



# Umbrella 2.0 Programs: A Flexible Instrument for Aligning and Managing Development Resources for Results at Scale

Trust Fund Reform Brief

February 2020

**Umbrella 2.0 programs, the central innovation of trust fund reform, will strengthen the link between funding and the priorities of the World Bank, its clients and partners, and deliver impact at scale along with improved efficiencies.**

## Overview

The Bank continually seeks ways to enhance the impact and effectiveness of trust funds, and its Umbrella 2.0 approach addresses this objective. This new approach retains what already works well with trust funds while enhancing their effectiveness by moving the Bank’s trust fund portfolio toward fewer, larger and more strategically aligned programs (see Figure 1). An umbrella program supports the World Bank’s main priority objectives, is anchored by a multidonor trust fund (MDTF) and may include other associated trust funds. Each umbrella program operates on the basis of the following core principles: one overarching development objective, a unified results framework, a single annual report to donors, one governance body (a partnership council), and a communication and visibility plan.

Umbrella programs enable a more strategic approach for donors and the Bank to partner and finance their priorities. They allow high-level policy dialogue and increased access to the World Bank’s senior management than is the case through many small trust funds. For example, donors to the Energy Sector Management Assistance Program (ESMAP) meet annually with the Bank’s energy practice senior management and review and endorse the program’s strategy and business plan, enabling a high-level dialogue on the Bank’s work analytical work and lending across the energy sector.

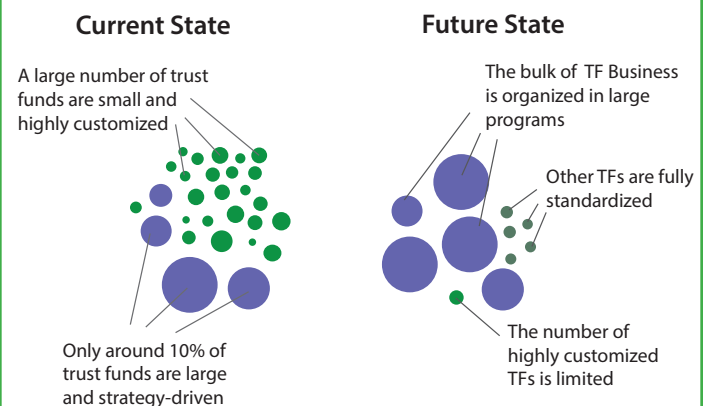
Umbrella programs enhance the opportunities for donors to collectively tackle “big” development challenges and to achieve meaningful results at scale. Similarly, umbrella programs provide a credible way for donors to join efforts to resolve development challenges that these donors

## About Trust Fund Reform

Trust funds enhance the World Bank’s capacity to support delivery of results in our client countries. They provide resources to advance work on global public goods, fragile and conflict-affected states, disaster prevention and relief, global and regional partnerships and knowledge and innovation.

The current round of trust fund reforms, including the introduction of the “Umbrella 2.0” instrument, seeks to strengthen the link between funding and strategic priorities, and to improve efficiencies in management and administration of trust fund resources. The aim is to structure the Bank’s trust fund portfolio around fewer, larger umbrella 2.0 programs. The design of this instrument builds on lessons from existing successful programs and a series of pilots, involving several Global Practices and Regions.

Figure 1 - Aligning Resources with Strategic Priorities



would not be able to address on their own (see Box 1). In both instances, this means that donors can point to more significant results than what they might achieve through their contributions to many smaller trust funds.

**Box 1 - A Country Umbrella Program** - The **Afghanistan Reconstruction Trust Fund (ARTF)**, the Bank's largest single-country MDTF, finances nearly 40 percent of the civilian budget and half of all development expenditures in Afghanistan. The ARTF is the main vehicle of choice for pooled funding in Afghanistan, bringing together 34 different donors to support the National Priority Programs in education, health, urban and rural development, infrastructure, agriculture, and governance sectors. The trust fund modality offers funding predictability for the Government of Afghanistan within a robust fiduciary and monitoring framework and provides the Bank and its donors with a platform for coordination and policy dialogue with the government on key reforms.

