



Summary of CIF Financial, Risk, Portfolio and Operational Reporting Framework

December 15, 2017





Background and Purpose of CIF Financial, Risk, Portfolio and Operational Reporting Framework

- Over time, the CIF's reporting needs have evolved beyond what was originally envisioned. It is therefore necessary to take stock of existing reporting practices, streamline where feasible and update key reporting arrangements to address gaps.
- The following framework is intended to map out the recurring information requirements and reporting duties of the CIF AU, Trustee and MDBs, as well as the roles and responsibilities of these stakeholders with regards to information sharing and reporting.
- The framework will specify gaps, redundancies, and overlaps with existing CIF reporting practices, as well as suggest opportunities to streamline and improve these practices.
- Additionally, this framework document will document the roles and responsibilities of the CIF AU, Trustee, and MDBs in the context of portfolio, risk and financial management reporting, as well as identify areas of overlap, lack of clarity, or gaps.

Scope of Reporting Framework

- This reporting framework covers recurring information sharing and reporting under the four CIF programs: CTF, PPCR, FIP, and SREP. This reporting framework focuses on pre-defined and recurring reporting arrangements for the CIF AU, Trustee and MDBs that are mandated by the TFC. It is not meant to address ad-hoc information requests or other one-off reports.
- The nature of reporting included in this review encompasses financial management, risk management and portfolio and operational (including pipeline and results) reporting. Other types of reporting, such as knowledge reports, have been excluded from the scope of this review.



1. Gaps, overlaps, and redundancies were identified across the three segments of CIF reporting (financial management, risk management and portfolio and operational). Multiple areas of enhancement have been identified to address these and improve how information is shared between the CIF AU, Trustee, and MDBs. This includes both eliminating numerous manual adjustments and manual aggregation processes currently in place, for example by increasing automation and consolidating and harmonizing data requests from CIF AU to MDBs. The effectiveness of automation efforts to improve reporting practices will need to be assessed regularly moving forward, as will the efforts to streamline manual information sharing processes.
2. Streamlining opportunities identified for the type of information requested by the TFC are limited, as no reports, or components of those reports, have thus far been identified as redundant or unnecessary for reporting purposes.
3. The lack of an information sharing protocol between the CIF AU and MDBs has led to numerous information sharing gaps, especially for confidential private sector information. The development of an information disclosure agreement, as described in the Action Plan, could help address these challenges.
4. Roles and responsibilities between the CIF AU, Trustee and MDBs are fairly well aligned, and no major adjustments to existing roles or responsibilities have been suggested.



Reporting among CIF stakeholders can generally be broken down into three categories:

Portfolio and Operational Reporting

- Includes pipeline, portfolio, and results reporting across CIF programs.
- Captures aggregate, portfolio-wide trends and data, including CIF portfolio exposure and resource allocation, disbursements, and results information.
- Helps inform strategic decision making, such as how to allocate future funding and programming, as well as informs stakeholders with regards to results.

Risk Management

- Reports that identify, assess, monitor and report on portfolio and project-level risks associated with CIF's financing products, including credit risk, market risk, and operational risk.
- This information informs strategic decision making with regards to areas where threats exist to achieving the CIF's objectives.

Financial Status

- Reports that describe the current and/or projected financial status of the CIF Trust Funds and report projected and/or available resources.
- Financial information is generated by the Trustee based on contributions, commitments and cash transfers made and/or received by the Trustee.
- Information from MDBs is generally obtained via Annexes submitted by MDBs, as required under the Financial Procedures Agreements (FPAs).

