


# Finance for Development (F4D)

Developing deep, inclusive, efficient and resilient financial systems



## About the Umbrella Trust Fund

 **Geographic Scope:** Global, regional and country levels

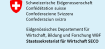
 **Managing Global Practice:** Finance, Competitiveness & Innovation (FCI)

### Current Partners:

 Federal Ministry  
Republic of Austria  
Finance

BILL & MELINDA  
GATES foundation

 Government  
of Canada



## Purpose

The Finance for Development (F4D) Umbrella Trust Fund is the World Bank's main platform for donor financing of global and regional activities to make financial systems in low- and middle-income countries (LICs and MICs) more resilient and capable of better serving women and vulnerable groups, while supporting economic output.

A resilient, diverse, and inclusive financial sector is vital for supporting growth and reducing large financing shortfalls in emerging markets for key sectors, such as infrastructure, micro, small and medium enterprises (MSMEs), agriculture, or housing. It must also better serve women and the poor, thus improving the welfare of the population.

Strong financial systems matter even more during adverse times. Weak financial systems are vulnerable to shocks, and crises generate harmful social and economic effects, eroding hard won

gains in output, employment, poverty and reducing inequality. The COVID-19 pandemic triggered an unprecedented global crisis, which is also challenging financial systems. More countries are requesting assistance in areas such as preserving access to finance for MSMEs, managing and exiting regulatory forbearance, strengthening insolvency regimes, and using digital finance to reach vulnerable groups. Beyond such measures, a broader engagement through other F4D themes is needed to support the economic recovery.




## Approach

F4D helps address these challenges by consolidating the World Bank's financial sector-related work under one main instrument. This facilitates a more coordinated response, strengthen the linkages between mutually reinforcing financial sector topics, and improve country and thematic coverage. The F4D results framework offers an ambitious set of monitored outcomes, linked to eleven Sustainable Development Goals (SDGs). F4D also supports many activities that reflect the Maximizing Finance for Development approach adopted by the WBG in order to optimize developmental impacts. F4D builds on the positive legacy of existing

trust funds and continues to support highly relevant policy areas and topics sponsored by prior trust funds, while also addressing new requests in innovative priority areas, such as climate change risks or digital finance services.

F4D is designed to accommodate a broad scope of thematic requests from both LICs and MICs, and to adjust to the rapid evolution of financial systems and the new opportunities, actors – for example fintech firms – and risks in a changing environment, including pandemic, climate change, digital transformation.

PILLARS	TOPIC
 <p><b>Strengthening Financial Sector Resiliency:</b> Supporting countries achieve resilient, stable, and transparent financial systems</p>	<ul style="list-style-type: none"> <li>• Financial sector regulation &amp; oversight (banks, non-banks, payments, intermediaries)</li> <li>• Crisis management &amp; safety nets</li> <li>• NPL management</li> <li>• Financial sector vulnerability analysis</li> <li>• Cybersecurity</li> <li>• Financial Sector Integrity</li> </ul>
 <p><b>Financing the Poor and Vulnerable:</b> Expanding safe, reliable and efficient market infrastructures and financial inclusion</p>	<ul style="list-style-type: none"> <li>• Remittances</li> <li>• Microfinance</li> <li>• Financial access &amp; usage</li> <li>• Women's financial inclusion</li> <li>• Consumer protection</li> <li>• Payment systems</li> </ul>
 <p><b>Financing the Real Economy:</b> Bridging the huge gaps for strategic sectors in emerging markets and developing economies (EMDEs)</p>	<ul style="list-style-type: none"> <li>• MSME and corporate finance</li> <li>• Housing finance</li> <li>• Infrastructure finance</li> <li>• Agriculture finance</li> <li>• Corporate debt restructuring &amp; insolvency</li> </ul>
 <p><b>Developing Financial Markets:</b> Mobilizing long term finance by crowding-in private capital</p>	<ul style="list-style-type: none"> <li>• Capital markets (bond markets, sukuk, PE-VC, equity, derivatives, structured finance, securities market infrastructure)</li> <li>• Institutional investors (pensions, insurance, investment funds)</li> <li>• Competition in financial system</li> </ul>

CROSS CUTTING THEMES	
 <p><b>Financing Gender Gaps</b></p>	<p>F4D will focus on increasing women’s economic participation by building knowledge and data and supporting regulatory and market infrastructure reforms that improve women access to financial services. Examples of the work to be covered include:</p> <ul style="list-style-type: none"> <li>• Gender sensitive knowledge and data generation</li> <li>• Implementation of gender smart policies leveraging existing tools and frameworks</li> <li>• Support country projects</li> </ul>
 <p><b>Digital Financial Services(DFS)</b></p>	<p>DFS is playing a rapidly evolving cross cutting function that is deeply changing financial systems, and as such constitutes a key topic across all F4D pillars. Examples of the work to be covered include:</p> <ul style="list-style-type: none"> <li>• Developing frameworks for a greater role of DFS.</li> <li>• Adapting regulatory frameworks to fit new actors, contain risks of arbitrage, and adopt proportional rules</li> <li>• Supporting clients in addressing risks such as cybersecurity concerns, overindebtedness, data governance and privacy.</li> </ul>
 <p><b>Climate Change &amp; Sustainable Finance</b></p>	<p>Support authorities in managing environmental risks is a key part of the FCI agenda. Under this cross-cutting theme F4D:</p> <ul style="list-style-type: none"> <li>• Conducts country climate risk assessments to identify vulnerabilities and assess supervisory responses.</li> <li>• Assesses financial sector impacts of climate risks, adapt regulatory and supervisory approaches.</li> <li>• Develops instruments to mobilize investors for green and sustainable development (e.g., green bonds, green mortgages, sustainable agriculture finance)</li> </ul>

## Management and Implementation

The F4D Umbrella trust fund is managed by the FCI Global Practice. The program cooperates with more than 20 World Bank Group units and partners, reflecting the vital role of finance for many other sectors.

The Umbrella’s Partnership Council provides strategic guidance and direction, with representatives from all contributing Development Partners that includes the Austrian Federal Ministry of Finance (BMF), the Bill & Melinda Gates Foundation, the European Commission (EC), Global Affairs Canada (GAC), and the Swiss State Secretariat for Economic Affairs (SECO). Partners are also encouraged to join F4D Technical Advisory Committees that will be established to discuss strategic approaches in select countries.

Resources will be deployed to both global and regional teams, involving a strong country and field presence. F4D supports:

1. financial sector diagnostics
2. technical assistance, policy advice and capacity building; and
3. monitoring and evaluation and program management,

through a team reporting to FCI Finance Global Director.

Resources will be used through two main windows reflecting:

1. country operational work and
2. knowledge creation and dissemination. Both windows reserve a portion of their annual budget to respond to unforeseen circumstances and new requests.

Rules of selectivity, additionality and comparative advantages are used to prepare annual action plans submitted to the Partnership Council for their endorsement, and synergies are therefore searched with other WBG units, institutions and trust funds.

Thematic and geographic preferences of Development Partners can be reflected in the annual action plan.

### Contact Information

For further details about the F4D Umbrella trust fund, please contact

**Elena Babkova**

F4D Program Manager  
[Ebabkova@worldbank.org](mailto:Ebabkova@worldbank.org)