



Bank Procedure

Financial Intermediary Funds

Bank Access to Information Policy Designation

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Content

Procedural instructions for the establishment and lifecycle management of Financial Intermediary Funds

Applicable to

IBRD,IDA

Issuer

Vice President, DFIVP

Sponsor

Director, DFTPR

SECTION I – PURPOSE AND APPLICATION

1. This Procedure sets out the processing steps and roles and responsibilities of staff during the FIF lifecycle related to initiating, establishing, lifecycle management, restructuring and exiting a FIF.
2. This Procedure applies to the Bank.

SECTION II – DEFINITIONS

1. As used in this Procedure, the capitalized terms or acronyms have the meanings set out: (a) in Section II of the Bank Policy, "[Trust Funds](#)", (b) Section II of the Bank Directive, "Trust Funds", (c) Section II of the Bank Directive, "Financial Intermediary Funds", or (d) below:

ADM Role: Any of the following roles performed by a person or body participating in a decision-making process: (a) recommendation, (b) advice, (c) clearance, (d) concurrence, or (e) decision, as these roles are described in the [Guidance on the Accountability and Decision-Making Framework](#).

BPS: The Budget, Performance Review and Strategic Planning unit of the Bank

CFO: The Managing Director and Chief Financial Officer of the Bank.

DFTPR: The Trust Funds and Partner Relations Department in DFi.

Director: A person identified as a director in the Bank's human resources system.

ECR: The External and Corporate Relations Vice Presidency of the Bank.

FIF Directive: Bank Directive, "Financial Intermediary Funds".

FRC: The Bank's Finance and Risk Committee

LEG: The Legal Vice-Presidency of the Bank.

MDD: The Managing Director of Development Policy and Partnerships of the Bank

MDO: The Managing Director of Operations of the Bank.

OPCS: Operations Policy and Country Services Vice Presidency

SEC: The Corporate Secretariat (SEC) Vice Presidency of the World Bank Group

Sponsoring Unit (SpU): The unit in the Bank's organizational structure responsible for managing the overall engagement in the FIF. In the case of the Bank hosting the FIF Secretariat, this is the same as the Host Unit.

TL: Team Leader

TRE: The World Bank Treasury

Trust Fund Policy: Bank Policy, "[Trust Funds](#)".

Vice President: A person identified as a vice president in the Bank's human resource system.

WFA: The Finance and Accounting (WFA) Vice Presidency of the Bank

SECTION III – SCOPE

1. Corporate Review Process for FIFs Throughout Their Lifecycle

The information provided in the Procedure is organized around the lifecycle of Financial Intermediary Funds (FIFs) and includes the subsections listed below. In some cases, after the FIF is approved, the Procedures vary depending on whether the Bank provides the FIF's legal personality and hosts the FIF Secretariat or if the FIF has a separate legal personality and external Secretariat.

- i. Initiation stage
- ii. Concept note review
- iii. Information note to the Board
- iv. New Business Committee / Finance and Risk Committee
- v. Program document to OVP and Board
- vi. FIF lifecycle internal review
- vii. FIF restructuring
- viii. Extension of a FIF with an end date term and/or sunset clause
- ix. Bank exit

2. Initiation Stage

Processing Steps	Roles/Actions	Additional Considerations
<p>A proposal is submitted to the DFTPR Director for a new FIF in which the Bank's potential roles are described. This proposal may come in different forms, such as notifications from prospective donors. Sufficient information should be received to enable DFI VP to decide whether to prepare an initiation note.</p> <p>DFI shares proposal with relevant central units, and conducts discussions around consideration of alternative arrangements other than a FIF.</p>	<p>Sponsoring Unit (SpU): Recommends</p> <p>DFI, LEG, WFA, BPS and other relevant central units as determined by DFTPR (e.g. TRE, OPCS, CRO): Advise</p>	<p>The proposal for a new FIF will be evaluated with respect to the eligibility criteria as set out in the 2019 FIF Management Framework and the Bank Directive, "Financial Intermediary Funds".</p>
<p>If the Bank Sponsoring Unit (SpU) determines that a FIF meets the eligibility criteria for a FIF, a TTL designated by SpU prepares an initiation note.</p> <p>SpU articulates the source of funding for Bank-wide preparation Task Team.</p>	<p>SpU: Recommends</p> <p>DFI, CRO, OPCS, TRE, WFA and other central units relevant at initiation given known design attributes: Advise</p> <p>LEG: Clears</p> <p>Distribution:</p>	<p>Throughout the process, all units involved should be copied on all email correspondence.</p>

