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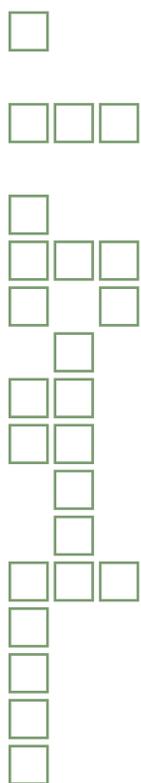
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# Task Team Leader Toolkit. Investment Project Financing: *The Project Cycle*





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## **ACKNOWLEDGEMENTS**

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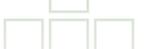
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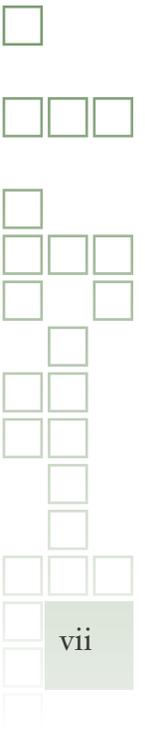


# Abbreviations and Acronyms



AF	Additional Financing
AFTOS	Africa Region Core Operational Services Department
BTOR	Back-to-office report
CD	Country director
CM	Country manager
CMU	Country management unit
CSO	Civil society organization
FCS	Fragile and conflict-affected states
FMS	Financial management specialist
GAC	Governance and anti-corruption
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IEG	Independent Evaluation Group
IRC	Implementation Readiness Checklist
ISDS	Integrated Safeguards Data Sheet
ISR	Implementation Status and Results (report)
M&E	Monitoring and evaluation
NGO	Nongovernmental organization
ORAF	Operational Risk Assessment Framework
PAD	Project Appraisal Document
PCN	Project Concept Note
PDO	Project Development Objective
PID	Project Information Document
PMU	Project management unit
PS	Procurement specialist
QER	Quality Enhancement Review
RPM	Regional Procurement Manager
RVP	Regional Vice President
SECPO	Corporate Secretary Policy Operations Unit
SM	Sector manager
TAP	TAP Principles – transparency, accountability, and participation
TTL	Task team leader





# Introduction

Navigating the many facets of Bank procedures and processes continues to be a challenge to operational staff in general, and TTLs in particular as they work on the project cycle in Investment Lending operations. The Bank recently consolidated numerous Operational Policies (OP) and Bank Procedures (BP) that applied to Investment Lending into a single policy—OP/BP 10.00, Investment Project Financing (IPF). This toolkit reflects the latest changes as of May 2013.

## What is it?

The TTL Toolkit is a self-help instrument designed to provide a “just in time” practical guide, with easily accessible information on policies, procedures, and processes to enhance decision-making and the quality of operations. The Toolkit only provides guidance and does not prescribe specific solutions for particular problems.

## Why the need for a TTL Operations Toolkit?

This Toolkit responds to expressed staff needs to facilitate access to operational guidance regardless of staff location, in an environment where there are constant changes in Operational Procedures. It also answers frequently asked questions by TTLs and their Task teams, who deal with different scenarios on missions as they meet with staff of Borrowers to prepare Bank-financed projects.

Specifically, the Toolkit aims to:

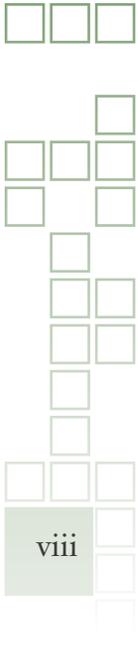
- Provide relevant operational information, including critical updates, in an organized format to enable staff to access this information regardless of location.
- Disseminate information contained in the Toolkit by means of the Africa Region Quality website and through hands-on clinics and other learning activities.
- Update the content of the Toolkit on a regular basis and maintain relevant external links throughout the site to the key operational resources available through the World Bank’s intranet.
- Collect and maintain a database of users’ Feedback and Suggestions on any aspect of the Toolkit to assist in improving content.

## Who is this for?

All staff working in Operations will find this useful.

## Who is responsible?

The Toolkit has been developed under the auspices of the Africa Regional Learning Program, Development Effectiveness Unit (AFTDE), under the guidance of the Africa Core Operational



Services Department (AFTOS). This Unit (AFTDE) will regularly update the Toolkit, according to emerging needs and operational changes. Send your comments and feedback to [Africalearning@worldbank.org](mailto:Africalearning@worldbank.org).

