

**AVIAN AND HUMAN INFLUENZA:
MULTIDONOR FINANCING FRAMEWORK**

**WORLD BANK
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ACRONYMS AND ABBREVIATIONS

AsDB	Asian Development Bank
AfDB	African Development Bank
AHI	Avian and human influenza
ASEAN	Association of South East Asian Nations
CGIC	Countries facing the greatest institutional challenges
FAO	Food and Agriculture Organization
GF-TADS	Global Framework for the Control of Transboundary Diseases
GLEWS	Global Early Warnings System
H5N1	Hemagglutinin type 5 and neuraminidase type 1
HPAI	Highly pathogenic avian influenza
IBAR	Inter-African Bureau for Animal Resources
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
MDB	Multilateral development bank
NGO	Nongovernmental organization
OiE	World Organization for Animal Health
SAAC	South Asian Association for Regional Cooperation
WHO	World Health Organization
UNSIIC	UN System Influenza Coordinator

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This note has been prepared for the International Pledging Conference on Avian and Human Influenza, cosponsored by the Government of the People's Republic of China, the European Commission, and the World Bank, to be held in Beijing, China, January 17-18, 2006. A companion technical note on Financing Needs and Gaps will also be submitted.

AVIAN AND HUMAN INFLUENZA: MULTIDONOR FINANCING FRAMEWORK

I. INTRODUCTION

1. The recent Partners Meeting on Avian Influenza and Human Pandemic Influenza held November 7-9, 2005, in Geneva, Switzerland, concluded with a strong consensus around the need to address the issue of avian and human influenza (AHI) by supporting integrated country programs, complemented by regional and global coordination. A robust response from donors is critical to the success of the International Pledging Conference on Avian and Human Influenza, cosponsored by the Government of the People's Republic of China, the European Commission, and the World Bank, to be held in Beijing, China, January 17-18, 2006. Two papers are being prepared as the basis for donors' response in Beijing: *Avian and Human Influenza: Financing Needs and Gaps* estimates the magnitude of the financing donors will need to provide. This paper sets out a framework for that financing that takes into account donors' varying mandates and concerns in providing funds.

2. **Background.** There is an urgent need to control and eliminate the current virulent form of avian influenza. It is recognized that a strong effort to control avian influenza is the most effective way to reduce the risk of a human pandemic. Containing the threat of avian influenza poses a complex, multisectoral, cross-border challenge. The current virus has spread to several countries in East Asia and beyond. A growing number of countries are considered infected, newly infected, or at risk. (Annex A contains a list of developing countries in these categories.) Potentially, all countries could be affected if a pandemic occurs. Thus all countries share a common responsibility in countering the spread of the disease, and they must put resources behind the effort. As the companion paper on financing gaps describes, countries at different income levels are likely to require different levels of donor support. As the Geneva meeting concluded, collective action is critical: development finance partners must work together to meet the needs of these countries through integrated country programs that meet international standards and cover all necessary sectors and activities, with strong interministerial cooperation and country-led donor coordination. If the international community does not support these urgent control measures now, the potential cost to the world is many times higher. (Of course the work to eliminate avian influenza needs to be accompanied by work to prepare for and reduce the potential impact of a human pandemic, given the uncertainties around the timing of such a pandemic.)

3. **International System.** Within the international system, no one agency can anchor a global response. In recognition of the many actors and contributions involved, the United Nations has appointed a UN System Influenza Coordinator (UNSIC). A strong partnership has emerged between international technical agencies with mandates in human health and animal health: the Food and Agriculture Organization (FAO), World

Organization for Animal Health (OIE), and the World Health Organization (WHO).¹ Other partners have come forward with supportive initiatives: the World Bank, African Development Bank (AfDB), Asian Development Bank (AsDB), and Inter-American Development Bank (IDB); regional organizations in Asia and elsewhere, such as the Association of South East Asian Nations (ASEAN), Inter-African Bureau for Animal Resources (IBAR), and South Asian Association for Regional Cooperation (SAARC); such countries as Australia, Canada, and the United States; the European Union and its member states; and others. As all of these actors work together toward implementing a global effort to contain the threat of AHI and prepare for a potential human pandemic, the upcoming conference in Beijing is an important step.