Section 2: CIF Reporting Framework –Portfolio and Operational Reporting



Overview of Portfolio and Operational Reporting

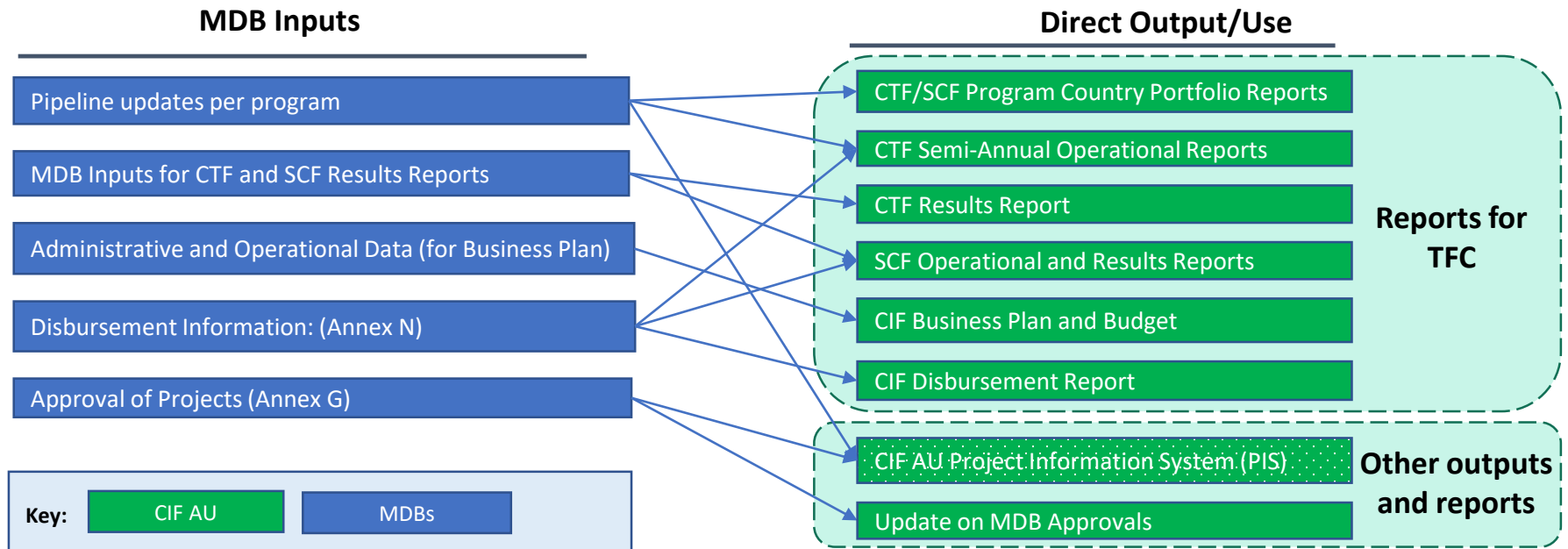
Nature of Reporting:

- Project/program allocations, approval status, funding/co-financing, and funding status
- Resource allocation
- Program/Project Results
- Disbursement progress and forecasts
- Gender strategy and execution
- Evaluation and Learning initiatives

Recurring Reports Produced for TFC:

- CTF Semi-Annual Operational Reports
- CTF Results Report
- FIP/SREP/PPCR Operational and Results Reports
- CIF Business Plan and Budget
- CIF Disbursement Report
- CTF/FIP/SREP/PPCR Country Portfolio Reports
- CIF Annual Report
- Gender Report
- Evaluation and Learning Report

MDB Inputs and Outputs for Portfolio and Operational Reporting





Portfolio and Operational Reporting - Observed Reporting Overlaps, Redundancies, or Gaps:

Overlaps and Redundancies:

- Some overlap in requested project progress information from MDBs on both portfolio template and monitoring and results (M&R) template
- Project and program approval data are included in many reports and oftentimes this information is shared via different formats and templates, which creates room for inconsistencies and requires extensive manual review of the data at each reporting cycle
- Disbursement data – Required for both CIF portfolio management analysis and risk analysis
- Disbursement data - Some MDBs share Annex N with both Trustee and CIF AU
- Project co-financing information is provided by MDBs to both Trustee and CIF AU, and sometimes the information provided is not consistent; MDBs currently provide the information through multiple formats, including separate templates to Trustee and CIF AU, which generate inconsistencies
- Country Portfolio Reports – both CIF AU Risk Management and CIF AU PM team request similar information from MDBs twice a year
- Country Portfolio Reports - Some data reported may be unnecessary for reporting purposes

Gaps:

- None Currently Identified



Overview of Risk Management Reporting

Nature of Reporting:

- CTF and SCF Resource Availability Risk
- CTF and SCF Currency Risk/Promissory Notes
- Total Committed Loans
- Estimated Probability of Default and Loss Given Default
- Private and Public sector credit ratings
- Expected and Actual Loss
- Implementation Risk
- Country Concentration Risk

Recurring Reports Produced for TFC:

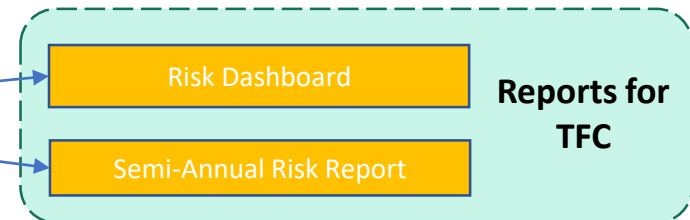
- Risk Dashboard
- Risk Management Report

MDB Inputs and Outputs for Risk Management Reporting

MDB Inputs ¹

- Private Sector Credit Ratings
- Default Probabilities and Actual Losses and Provisions
- Project implementation delay updates
- Disbursement Information (Annex N)

