1. A trust fund is a financing arrangement set up with contributions from one or more donors and, in some cases, from the World Bank Group. 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. The Bank encourages trust funds that draw on its operational role, include contributions from more than one donor, reinforce country capacity and ownership, and promote harmonization and alignment of donor aid modalities. Selectively, the Bank also provides specific administrative and financial services to the international community for trust funds that support work on issues of global importance and where the Bank may not perform an operational role.

2. The Bank accepts contributions from both sovereign and non-sovereign donors, and from the World Bank Group, provided that they meet criteria set out below. Trust funds do not extend any unfair advantages or benefits to the donor.

3. 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 strategies.

   (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 in 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 (as distinct from nationality restrictions on recruitment, which may still be accepted).

   (f) **Operational Efficiency and Sustainability.** Trust funds are of a sufficient size to ensure efficient administration, and preferably are programmatic in design. The Bank recovers the costs of performing agreed roles in administering a trust fund, taking into account benefits associated with such funding.

4. The Bank’s roles in administering a trust fund can vary, depending on its type. The Bank always
performs some financial or administrative roles, and may also perform one or more operational or partnership support roles. Based on these roles, the Bank categorizes trust funds into three types:

(i) **Recipient-Executed Trust Funds** (RETFs)—funds that the Bank passes on to a third party and for which the Bank plays an operational role—i.e., the Bank normally appraises and supervises activities financed by these funds;

(ii) **Bank-Executed Trust Funds** (BETFs)—funds that support the Bank’s work program;

(iii) **Financial Intermediary Funds** (FIFs)—funds that involve financial engineering or complex finance schemes, or where the Bank provides a specified set of administrative, financial or operational services.

5. Trust funds involve three levels of administration—the trustee level at which funds are contributed, the program level at which they are allocated, and the disbursement level at which they are disbursed through grant accounts. While a grant account can be of only one type, at the trustee or program level a trust fund may be a hybrid—that is, it may involve more than one type.

6. The policies and procedures that apply to trust funds vary, depending on the trust fund type. In cases of hybrid trust funds, the relevant policies and procedures apply to the type in effect for the grant account. Activities financed from RETFs are administered under the Operational Policies and Procedures that apply to IBRD and IDA financing; smaller-size grants may be subject to simplified procedures. Activities funded by BETFs are administered in accordance with the Bank’s Planning, Budgeting and Performance Management Manual and the Bank’s Administrative Manual, both of which apply to the Bank’s administrative budget. In the case of FIFs, the application of Operational Policies and Procedures, the Administrative Manual, financial policies, budget policies and procedures, or other procedures, is determined on the basis of the characteristics of each such fund. All types of trust funds are subject to **The World Bank Policy on Access to Information**.

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1. "World Bank Group" includes IBRD, IDA, IFC, MIGA, and ICSID.
2. “Bank” includes IBRD and IDA.
3. See paragraph 4 for the three types of trust funds.
4. The only cases in which such nationality restrictions on recruitment are allowed are specific staff programs, such as those managed by the Human Resources Vice Presidency.
5. See BP 14.40 Annex A for information on sufficient size.
6. A programmatic trust fund finances multiple grants, under a two-stage mechanism. Initially, one or more donors agree to a thematic framework with criteria for supporting a program of activities. The donor(s) commit their funds to the trust fund on this basis. In the second stage, grants are approved for specific activities based on the agreed criteria.
7. Activities under RETFs are normally financed through grants and executed or implemented by grant recipients. For the purposes of this footnote, execution includes, inter alia, procurement of goods and services, negotiating contracts, making payments, submitting progress and financial reports, and performing other implementation activities as under a Bank-financed project. The Bank does not execute activities financed by trust funds that cofinance projects which also receive IBRD loans or IDA credits or grants. However, the Bank may consider executing activities under an RETF grant on behalf of the grant recipient in exceptional circumstances—for example, if the recipient is a new member country or inactive borrower, or its administrative capacity has been adversely affected by civil strife, crises or other emergencies— or for start-up activities referred to in **OP 10.00, Investment Project Financing**, or in Board-approved resolutions for trust funds that specifically permit Bank execution of such activities. In all such cases, and to the extent practicable, the Bank avoids execution of activities where such execution may undermine country ownership or pose undue conflicts of interest, liability issues or reputational risk for the Bank. Also in all such cases, administration of the funds (and execution of activities) is subject to the Planning, Budgeting and Performance Management Manual, the Administrative Manual, and relevant Bank Operational Policies.
8. For guidance and good practice on trust funds, refer to the Trust Fund Handbook and the trust funds website.
9. These include the Bank’s framework regarding governance and anti-corruption. The approval process for grants, however, is determined by the approved Trust Fund Proposal (TFP) (see BP 14.40) and the legal agreements that govern the trust fund.