The move to umbrella programs also increases both the Bank's and donors' managerial effectiveness by reducing the number of independent trust funds. A large number of small trust funds incurs administrative and management costs in that they each have their own governance mechanisms and reporting requirements and are each administered separately.

Umbrella programs seek to create a win-win situation for the Bank and its development partners. They improve integration of donors' contributions to the Bank's financial and strategic planning while ensuring that the Bank remains responsive to its partners' priorities. This tighter integration means that activities funded by umbrella programs will better complement IBRD and IDA operations for maximum impact. Umbrella programs also allow for the piloting of innovative approaches that are grounded in country-level realities, lead to an increase in policy-relevant knowledge products, and promote coordination and collaboration among donors.

**Box 2 - PROBLUE** - The first Umbrella 2.0 pilot launched in October 2018 at the Bali "Our Ocean" Conference, Problue is a global program the goal of which is to support achievement of integrated and sustainable economic development in healthy oceans. Its areas of focus are: improved fisheries governance, marine litter and pollution prevention and reduction, "blueing" of oceanic sectors (strengthening environmentally friendly economic opportunities in traditional and new oceanic activities) and integrated seascape approach (strengthening integrated and sustainable management of coastal and marine areas). PROBLUE targets results-oriented, high-impact activities with strong, demonstrated potential for leveraging IBRD/IDA financing, and agenda-influencing knowledge and advisory activities that builds the knowledge base and demand for a Blue Economy.

Problue has received contributions from Norway, Sweden, Germany, France and Iceland. It has a funding target of \$209 million over seven years. The existing Profish MDTF, focused on fisheries, is associated under the Problue Umbrella. Problue relies on a Partnership Council (PC) as the governance body to provide strategic guidance and direction, endorse annual work plans and budgets, and review progress reports. The PC meets in person once a year to discuss progress of activities under the four focus areas and make endorsement decisions of annual work plans and budgets. Some donors have decided to "prefer" their contributions to PROBLUE to one or more focus areas.

Each of the Bank's business units - its Global Practices and Regions - selectively and strategically determine in which areas they will host umbrella programs based on their strategic priorities. As an illustration, the Bank's Global Practice on Environment and Natural Resources has organized its portfolio of global trust funds into four umbrella programs: Oceans (see Box 2), Forests, Pollution, and Sustainability. These programs are replacing narrowly focused global, regional, and country-based trust funds.

### **Accommodating Partner Interests**

Umbrella programs provide donors several ways of expressing their preferences. As a member of the umbrella program decision-making body (the partnership council), donors provide strategic advice on thematic and geographic priorities (see Box 2). They have an opportunity to express their preferences and influence the program during the discussion of the annual work program and budget. Donors also have inputs on the results framework of the umbrella program and can influence the choice of results indicators. Moving the dialogue from inputs to results can be an impactful way for donors to reflect their preferences in the umbrella program.

When necessary, donors may express a nonbinding preference for how they would like their contributions to the anchor MDTF to finance specific sectors, themes, or geographic areas. Preferences must align with the overall objective of the umbrella program and attract sufficient demand from prospective clients and beneficiaries. Donor funds are comingled in the anchor MDTF so the Bank cannot provide customized financial reporting on preferred contributions. The Bank cannot guarantee that these contributions will be used to address the preferences, but it will make a good-faith effort to accommodate the preferences to the extent possible.

If a donor is unable to contribute to the anchor MDTF due to their own internal policies or regulations, the Bank will

work with the prospective donor to determine if it may be appropriate to establish an associated trustee account. If the activities require the expansion of the umbrella program's work plan, the partnership council must agree to this expansion.

