



Understanding Financial Intermediary Funds



WORLD BANK GROUP

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UNDERSTANDING FINANCIAL INTERMEDIARY FUNDS

The World Bank Group collaborates with a broad range of development partners in its quest to create a world free of poverty on a livable planet. Partnerships can take many forms—from coalitions and knowledge-sharing platforms to formal financing arrangements, including [financial intermediary funds](#) (FIFs). These large-scale, independently governed funds help convene collective action and target support for global issues. FIFs can mobilize funding quickly, fill financing gaps, take on risks, and provide flexibility that works in tandem with other larger core financing resources, including that of the World Bank Group.



What are financial intermediary funds?



How do financial intermediary funds work?



What is the World Bank Group's role in financial intermediary funds?



Why is the World Bank Group a partner of choice for financial intermediary funds?

WHAT ARE FINANCIAL INTERMEDIARY FUNDS?

Financial intermediary funds (FIFs) are large, multi-partner financing arrangements used by the international community to pool funding from many sources to tackle specific global development challenges in a coordinated manner. FIFs bridge the gap between international priorities and the financial needs of recipients to take on hunger, disease, climate change, and other systemic challenges.

FIFs have typically come out of high-level, multilateral fora and calls for collective action on intractable global problems that are not being sufficiently addressed by existing funds and mechanisms in the international aid architecture. For example, the [Global Environment Facility](#) (GEF) was established on the eve of the 1992 Rio Earth Summit. Most recently, the [Pandemic Fund](#) was launched in 2023 to answer the global call to mobilize additional resources to strengthen pandemic prevention, preparedness, and response in low and middle-income countries.

There are 26 active FIFs for which the World Bank serves as trustee. In fiscal year 2024, FIF transfers to implementing entities totaled \$10.1 billion—including \$1.1 billion to the World Bank Group and \$9 billion to other implementing entities—to support development projects and programs related to health, education, climate change and the environment, food security, refugee crises, infrastructure, and debt relief, among other pressing issues.¹

26 active FIFs > **\$10.1 billion**
in transfers in fiscal year 2024

¹ For more information, see the 2024 World Bank Group Trust Fund Annual Report.

HOW DO FINANCIAL INTERMEDIARY FUNDS WORK?

While every FIF is unique, they generally function on a “grants-in grants-out” basis. That means the majority of FIF resources are contributed as grants from governments² and then transferred as grants to implementing entities for use on the ground. A limited number of FIFs also provide loans and guarantees.

Projects funded by FIFs are implemented by multiple entities, typically MDBs (such as the World Bank Group) and UN agencies. Each implementing entity works with recipient countries to propose projects to FIFs for funding. If approved, funds are transferred to the implementing entity, which employs its own policies and procedures to disburse funds to recipients, supervise activities, and monitor and report on results. This approach facilitates coordination and efficient allocation of resources.

An independent governing body is responsible for a FIF’s strategic direction and priorities, including selecting implementing entities and making funding decisions. The parties initiating a FIF (typically contributor and recipient governments) determine the structure of the governing body, which may include civil society organizations. Other key roles in a FIF are the trustee, responsible for receiving, holding, investing, and transferring funds to implementing entities as directed by FIF governing bodies, and the secretariat, which supports the governing body and handles day-to-day administration.

² Since fiscal 2017, most contributors to the Global Fund to Fight AIDS, Tuberculosis and Malaria provide cash contributions directly to its secretariat, which, in turn, provides these funds as contributions to the trustee. The majority of the cash contributions received from private non-profit entities for FIFs are from the Global Fund Secretariat.



WHAT IS THE WORLD BANK GROUP'S ROLE IN FINANCIAL INTERMEDIARY FUNDS?

FIFs are independently governed, with the Bank Group having no decision-making authority. Instead, it is a service provider for 26 FIFs, limited to the roles of trustee, secretariat host, and implementing entity. These roles are distinct and performed by different units within the institutions of the Bank Group.

The World Bank serves as trustee for all 26 FIFs. In this role, the Bank receives cash contributions to FIFs and holds them in trust (apart from the Bank's assets). Based on agreed terms, the Bank invests FIF funds in capital markets until instructed by the FIF governing body to transfer approved funding to implementing entities. The Bank also provides some FIFs customized treasury management and other financial services, such as bond issuance, monetization of carbon credits, and foreign exchange hedging.

