Sida's support to the trust funds of the World Bank Group 2010*

During the financial year 2010 Sida disbursed MSEK 1355 to 74 Trust Funds managed by the World Bank Group. This makes the World Bank the largest recipient of multi-bilateral disbursements from Sida with a share of approximately 25 per cent of the total multi-bilateral disbursement in 2010. Asia is the region that received the most support, followed by Europe and Africa. Half of Sida's disbursements went to global programs. Education and democracy were the most prominent sectors followed by sustainable infrastructure and environment. In terms of contributions to the World Bank trust funds Sweden was – the 12th largest donor.

Sida's Contributions to the WBG Trust Funds

Using the Bank's terminology, Sida contributions are made to trust funds managed by the World Bank. The trust funds serve as financial and administrative mechanisms for the co-financing of development-related activities, i.e. to receive contributions from donor governments to specific programs and projects managed by the World Bank. A program is financed either by a single donor so-called Single Donor Trust Funds (SDTFs) or by several donors so-called Multi Donor Trust Funds (MDTFs). In 2010, most of Sida's contributions were made to MDTFs in support of the spirit of joint donor harmonization and the implementation of the Aid Effectiveness Agenda.

Contributions from Sida in support of World Bank trust funds are often entitled "multi-bi" (multi-bilateral aid). These should be distinguished from non-earmarked contributions entitled "multilateral aid" disbursed by the Ministry for Foreign Affairs. Such contributions to the World Bank are made in the form of periodic replenishments to the International Development Association (IDA) and capital replenishments to the IBRD. While 74 trust funds received disbursements during 2010 the total number of existing and active Sida financed Trust Funds with the World Bank Group were 119, out of which 35 were SDTFs and 84 are MDTFs. The former had an agreed total contribution of USD 169.4 million out of which so far USD 107.5 million has been disbursed. For the MDTFs the Swedish share was USD million 847.1. In the future, Sida will make an effort to continue reducing the number of SDTFs. However, in exceptional cases the single donor mechanism could be needed to achieve specific development objectives. The support to trust funds for global programs gives Sida an opportunity to work with strategic issues at the global level, take an active part in the global policy dialogue and possibly have an impact in terms of policy development.

The World Bank Group

The World Bank is a very significant source of financial and technical assistance to developing countries around the world. The World Bank mission is to fight poverty with professionalism for lasting results and to help people help themselves and their environment by providing resources, sharing knowledge, building capacity and forging partnerships in the public and private sectors.

World Bank is not a bank in the common sense they are made up of two development institutions owned by 187 member countries: the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA).

Each institution plays a different but collaborative role in advancing the vision of inclusive and sustainable globalization. The IBRD aims to reduce poverty in middle-income and creditworthy poorer countries, while IDA focuses on the world's poorest countries.

Their work is complemented by that of the International Finance Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA) and the International Centre for the Settlement of Investment Disputes (ICSID). IFC is the Private Sector Arm of the World Bank Group. IFC seek to create opportunities for progress in emerging markets.

Together, the World Bank provide low-interest loans, interest-free credits and grants to developing countries for a wide array of purposes that include investments in education, health, public administration, infrastructure, financial and private sector development, agriculture and environmental and natural resource management.

The World Bank, established in 1944, is headquartered in Washington, D.C. The World Bank have more than 10,000 employees in more than 100 offices worldwide.

Sidas cooperation is mainly through IBRD, IDA and IFC.

* The statistics refer to all contributions up until 31 dec 2010. Returning funds have been excluded.

