



# Partnering with the World Bank through Trust Funds

## Transitioning to an Umbrella 2.0-based Portfolio

Guide for Development Partners

April 2020

**J**anuary 1, 2020 marked a major milestone in the World Bank's ongoing Trust Fund reform -- namely the introduction of the Umbrella 2.0 Program as the primary instrument for partnering with the World Bank through trust funds.

This guide highlights **what's new** as the World Bank moves forward with implementing the Umbrella 2.0 portfolio approach. It also addresses **what's next** -- what partners and World Bank staff should expect in the short- to medium-term as implementation moves forward. Frequently Asked Questions and a list of contacts and online resources are included at the end of the guide.

### What's New?

The central innovation of the current phase of trust fund reform is the introduction of the Umbrella 2.0 Program as a flexible way to align and manage development resources for results at scale -- an approach that will result in fewer, larger more strategically aligned trust fund programs.

The transition of the current trust fund portfolio to an Umbrella 2.0-based portfolio, will provide partners:

- A more strategic way to partner with the World Bank and to finance their priorities.
- Increased access to the World Bank's senior management in the context of high-level policy and strategy dialogue.
- Opportunities to collectively address global and local development challenges and achieve meaningful results at scale.
- Improved narrative and results reporting.
- Increased access to knowledge sharing opportunities on key development issues.

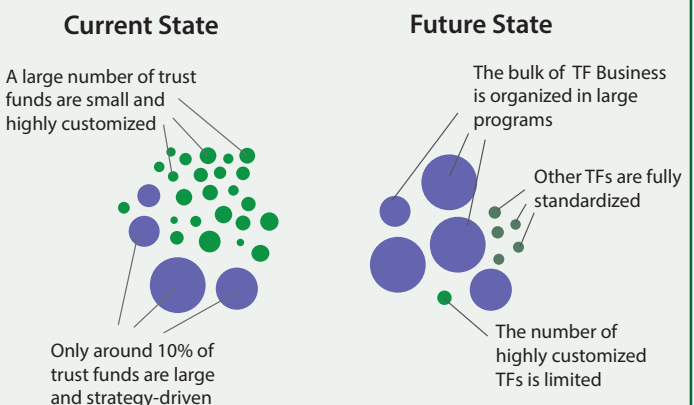
Our clients will see improved alignment of trust fund resources with agreed country priorities, and increased

### Why Trust Fund Reform?

Through several rounds of trust fund reform dating from 2001, significant progress was made on increasing the efficiency, alignment and oversight of trust funds. However, the current portfolio of trust funds remains large and fragmented, with many of the roughly 540 trust fund accounts very small in value and highly customized in purpose. About 70% of the current portfolio of accounts for only 7% of the overall trust fund value.

The price of fragmentation is higher transaction costs and administrative burden for the World Bank and its partners. This is most concerning for clients. Portfolio fragmentation can also lead to inadvertent duplication or overlap of effort.

The current phase of trust fund reforms aims to deliver transformative solutions for our clients and provide the best value for our partners through decreased fragmentation, improved strategic alignment, increased efficiency, and enhanced oversight of the trust fund portfolio.



complementarity with IDA and IBRD operations -- maximizing the impact of both.

For the World Bank, implementing a Umbrella 2.0 based portfolio will mean increased ability to leverage expertise on key areas across the institution; enhanced complementarity with and leveraging of the World Bank's core programs and resources, in particular for IDA and IBRD operations development; expanded learning and knowledge sharing opportunities; and decreased administrative burden associated with managing a high number of low dollar value accounts.

### ***A trust fund portfolio structured around Umbrella 2.0 Programs***

Over the period July 1, 2019 to end January 2020, each World Bank Global Practice (GP) and Region prepared a trust fund "Portfolio Roadmap" in which they reviewed their full trust fund portfolio and identified opportunities for consolidation. This exercise gave rise to 66 proposals for Umbrella 2.0 Programs which will serve as the basis for most future fundraising efforts. Work is underway to establish these Umbrellas.

