

## **SUBMISSION BY THE WORLD BANK GROUP**

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### **Background**

Seventy-five percent of the world's poor live in rural areas and most are involved in agriculture. In the 21st century, agriculture remains fundamental to economic growth, poverty alleviation, and environmental sustainability. To this end, the World Bank's Agriculture and Rural Development Department provides analytical and advisory services on a wide range of agriculture and rural development topics including [policy and strategy](#), forestry, land use management, fisheries, agricultural technology, livestock, risk management, agribusiness, rural finance and land tenure.

These services include the preparation and implementation of the World Bank Group Agriculture Action Plan FY10-12 ([http://siteresources.worldbank.org/INTARD/Resources/Agriculture\\_Action\\_Plan\\_web.pdf](http://siteresources.worldbank.org/INTARD/Resources/Agriculture_Action_Plan_web.pdf)), monitoring of the Bank's portfolio of agriculture and rural projects and promoting knowledge sharing and learning among agriculture and rural development practitioners, inside and outside of the World Bank.

IBRD/IDA/Special-Financing commitments to agriculture and related sectors jumped to \$5.3 billion in FY09, from \$2.9 billion in the baseline years and \$2.6 billion in FY08. Lending tripled in AFR and LCR, and increased by half in EAP and SAR over FY08 levels.

### **Mainstreaming biodiversity**

Operations which have supported ecosystem recovery together with long term productivity enhancement share common features, which include a long term commitment and commitments to intervene "at scale". Some examples to note are, the Loess Plateau in China, Eastern Anatolia in Turkey, a series of Sodic lands recovery operations in India, policy lending in Mexico as well as irrigation/drainage/wetland restoration programs in the Lower Aral Sea basin. The watershed projects, which aim to restore the productivity of land, water and vegetation in an integrated way, are the most successful since most have strong co-benefits, as do the community-based natural resource management (NRM) projects. This is due to the fact that they focus on ecosystem restoration in the production landscape. Yet, there are a limited number of such watershed projects, since they often pose spatial/temporal trade-offs. Moreover, cohesively coordinating such long term projects amongst several different government agencies, in what are largely people-driven processes, can pose logistical challenges. There are also more recent examples in middle income countries, mostly within Latin America and Europe, of rural competitiveness operations which also support ecosystem recovery. In addition, there are a number of operations to support rural income enhancement through development of ecosystem services, for example, forests for water services in Costa Rica, and landscapes for

tourism in Montenegro. However these have mostly been implemented in upper middle income countries.

Co-financing from the Global Environmental Facility (GEF) has largely helped to pilot the incorporation of biodiversity into agricultural and rural development projects recently.

### **Oversight and implementation of projects and Financial Management of projects**

This section focuses on Bank's competence in multi donor trust fund operations, which are closest to the proposed benefit sharing fund in their operational modality.

#### **a) *Institutional capacity***

Over the past 30 years, trust funds have been an important instrument for channeling donor funding to the Bank to:

- Help leverage its funding for development
- Help the international community maximize coordinated action both globally and at the country level; and
- Build capacity to work in innovative and unproven areas such as gender and governance.

Trust Funds also provide a common funding vehicle for partnership programs in which the Bank, donors, and other stakeholders work together to tackle a specific development issue or find new ways to approach problems.

TF Portfolio: The World Bank Group's trust fund portfolio has grown rapidly. Between fiscal years 2005 and 2009, funds held in trust tripled from US\$11.56 billion to US\$28.49 billion.

Number of TFs: As of October 30, 2009, the Bank is managing 1,045 main Trust Funds (or Donor Contribution Accounts). There are currently around 2,700 active Bank Executed Disbursing Funds and 1,500 Recipient Executed Disbursing Grants under these 1,045 Main TFs.

Major Trust Funds of the Environment and Sustainable Agriculture sectors:

[Global Environment Facility \(GEF\)](#)

[Least Developed Countries Fund for Climate Change \(LDC\)](#)

[Prototype Carbon Fund \(PRCF\)](#)

[Netherlands Clean Development Mechanism Facility \(NCDMF\)](#)

[Community Development Carbon Fund \(CDCF\)](#)

[Bio-Carbon Fund \(BioCF\)](#)

[Consultative Group on International Agricultural Research \(CGIAR\)](#)

[The Trust Fund for Environmentally and Socially Sustainable Development \(TFESSD\)](#)

More information on the Bank's trust fund operations is available at:

<http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/ORGANIZATION/CFPEXT/0,,contentMDK:20135627~menuPK:640> and

[http://siteresources.worldbank.org/CFPEXT/Resources/299947-1274110249410/Directory\\_Programs-2010\\_03\\_31.pdf](http://siteresources.worldbank.org/CFPEXT/Resources/299947-1274110249410/Directory_Programs-2010_03_31.pdf)

#### **b) *Oversight and execution of projects and programs***

Multilateral Trusteeship and Innovative Financing department. This department is responsible for the development, implementation and management of the business, financial and operational frameworks for multi-donor and multilateral trust funds and initiatives, including the design and implementation of

innovative financial initiatives. This department works closely with the thematic sector staff to develop the governance, management and administration procedures for each trust fund. The Financial Management department (CFPFM) provides financial advisory, risk management, and IT development services across the teams within Concessional Finance and Global Partnerships (CFP). The Financial Management department advises on CFP-related financial challenges; monitors and reports on risks; reviews CFP business processes from the perspective of controls, oversight, and governance adequacy; fosters synergies and information-sharing across CFP teams; and develops IT applications for all Bank Trust Funds.

More information is available at:

<http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/ORGANIZATION/CFPEXT/0,,contentMDK:22466874~menuPK:6795899~pagePK:64060249~piPK:64060294~theSitePK:299948,00.html>

and in the Financial management brochure

[http://siteresources.worldbank.org/CFPEXT/Resources/FM\\_brochure\\_May\\_2010.pdf](http://siteresources.worldbank.org/CFPEXT/Resources/FM_brochure_May_2010.pdf)

### **Procurement**

The World Bank has strict procurement guidelines, which can be found at:

<http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/PROCUREMENT/0,,pagePK:84271~theSitePK:84266,00.html>

These also apply to the TF operations. In addition some TFs have specific geographic focus, or other specific eligibility criteria.

### **Strategic development of the benefit-sharing fund**

As outlined above the World Bank has extensive experience in the governance, programmatic and financial management of multidonor programs and funds. In terms of further development of the fund it is suggested that the Secretariat staff of the Fund be in touch with ARD to organize a meeting with the Global Partnerships and Trust Fund Operations staff, who could share their experience in setting up similar funds.

September 24, 2010, E. Pehu