The World Bank hosts the secretariats of 18 of the FIFs. FIF secretariats hosted by the Bank operate under its administrative policies and procedures. The Bank has no role in external secretariats.

The World Bank is also an implementing entity for 20 of the FIFs. IFC, the World Bank Group's private sector arm, and MIGA, its political risk insurance and credit enhancement arm, also utilize funding from select FIFs, acting as implementing entities. **Bank Group institutions follow the same procedures as other implementing entities to access FIF funding. The Bank Group is not part of FIF decision-making and is not responsible for FIF results, except for the projects and programs for which it oversees implementation.** During the past five fiscal years (2020–24), the Bank Group has received 10 percent of all FIF resources transferred to implementing entities.

The World Bank provides a consistent, transparent, and stable hosting environment that balances the Bank's need for risk management with FIF secretariats' need to support independent governing bodies.

The World Bank is

the trustee for

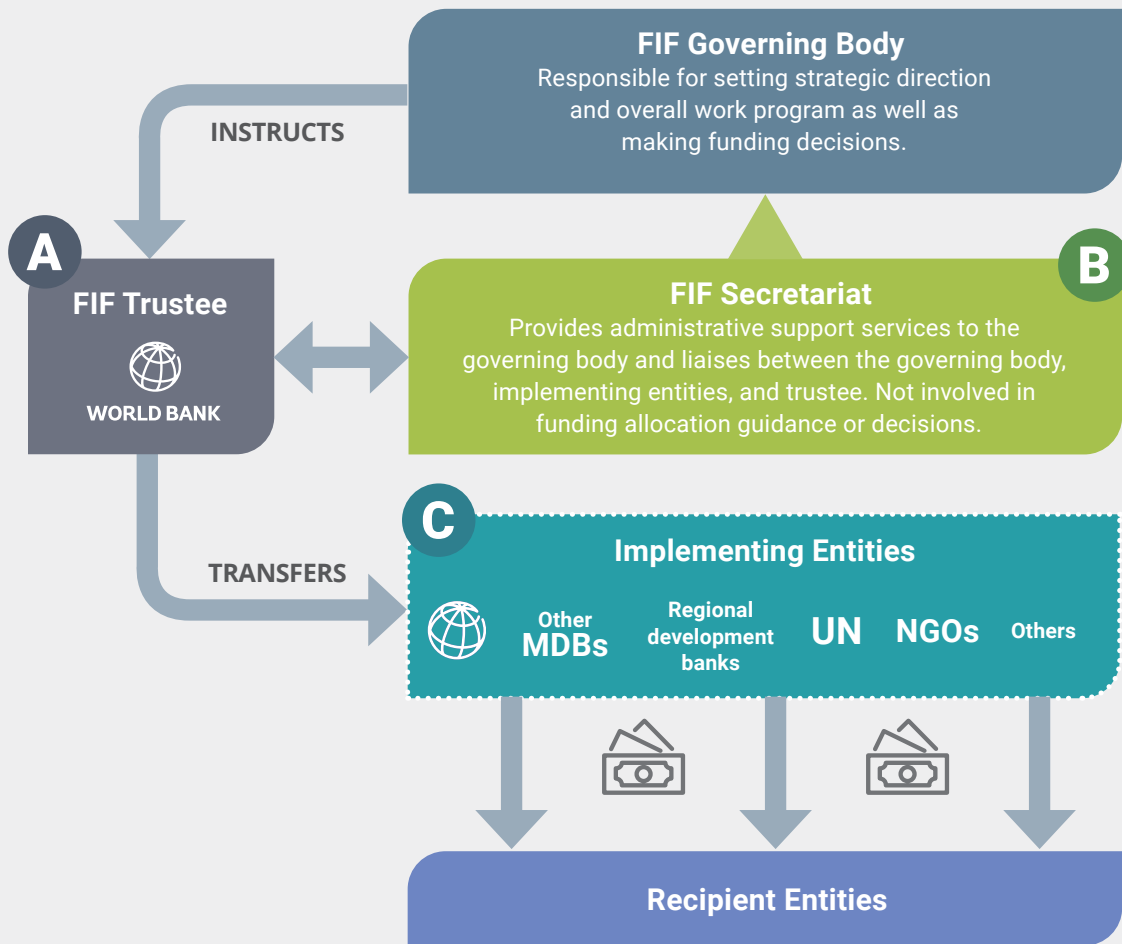
26
FIFs

host of the secretariat of

18
FIFs

implementing entity of

20
FIFs



A As **trustee**, the World Bank provides agreed financial services—receiving, holding, and investing* contributed funds—and transfers approved funding to implementing entities when instructed by the FIF governing body. The Bank also provides customized treasury management and other financial services, such as bond issuance, monetization of carbon credits, and foreign exchange hedging.

B As **secretariat host**, the World Bank houses and facilitates staffing of the secretariat, which operates under the Bank’s administrative policies and procedures. The Bank has no role in external secretariats.

C The World Bank Group is one among many **implementing entities**. All follow the same general procedures set by FIF governing bodies to access FIF funding. Implementing entities work with recipient countries to propose projects to a FIF governing body. If approved, funds are transferred to the implementing entity, which employs its own policies and procedures to disburse funds to recipients, supervise activities, and monitor and report on results.

* For more information, see [Investment Management of Trust Funds and Financial Intermediary Funds](#).

WHY IS THE WORLD BANK A PARTNER OF CHOICE FOR FINANCIAL INTERMEDIARY FUNDS?

The international community values and trusts the support services, fiduciary experience, convening power, and technical expertise the Bank Group brings to FIF partnerships. The Bank Group is often involved in early discussions around the creation of new FIFs, helping to bring stakeholders together to examine options within the continuum of financing instruments available to meet development objectives. The Bank Group is focused on promoting a strategic global aid architecture and has adopted a [FIF Management Framework](#) to strengthen the selectivity, shaping, and oversight of FIFs.