Direct Output/Use



¹ Please note that not all MDBs currently provide this information due to confidentiality concerns. Please see 'Gaps' on the next slide additional information

Key:

CIF AU Risk

CIF AU

MDBs

Trustee



Risk Management - Observed Reporting Overlaps, Redundancies, or Gaps

Overlaps and Redundancies:

- Disbursement data – Required for both CIF portfolio management analysis as well as and risk analysis
- Disbursement data - Some MDBs share Annex N with both Trustee and CIF AU
- CIF portfolio management also requests project implementation delay information

Gaps ¹:

- For credit risk, the CIF AU only tracks and reports loan commitments by the Trustee. Where applicable, the CIF AU could start delineating this by a.) What has been MDB approved but uncommitted at client level b.) What is outstanding (i.e. disbursed) with the client c.) Risk reporting on non-loan financial instruments and d.) What are reflows from the client
- Information on what has been committed with client and undisbursed
- Interest rate risk in loan portfolio
- Private sector borrower-level credit ratings
- Reporting on MDBs' compliance with the reporting deadlines outlined in the FPAs
- Investment income - CIF AU could benefit from receiving additional information on the realized and expected investment income and their uses.

¹ Many of these gaps are related to the sharing of confidential private sector information, as there is currently no framework between the CIF AU and MDBs for sharing this type of data. As much of information listed as 'Gaps' is necessary for the CIF AU to perform the risk management function, discussions between the MDBs and CIF AU will be required to move forward with the development of an information disclosure agreement, as described in the Action Plan. Please see Slide 38 ("Next Steps") for additional information.



Overview of Financial Status Reporting

Nature of Reporting:

- Pledges and contributions summary (grant, loan, capital)
- Asset mix and investment income
- Cumulative net commitments
- Fund held in trust
- Commitments pending cash transfer
- Realized/unrealized gains and losses on promissory notes
- Annual financial reports
- Administrative costs

Recurring Reports Produced for TFC:

- CTF and SCF Trustee Reports
- CTF and SCF Audited Special Purpose Financial Statements
- CTF Available Asset Report (for Loan Contributors)
- Cash Reflows for Loss Sharing Arrangements
- CIF Annual Report (Pledges & Resources Available sections)
- CIF Business Plan and Budget (Trustee Report section)
- Audited Special Purpose Financial Statements
- CTF Cash Flow model
- CTF and SCF Funds Available Report

MDB Inputs and Outputs for Financial Status Reporting

MDB Inputs

- Cash Transfer Requests for Projects/Programs (Annex C-1, C-2, D)
- Cash Transfer Request for Project Admin Fees (Annex E)
- Cash Transfer Request for Admin Budget (Annex F)
- Administrative Budget (Annex L)
- Investment Income Earned (Annex M)

Approval of Projects (Annex G)

Income and Principal Repayments (Annex I)

- Cancelled Funds (Projects and Fees – Annex J)
- Closed Projects and Final Amounts Disbursed (Annex K)

Principle financing terms (Annex H)

Direct Output/Use

Entered Into SAP

SAP used as inputs for numerous reports from Trustee to TFC

CTF Available Resources report

CTF Cash Flow Model

Key:

MDBs

Trustee



Financial Status - Observed Reporting Overlaps, Redundancies, or Gaps:

Overlaps and Redundancies:

- **Annex D:** Is materially the same as Annex C-2, so it should be assessed whether these two Annexes could be merged or consolidated
- **Annex G:** There are two versions of this template currently in use. The new version is more granular with regards to co-financing sources
- **Annex N:** Some MDBs share this Annex with both Trustee and CIF AU
- **Annex R:** Items indicated under this Annex are already reported in Annex H, therefore it is unclear whether Annex R is necessary.
- **Some Annexes** (e.g. Annexes G, H, J, K) may only be required on an ad-hoc/as needed basis instead of quarterly
- **Cash and Promissory notes/cash balance report:** Perhaps shared too frequently.

Gaps

- **Annex D:** Currently doesn't have start and end dates right now; could add
- **Annex H:** This Annex is just for loans; there may be a gap for other instruments including equity and guarantees
- **Annex I:** If we do more equity, the current template may not meet the requirements
- **Annex J:** There is only one template for project and program cancellations, may be better to break this down into 2 templates, J-1 - programs, J-2 - projects, or make distinction in a field in the template
- **Annex K:** Could also be useful for the CIF AU in tracking implementation risk and unused amounts, which is important for resource availability
- **Annex Q:** This document provides policy guidance, and is not a document for information sharing. A template for reporting defaults in loan payments may be required moving forward.
- **Annex R:** Terms for Private Sector Loans. This was not a part of the signed FPAs.



