



Bank Policy

Co-financing

Bank Access to Information Policy Designation

Public

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Content

This Policy establishes the framework for the management of Co-financing.

Applicable to

IBRD,IDA

Issuer

Vice President, OPSVP

Sponsor

Vice President, DFIVP

SECTION I – PURPOSE AND APPLICATION

1. This Policy establishes the framework for the management of Co-financing.
2. This Policy applies to the Bank.

SECTION II – DEFINITIONS

As used in this Policy, the capitalized terms or acronyms have the meanings set out below:

1. **Bank:** means IBRD and/or IDA (whether acting in its own capacity or in the capacity as administrator of trust funds funded by donors).
2. **Co-financing:** means any arrangement under which Bank funds or guarantees are associated with funds or guarantees provided by third parties for a particular Operation.
3. **CPF:** means Country Partnership Framework, as defined in World Bank Group Directive, “Country Engagement”.
4. **DPF:** means Development Policy Financing, as defined in Bank Policy, “Development Policy Financing”.
5. **IBRD:** means International Bank for Reconstruction and Development.
6. **IDA:** means International Development Association.
7. **IPF:** means Investment Project Financing, as defined in Bank Policy, “Investment Project Financing”.
8. **Joint Co-financing:** means a type of Co-financing whereby expenditures from a common list are jointly financed by the Bank and the co-financier. The funds are disbursed in agreed proportions.
9. **Official Co-financing:** means Co-financing that comes from donor governments and their agencies (mainly through bilateral assistance programs), multilateral financing institutions (principally the regional development banks) and other international institutions.
10. **Operation:** means a Project, a PforR Program and/or a DPF operation.
11. **Parallel Co-financing:** means a type of Co-financing whereby the Bank and the co-financier finance different expenditures.
12. **PforR Financing:** means Program-for-Results Financing, as defined in Bank Policy, “Program-for-Results Financing”.
13. **PforR Program:** means a program supported by PforR Financing.
14. **Project:** means a project supported by IPF, as defined in Bank Policy, “Investment Project Financing”.

- 15. **Private Co-financing:** means any arrangement that involves financing from private sources such as commercial banks, insurance companies, or other private lenders, for a Bank-supported Operation (including financing that is partially guaranteed by the Bank).
- 16. **Recipient:** means the recipient of Co-financing funds, which is usually also the Bank's borrower.

SECTION III – SCOPE

1. Consistent with the IBRD and IDA Articles of Agreement (Article I (ii), Article V, Section 1 (c) respectively), the Bank's funding is intended to supplement investment from other sources. Therefore, for Operations that require resources additional to what the Bank and Recipient provide, the Bank expects the Recipient to seek such resources from third parties. Co-financing may derive from official or private sources.

- 2. The Bank's objectives in encouraging the provision of Official Co-financing are to:
 - a. mobilize financing to fill a financing gap in a specific Operation;
 - b. coordinate the financing for a Recipient's development programs and help establish common policies or investment priorities among financing sources at the Operation and sector level; and
 - c. coordinate with donors that wish to link their own aid programs with the Bank's capacity to support the development and implementation of Operations.

- 3. The Bank's objectives in encouraging the provision of Private Co-financing are to:
 - a. catalyze financing for individual Operations and increase overall private resource transfers for development; and
 - b. facilitate borrowing countries' access to international capital markets.

4. Identification, preparation, appraisal, and supervision of co-financed Operations are carried out in accordance with the Bank's policies and procedures.¹ The Bank cooperates with co-financiers and shares with them information on cofinanced Operations in accordance with Bank policies and procedures (see Related Documents Section XI). The Bank endeavors to develop with official co-financiers framework agreements for processing Co-financing expediently.

5. The Bank recovers the costs of performing agreed roles related to Co-financing, including the provision of services, taking into account the benefits associated with such Co-financing.

¹ See Bank Policy, "Investment Project Financing", Bank Policy, "Development Policy Financing" and Bank Policy, "Program-for-Results Financing". Agreed adjustments may be made to these procedures when the Bank enters into special arrangements with multilateral development banks and other cofinanciers.

6. Co-financing needs and issues are addressed, as appropriate, in the CPF. The Bank conducts consultations with official co-financiers to achieve early agreements on Co-financing.

7. Co-financing needs at the Operation level are identified as early in preparation as possible and are spelled out at each stage of the preparation process, as applicable. The terms and conditions of co-financiers' participation is consistent with the financing plan for any specific Operation. Therefore, the Bank engages in a continuing and open dialogue with co-financiers, sharing relevant country, sector, and Operation information.

8. To reduce complexity, simplify implementation, and avoid placing an undue burden on the Recipient's administrative capabilities, the number of co-financiers for each Operation is kept to the minimum consistent with the needs of the Operation. To ensure that Co-financing provided by co-financiers is available when needed, financing agreements for individual Operations that include co-financing include, as necessary, cross-effectiveness clauses and events of default linked to Co-financing.

9. In Joint Co-financing, procurement is carried out in accordance with the Bank's applicable procurement policy, directives and procedures. In Parallel Co-financing, the Bank and co-financiers finance different expenditures, normally according to their own rules. The Bank encourages co-financiers to provide untied funding.

10. Disbursements and any processing of disbursement documentation by the Bank in relation to the Co-financing provided by the co-financiers are governed by the Bank's applicable policies and procedures.

SECTION IV – EXCEPTION

N/A.

SECTION V – WAIVER

The provisions of this Policy may be waived in accordance with the Bank Policy “Operational Policy Waivers”, and the Bank Procedure “Operational Policy Waivers and Waivers of Operational Requirements”.

SECTION VI – OTHER PROVISIONS

N/A.

SECTION VII – TEMPORARY PROVISIONS

N/A.

SECTION VIII – EFFECTIVE DATE

This Policy is effective as of the date on its cover page.

SECTION IX – ISSUER

The Issuer of this Policy is Vice President, OPCS.

SECTION X – SPONSOR

The Sponsor of this Policy is Vice President, DFI.

SECTION XI – RELATED DOCUMENTS

IBRD Articles of Agreement.

IDA Articles of Agreement.

The World Bank Policy on Access to Information.

AMS 6.21A, “Information Classification and Control Policy”.

Bank Policy, “Investment Project Financing”.

Bank Policy, “Development Policy Financing”.

Bank Policy, “Program-for-Results Financing”

Bank Policy, “Trust Funds”

World Bank Group Directive, “Country Engagement”.

Questions regarding this Policy should be addressed to the Sponsor.