Going forward, operating with an Umbrella 2.0-based portfolio approach means that:

- ***Future fundraising will be streamlined.*** The majority -- around 90% -- will be channeled through an Umbrella 2.0 Program. Contributions to World Bank trust funds outside of Umbrella 2.0 Programs will be on an exceptional basis, will require a strong rationale, and be subject to enhanced review.
- ***Partners' role in steering the Umbrella will be enhanced:*** Through membership in the Partnership Council, partners will participate in the strategic decisions of the Umbrella and contribute to defining its core parameters -- e.g. development objectives, scope, and results framework, communication and visibility plans, progress reports -- and in the endorsement of workplans and budgets. Detailed funds allocation and activity management will be the responsibility of the World Bank.
- ***Resources in Umbrella 2.0 Programs will be integrated in the planning and budgeting cycle applied to the Bank's own resources,*** which will ensure a close link with IDA and IBRD and maximize synergies.

## **What's Next?**

The 66 Umbrella 2.0 Programs identified by the World Bank units are at different stages of "readiness". They are clustered broadly as follows:

*Programs that already operate fully or largely within the Umbrella 2.0 core principles.*

- For these, little or no additional effort is needed, but World Bank teams will work to ensure that all core Umbrella 2.0 principles are met and engage partners on any necessary adjustments. For example, if no formal Communication and Visibility Plan (CVP) is in place, teams will work to develop and implement one.

*Umbrellas to be established based on existing trust funds not already operating collectively as a program.*

- In these cases, certain changes may be necessary to the terms of the existing trust funds. For example, the governance arrangements might need to be defined or revised to bring existing, separate trust funds under the same Umbrella Partnership Council structure, or the results framework might need to be aligned and a theory of change defined. Similarly, timing of various annual reports might need to be aligned. Some changes will require amendments to existing Administration Agreements.

*Umbrella 2.0 programs to be established based on new trust funds.*

- For these, the World Bank teams will begin work on a new anchor Multi-donor Trust Fund (MDTF) reflecting the objectives and scope of the proposed Umbrella. Teams will reach out to potential partners as the concept for the Umbrella takes shape.

Regardless of its status, each Umbrella 2.0 Program is unique and will require specific, tailored actions to get to full alignment with core Umbrella principles.

Moving from the current, fragmented approach, to a more strategic, systematic approach **will take time**. Even Programs already mostly aligned with the Umbrella principles continue to fine-tune their design and processes. Open communication and close collaboration between the World Bank and existing and potential partners will be critically important during this transition period.

# Introducing the Umbrella 2.0 Program

An **Umbrella 2.0 Program** is an instrument for organizing and managing Development Partner trust funds in support of one or more shared strategic priority areas. The Umbrella 2.0 Programs' broad scope and clear strategic focus elevates the dialogue with partners around shared strategic priorities and mutually desired outcomes, while accommodating partners' interests.

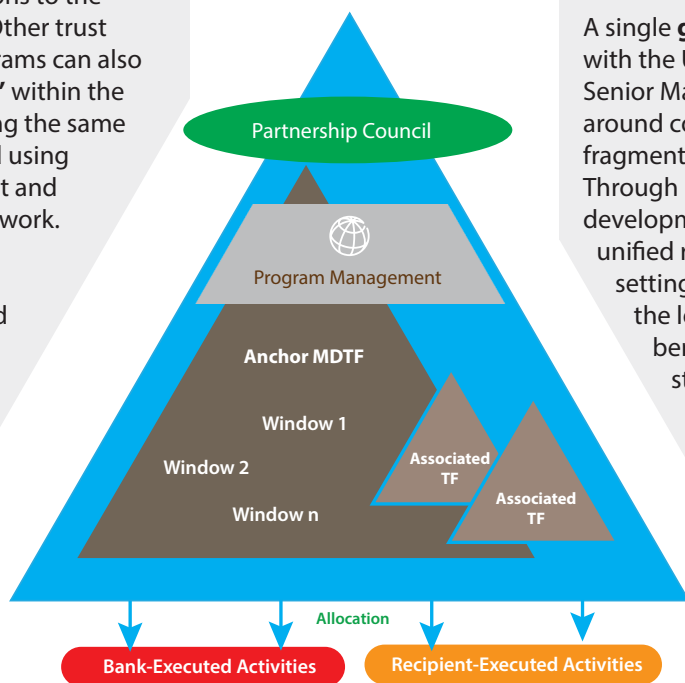
An Umbrella 2.0 Program is not a trust fund *per se*. Each Umbrella is anchored by a primary multi-donor trust fund (MDTF). Partners interested in a specific theme or geographic area have the option to indicate **non-binding preferences** for their contributions to the anchor MDTF. Other trust funds and programs can also be "**associated**" within the Umbrella, sharing the same governance and using a common result and reporting framework. This streamlines administration, governance, and reporting, and maximizes the impact of partner resources.