Opportunity #1 – Near-Term Automation Efforts May Significantly Decrease Manual Information Flows Between CIF AU and MDBs

- Under the CIF Collaboration Hub (CCH), a significant amount of pipeline and portfolio information has now been automated, and a portion of results reporting will be automated in the next 1-3 months
- This will decrease the often laborious manual adjustments and manual aggregation processes currently required by both the CIF AU and MDBs

Opportunity #2 – Mid-Term Automation Efforts Could Further Decrease Manual Information Flows and Increase Efficiency

- There are numerous other opportunities to increase automation for portfolio, operational, results, and financial status reporting, including:
 - Financial status information as mandated in FPAs to the Trustee via 10+ separate Annexes
 - Quantitative FIP/PPCR results from MDB focal points in late-June
 - Disbursement information
 - Country portfolio updates, including project and program status, for both CIF AU Risk and portfolio management
- Such opportunities could further improve efficiency, reduce reporting redundancies, and improve continued accuracy of data
- These automation enhancements could be achieved over the next 6 – 12 months, though most depend on new budget



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Treasury



Opportunity #3– Strategically Streamlining Information Outreach Efforts

- While mid-term automation efforts are being pursued, there are also opportunities to streamline manual information sharing between the CIF AU and MDBs

Current Practice:

- CIF AU PM team requests country portfolio updates from MDB focal points in late February and late August; frequent back-and-forth as June and December approach
- CIF AU Risk requests project implementation delay information (similar to the information requested by PM team) from MDB focal points in late March/late September



Proposed Practice:

- The CIF AU could combine these requests from the MDB and being the outreach in March and September to ensure that recent project status information is provided to TFC for June/December
- Outreach efforts and coordination could be led by CIF AU Risk

Other Information Flows Under Consideration for Enhancement and Automation

➤ **Budget information requests by CIF AU**

- Includes details of MDB admin services budget and country programming budget, as well as details of admin services budget from Trustee; usually occurs in February through CIF AU Governance requests to MDBs (request is generally not to MDB focal points)
- Information is generally qualitative in nature and difficult to automate though could potentially be streamlined

➤ **FIP/PPCR results from country focal points**

- Usually occurs in June via CIF AU M&E request to country focal points for FIP and PPCR results data
- Components of these information flows (e.g. core indicators) are a potential candidate for automation, while the automation potential/streamlining of other more qualitative information flows will need to be further assessed

➤ **As-required information and other confidential information for CIF AU Risk from MDB focal points**

- Various information including risk ratings data, local currency information, payment defaults, etc
- From MDB FPs to CIF AU Risk team throughout the year
- These information flows, as well as additional information flows under CTF 2.0, could potentially be automated as well, though would likely require new confidential information sharing protocols



Roles and Responsibilities

- This section breaks down the roles and responsibilities of the CIF AU, MDBs, and the Trustee based on the reports generated for the TFC as identified in the previous sections.
- A modified version of the RACI Matrix will be used to identify and define roles and responsibilities for information sharing between the CIF AU, MDBs, and Trustee.
- A RACI Matrix describes the participation by various parties in completing tasks or deliverables for a project or process. The model can also be applied to areas where there are overlaps where multiple parties are needing financial, portfolio, and risk information, i.e. in cross-functional processes where identifying the owner isn't straightforward

Key:

R = Responsible

C = Consulted

I = Informed

Example of RACI Matrix - CIF Disbursement Report

Task	Description	Frequency	Stakeholder			
			CIF AU	Trustee	MDBs	TFC/SC
	Main Deliverable - CIF Disbursement Report	Semi-Annually	R	C	C	I
1	Initiate Process of Reaching out to MDBs for data (Annex N)	Semi-Annually	R	C	C	
2	Provide Disbursement Data (Annex N)	Semi-Annually	I		R	
3	Update CIF Disbursement Database	Semi-Annually	R		C	
4	Prepare the drafts of CIF Disbursement Report	Semi-Annually	R	C	C	
5	Provide the final version of CIF Disbursement Report	Semi-Annually	R			I



- This Reporting Framework is intended as a first step to help identify existing reporting practices and roles and responsibilities for financial, risk, portfolio and operational reporting, and to help improve these practices in the short-mid term
- This Framework is envisioned to be a dynamic document, and will be updated over time. Updates will include new reporting requirements as they arise, including those requested from the TFC, as well as areas for continued improvements to CIF reporting practices
- As a next step, an assessment will be conducted to develop appropriate legal documentation to help ensure the proper and timely flow of information between the CIF AU, Trustee, and MDBs and to reduce existing information gaps. This will be applicable for both SCF as well as CTF