
- *Umbrella facilities*: four pilots identified and ready to be launched
- *Donor TF portfolio reviews*: Nordics, Dutch, UK
- *Fundraising coordination*: quarterly Bank-wide reporting of fundraising plans

Financial Intermediary Funds (FIFs)
- FIF Management Framework (Q1FY13) -- selectivity, risk management, reporting

Partnership Programs
- Partnership Programs Management Framework (Q1FY13) - -selectivity, accountability and oversight, risk management
### Efficiency

**Systems Integration & Simplification**
- Integrating TF data into the Bank’s SAP Business Warehouse (April 2012)
- Integrating TF business processes into regular Bank operations, through the Operations Portal 2 (FY13/14)
- Streamlined procedures for small grants Recipient-executed TFs (April 2012)

**Cost Recovery**
- Fee simplification study - Q2 FY12

### Oversight & Reporting

- Trust Fund Annual Report
- FIF Information Note – May 2011
- Quarterly Board reporting: TF financials, TF risks (since mid-2011)
- Web-based tools: TF Donor Center, AidFlows, FIF Trustee website, new WB eBusiness platform (FY13/14)
## World Bank TFs – innovative approaches

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Innovation</th>
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<tbody>
<tr>
<td>Pilot Umbrella Facilities</td>
<td>Moving from earmarking towards leveraging funding for results. Organizing principles:</td>
</tr>
<tr>
<td></td>
<td>- Alignment with Bank sector/thematic strategies</td>
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<tr>
<td></td>
<td>- Unified results framework</td>
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<tr>
<td></td>
<td>- Efficient governance</td>
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<tr>
<td></td>
<td>- Cost-effective management and administration</td>
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<tr>
<td></td>
<td>- Transparent multi-year allocation of funds</td>
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<tr>
<td></td>
<td>- Coordinated donor fundraising</td>
</tr>
<tr>
<td>Donor TF Portfolio Reviews</td>
<td>A new platform for an annual, strategic dialogue with TF donors; facilitates better management and alignment of donors’ TF portfolios</td>
</tr>
<tr>
<td>TF Fundraising Reporting Tools</td>
<td>- Since March 2012, donor fundraising plans are being collected quarterly from all Bank VPUs to allow better coordination of fundraising activities.</td>
</tr>
<tr>
<td></td>
<td>- Introducing consistent VPU reviews for TF donor fundraising</td>
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Mainstreaming TFs with the IDA/IBRD results management system

- Trust Fund integrated in CAS’ results frameworks
- Recipient-executed TF (RETF) grants > US$ 5m and co-financing results mainstreamed with the Bank’s results monitoring and reporting:
- Bank-executed TF (BETF) grants to follow guidance on results framework for Economic and Sector Work and Technical Assistance

Moving Forward

- Analyzing the use of results indicators in portfolio of RETF grants
- Comparing WB results frameworks with donors’ results indicators
- Developing consistent results frameworks for main level trust funds
- Issuing Guidance to Bank task managers
IFC – delivering strategic alignment

- IFC well positioned to benefit from increased PSD focus post-Busan
- IFC trust-funds aligned to IFC shareholder agreed strategy – *The Roadmap*.
  - Integrated into day-to-day business operations
  - Clear results frameworks
- Donors fund IFC operations across all three “pillars” of IFC operations.

**IFC Strategic Priorities**

- Focus on frontier markets / IDA
- Addressing Climate Change
- Private sector engagement in infrastructure
- Developing local financial markets with focus on MSMEs
- Building and maintaining long-term client relationships

**Advisory Services**
- PPP
- IC
- SBA
- A2F

**Investment Services**
- Trade Finance
- Blended finance
- Special initiatives

**Asset Management Company**
- CP3
- ALAC Fund
- Bank Recap Fund

Cross-cutting themes: FCS; Agri; Infra; SMEs; Climate; Gender
IFC TFs continue to grow in line with IFC’s business, primarily channeling donor funds for AS and – increasingly – investments.

From FY07-11, total funds held in trust more than doubled from $408m to $1.08b, of which 46% currently support investments.