## A flexible instrument for aligning and managing development resources for results.

Each Umbrella's **results framework**, developed in consultation with donors is an important monitoring tool to help development partners and the Bank assess how individual activities are contributing to the overall development objectives. It helps identify areas where more resources may be needed or shifts in priorities may be required. Moreover, the results framework is a dynamic tool that can be revisited regularly and adapted to new priorities that arise, avoiding the need to create new trust funds and incur the associated transaction costs. Associated trust-funded activities are brought together under a unified results framework to ensure greater complementarity of development partner resources. Similarly, reporting on progress is provided at the Umbrella level, highlighting contributions from associated trust funds in a comprehensive report.

## Greater opportunities for development partners and the Bank to work together strategically and efficiently and deliver better results for clients.

A single **governance structure** for all funds associated with the Umbrella 2.0 Programs brings the Bank's Senior Management and partners to the same table around common development objectives, helps avoid fragmentation of resources, and increases efficiency. Through participating on the **Partnership Council**, development partners will review progress against the unified results framework; provide strategic advice on setting priorities, including adjusting to changes in the local or global context; and collaborate in and benefit from knowledge-sharing activities. This strategic, program-level dialogue will allow the Bank and partners to work together to help advance policy dialogue and to ensure that individual activities are aligned around common outcomes. On the basis of annual work programs and budgets endorsed by the Partnership Council, the Bank will allocate funds to individual activities.



## Ensuring wide communication and dissemination of activities and results achieved, highlighting the support provided by all development partners.

Umbrella 2.0 Programs develop **Communication and Visibility Plans (CVP)** that are discussed with the Partnership Council. The CVP ensures that teams consider the strategic communication needs of the program, including stakeholder analysis, audience segmentation, key messaging and channel selection and how these can support the overall program goals and drive for results. The CVP also ensures that teams address issues relating to branding of the program, of the participating donors and of the Bank.

# Frequently Asked Questions

## How is an Umbrella 2.0 Program structured?

Umbrella 2.0 Programs are “anchored” in a programmatic multi-donor trust fund (MDTF) with a relatively broad thematic and /or geographic scope. In some cases, the Umbrella will simply include this single programmatic MDTF. The innovation introduced with Umbrellas is the possibility to accommodate partners’ interest to support a narrower thematic or geographic scope (within the scope of the anchor MDTF), by “preferencing” their contribution and/or by associating one or more other Trust Funds (TFs), which could be single or multi-donor. In this case, the Umbrella consists of the main MDTF plus all of the associated TFs.

## How was the Umbrella 2.0 instrument designed?

The design of the new Umbrella 2.0 Program builds on a piloting phase involving units in the World Bank units (three Global Practices (GPs) and one Region) experienced in managing TF resources and was informed by lessons from existing successful programs as well as from the previous Umbrella model (1.0). It also benefited from active donor support and engagement through a series of consultations organized by the World Bank over the past two years.

## How can a partner express their agency’s preferences through channeling of funds?

One of the key objectives of trust fund reform is to drive the World Bank’s trust fund portfolio towards “fewer and larger” programs that reflect the core priorities of the World Bank’s GP and Regions which in turn reflect the priorities of the clients they serve. As a member of the Umbrella Program decision-making body (the Partnership Council), partners provide strategic advice on thematic and geographic priorities. They have an opportunity to express their preferences and influence the Program during the discussion of the annual work program and budget. Partners also provide 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.