### Is this material available online?

Yes, you may access this Toolkit at: *Africa Learning*

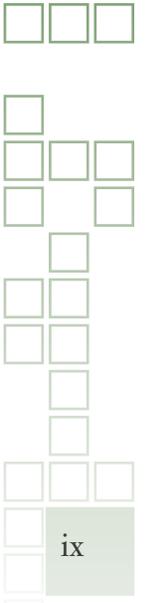
### The Operations Portal

This portal is an integrated workspace for managing project documentation and processing. The new version, Operations Portal 2.0, introduces online project processing templates, and built-in clearance and disclosure processes. An advanced collaboration space helps task teams manage project tasks more effectively. The new portal has templates for the following documents:

- Project Concept Note (PCN),
- Project Information Document (PID),
- Integrated Safeguards Data Sheet (ISDS), and
- Operational Risk Assessment Framework (ORAF).

How-to Videos and Quick Reference Guides are available in several areas in the Operations Portal for staff learning opportunities.

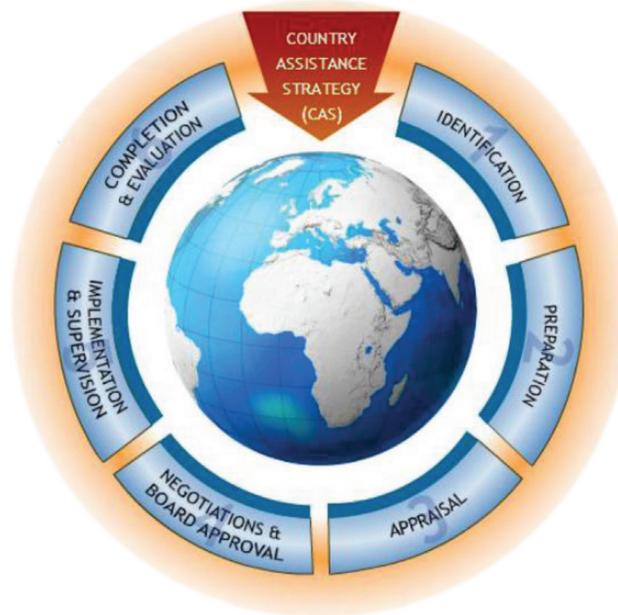
The Operations Portal is a web-based application. It can be accessed from anywhere with a connection to the Bank's Intranet. The Operations Portal is a secure site; a Passkey is required to access it. According to the Bank's information security and disclosure policies, some temporary staff are not authorized to access the Operations Portal.



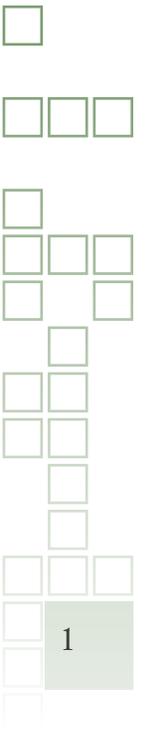
# Investment Project Financing and the Project Cycle

Investment Project Financing (IPF) covers goods, works, and services in support of specific economic and social development objectives in a broad range of sectors. The Project Cycle is the framework used by the World Bank to design, prepare, implement and supervise Investment projects. TTLs play a critical role at each of the six stages of the Project Cycle:

- Identification
- Preparation
- Appraisal
- Negotiation/Approval
- Implementation
- Evaluation







# I. Identification

In this first stage in the project cycle, the aim is to identify projects that have a mutual high priority for both the Borrower and the World Bank, and that appear suitable for Bank support. Project ideas need to be consistent with the Bank's Country Assistance Strategy (CAS), which incorporates and reflects the dialogue between the Bank and the Borrower, and support the country's Poverty Reduction Strategy Paper (PRSP).

Borrowers are encouraged to generate ideas. Country Directors, Sector Managers, and Sector Leaders discuss and screen project ideas. A Task Team Leader (TTL), the Bank's principal point of contact for the borrower for the project, is selected, and a Task Team—the Bank team responsible to work with the borrower throughout the project cycle—is constituted. The team is comprised of the TTL and relevant technical specialists including the country lawyer, procurement specialist, financial management specialist, and environmental and social specialists, if applicable.

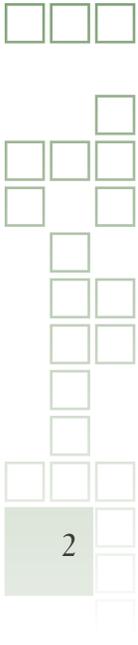
The Task Team discusses the overall strategy for the proposed operation, the project design, the possible objectives, key components, possible implementing agencies, key risks and mitigation measures.

At this stage, the Task Team should be mindful of the Africa Region Strategy's imperatives: selectivity for greater impact; leveraging partnerships to build on strengths; adoption of multi-sectoral approaches; and regional solutions for economies of scale and enhancing synergies.