	Cc: All units that were consulted for preparation	
<p>OVP review of the initiation note co-chaired by MDO, MDDPP and CFO.</p> <p>Purpose is to:</p> <ul style="list-style-type: none"> – Decide whether to proceed to develop the concept as a FIF, with the Bank carrying out proposed roles, taking into account the FIF selectivity criteria, criteria for acceptance of Bank roles in a FIF, and any other strategic and operational considerations. – Provide guidance to be taken into account in preparations. – Decide on source of funding for Bank-wide preparation Task Team. – Decide on authorized external communication. <p>(See FIF Directive on Bank considerations in taking on role of FIF Secretariat)</p>	<p>See OVP Procedures.</p> <p>SpU VP: Recommends</p> <p>Relevant Operational Units (relevant GP or region): Advise</p> <p>MDO and MDD: Concur</p> <p>CFO: Decides</p> <p>Distribution:</p> <p>Cc: OVP distribution list</p>	<p>Regions, GPs, DFI and other teams provide inputs into decision on whether and how to go forward, including consideration of regional demand, potential cross-linkages to other initiatives, and political economy.</p>

3. Concept Note Review

Processing Steps	Roles/Actions	Additional Considerations
<p>SpU TL drafts concept note.</p> <p>ECR prepares a communications concept for inclusion in the concept note.</p>		<p>SpU TL consults with and is supported by DFI and other relevant central and operational units. See Bank Guidance, “Communications for FIFs”.</p>
<p>SpU TL prepares draft risk assessment following Guidance on Preparation of FIF Risk Assessments and template.</p> <p>SpU TL consults with DFTPR to identify risk assessment review team.</p> <p>Concept note, including draft risk assessment, is shared with risk assessment review team, which includes all relevant central units.</p>	<p>SpU: Recommends</p> <p>LEG, WFA, OPCS, other relevant central units: Advise</p> <p>DFI: Decides</p> <p>Distribution:</p> <p>Cc: All units that were consulted in process.</p>	<p>In cases where the Bank will act as implementing entity, OPCS will advise to ensure the proposed FIF is aligned with the Bank’s operational policies and risk tolerances.</p> <p>Risk of proposed Implementing Entities (IEs) are included and expressly considered in the assessment.</p>

<p>DFI informs FRC and NBC Secretariat on the CN for the proposed FIF.</p> <p>On the basis of the CN, the FRC and NBC Secretariat determine whether the proposed FIF merits FRC and/or NBC review. See below on FRC review.</p>		
<p>SpU VP circulates the CN and the Risk Assessment with an invitation to the Concept Review meeting, and identification of peer reviewers.</p>		
<p>Peer reviewers provide comments at least 2 business days before Concept Review.</p>	<p>OPCS, BPS, other relevant central units: Advise</p> <p>Peer reviewers: Advise</p>	<p>Selection of peer reviewers depends on the nature of the FIF. The CN review will focus on the substantive / thematic aspects of the proposed FIF and risk assessment and at least one reviewer should represent the client perspective. A FIF that involves innovative finance or non-grant mechanisms will normally have a subsequent or parallel NBC/FRC focused on these particular aspects.</p> <p>TL may respond to questions in a matrix of responses prior to the meeting.</p>
<p>SpU TL circulates comments prior to the Concept Review, along with the agenda to Concept Review invitees at least 1 business day before Concept Review.</p>		
<p>SpU VP and DFI VP co-chair Concept Review meeting.</p>		
<p>SpU TL prepares and sends the Decision Note of the Concept Review meeting, which summarizes key elements discussed, including:</p> <ul style="list-style-type: none"> – Decision to proceed or not with further preparation; – Guidance on further program development; and – Authorized external communication. 	<p>SpU TL: Recommends</p> <p>DFI VP: Concur</p> <p>SpU VP: Decides</p> <p>Distribution:</p> <p>Cc: All units that were consulted for a decision</p>	

