

**FIAS CONSULTATIVE COMMITTEE OF DONORS MEETING**  
**Vienna, Austria**  
**October 22-23, 2008**

**Fund-raising, Donor Relations and Trust Fund Structure**

**1. Summary of FY08 Highlights and Trends**

- **Total Available Funds Received:** **\$39.4 million**  
 Including:
 

|  |                                   |
|--|-----------------------------------|
| World Bank Group core contributions                  | \$14.0 million <sup>1</sup>       |
| IFC BEE Business Line                                | \$3.8 million                     |
| Donor funding (core)                                 | \$4.3 million                     |
| Donor funding (programs & projects)                  | \$14.1 million                    |
| <i>Roll-overs from FY05-07 cycle, FY08, and from</i> |                                   |
| <i>MIGA TA Trust funds moved to FIAS</i>             | <i>\$3.1 million</i>              |
| <i>Cash balance at end of FY08:</i>                  | <i>\$15.3 million<sup>2</sup></i> |
  
- 15 donors contributed to FIAS, including Australia, Austria (new FIAS donor), EC, Iceland (new), Italy (new), Ireland, Luxembourg, Netherlands, New Zealand, Norway, Sweden, Switzerland, United Kingdom, USA, and UNEP.
  
- There has been an increased trend by donors to earmark contributions for regional (Africa, Western Balkans) and thematic/programmatic work programs (Investment Generation, Tax Simplification, etc.). This trend was facilitated by the menu of trust funds which FIAS has established following the COSO recommendations in 2007.
  
- While providing more options to contribute towards regional/programmatic contributions had the intended effect of reducing project-specific contributions, it has also reduced the share of core funding (unrestricted funding), which reduced FIAS' budget and operational flexibility.

**2. FY09 Funding Projections**

- **Projected New Cash Inflows, FY09**

|                                     | <u>Expected</u>            | <u>Secured</u> |
|-------------------------------------|----------------------------|----------------|
| World Bank Group core contributions | \$5.1 million <sup>3</sup> | \$5.1 million  |
| IFC BEE Business Line               | \$2.6 million              | \$1.7 million  |

<sup>1</sup> Including \$8 million from IFC (of which \$4 million as an advance against IFC's FY09 contribution), \$4 million from MIGA and \$2 million from IBRD.

<sup>2</sup> Amount includes significant funds received in FY08 and earmarked for multi-year projects, as well as "roll-over" balances from previous FIAS Trust Funds which are under audit.

<sup>3</sup> Including \$3.5 million from MIGA and \$1.6 million from IBRD; IFC's FY09 contribution was already transferred to FIAS as an advance in FY08.

|                                      |                       |                       |
|--------------------------------------|-----------------------|-----------------------|
| Donor funding (core)                 | \$10.5 million        | \$5.7 million         |
| Donor funding (programs & projects)  | \$17.1 million        | \$11.8 million        |
| <b>TOTAL (projected)</b>             | <b>\$35.3 million</b> | <b>\$24.3 million</b> |
| plus carry-over from FY08            | <u>\$15.3 million</u> | <u>\$15.3 million</u> |
| <b>GRAND TOTAL (funds available)</b> | <b>\$50.6 million</b> | <b>\$39.6 million</b> |

[indicative budget range approved by Supervisory Committee: \$32-34 million]

- Strategic fund-raising priorities for FY09:
  - Secure additional core funds
  - At unit level: secure funding for Doing Business Reform Advisory work program
  - At project level: secure funding for OHADA project; Investing Across Borders Indicators;
  - Explore cooperation with foundations (e.g., Gates Foundation)
- We will also continue our efforts to move from contribution-based to substance-based partnerships with donors and other development partners, e.g., via joint product development efforts or joint project implementation teams; coordination/leveraging of sequenced or parallel programs; and staff exchanges (see separate background note on staff exchanges and secondments).

### **3. Experiences with new Trust Fund (TF) Structure**

- All TFs maintained during FY05-07 were closed down and are still being audited; once the audit is completed and subject to donor consent, the fund balances will be transferred to the new FIAS TF structure. Cash-balances from previous funding cycle (FY05-07), to be rolled over into new structure, are relatively small (around \$1.1 million). Donor consent for roll-over of fund balances is required and needs to be obtained once pro-rata shares have been confirmed by auditors.
- The new TF structure for the FY08-11 funding cycle has been established and is working out well; it has brought FIAS back into compliance with IFC/WBG Trust Fund policies. We continue establishing new TFs only if the aggregate total of expected contributions is over \$1 million. New TFs are normally established as multi-donor TFs.
- However, the multiplication of TFs under the new FIAS TF structure poses a challenge for cash flow management and budget planning. We need to continue monitoring closely the in-and outflows of funds in the various TFs.

- Donor contributions are usually formalized via administration agreements or reimbursement agreements (for project-specific contributions below \$250,000). FIAS' specimen agreements are following the IFC specimen agreements, tailored to FIAS as an IFC-administered WBG program under the umbrella of a Donor-Funded Operation (DFO).
- IFC is currently developing a new template for "Externally Funded Outputs" (EFOs) under which donors can co-finance smaller projects and activities without having to go through the more complicated process of becoming a TF donor. Such an EFO template will be useful for FIAS, FIAS donors and clients to agree on smaller project-specific contributions.