4. ***Flexible Framework.*** This paper outlines a financing framework that is linked to a set of currently identified priority funding needs. However, given the nature of the disease, these funding needs can change rapidly, notably if new outbreaks of the animal disease are not addressed in a timely fashion. In addition, as the companion paper notes, there are likely to be global funding needs for global and regional stockpiles of medicines and medical equipment, and for vaccine research, development, and distribution. The financing framework is designed to be flexible enough to address such funding needs as they emerge. In addition, the framework needs to be adaptable and sustainable over the longer term to support the countries in priority activities that will take more time to implement. Under the framework, longer-term goals in fighting AHI would be identified, monitored, and supported.

II. SUMMARY OF FINANCING NEEDS

5. As the companion technical note on financing needs and gaps describes, the total financing gap to be filled in addressing the AHI issue at the country, regional, and global levels has been estimated at roughly \$1.2 billion. At the global and regional levels, the component figures represent new funding needed by the international technical agencies from donors (in addition to funds donors may already committed to these agencies through regular funding mechanisms). At the country level, total estimated needs take into consideration the differing needs of all developing countries, whether infected, newly infected, at high risk, or at low to moderate risk. In addition to these factors, the calculation of the financing gap takes into account the levels of domestic resources that might be mobilized by typical countries at different income and capacity levels. For example, countries facing greater institutional challenges might need 100 percent funding from donors, while some IBRD-eligible countries capable of contributing a significant level of domestic resources might need a lower level of 30-50 percent. (Table 1 provides rough estimates of the immediate financing gap.) Other factors that will be important in allocating funds to individual countries include the commitment of the government, and potential regional and global impact.

¹ FAO is a specialized agency in the UN system, with 188 member countries. OIE is an independent intergovernmental organization founded in 1924 and based in Paris, with 167 member countries. WHO is a specialized agency in the UN system, with 192 member countries.

Table 1. Broad Estimates of Short-Term Financing Gap (1-3 Years)

<i>Level</i>	<i>Estimated financing gap (\$ million)</i>	<i>Remarks</i>
Global and regional levels	277*	Global needs have been articulated by the leading international technical agencies (FAO, OIE, WHO), including support for their corresponding regional activities. (UNSIC has estimated global funding needs for other UN agencies).
Country level	673-948	This estimated range includes all developing countries at all risk levels in all regions.
Total needed from donors	950-1,225	
*Does not include funding for developing country access to vaccines, estimated as possibly an additional \$500 million; WHO is leading further work in this area. Includes 33 million for other UN agencies. Includes \$56 million for antiviral stockpile.		

6. **Priorities for Grant Funding.** Beyond these broad estimates, there are a number of important priorities for grant funding: for the infected or high-risk countries, notably Cambodia, China, Indonesia, Lao PDR, Mongolia, and Vietnam; and for integrated core programs in Africa.

7. **Meeting the Gap.** It will be possible to meet this financing gap only if all sources of external donor funds are combined and development finance partners work together. For example, in individual countries loan and credit resources from multilateral development banks could be combined with grant resources from bilateral donors through a cofinancing approach, to provide a total package that would be appropriate to the country. Combining loan and credit with grant resources could also recognize that country programs include elements with national benefits as well as international public goods aspects. Both the World Bank and AsDB are making their regular resources available, but they have limited grant funding options.² One goal of the Financing Framework is to increase the proportion of grant resources available to recipient countries.

III. MULTIDONOR FINANCING FRAMEWORK

8. In considering possible financing frameworks, all parties have expressed a preference for a coordinating mechanism rather than a single new vertical fund. Accordingly, this note proposes the organization of an AHI Multidonor Financing Framework covering a menu of country, regional, and global needs. The framework would focus on coordination of donor activities and contributions, allowing flexibility for donors to provide support under various terms (grants, loans, credits), and to channel their funds in various ways, including through a trust fund facility at the World Bank. This section describes the features of the framework: donor pledges, channeling options, and monitoring and reporting. The World Bank will continue to review the framework and discuss with interested parties ways to strengthen it in light of emerging experience, so that the framework can support both urgent needs and longer-term priorities.