Table 1: Sida annual disbursements 2005–2010 (MSEK)

Year	2005	2006	2007	2008	2009	2010
Total amount (MSEK)	460	897	899	948	1256	1355
No. of contributions receiving funds	55	106	95	83	79	74

Table 2: Sida annual disbursements 2004-2010 by region (percentage of total amount)

Region	2004	2006	2008	2010
Africa	15	31	25	6
Latin America	7	1	1	4
Asia	51	39	34	30
Europe	3	10	16	10
Global	23	19	24	50
Total	**100**	**100**	**100**	**100**

Table 3: Sida disbursements 2010, largest country recipients (amount and percentage)

Country	MSEK	percent
Global programmes	663	50
Afghanistan	220	17
Bangladesh	115	9
Palestinian admin area	52	4
Ethiopia	40	3
Pakistan	34	3
Haiti	33	3
Others	164	11
Total	**1321**	**100**

In 2010, a four-year strategy determining strategic directions for the Swedish cooperation with the World Bank Group was endorsed by the Swedish Government. This strategy defines priorities for the Swedish policy dialogue with the World Bank Group. Regarding Trust Funds a long-term aim is to reduce the number of Swedish trust fund contributions and to achieve a more focused and strategic portfolio following the thematic priorities outlined in the Strategy. This would facilitate the coordination of Sida's relations with the World Bank and enhance opportunities to exert more influence on the Bank's policy and programming.

In the past six years there has been a considerable increase in the volume of Sida's yearly disbursements to the World Bank Trust funds, even though there has been a reduction of the number of contributions that receive funds (Table 1).

Sida's support to WBG by Region

In 2010, programs with global outreach received the greatest amount (50 %), followed by Asia (31 %) and Europe (12 %). The share going to Latin America and Africa is quite small (Table 2).

Sida's support to WBG by Sector

Sida's support in 2010 by Sector are illustrated in the pie chart below (Table 4). In 2010, the predominant sectors were Education (26 %), Democracy, human rights & gender equality (21 %) and Sustainable infrastructure and Services (19 %).

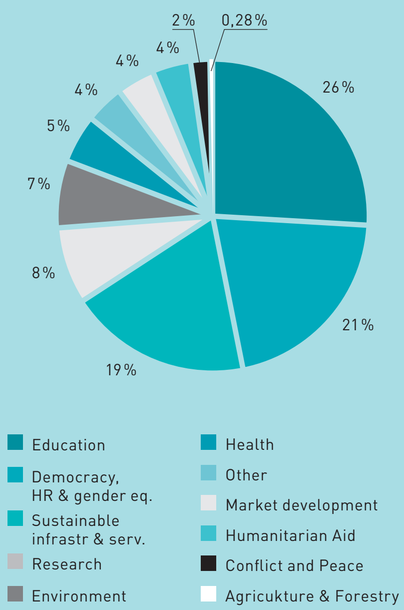
One special instrument is the secondment of Swedish staff to the World Bank; another financing of Swedish Junior Professional Officers (JPOs). During 2009 and 2010, six JPOs started working for the World Bank.

The World Bank trust fund portfolio – development and reform

In the past five years the World Bank's total trust fund portfolio has grown rapidly in volume, diversity and complexity.

Funds held in trust doubled from $11.6 billion in Financial Year(FY)05 to $23.8 billion in Financial Year(FY)09. Trust fund disbursements have continued to increase substantially in scale. Disbursements from all trust fund categories have nearly doubled since FY05, reaching $6.9 billion in FY09. Of this amount, $3.3 billion were disbursed by financial intermediary funds (FIFs). Recipient executed trust funds (RETF) disbursements of $2.8 billion were equivalent to 10 percentage of IBRD/IDA disbursements in FY09; while disbursements from Bank executed trust funds (BETFs) increased to $421 million in FY09, equivalent to 19 percentage of the Bank's budget, and IFC TFs disbursed $274 million. At the end of Bank's fiscal year 2010, there were some 1067 active trust funds accounting for 20 percentage of total World Bank disbursements (IDA, IBRD and trust fund disbursements combined) to low- and middle-income countries. This meant a substantial increase of trust fund disbursements since fiscal year 2004. As a response to the challenge of the growing portfolio, the Bank is currently undertaking a reform of its trust fund management and is developing a new vision on the use of trust funds. The purpose of the reform is to ensure that its trust fund management is in line with the Bank's regular programming framework, its policies and priorities, IDA/IBRD lending criteria and the country-based approach reflecting Country Assistance Strategies.

Table 4: Total amount 2010 (MSEK)



For more information about Sida's relations with the World Bank, the portfolio and contacts at the Bank please contact Torsten.wetterblad@sida.se

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