The Bank Group adds value along the entire trajectory of FIFs, but the relationship is mutually beneficial. FIF resources transferred to the Bank Group as an implementing entity bring both complementarity to Bank Group operations and targeted, customized, solutions. These highly concessional resources work alongside the Bank Group's loans, credits, and guarantees, helping to soften terms for borrowing countries and making it easier to pilot innovative solutions by de-risking investments. FIFs encourage experimentation, advance knowledge and research, boost emergency responses, and generate global public goods. The Bank Group works closely with other implementing entities to ensure FIF funding is used strategically to maximize coordinated action and achieve impact at scale.

During the past five years (fiscal 2020–24), the Bank Group has received 10 percent of all FIF resources transferred to implementing entities.



WORLD BANK GROUP INSTITUTIONS AND CORE FINANCING

The World Bank Group's original lending arm, the International Bank for Reconstruction and Development (IBRD), provides financing to middle-income and creditworthy low-income countries to support development priorities. It is owned by 189 member countries and raises most of its funds in the world's financial markets.

The Bank Group's International Development Association (IDA) provides grants and financing on highly concessional terms to governments of the poorest countries. IDA has historically been funded by contributing partners that meet periodically to replenish IDA resources. In 2018, IDA entered the global capital market and has since significantly increased financial support to IDA countries by blending its resources and capital market debt. IBRD and IDA together form the World Bank.

The International Finance Corporation (IFC) focuses on creating jobs and raising living standards in developing countries by supporting private sector growth through investment, mobilization capacity, expertise, and influence. Both IFC and the Multilateral Investment Guarantee Agency (MIGA), the Bank Group's political risk insurance and credit enhancement arm, are financed by paid-in capital from their member countries, funds raised in global capital markets, as well as retained earnings from products and services and reinsurance (in MIGA's case).

**FOR MORE INFORMATION
ABOUT TRUST FUNDS,
FINANCIAL INTERMEDIARY
FUNDS, AND PARTNER
RELATIONS, PLEASE VISIT:**

**➤ WORLD BANK TRUST FUNDS
AND PARTNER RELATIONS**

**➤ 2024 TRUST FUND ANNUAL
REPORT: PARTNERSHIPS IN
ACTION**

**➤ UNDERSTANDING FINANCIAL
INTERMEDIARY FUNDS**



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