² For example, the World Bank is preparing the documentation for a global adaptable program loan that would allow any eligible country to access available IDA or IBRD funds to prepare and implement an integrated country program, which in turn can be cofinanced by other donors.

A. Donor Pledges

9. This section explains how donors can make pledges that are eligible for inclusion in the Financing Framework. A Pledge Form is attached in Annex B, and will also be available to donors in electronic format (Excel) via the World Bank's website (www.worldbank.org/avianflu).

1. Meeting Country Needs

10. Pledges should reflect the core elements of the agreed strategy and integrated program to address AHI in affected developing countries, outlined in the financing gaps paper—containing avian influenza at source and preparing for a human pandemic. Several categories of donor pledges for funding of integrated country programs are defined below. Perhaps the most useful pledge is the first category of funding—multicountry unrestricted funds—which will allow greatest flexibility to respond to contingencies and to fill gaps in countries where rapid scale-up is needed to contain an emerging virus or control an endemic level. However, since many donors have mandated envelopes for specific regions, countries, or sectors, the Financing Framework is designed to accommodate at least some of these requirements.

- ***Multicountry unrestricted funds.*** Donor funds in this category may be used in any developing country and for any aspect of the integrated strategy to contain AHI. Donors would maintain influence over the ultimate use of these funds either by subsequently committing them bilaterally to country programs, or by channeling them on a pooled basis through the proposed global unrestricted window of the trust fund facility at the World Bank and providing strategic advice to the Bank on allocations from this window.
- ***Regional multicountry unrestricted funds.*** Donors that have broad envelopes for support to a particular region (not earmarked by sector) may channel these funds directly to countries or channel them on a pooled basis through the proposed regional windows of the central funding facility at the World Bank.
- ***Specific country program funds.*** Donors that have envelopes for support to a particular country may commit funds directly to that country under the Financing Framework. These funds may be **unrestricted**, or they may be **restricted** to the following three sectors:
 - ***Animal health:*** strengthening the national policy framework and developing a national strategy; strengthening veterinary services, disease surveillance, diagnostic capacity, and virus research; and supporting an outbreak containment plan.
 - ***Human health:*** strengthening national disease surveillance, diagnostic capacity, and early warning system to support public health preparedness for, and response to, emerging infections like pandemic influenza;

enhancing public health program planning and coordination; and strengthening health systems response capacity.

- **Other:** budget support, compensation, and communications related to the integrated country program for AHI.
- **Special-purpose funds.** Donors that have very specific funding envelopes of direct relevance to the integrated strategy (including tied funds, funds channeled through nongovernmental organizations (NGOs) or provided in-kind or through highly specialized national agencies in the donor country) can pledge these within the Financing Framework. Of course these funds would flow directly from the donor and not through a trust fund.

2. *Meeting Global and Regional Needs*

11. Certain important activities are best carried out at the global and regional levels; they are listed in greater detail in the Regional and Global Templates attached to the technical note on financing needs and gaps. Some examples of these activities include support for setting norms, standards, and strategy development; reference laboratories; coordinated surveillance; global and regional cooperative networks on early warning and technical support; communications; tackling major scientific and technical issues involved in vaccine development; and creating stockpiles of essential medicines and equipment. The three agencies—WHO, FAO, and OIE—are working closely together in some of these areas, not least through a number of important framework agreements such as GFTADs (Global Framework for the Progressive Control of Transboundary Animal Diseases). They have also created a Global Early Warning System (GLEWS) and a joint network of laboratories (OFFLU). Donors are therefore asked to support global efforts (and corresponding regional networks and subactivities) sponsored by these international technical agencies. Donor pledges should be noted on the pledge form but be made directly to the agencies, and the agencies will manage further distribution.

