

## World Bank Cofinancing

*Cofinancing\* describes funds committed by official bilateral partners, multilateral partners, export credit agencies, or private sources to specific Bank-funded projects. Partners include regional development banks, multilateral partners such as those associated with environmental agreements, and special program mechanisms, as well as private sector actors that provide project financing. The Bank's cofinancing figures reflect the combining of Bank resources with those of other donors in specific regions and sectors to support client country activities. The wider the participation in the cofinancing effort, the greater the consensus on the activities and policies supported.*

Cofinancing in fiscal 2001 amounted to \$5.47 billion. Multilateral and bilateral partners contributed 85 percent of this amount. Major partners included the Inter-American Development Bank (IADB—\$1.9 billion); the Japan Bank for International Cooperation (\$0.53 billion); and Kreditanstalt für Wiederaufbau (KfW—\$0.3 billion). This year's cofinancing was below the previous year's level (\$9.3 billion), reflecting unusually large volumes of cofinancing in fiscal 2000 for the Chad-Cameroon Pipeline Project (\$3.4 billion) and in China (\$0.4 billion).

The Latin America and the Caribbean Region accounted for the largest share of cofinancing in fiscal 2001 (\$3.4 billion), followed by Africa (\$1.12 billion) and Europe and Central Asia (\$0.46 billion). The major sectors attracting cofinancing were public sector management (\$1.2 billion), finance (\$1 billion), and oil and gas (\$0.9 billion).

In addition to cofinancing of \$5.47 billion, \$2 billion was committed in fiscal 2001 under the Strategic Partnership with Africa framework. The commitment, which reflected close donor coordination on policies in the context of Poverty Reduction Strategy Papers (in Benin and Uganda, for example), was above the amount committed in fiscal 2000 (\$0.51 billion).

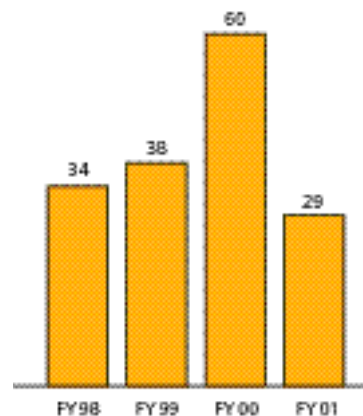
\*Data in this section represent project cofinancing estimates at the time of project presentation to the Board and could be revised as financing plans evolve.

### Examples of Cofinancing in Fiscal 2001

Total projects cofinanced by the Bank and its partners numbered 131 in fiscal 2001. Examples of projects with significant cofinancing include:

- The Bolivia Programmatic Structural Adjustment Credit for Decentralization leveraged \$20 million in funds from three partners: Department for International Development, United Kingdom; Sweden; and the Netherlands. Parallel cofinancing of \$127 million came from KfW, the German Technical Assistance Corporation, Denmark, the U.S. Agency for International Development, the Andean Development Corporation, and the IADB.
- The Mali Education Sector Expenditure Project leveraged \$154 million from 15 donors: the African Development Bank, the Agence Française de Développement, the Canadian International Development Agency, Sweden, the United States, the Islamic Development Bank, KfW, France, Belgium, the Netherlands, Norway, the Organization of Petroleum Exporting Countries Fund, the United Nations Children's Fund, the United Nations Development Programme, and the World Food Program.
- The India Power Grid II Project received \$175 million of cofinancing from KfW.
- The West Bank and Gaza lending program is financed through the Bank-established Trust Fund for Gaza and the West Bank. The fund has been allocated \$380 million from the Bank's net income and since September 1994 has financed 20 projects for a total of \$307 million. Over \$540 million has been provided in joint and parallel cofinancing by numerous donor governments.

**Cofinancing Ratio**  
Ratio of total cofinancing to World Bank lending (percent)



## Trust Fund Highlights

*Trust funds are financial and administrative arrangements\* that facilitate grant funding of high-priority development needs, including technical assistance and advisory services, debt relief, post-conflict transition, and cofinancing. Trust funds help leverage poverty reduction programs by funding key due diligence activities for development operations, promoting innovative approaches, forging partnerships, and expanding the scope of development collaboration.*

In fiscal 2001:†

- Total contributions expanded significantly, with increased donor support for the Heavily Indebted Poor Countries (HIPC) Initiative, a new Japan Social Development Fund (JSDF) to help poor and vulnerable groups hurt by crisis, a trust fund for the Federal Republic of Yugoslavia, and major technical assistance and cofinancing projects.
- Contributions totaled \$2,719 million, comprising \$1,450 million from bilateral donors, \$1,225 million from multilateral donors, and \$44 million from private sector and nongovernmental organizations.
- Major contributions were provided by the European Community (\$757 million), the World Bank Group (\$422 million), Japan (\$277 million), and the Netherlands (\$235 million).
- Contributions to ongoing, global programs financed by Japan and the Netherlands included \$93 million for the JSDF, \$59 million for the Japan Policy and Human Resources Development (PHRD) Fund, and \$60 million for the Bank-Netherlands Partnership Program.
- Disbursements totaled \$1.85 billion with \$988 million attributable to three large programs: HIPC, the Global Environment Facility and the PHRD Fund.

\* Trust funds are accounted for separately from the Bank's own resources and are defined through formal agreements between the Bank, external donors, and the recipients who receive grant funding.

† The financial information presented for the trust fund portfolio reflects reporting on an accrual basis for contributions to the Heavily Indebted Poor Countries (HIPC) Trust Fund, and reporting on a cash basis for contributions to all other trust funds. The differential between contributions reported on an accrual and cash basis totaled \$536 million in fiscal 2001, (\$16 million in fiscal 2000, \$233 million in fiscal 1999, and \$80 million in fiscal 1998. Disbursements for all trust funds, including the HIPC Trust Fund, are reported on a cash basis.

## Trust-Funded Initiatives for Climate Change and Post-Conflict Reconstruction

The **Prototype Carbon Fund (PCF)**, established with the objective of mitigating climate change, aims to promote sustainable development, demonstrate the possibilities of public-private partnerships, and offer a "learning-by-doing" opportunity to stakeholders. PCF emphasizes renewable energy and energy efficiency projects that have potential for replication and for reducing climate change at a reasonable cost. PCF investments will be made in transition economies and developing countries following the emerging framework of the Kyoto Protocol for its Joint Implementation and Clean Development Mechanisms, respectively. By October 2000, the PCF had subscribed capital of \$145 million from 17 corporate and 6 public sector participants. See [www.PrototypeCarbonFund.org](http://www.PrototypeCarbonFund.org). 🌱

Trust funds increasingly support **reconstruction and transition in post-conflict countries and regions**. Bank-financed trust funds provide credits (on IDA terms) and grants to nonmember countries to support demobilization, help rebuild economies, and develop key institutions. The Bank has catalyzed additional external donor assistance to increase development impact in post-conflict situations. Special Bank credits and grants for the West Bank and Gaza, East Timor, Kosovo, and the Federal Republic of Yugoslavia totaled nearly \$500 million in recent years, leveraged by an additional \$1 billion in grants from the larger donor community.

## Contributions to Bank-Administered Trust Funds, Fiscal 1997–2001 (millions of dollars)