SpU prepares timeline for remaining process together with DFTPR and other relevant units.		
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4. Information Note to the Board

Processing Steps	Roles/Actions	Additional Considerations
SpU TL prepares draft Information Note and cover email for internal clearance.	SpU: Recommends DFI: Clears LEG: Clears Cc: All units that were consulted in process.	
SpU VP seeks MDO and MDDPP concurrence	SpU VP: Recommends MDO and MDD: Concur Distribution : Cc : DFI TL, DFI Dir, DFI VP, SEC	SpU seeks concurrence on the operational aspects of the initiative.
DFI VP seeks CFO decision	DFI VP : Recommends CFO : Decides Distribution : Cc : SpU TL, SpU Dir, SpU VP	DFI VP seeks approval on aspects relating to the instrument type.
SpU TL works with SEC on distribution, following relevant submission deadlines.	See SEC Procedures	

5. New Business Committee (NBC) / Finance and Risk Committee (FRC) Review

Processing Steps	Roles/Actions	Additional Considerations
If at CN stage it has been determined that an FRC and/or NBC review is merited, SpU TL follows NBC and/or FRC Procedures for submission.		
FRC decisions determine: <ul style="list-style-type: none"> – Agreed next steps in finalizing design elements in the FIF, if applicable, and in approval process; and – Authorized external communications. 		

6. Program Document to OVP and Board

Processing Steps	Roles/Actions	Additional Considerations
<p>SpU TL drafts program document including a risk assessment summary and overall risk rating, building on feedback from the concept note, and the FRC decision, with advice from central units and prospective donor inputs.</p> <p>SpU TL circulates cover email and the draft program document for review.</p>	<p>SpU: Recommends LEG, WFA, OPCS, BPS, other relevant central or operational units: Advise DFI: Concur</p>	<p>Risk assessment rating may change from CN based on such factors as new information from FRC review or mitigating measures agreed during subsequent FIF development process.</p>
<p>SpU TL sets date for OVP review with OVP Secretariat and arranges that program document is distributed following OVP Procedures.</p>		
<p>OVP co-chaired by MDO, MDDPP, and CFO considers:</p> <ol style="list-style-type: none"> 1) Based on risk rating, whether the FIF requires Board approval or management level approval; and 2) Whether to recommend further changes to the document(s), approve the document(s) and inform the Board once finalized, or recommend submission to the Board for approval. <p>The Board approves, if required under TF Policy, regardless of risk rating, or if its overall risks are assessed to be moderate or higher.</p>	<p>Operational VPUs, LEG, OPCS, BPS, WFA, and any other relevant units: Advise MDO and MDD: Concur CFO: Decides</p>	<p>The program document is submitted to the CFO, with cover email clarifying whether the CFO is asked to approve the FIF or to clear the program document for submission to the Board for approval. If management is requested to directly approve based on the risk rating, an accompanying Board information note is included in documents for consideration.</p> <p>Refer to Bank Guidance, "Risk Assessments for Financial Intermediary Funds".</p>
<p>SpU TL works with SEC on distribution, following relevant submission deadlines, on submission of program document to Board either for approval or information after management approval, following risk-based criteria.</p>	<p>See SEC Procedures</p>	
<p>If SEC advises a Technical Briefing would be useful for the</p>	<p>SEC: Advises</p>	

Board, this will be co-led by the SpU and DFI.		
<p>Following Board decision, the SpU works with DFI, LEG, WFA, BPS and donors to establish the FIF. If not approved, the FIF is not established.</p> <p>If the Board decides to not approve the FIF establishment, the Sponsoring Unit and DFI confer on next steps.</p>	Board: Decides	
<p>SpU works with ECR to develop a Communications Strategy and Plan.</p> <p>The FIF Secretariat will prepare the Communications Strategy and Plan based on the communication concept prepared by ECR, which will be included in the FIF concept note or program document for approval.</p>	ECR: Approves communications write-ups in the FIF concept note or program document.	
For internal FIF Secretariats	<p>Secretariat: Recommends</p> <p>Distribution:</p> <p>Cc: DFI TL, DFI Dir, DFI VP, SEC, OPCS</p> <p>ECR Manager: Decides</p>	
For external FIF Secretariats	<p>SpU TL: Recommends</p> <p>Distribution:</p> <p>Cc: DFI TL, DFI Dir, DFI VP, SEC, OPCS</p> <p>ECR Manager: Approves</p>	