12. **Role of Regional Organizations.** Under global and regional pledges, donors may also wish to pledge direct support to regional organizations of an intergovernmental or technical nature. Such organizations may be intermediaries, passing on funds to country activities within their respective regions (such as technical assistance), or recipients, providing coordination activities. Recipient regional organizations may have a particular role in bringing countries together around the relevant issues to create cross-country momentum to confront such issues, and in ensuring consistent approaches across the region. (The needs of these organizations have not been included in the note on financing needs and gaps, as they are assumed to be small in relation to country needs, and the World Bank is not in a position to vet them effectively.)

B. Options for Channeling Pledges

13. Donors may channel their funds either directly to countries or agencies, or through a trust fund facility at the World Bank. An important feature of the AHI Financing Framework is coordination among donors and agency partners at all levels.

Donors are encouraged to use existing in-country coordination mechanisms and harmonized approaches wherever possible to avoid overlaps and inefficiencies at the country level. Globally and regionally, an integrated assessment of global and regional needs, as outlined in the financing needs and gaps paper, has to the extent feasible eliminated overlapping funding requests by the many actors involved. This strong coordination makes it possible for donors to channel their funds directly to recipients and supervise them according to their regular policies and procedures, rather than requiring the creation of a new special funding vehicle or vertical organization.

14. ***Trust Fund Facility at the World Bank.*** Some donors have expressed a preference for pooling funds into a central mechanism, and the World Bank has agreed to create a trust fund facility for this purpose. The World Bank would be the trustee, administering the facility according to its operational procedures. If justified by the scale and purposes of the facility, as established, it may be appropriate that other multilateral development banks (MDBs) or UN funds or programs share in implementation of the facility according to their procedures. Regional and other windows could be established, including an unrestricted window through which funds could be allocated to country, regional, or other needs. (Annex C describes this facility in greater detail.)

15. ***Grant Funding.*** Again, given the nature of the problem, unrestricted grant funding to support quality integrated country programs is a high priority in order to avoid bottlenecks and gaps at the country level within or outside of a trust fund. The World Bank will coordinate with donors on the possibilities for increasing the share of resources available to countries in this form.

C. Monitoring and Reporting on Donor Pledges

16. Monitoring and reporting will be critical to the success of the proposed AHI Financing Framework. A small monitoring unit will be set up to conduct donor polling on a regular basis, tracking commitments and expenditures of pledge amounts. The reports will be shared with all donors and will be the basis for considerations for reprogramming and possible further donor mobilization, depending on the evolution of AHI. The location and composition of the unit will be announced at the Beijing Conference.

IV. NEXT STEPS

17. As preparation continues for the Beijing Conference, the World Bank seeks a continued dialogue with development finance partners on the resources available for the international effort to control AHI at source and prepare for a possible human pandemic. If some donors are prepared to submit pledge forms (including on a confidential basis) before the pledging meeting, the Bank will incorporate those pledges into the evolving Financing Framework summary document. Donors may send advance pledge forms to ahifinance@worldbank.org.

**ANNEX A. DEVELOPING COUNTRIES AND TERRITORIES CATEGORIZED
BY RISK FOR H5N1 AVIAN INFLUENZA**

(as of December 2005)*

Infected countries

Cambodia, China, Indonesia, Lao PDR, Thailand, Vietnam

Newly infected countries

Mongolia, Romania, Russian Federation, Ukraine

High-risk countries

Albania, Algeria, Armenia, Azerbaijan, Bangladesh, Belarus, Bosnia and Herzegovina, Bulgaria, Burundi, Cameroon, Central African Republic, Chad, Congo-Dem. Rep., Congo-Rep., Côte d'Ivoire, Croatia, Egypt-Arab Rep., Eritrea, Ethiopia, Gabon, The Gambia, Georgia, Ghana, Guinea, Guinea-Bissau, Iran-Islamic Rep., Israel, Jordan, Kazakhstan, Kenya, Korea-Dem. Rep., Kyrgyz Republic, Lebanon, Liberia, Libya, Malawi, Malaysia, Morocco, Myanmar, Nigeria, Pakistan, Papua New Guinea, Philippines, Rwanda, Senegal, Serbia and Montenegro, Sierra Leone, Sri Lanka, Syrian Arab Republic, Tajikistan, Tanzania, Timor-Leste, Turkey, Turkmenistan, Uganda, Uzbekistan, Yemen-Rep., Zambia, Zimbabwe