The Task Team can use the following questions to guide the development of a project idea:

- What is the rationale for the Bank to support the project idea? Is it a solution to the problem that it seeks to address?
- How does the idea fit with the Bank's Country Partnership Strategy and the Africa Regional Strategy? How does it fit with relevant sector work, and what lessons from previous projects are relevant?
- What are the key risks to the Bank and the Government in pursuing the project idea? What are the benefits and how do the benefits and risks stack up? Should the Bank be involved? If so, what "value-added" would the Bank contribute?
- How does the project fit with other ongoing Bank activities or those of other donors? Is there overlap?
- What are alternative approaches that might be taken to act on the idea and which is the preferred option for the Bank, if any?
- What would be the main project objective, what type of activities might be included, and what would be the expected results?
- What is the appropriate lending instrument?
- What is the capacity of the Borrower to successfully undertake the project idea?
- Who are the main project beneficiaries and key stakeholders?
- If the project might go forward, what is a realistic timeframe for preparation and Board presentation? What are key next steps?

If the project moves forward, the Implementation Readiness Checklist should be used as a roadmap to plan project activities to ensure that projects are ready for implementation after Board approval.



Once identified, projects are incorporated into the program and budget of the Bank's operations to ensure that resources are available. During the identification phase, the TTL prepares an Activity Initiation Summary (AIS) in SAP.

## Conducting the Identification Mission

During the first stage of the project cycle, the TTL leads the Task Team to conduct an identification mission in the field to work with the Borrower to determine the tentative project objectives, components, activities, outcomes, and outputs. Prior to the meeting, the TTL prepares the Statement of Mission Objectives (SMO) which includes information on the specific objectives of the mission, responsibilities of each team member, timing, duration, and expected outcomes/deliverables from the mission.

Issues for discussion and resolution during the mission may include:

- What will be done: What are the types of activities and sub-projects that would be supported by the project?
- Who will do the work: What entity will serve as the project implementing agency and who will be the appropriate client staff to lead and manage the project?
- How they will do the work: What is the need for training and capacity building to strengthen agencies involved in preparation and implementation?
- What success will look like and how it will be measured: What is the objective of the project and how will progress toward achieving it be measured?

The Task Team identifies technical, safeguards, procurement and other studies that need to be conducted as part of project preparation. It discusses these and other key tasks with the Borrower to agree on who will undertake them and how long it will take. If other donors are involved, their role needs to be incorporated in the design of the project activities as well as in project preparation and implementation.

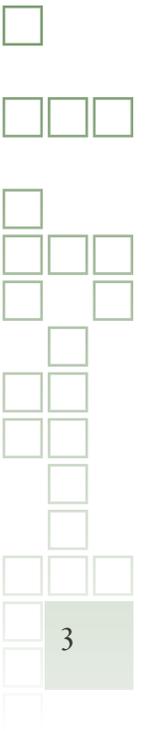
The Task Team discusses with the Borrower the possible use of a Project Preparation Advance (PPA). The funds can be used for preparatory activities including preliminary and detailed designs and limited initial implementation activities. It complements other methods of assisting project preparation such as trust fund grants and retroactive financing. After the PCN review meeting and before the Bank approves an IPF operation, a PPA may be prepared and submitted for approval by the Country Director. One or more PPAs may be provided for an operation, up to an aggregate maximum amount of \$3 million for each operation.

To round off the mission, the TTL prepares an Aide-Memoire in the field to confirm the discussions and agreements reached. Upon return, the TTL prepares a Back-To-Office-Report (BTOR).

## The Project Concept Stage

This stage enables determination as to whether the project will be included in the CAS-approved lending program, and if so, its overall risk rating and whether it will be processed as a Track 1 or Track 2 operation.

The TTL drafts the PID with input from the Task Team. The TTL also prepares the draft ISDS with input from environment and social safeguards specialists.



The TTL and the Task Team begin by preparing the PCN, which includes proposed objectives, strategic choices about project design and components, alternative approaches to achieve the objectives, and a timetable for the project approval process.

The Project Concept Note provides an initial description of the:

- a. Project Development Objective (PDO);
- b. Results chain;
- c. Results framework;
- d. Monitoring and evaluation plan;
- e. Operational Risk Assessment Framework (ORAF);
- f. Financial management plan;
- g. Procurement plan;
- h. GAC plan; and
- i. Safeguard issues.

Here are tips for preparing each of these parts of the Project Concept Note.

#### *a. How to Prepare the Project Development Objective (PDO)*

The TTL and the Task Team work in partnership with the Borrower to identify the PDO. This guides the identification of a project's components, its design, implementation, and the monitoring and evaluation systems that are used to determine if the objective is achieved. The PDO should be consistent with the CAS and highly relevant to sector issues that a Borrower is committed to address.