7. FIF Lifecycle Internal Review

Processing Steps	Roles/Actions	Additional Considerations
DFTPR and Host / Sponsoring Unit (Host/SpU) agree on objectives and process for internal review, including responsibility for any related costs if applicable.	<p>DFTPR Dir : Recommends</p> <p>Host/SpU Dir : Concurs</p>	Internal reviews support Bank decision-making on its options for response to significant potential or actual changes in a FIF.
DFTPR or Host/SpU lead review, as per agreed roles.	<p>Other relevant units depending on topics: Advise</p> <p>Host/SpU VP: Concurs</p>	

Recommendations prepared for Bank response.	DFI VP: Decides	
Recommendations that could reasonably result in a Bank exit from any of its roles in a FIF, or a FIF to terminate or substantially alter the Bank's roles in a FIF are escalated for decision. Any recommendations that could result in a restructuring should follow the process below.	MDO and MDD: Concur CFO: Decides	

8. FIF Restructuring

Processing Steps	Roles/Actions	Additional Considerations
FIF Secretariat prepares a Restructuring Paper, including a summary of risks and overall risk rating, following Guidance on FIF Risk Assessments.	FIF Sec: Recommends OPCS, WFA, other relevant central units: Advise LEG: Clears Host/SpU: Concur DFI: Concur	Prior to document preparation, the Host/Sponsoring Unit Dir, DFTPR Dir, head of FIF Secretariat, or their delegates, discuss restructuring and related process. DFTPR consults with FRC Secretariat if restructuring involves financial issues that may require FRC or NBC review.
If overall risk to the Bank is substantial or high, internal review is conducted.	See FIF Lifecycle Internal review	
FRC review, if applicable, following FRC Procedures.		
FIF Secretariat finalizes Restructuring Paper and Board transmittal note, or, if overall risk is low, Board Information Note.	FIF Sec: Recommends DFI VP: Concur Host/SpU VP: Concur	
Host VP seeks MDO and MDDPP concurrence	Host/SpU VP: Recommends MDO and MDD: Concur	Host/SpU seeks concurrence on the operational aspects of the initiative.
DFI VP seeks CFO approval. If there are no conditions which require Board approval (refer to FIF Directive, and its overall risk is low, the Board is informed of the restructuring. Otherwise Restructuring Note goes to Board for approval.	DFI VP: Recommends CFO: Decides	DFI VP seeks approval on aspects relating to the instrument type.

FIF Secretariat submits to SEC following relevant procedures, the Restructuring Paper and Board transmittal note or Board Information Note, as the case may be for Board approval or information, following above criteria.	Board: Decides in cases where Board approval is required.	
After the Restructuring Note is approved, the FIF Secretariat informs the FIF governing body.		

9. Simple Extension of a FIF End date and/or sunset clause (without Restructuring)

Processing Steps	Roles/Actions	Additional Considerations
A. If the Bank hosts the FIF Secretariat and/or provides its legal personality:		
FIF Secretariat prepares note requesting extension on behalf of governing body, including rationale, requested length of extension and risk assessment.	FIF Sec: Recommends LEG, DFI, OPCS, other relevant units: Advise Host/SpU Unit: Concurs	See Bank Guidance, "Risk Assessments for Financial Intermediary Funds".
If the overall risk to the Bank under a proposed extension is substantial or high, Bank conducts an internal review to inform decision-making on its continued roles.		
FIF Secretariat integrates summary of risks and risk assessment into extension request note, and results of any internal review if applicable.		
FIF Secretariat, on behalf of governing body, recommends extension request.	FIF Sec: Recommends Host/SpU VP: Advises OPCS, WFA, BPS, other relevant central units: Advise DFI VP : Concurs MDO and MDD: Concur MD CFO: Decides	
FIF Secretariat, in collaboration with SpU, prepares Information Note for the Board, updating them on the extension and any implications for the Bank.	See SEC Procedures	