At the same time, partners sometimes express the need to target their support to more narrow areas, whether thematic or geographic. As a first principle, it is always desirable to avoid any form of preferencing of a contribution or otherwise segregating it with a separate trust fund (earmarking). Pooling of resources in support of a common development outcome provides flexibility across the Umbrella Program and facilitates administration of resources on the clients’ end. Preferencing undermines the World Bank’s abilities, as program administrator, to manage the funds optimally in response to evolving priorities and emergencies. Any “supply-driven” approach reduces the ability of the Umbrella Program to respond effectively to recipient needs and could ultimately reduce country ownership and overall program impact.

Nevertheless, some partners have internal constraints and must reflect that their contribution targets a specific geographic area or theme, or are unable to pool their contributions. Two complementary options are available to accommodate partners when pooling is not an option – preferencing and earmarking.

### *Preferencing*

Partners can state a nonbinding preference that their contributions to an anchor MDTF or to an associated trust fund be used for specific purposes or geographic areas. The nonbinding preference is expressed in the administration agreement (AA) between the World Bank and the donor. The funds are commingled with all other donors’ funds and the World Bank does not provide a specific financial report on the contribution. The World Bank attempts to honor a preference, but changing circumstances, such as the absence of demand, may prevent it from doing so. The Bank informs the donor when such circumstances arise.

### *Earmarked by association*

Earmarked contributions cannot be made to a MDTF. However, partners can specify that their contributions be used for specific purposes or in specific countries (or both), within the overall scope of the Umbrella 2.0 program. This is achieved by channeling the contribution to an associated trust fund that will finance activities only in these countries or with that purpose. Associated trust funds must support the Umbrella Program’s development objective and contribute to the overarching results framework. Financial reporting is provided

for each individual trustee trust fund and narrative reporting is included in the overall Umbrella Program progress report. A partner can only influence the work program and budgets of those trust funds to which it has contributed.

**Can a partner contribute to both an anchor MDTF as well as to a separate but associated trust fund within the same Umbrella Program?**

Yes. There are no limitations on which funds partners choose to support within an umbrella program. For example, a partner can make either a preferenced or non-preferenced contribution to the anchor MDTF and an earmarked contribution to an associated trust fund.

**Can trust funds established before the creation of an Umbrella Program become part of an Umbrella Program?**

Yes, an existing trust fund can be integrated through association into an umbrella program, provided there is a strategic fit and alignment of that fund with the objective of the umbrella program and agreement with the partners who have contributed to this fund. Such decisions are made on a case-by-case basis and based on discussion between an umbrella program's manager and partners to the trust fund. Joining an umbrella program may require an amendment to the administration agreement that established the original trust fund. The Portfolio Roadmap exercise identified a number of trust funds with potential for association with one of the Umbrella 2.0 Programs already established or planned to be established.

**Will all existing trust funds be part of an Umbrella Program?**

Partners are not required to associate existing trust funds through an Umbrella 2.0 program. All work committed to be undertaken under existing administration agreements will continue as planned and will be managed with the same care and diligence as is committed under those agreements. However, the agreements will not be extended beyond their current closing dates.

**What happens when Umbrella 2.0 Program is not the right fit for an important new contribution?**

While most future donor contributions will be channeled through an Umbrella 2.0 program, not all existing trust funds or even future trust funds will be. A limited number of trust funds may be established outside an Umbrella Program – as “Standalone” Trust Funds. A GP or Region might establish a Standalone Trust Fund for instance where the focus of the work to be undertaken does not support a long-term strategic priority for the Bank but is still of medium-term interest; or addresses a niche knowledge gap. A Standalone Trust Fund might be established where the work is aligned with a specific country-level priority but cuts across existing Umbrellas. Standalones could include project co-financing, or initiatives where innovations or emerging topics are supported, which may later become priorities but cannot be accommodated in an Umbrella Program. Through the Portfolio Roadmap exercise, a number of existing trust funds have been identified as Standalones and will continue to be implemented according to the terms of their AAs.