Low- and moderate-risk countries or territories

Afghanistan, Angola, Argentina, Benin, Bhutan, Bolivia, Botswana, Brazil, Burkina Faso, Cape Verde, Chile, Colombia, Comoros, Costa Rica, Cuba, Djibouti, Dominica, Dominican Republic, Ecuador, El Salvador, Equatorial Guinea, Fiji, Guatemala, Guyana, Haiti, Honduras, India, Iraq, Jamaica, Kiribati, Lesotho, Macedonia-FYR, Madagascar, Maldives, Mali, Marshall Islands, Mauritania, Mauritius, Mexico, Moldova, Mozambique, Namibia, Nepal, Nicaragua, Niger, Panama, Paraguay, Peru, Samoa, Sao Tome and Principe, Solomon Islands, Somalia, South Africa, Sudan, Suriname, Swaziland, Togo, Tunisia, Uruguay, Venezuela, West Bank and Gaza

* Categories may change over time.

ANNEX B. PLEDGE FORMS

Donor Pledge Form

Summary Cover Sheet

Avian and Human Influenza Financing Framework Beijing, January 17-18, 2006

Donor (Country/Agency)			
Period	2005	2006	2007
Total (Millions)			
Currency			
Pledge Status (see definitions below)			
Additional Remarks (Grant or loan/credit terms, any specific restrictions or earmarks to recipients or sectors.)			
Contact Person for Avian and Human Influenza			
Name			
Title			
Organization/Department/Ministry			
Address			
Telephone			
Fax			
E-Mail			
<i>Please enter amounts expected to be committed in the period of 2005 to 2007, including currently planned commitments. Contact: ahifinance@worldbank.org</i>			
Pledge Status Definitions:			
A pledge is an indication of intent to mobilize funds for which an approximate sum of contribution is indicated.			
A commitment is the amount which has been approved by a national legislative body or multilateral board.			
A firm commitment is the amount which has been: (1) approved by a national legislative body or multilateral board and (2) allocated to a specific sectoral program or project.			
Contracted is the amount which has been contracted to hire specific companies, consultants, NGOs, or other agencies to procure goods, works, or services necessary to carry out a project.			
Spent is the amount which has been paid to procure goods, works, or services.			

Country Activities Form

Avian and Human Influenza Financing Framework Beijing, January 17-18, 2006

	2005			2006			2007		
	Grants		Loans	Grants		Loans	Grants		Loans
	<i>Channeled Directly</i>	<i>Via Trust Fund</i>		<i>Channeled Directly</i>	<i>Via Trust Fund</i>		<i>Channeled Directly</i>	<i>Via Trust Fund</i>	
1. Global Multi-Country Unrestricted Funds									
2. Regional Multi-Country Unrestricted Funds									
Asia 1/									
Europe									
Africa									
Latin America									
Middle East and North Africa									
TOTAL									
3. Specific Country Program Funds 2/ By Country									
Country 1									
Country 2									
Country 3									
Country 4									
<i>additional country lines may be added as needed</i>									
TOTAL									
4. Special Purpose Funding									
Item 1/description									
Item 2/description									
Item 3/description									
Item 4/description									
<i>additional lines may be added as needed</i>									
TOTAL									
1/ Asia refers to World Bank-defined regions EAP and SAR, as well as central Asian countries.									
2/ Where there are sectoral restrictions on country-specific pledges, please use next Sheet, Country Pledge Notes, to indicate.									

Avian and Human Influenza Financing Framework

Beijing, January 17-18, 2006

[illegible]

Global and Regional Activities Form

Avian and Human Influenza Financing Framework Beijing, January 17-18, 2006

		2005	2006	2007	
<i>grants only</i>					
FAO					
OIE ¹					
WHO					
Other UN Agencies ²					
Trust Fund Global Unrestricted Window					
Regional Organizations					
Organization 1					
Organization 2					
<i>additional lines may be added as needed</i>					
TOTAL					
¹ OIE is independent of the UN System.					
² List is forthcoming from UNSIC.					