Over the same period, the number of IFC TFs grew 48% to 273, of which 39% were MDTFs, while annual donor commitments to IFC TFs increased more than five-fold from $110m to $612m.
IFC delivers *innovative solutions* to meet emerging challenges and support private sector development through *donor-funded instruments across investment, advisory and asset management services*.

### Climate change
- Green bonds
- Post 2012 Carbon Facility
- AMC’s Climate Fund
- RE/EE targets (20% IFC commitments by FY13)
- FinMec

### Global Financial Crisis
- AMC: Cap Fund, ALAC Fund
- GTFP / GTLP
- Infra Crisis Facility
- Microfinance Enhancement Facility
- Debt & Asset Recovery Program

### Food Crisis
- IFC/JP Morgan Agricultural Price protection initiative
- Global Agriculture & Food Security Program

### Arab Spring
- Education for Employment
- Bank/IFC MENA SME Facility
- Arab Financing Facility for Infrastructure

### SMEs and job creation
- G20 SME Finance Challenge
- SME Financing Facility
- Education for Employment
- FinMec
- Jobs Study
IFC TFs are the main instrument for financing AS (91% total Advisory services disbursements in FY11 from TFs). But donors also fund IFC investments.

IFC activities *deliver real development impact*:

IFC clients provided **2.4 million jobs in 2010**. Globally, between 2008-2010, the number of women employed by IFC clients increased by 14% (to around 31% of the workforce).

**Investment Climate**

- 72 reforms in 44 countries aimed at simplifying regulation and generating investment.

**PPPs**

Conducted 15 transactions to:

- improve access to infrastructure and health services for over 12 million people
- mobilize $1.6 billion
- yield $1.6 billion in fiscal benefits to governments.

**A2F**

Enabled financial intermediary clients to provide:

- 3.4 million microfinance loans
- 1.9 million housing loans
- 700,000 SME loans.

**SBA**

Helped clients:

- attract $288 million in additional financing
- generate $4.19 million in revenues
- support over 9,000 farmers, MSMEs and other organizations.

**Donor-funded investments**

- GTFP: since 2005 through Jan 2012: 11,400 guarantees supported $20bn in trade: 52% to banks in IDA; 38% to banks in FCAS.
- GTLP: 14,000 transactions supported $20bn in trade: 82% SMEs, 12% of which in SSA.
• MIGA’s strategic pillars are aligned with the WBG’s post-crisis directions
• 72% of MIGA’s projects in at least 1 strategic pillar

Trust Funds
• Bosnia & Herzegovina
• West Bank & Gaza
• Afghanistan
• Proposed Conflict-Affected and Fragile Economies Facility
MIGA – delivering innovation

**Derivatives**
- USD-EUR Swap with Senegal

**Bank capital optimization**
- NHSFO with Unicredit in Turkey

**Portfolio approach**
- Microfinance (17 countries)

**Islamic Finance**
- Djibouti Container Port (DPW)
- NTS Indonesia

**Insure local investors**
- Nakheel Date Farm in West Bank

**Insure existing investments**
- National Beverage Co. in Gaza

**Portfolio mgmt with ECAs**
- Reinsure the book of the Slovenian ECA

**Proposed CAFEF**
1:16 Leverage of FDI

$1 of capital ➔ $9 of coverage ➔ $16 of investments

Development Impact Results Framework

- PSD
- Financial sustainability
- Economic Impact
- E&S
- Stakeholder Analysis

Results Indicators FY11 estimates

<table>
<thead>
<tr>
<th>Guarantee Amount</th>
<th>Direct Jobs Created</th>
<th>Taxes and Fees Paid (p.a.)</th>
<th>Locally Supplied Goods (p.a.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2.1 B</td>
<td>5,100</td>
<td>$310 M</td>
<td>$400 M</td>
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What are the benefits and challenges of delivering aid through trust funds?

Are the reform efforts at the WBG underway headed in the right direction?

Are there lessons the WBG could learn from bilateral efforts to improve strategic alignment, efficiency, value for money and innovation?