![FundsChain — Blockchain for Disbursement Traceability]

The World Bank's
FundsChain

Blockchain for Disbursement Traceability
Frequently Asked Questions (FAQs)
Last updated: June 23, 2025

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About FundsChain

1. What is the purpose of the World Bank's FundsChain initiative?

Ensuring that development funds are used for their intended purpose in a sustainable manner is a shared responsibility among the World Bank, borrowers/recipients, project implementation units (PIUs), and end beneficiaries. While the Bank can currently track disbursements to governments, visibility into how those funds get used further down the chain by PIUs, contractors, or end-beneficiaries is often limited and fragmented, requiring manual effort to piece together.

FundsChain addresses this challenge by offering a single, secure platform where all authorized stakeholders can track the flow of funds from the initial disbursement to the final payment. By recording and timestamping every transaction, FundsChain provides a clear, real-time view of how funds are used throughout the project lifecycle. This transparency supports better decision-making, reduces administrative burden, and builds trust among all parties involved.

Additionally, recordkeeping and the preparation of project financial reports and disbursement applications can be time consuming. Borrowers often rely on multiple disparate systems to trace payments and store paper-based records, leading to inefficiencies for both the borrowers and the Bank. For borrowers and PIUs, FundsChain simplifies reporting and improves oversight. For end-beneficiaries, it helps ensure that resources reach their intended destination. And for co-financed projects, it offers visibility across multiple funding sources enhancing coordination, reducing risk, and improving efficiency for everyone.

2. How does FundsChain work?

FundsChain leverages blockchain technology, based upon distributed and shared digital ledgers in a private and permissioned environment, to provide a secure and unchangeable digital record of transactions and other shared information. All authorized parties involved in the project can capture and access transactions and related evidence recorded on the platform. The platform is a new tool for our clients to securely record transactions at each step, ensuring that the movement of funds is visible and trackable from start to finish. Each transaction gets recorded and verified across multiple nodes (ledgers in blockchain), and every transaction is transparent to authorized parties, secure, and unalterable.

3. Who should I contact for questions about FundsChain?

For FundsChain support, contact our helpdesk at fundschainsupport@worldbank.org.

4.   What are the benefits of FundsChain?

FundsChain is a secure, tamper-proof digital platform that enhances transparency, efficiency, and accountability in project financial management. By providing all stakeholders, including borrowers, auditors, payment recipients, and project teams, with on-demand access to a shared, immutable record of transactions, FundsChain builds trust and reduces the risk of mismanagement of funds disbursed.

The platform simplifies complex tasks like tracing the flow of funds and streamlines reporting requirements such as Statement of Expenditure (SOE) submissions, often reducing processes that once took months to just minutes. It supports financial integrity, aligns with digital transformation goals, and harmonizes reporting practices across projects and countries. By streamlining records management and improving data access, FundsChain also reduces administrative burdens and transaction costs, often accelerating disbursements.

Designed with scalability and future integration in mind, FundsChain delivers tailored benefits to different stakeholders:

For Project Implementation Units (PIUs)
- Improved centralized access to financial data for faster, better decision-making
- A secure, mobile-friendly platform that works even in low-connectivity areas
- Automated SOE generation
- Faster disbursements and fewer delays, especially in multi-party projects
- Stronger assurance that funds are used as intended
- Reduced need to navigate multiple systems
- Comprehensive training and support from the World Bank

For Line Ministries
- Easy tracking of service delivery and financial flows
- Simplified reporting and reduced audit efforts with blockchain-verified data
- Ability to capture new data types, such as confirmation of cash transfers
- Faster responses to oversight and data requests
- A tool to support reforms and digital innovation in public finance
- Improved ability to deliver development impact

For Borrowers/Recipients
- Enhanced financial oversight and compliance with World Bank standards
- Streamlined records management and reporting processes
- Quicker access to funds and reduced administrative workload
- Stronger assurance that funds are used as intended
- Greater transparency and accountability in public financial management

For End-Users and Beneficiaries
- Clear visibility into when and how funds get disbursed
- Faster, more reliable access to project benefits
- Empowerment through access to previously unavailable data

- Mobile access that supports engagement and future-ready capabilities

In summary, FundsChain empowers the World Bank and its stakeholders with a unified, transparent view of fund flows, simplifies audits and performance reviews, and strengthens engagement with both implementing agencies and end-beneficiaries. It represents a leap forward in development finance management and monitoring.

Changes to Existing Processes

5. How does recording transactions via FundsChain impact disbursements?

Recording transactions on FundsChain does not change the existing disbursement process; the current approach remains in place. The borrower can still submit withdrawal applications the same way as is done now, and FundsChain will not impact this process. However, the platform introduces a new capability: it allows borrowers and project stakeholders to record the movement of funds to the final intended recipient, along with supporting evidence. This enhances transparency and traceability by providing borrowers/recipients and other authorized users with full visibility into the flow of funds from Designated Accounts (DAs) and local accounts at downstream entities.

6. Does FundsChain change the existing reporting process?

While FundsChain does not change the core reporting process, effective July 15, 2025, with the FundsChain integration with Client Connection, our online client portal, it will streamline the preparation and submission of withdrawal applications to the World Bank. Key improvements will significantly benefit borrowers in the following ways:

- **Auto-generation of SOEs** – With FundsChain integrated into Client Connection, SOEs can be auto-generated using blockchain-verified transaction data, ensuring accuracy and reducing manual reconciliation.

- **Easy attachment of supporting documents** – FundsChain enables seamless uploading and verification of supporting documents (e.g., contracts and invoices) directly on the blockchain platform, simplifying compliance and documentation workflows.

- **Automation of reporting workflows** – FundsChain automates key reporting tasks by delivering up-to-date, tamper-proof data on disbursements and expenditures, which minimizes manual intervention, reduces reporting delays, and enhances the accuracy and reliability of financial information.