**Improving Communication and Visibility**

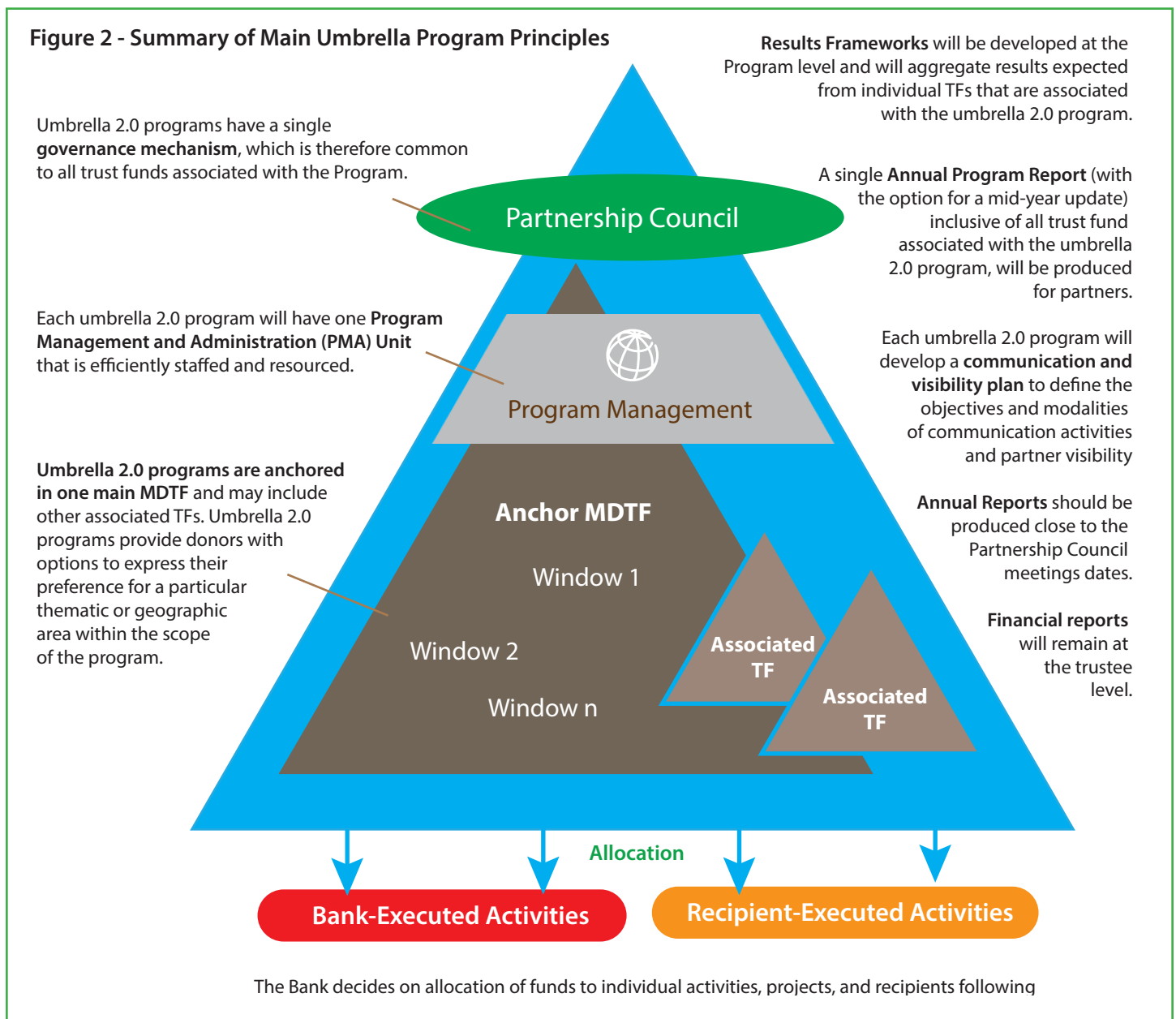
Each umbrella program develops a communication and visibility plan in consultation with development partners participating in the program. This plan defines the objectives of communication, the target groups, the communication activities that will be implemented, how communication success will be measured, what resources will be devoted to communication and visibility and how the partners will be represented in communications outputs and activities. An umbrella program combines contributions from all donors, so individual donors do not receive exclusive attribution for results pertaining to an

issue or area for which they have expressed a nonbinding preference.

**Emphasizing the Importance of Reporting Results**

Each umbrella program has an overarching development objective and a theory of change that explicitly describes how its anticipated outcomes will contribute to the achievement of the overarching development objective. Anticipated outcomes are organized under pillars that represent specific thematic or geographic areas. The umbrella program's results framework therefore comprises the program development objective and anticipated outcomes expected from each pillar.