FIF Secretariat coordinates with SEC on distribution of Information Note to the Board. SEC Procedures are followed.		
FIF Secretariat informs governing body of decision and proceeds to next steps to implement extension.		
B. If the Secretariat is part of an entity with a separate legal personality:		
SpU, in collaboration with DFTPR, prepares Information Note for the Board, updating them on the extension and any implications for the Bank. SEC Procedures are followed.	SpU: Prepares note and recommends it DFI, WFA, BPS, other relevant units: Advise LEG: Clears MDO and MDD: Concur CFO: Decides	This authorizes the Bank to continue to perform the Trustee function.

10. Bank Exit

Processing Steps	Roles/Actions	Additional Considerations
If initiated by the Bank:		
After an internal review which recommends the Bank exit any of its roles, the Host/SpU and DFI prepare a note outlining the case for Bank exit, and alternatives.	Host/SpU or DFI depending on the role being exited: Recommend Relevant central units: Advise LEG: Clears	
- If proposal is to exit Trustee role, DFI takes the lead in raising issues and alternatives with the CFO, for decision.	DFI: Recommends Host/SpU: Concur CFO: Decides Cc: relevant units involved in alternatives	
- If proposal is to exit Implementing Entity role, Host/SpU takes the lead in raising issues and alternatives with the MDO and MDDPP, for decision.	Host/SpU: Recommends MDO: Concur MDD: Decides Cc: DFI, OPCS, other relevant units involved in alternatives	
If CFO / MDDPP decide the Bank should exit its role(s) in the FIF early, DFI (for Trustee role) or the SpU (for Implementing Entity role) communicate		

decision to FIF Secretariat and/or FIF governing body, and negotiate implementation, together with LEG, and in collaboration with other relevant central units.		
If initiated by the FIF governing body:		
Upon FIF governing body decision, Host/SpU and DFTPR prepare Information Note to Board, updating them on the exit and any implications for the Bank. SEC Procedures are followed for informing the Board.	Host/SpU and DFTPR: Recommend WFA, other relevant units: Advise LEG: Clears MDO and MDD: Concur CFO: Decides	
If exit is at FIF closure:		
Host/SpU and DFTPR prepare Information Note to Board, updating them on the exit at closure, and any implications for the Bank. SEC Procedures are followed for informing the Board.	SpU and DFI: Recommend WFA, other relevant units: Advise LEG: Clears CFO: Decides	

11. FIF Portfolio Reporting

Processing Steps	Roles/Actions	Additional Considerations
DFI prepares a report at least annually on the aggregate FIF portfolio		It is made available to the Board and potentially a broader audience.

SECTION IV – WAIVER

The Issuer may waive any provision of this Procedure.

SECTION V –EFFECTIVE DATE

This Procedure is effective as of the date on its cover page.

SECTION VI – ISSUER

The Issuer of this Procedure is the Vice President, Development Finance.

SECTION VII – SPONSOR

The Sponsor of this Procedure is the Director, Development Finance Trust Funds and Partner Relations.

SECTION VIII – RELATED DOCUMENTS

1. Bank Policy, "[Trust Funds](#)".
2. [Financial Intermediary Fund Management Framework](#).
3. Bank Directive, "Trust Funds".
4. Bank Directive, "Financial Intermediary Funds".
5. Bank Directive, "[Cost Recovery Framework for Trust Funds](#)".
6. Bank Procedure, "Financial Intermediary Funds".
7. Bank Guidance, "Risk Assessments for Financial Intermediary Funds".
8. Bank Guidance, "Selecting and Accrediting Implementing Entities under Financial Intermediary Funds".
9. Bank Guidance, "Bank Hosting of Financial Intermediary Fund Secretariats".
10. Bank Guidance, "Communications for Financial Intermediary Funds".
11. Bank Guidance, "Terms of Reference for Bank Staff representing the Bank as Trustee in Financial Intermediary Fund (FIF) Governing Bodies".

Questions regarding this Procedure should be addressed to the Sponsor.