ANNEX C. POTENTIAL ROLE FOR A TRUST FUND FACILITY ADMINISTERED BY THE WORLD BANK

A. Summary

1. This note highlights key elements of a proposed facility, to be administered by the World Bank,¹ to support preparedness for, and response to, avian and human pandemic influenza (AHI). At this stage discussion of some of these elements remains necessarily general. They will be further defined on the basis of the size of the trust fund and donor preferences about its structure.

B. Background

2. The World Bank administers funds on behalf of financing partners when requested, and when all parties can agree on appropriate objectives and procedures for using the money. When considering any proposal for a trust fund, the World Bank considers certain key criteria: the proposal's linkage to the Bank's overall mission, its fit with the Bank's own work program, the possibility of conflict of interest, the cost-effectiveness of administration, and disclosure of information. To the extent appropriate, the Bank administers trust funds following the same policies and procedures as for its own resources. The terms under which such funds are administered are specified in detail in the legal agreements signed between the Bank as administrator and financing partners.

3. Within these broad parameters, donors approached World Bank staff to explore the possibility of a trust fund to support efforts to combat avian influenza and potential pandemic human influenza. Staff have had exploratory discussions with potential financing partners. This note draws on those preliminary consultations to describe the elements of any such facility.

C. Scope

4. Any trust fund facility for AHI is intended to complement, not substitute for, existing financial arrangements. It is therefore likely that there would be only a certain number of relatively focused areas in which the trust fund could best add value—areas reflecting the priorities articulated in the financing gap and financing framework papers, and taking account of financing partners' responses. Because those priorities might together cover a broad field, the scope of the facility, would need to be broad. However, the actual use of funds would be expected to be focused and specific.

D. Structure

5. Compared to a series of single-donor funds, a multidonor arrangement can be a more efficient way to raise and use funds. Such efficiency is maximized when detailed

¹ "World Bank" includes both IBRD and IDA.

programming and management of activities is delegated to the trust fund administrator within the parameters of a well-defined and internationally agreed program. This note therefore assumes that approach to the facility.

6. To provide a degree of flexibility while maintaining the benefits of a multidonor programmatic approach, the facility would probably need to include a limited number of windows, covering certain broad categories—for example, some might have a regional/country focus, while one or more might have a global focus. (Figure 1 at the end of this Annex depicts an example of such an approach.) Once the initial partners had agreed on a structure, individual donors making a contribution would then have some discretion on how to allocate funds among those windows. It would be more difficult to accommodate partners joining the facility later, if they preferred a structure other than the one agreed.

7. The trust fund is expected to be used principally to support integrated country programs, programs that have been vetted internationally in a structured fashion. Besides providing direct support to those programs, the trust fund could also cofinance programs appraised by multilateral organizations, notably multilateral development banks (MDBs) or bilateral agencies. If justified by the scale and purposes of the facility, as established, it may be appropriate that other MDBs or UN funds or programs share in implementation of the facility according to their procedures.

E. Governance Arrangements

8. The governance of this facility would need to be seen as part of the wider international approach to addressing the challenges of AHI. This wider approach is likely to provide for broad consultations, drawing in all financing and nonfinancing partners—including the technical agencies: FAO, OIE, WHO; civil society; and the private sector—to review progress and advise on overall priorities. Within this framework, the governance of the facility would be a function of such factors as the scale of the financing provided, the number of financing partners, and the scope and structure of the facility.

9. To enable the facility to respond quickly and flexibly to what might, at times, be fast-moving events, the administrator would be supported by a small steering committee. Membership of this committee could be determined in a variety of ways—for example, rotation, seats for the top five contributors, or selection from “constituencies.” The last approach would also easily allow for one or more representatives of important but noncontributing constituencies, which could advise but would not have a role in decisionmaking. The administrator would convene this steering committee as necessary (at least once a year) to help explore emerging issues and review proposals for financing. Any committee member with an interest in any specific proposal would need to disclose it so that the committee could take steps to minimize any potential conflict of interest. The administrator, which would be responsible for the facility’s fiduciary health, would make the final decision on whether a proposal could be funded.