Each umbrella program provides a single, consolidated annual progress report covering activities and outcomes financed by all parts of the program, including





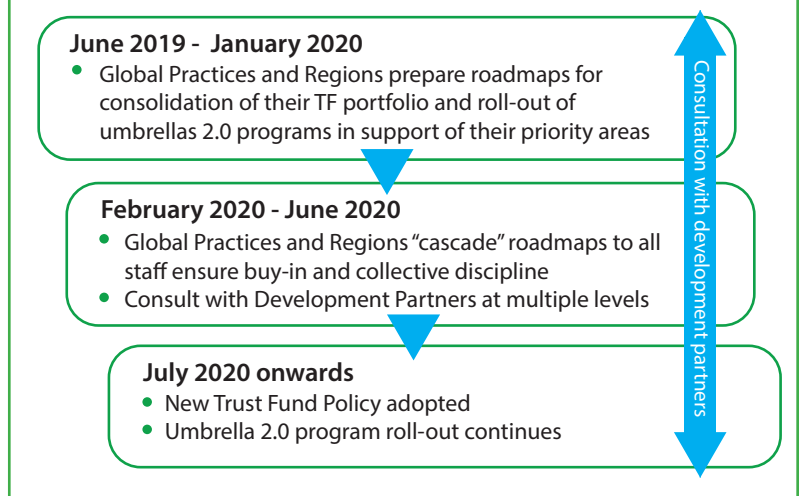
associated trust funds, with updated values for the results framework's indicators. This progress report includes separate financial reports for the anchor MDTF and any associated trust funds. In addition, donors can access the Bank's Development Partner Center (DPC) at any time to obtain information about trust funds to which they have contributed.

Annual progress reports include information on the results achieved during the reporting period, progress made on activities that are underway, and information on all activities that were closed or completed during a reporting period. These reports also often include information on the risks and challenges encountered and how they are being managed or mitigated. The annual report also provides operational and financial information for projects and activities that were funded by grants from the trust fund.

**Timeline: Towards Umbrella 2.0 Programs**

Starting in March 2018 a number of GPs and Regions have piloted the umbrella principles (see Figure 3). The lessons learned in their design and early operation, including feedback from development partners,

**Figure 4 - Timeline for the trust fund reform piloting exercise**



is feeding into the final design of the policies and procedures needed to support the new instrument. The instrument will subsequently be rolled out across the Bank starting early 2020 (see Figure 4). Existing “legacy” trust funds and trust-funded programs may either be “converted” to umbrella 2.0 programs where it makes sense, or continue unchanged until their planned closing date. The majority of new funding will be channeled to the new umbrella 2.0 programs.

**Figure 3 – The Umbrella 2.0 instrument builds on lessons from existing programs**

<b>Global to Local Leadership / GPGs</b>	<b>Complex “Legacy” Portfolio</b>	<b>Heavily Decentralized, Field-Based Portfolio</b>	<b>Integration into Country Program(s)</b>
<b>Environment, Natural Resources and the Blue Economy Global Practice</b>	<b>Finance, Competitiveness and Innovation Global Practice</b>	<b>Governance Global Practice</b>	<b>South Asia Region</b>

Three Global Practices and one Region developed and managed pilots between March 2018 and July 2019. Together with other successful programs, such as the Energy Sector Management Program (ESMAP) and the Global Water and Sanitation Partnership (GWSP), these pilots have generated important lessons into the design of the instrument.

- The principle of one governance arrangement, one results framework and one report is central to efficiency gains under the Umbrella 2.0 approach, but flexibility remains for individual features
- The “optimal level of aggregation” cannot be mandated from the top
- The Bank will continue to improve systems for reporting on results
- Umbrella 2.0 programs will provide options to accommodate geographic or thematic preferences for some donors, while balancing the need for sufficient core funding to make the program manageable
- Improving communication and development partner visibility is essential
- Existing trust funds will not be forced into an umbrella program
- Designing and managing an umbrella program is not an administrative exercise but requires leadership and continuous engagement with donors

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