- **Reduced paperwork and improved audit readiness** – By digitizing financial records and storing them immutably on the blockchain, FundsChain minimizes paperwork and enhances audit readiness through transparent, traceable, and easily accessible records.

Ultimately, FundsChain supports end-to-end traceability and simplifies documentation, making the reporting process more efficient and transparent.

7. Does FundsChain change the process to pay suppliers or beneficiaries?

No, there is no change in the current payment process. As the blockchain platform collects more project data, the process involving the verification of documents such as invoices and inspection reports could be expedited, reducing the waiting time between payments.

8. What if a project is restructured after being added to FundsChain?

The World Bank designed FundsChain to be flexible and easily updated to accommodate project restructuring. Users will be able to update relevant details of the project directly in the platform, such as the creation of another expenditures category, adding a designated account, or disabling a discontinued account.

FundsChain Functionality

9. Can existing country systems interact with FundsChain?

Yes, the blockchain platform can securely connect and share information with other systems using APIs, which are tools that allow different software programs to communicate. However, whether and how this connection is established will depend on the technical feasibility, security requirements, and specific circumstances of each country and project.

10. How will the Bank address and mitigate potential connectivity issues in countries with limited or low capacity?

The Bank recognizes that connectivity challenges, such as limited bandwidth or unreliable electricity, can affect user access in some regions. Addressing these variances is a critical part of the FundsChain implementation strategy. While the platform is designed to be lightweight and mobile-responsive that ensures optimal performance even in low-resource settings, the actual user experience will depend on local connectivity conditions.

Drawing from the Bank's successful deployment of Client Connection, our online client portal, we expect clients to interact with FundsChain through a similarly familiar and accessible interface. The Bank designed FundsChain to leverage the widespread reach of mobile technology, helping connect clients with end beneficiaries and stakeholders more effectively.

By supporting both smart and feature phones, FundsChain ensures inclusive access, enabling users across diverse technological environments to access and use the platform. Where needed, the Bank will continue to provide support and explore solutions for connectivity barriers.

11. How does FundsChain record transactions?

FundsChain records transactions in two ways: some transactions go directly onto the blockchain, while other transactions, such as large files or sensitive information, are stored outside the blockchain but notarized and remain linked to it. When users enter transaction details, the system encrypts the data, records the transactions in multiple ledgers (blockchain nodes), and stores it securely to prevent tampering.

12. What is the technology behind FundsChain?

Blockchain is a secure digital system that records transactions in a way that can't be changed, helping the World Bank and its stakeholders maintain a single, trusted version of financial data throughout a project. Blockchain works like a digital ledger, where each transaction is recorded in a block and linked to the previous one, forming a secure, tamper-proof chain. Transactions are encrypted and stored across many computers, making the system highly secure and resistant to tampering or hacking. Public blockchains are open to everyone, while private blockchains, like the one used in FundsChain, are restricted to authorized users for added control and security.

Platform Access, Privacy, and Ownership

13. Who owns FundsChain?

The Bank owns the blockchain platform, as it owns and establishes other systems for mutual benefit and use by both the Bank and its clients, such as Client Connection, the Bank's online portal for financing, grant, and project information, and STEP (Systematic Tracking of Exchanges in Procurement), the Bank's online system for recording and tracking procurement activities, both of which are heavily used by our borrowers and their implementing agencies.

14. Who will have access to FundsChain?

Only authorized users will have access to data specific to their areas. FundsChain has role-based access control and secure document storage to protect sensitive information.

In addition to Bank staff and designated officials of the borrower, the borrower will ultimately decide who gets access, adding another layer of security and peace of mind. Access rights can be customized by type of user on the platform to enable sharing of relevant information for each stakeholder on FundsChain.

15. How are data privacy concerns addressed?

At the Bank, we take data privacy very seriously. In FundsChain, data will be managed and encrypted so that only authorized users (as described in question above) within the Bank and project stakeholders will have access to the data.

Using the FundsChain Platform

16. How do I access the platform?

FundsChain is easily accessible through a user-friendly platform by using the URL, https://FundsChain.worldbank.org for our borrowers and their project implementing entities, and https://FundsChain-Ext.worldbank.org for the suppliers, contractors and end beneficiaries. The FundsChain platform is access controlled. Authorized users, including PIU staff, suppliers, vendors, contractors, and end beneficiaries, will receive detailed instructions, guidance on the scope of required supporting documents, and training to ensure they can utilize the platform effectively.

17. What supporting documents should be recorded in FundsChain?

Requirements for supporting documents will be defined by the borrower (usually the Ministry of Finance or Economy)/PIU of the project in agreement with the Bank. Documents such as invoices, payment orders, acts of acceptance, interim performance certificates, contract copies, bank statements, SOE, DA Reconciliation Statements, copies of checks, payment advisories, and approval letters may be included as proof of disbursement by PIUs, intermediaries, suppliers, and end beneficiaries. In summary, the borrower/PIU, in agreement with the Bank, will define which supporting documents are mandatory for every payment. Additional documents to trace disbursement transactions may be uploaded on a voluntary basis.

18. If a record is missing from the platform, is there any impact on withdrawal applications and the disbursement process?

While missing records on the platform do not currently affect the disbursement process, incomplete documentation will lower the Traceability Index, a metric that reflects the percentage of transactions and financial value evidenced based on submitted mandatory documents. To fully benefit from FundsChain, all stakeholders should aim to maintain complete project records.

Comprehensive records not only support end-to-end traceability but also enable borrowers and PIUs to use the blockchain platform for internal reconciliation, audits, and reviews. Additionally, comprehensive records make it easier to generate reports for borrowers and for project audits.