10. To the extent the facility was small, the number of partners few, the structure simple, or the facility's role circumscribed, various features would need to be reduced or discarded. In particular, should the total amount committed to the facility be less than \$30 million, a very simple governance structure would be appropriate.

F. Operating Mechanisms

11. Within the framework agreed through the governance structure, the World Bank would serve as administrator of the trust fund, with operational responsibilities covering three areas: trustee function, fund administration, and operational support. To discharge these responsibilities it would be necessary to establish one or more positions. The administrator of the fund would rely on the common services of the World Bank Group, and would be housed within an appropriate managing unit of the Bank (to be determined once the scale of the facility was known). That unit would also be responsible for ensuring that the funds within the facility were administered in a manner consistent with the Bank's overall mission and work program.

12. *Uses of the Funds.* The administrator would work with countries, regional organizations, technical agencies, the donor community at country-level, and other relevant entities, using eligibility criteria agreed through the facility's governance arrangements, to identify and appraise potential uses for the facility's funds. Such uses might include cofinancing of existing and new in-country operations being funded by the Bank or other financier, stand-alone projects, technical assistance, research, and support to global priorities including surveillance. At the country level, the integrated country program would be the vehicle around which all external financing would be coordinated. A country's government would draw on the integrated country program, to identify any proposals for financing from the trust fund. The Government would also draw on the integrated country program to identify potential arrangements for implementation, including using as appropriate non-government agencies or international organizations. Any proposed operation would be subject to a thorough and detailed appraisal to assess its financial, technical, social and economic soundness, before it is adopted.

14. *Purposes.* All allocations from the trust fund would have to be for purposes that are consistent with the Articles of IBRD and IDA. Thus, for example, if the onset of a pandemic begets public order issues, the trust fund could not be used to finance any direct response through, for instance, police or security force services.

15. *Disclosure of Information and Reporting.* Because this facility would be covered by the Bank's policy to promote the open disclosure of information, many aspects of its operation—including the size and terms of partner contributions—would be public information. Consistent with this policy, the administrator would also provide timely and transparent reports on operational progress whose scale and complexity would depend on the scale and complexity of the facility. In many years of administering trust funds, the Bank has always been able to agree with financial partners on satisfactory reporting arrangements.

16. **Audit.** For any trust fund that the World Bank administers, it provides periodic unaudited statements of contributions received and disbursements made. Auditing arrangements are covered in two ways. First, all such trust funds are covered by the Bank's single audit policy, under which the Bank's external auditors provide an annual statement commenting on Bank management's assertion about the quality of the controls on the use of trust funds. Second, for large trust funds (more than \$30 million), separate audits of the Bank's management of the funds can be provided at the donors' request, either annually or less frequently, if the trust fund bears the costs of the audit.

G. Costs of Administration

17. The Bank would expect to recover all the incremental costs associated with its administration of the facility.

- **Trustee function and fund administration.** For a trust fund of less than \$30 million, the Bank charges a standard cost recovery fee (5 percent for technical assistance, or 2 percent when the facility cofinances a Bank-financed operation). For funds over \$30 million, the percentage share of the fee declines as the scale increases, because there are economies of scale. For funds over \$100 million the fee is typically 1 percent or less. Percentage fees are collected by direct deduction from contributions as they are deposited with the Bank.
- **Operational support.** Operational support is normally recovered as a budget line item, over and above any fee charged.

The administrator would determine the precise figure for, and structure of, any fee and other cost recovery, once the scale and complexity of the facility was known, and taking into account the provisions of donor framework agreements with the World Bank.

18. While funds were held in trust within the facility they would be covered by the World Bank's policy on the investment of trust fund resources. The investment income accruing from such funds would be credited to the multidonor trust fund. Historically the investment income from trust funds has occasionally been negative for limited periods, but over time the net contribution has always been substantially positive.

Possible Role for a World Bank-administered Trust Fund within Wider Financing Framework