**What is the Partnership Council?**

An Umbrella Program's Partnership Council is its governing body comprising the World Bank and contributing partners. All partners contributing to the anchor MDTF and to all associated trust funds are eligible to attend partnership council meetings, typically with one representative per donor. Discussions at meetings of partnership councils focus on the strategic directions of the umbrella and typically include consideration of annual work programs and budgets, progress achieved, and challenges encountered. Partners will also be able to influence an umbrella program's work by providing technical inputs through participation in technical working groups, or by joining workshops or conferences the World Bank organizes with funds from the program.

**What are the processes for decision making within Partnership Councils?**

Decision-making is based on consensus among partners. There is one partnership council for the umbrella program that covers the anchor MDTF and all associated trust funds. As a member of the partnership council, partners provide strategic advice on thematic and geographic priorities. They have an opportunity to express their preferences and influence the Program during the discussion of the annual work program and budget. Partners also provide 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. Partners participate in decision-making for the trust funds to which they



contribute but discuss activities and results expected from the entire umbrella program. In other words, a member of a partnership council cannot block a consensus decision on the work program or budget of an associated trust fund to which it has not contributed.

### **Do Umbrella Programs follow the World Bank's Cost Recovery Framework for Trust Funds?**

Yes. Umbrella 2.0 does not change any of the Bank's policies or procedures in the Cost Recovery Framework, which is applied at the trust fund trustee level.

### **Do Umbrella Programs change the procedures for financial reporting to partners on their contributions?**

No. Financial reporting remains at the trust fund trustee level. An umbrella program's progress reports include separate financial reports for the anchor MDTF and the associated trust funds. In addition, the Development Partner Center provides current financial information for each trust fund to which a partner has contributed.

### **How do Umbrella Programs ensure attention to monitoring, evaluation, and achievement of meaningful results and outcomes?**

As part of the Umbrella 2.0 initiative the World Bank is committed to enhance its reporting of results to its partners. The consolidation of reporting functions with fewer trust funds allows umbrella programs to increase the resources devoted to monitoring and evaluation. An umbrella program has an overarching development objective and a theory of change (intervention logic) that explicitly describes how its anticipated outcomes will contribute to the achievement of the overarching development objective. The umbrella program's overarching development objective and results framework are reflected in the anchor MDTF. The results framework includes (a) a statement of the program's development objectives that identify the expected changes in behavior, situation, or performance of the intended beneficiaries; (b) indicators to measure outcomes and intermediate results to track progress toward achieving outcomes; and, (c) arrangements for monitoring and evaluation. The results framework and its indicators are developed in consultation with donors. In addition, an independent evaluation of the umbrella program is performed at least every five years using the program's resources. The terms of reference for the evaluations are developed in consultation with partners. This process thus creates opportunities to use these independent evaluations to meet any partner's domestic requirements for evaluation.

### **How does the World Bank ensure timely responses to partners' inquiries about Umbrella Programs to which they have contributed?**

The Umbrella Program Manager is the primary point of contact for partners. In addition, the Bank's [Development Partner Center](#) provides current financial information for each trust fund, including grant-level data and public versions of implementation status and results reports, which are typically produced twice a year during the life of a project or activity, and implementation completion and results reports, which are completed soon after a project's completion.

### **How will partner visibility be attributed in an Umbrella 2.0 Program? Will visibility be at the umbrella level?**

Each umbrella program will develop a communication and visibility plan (CVP). The CVP defines the objectives of the communications related to the program, the target audience(s), communications activities to be implemented, how communications success is measured, and the resources to be devoted to communication and visibility. The CVP should also be used to articulate, and seek common understanding of, issues related to branding of the program. The CVP is prepared in parallel with, and aligned to, the results framework and is agreed with partners at the Partnership Council.

### **How can I learn more?**

- [Trust Fund Reform: An Overview](#)
- [Umbrella 2.0 Programs: A Flexible Instrument for Aligning and Managing Development Resources for Results at Scale](#)
- [2018-2019 Trust Fund Annual Report](#)

### **Who can I contact?**

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