TTLs should note that a common pitfall is that the PDO is too ambitious for the Borrower to achieve in the project time frame. The PDO should be clear and concise. It should state only the outcome that the project can directly achieve with the resources that the project will provide. TTLs should avoid projects referred to as "Christmas trees," which in Bank jargon refers to projects with unfocused objectives and/or many disjointed activities that have a high risk of being poorly implemented. Projects may have more than one PDO provided they are distinct from each other.

Examples of a well-formulated PDO are:

- Increase access to safe water for the population in Province A.
- Increase the use of a selected set of preventive services among groups highly vulnerable to, or affected by, HIV/AIDS.
- Increase rural farm income from increased productivity.

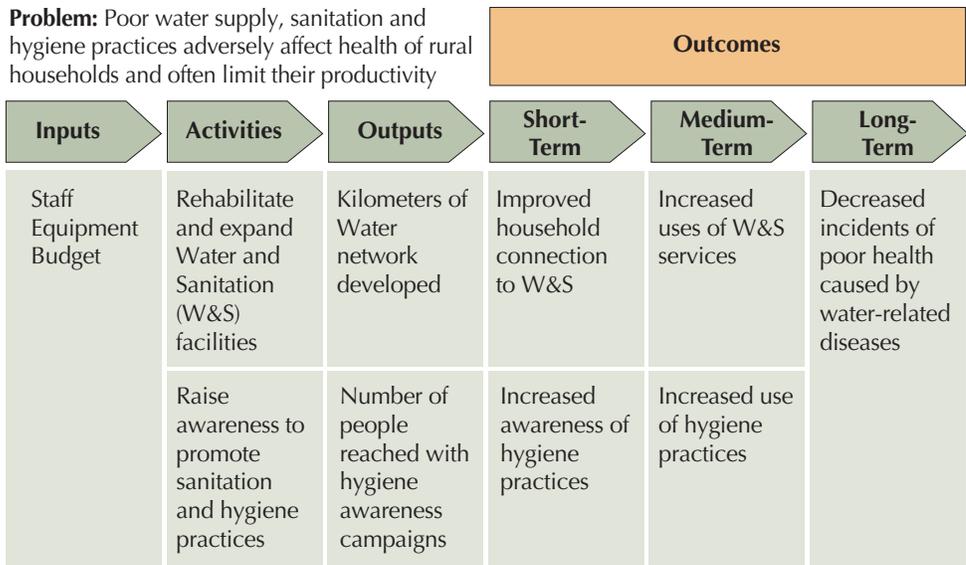
#### *b. How to Prepare a Results Chain*

Once the PDO is defined, the next step is to develop a results chain. This provides the rationale for the project, its components, and the intended outputs and outcomes. Later, the TTL will turn the results chain into a results framework that has performance indicators with baselines and targets for intermediate and final outcomes. Although a Results Framework is not required in the PCN, the main elements of the framework are needed for the risk assessment, which is discussed later.

Here is a sample results chain for an individual operation for agricultural development. It outlines the expected links between Bank projects, project outputs, and the intermediate, final, and country outcomes.



### Results Chain for Health Project



The results chain shown here outlines how the project is expected to contribute to the overall goal of improving access to sustainable, quality water services and improving health outcomes—the country development goal.

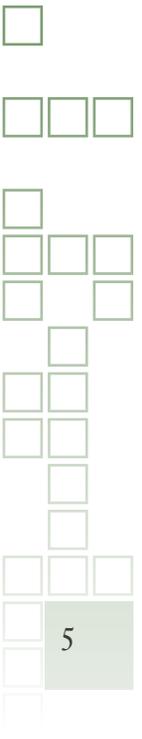
Developing results chains for separate operations can be a complex undertaking because there may be multiple causal chains and sequencing patterns between Bank operations and CAS outcomes, with many intermediate steps. TTLs can take existing country-level results chains, such as the example shown, and identify synergies and gaps between individual operations.

When other development partners are involved, the results chain also helps identify synergies and areas of common interest. This is especially important because the Africa Strategy emphasizes partnerships. Sector units in the Africa region have prepared examples of results chains for primary education, water supply and sanitation, among others. They are meant to be illustrative rather than prescriptive. Each project is unique and the relationship between inputs, outputs, intermediate outcomes and final outcomes is also unique.

#### c. How to Prepare a Results Framework

The next step is to prepare a results framework. This results chain includes performance indicators—with baselines and targets—for each output, intermediate outcome and final outcome. The indicators should be SMART: *specific, measurable, attributable, realistic, and time-bound*. They are used to monitor progress during implementation and to assess success or failure upon completion of the Bank operation. To allow for corporate results reporting, the results framework must include mandatory sector core indicators and the core indicator on direct project beneficiaries.

The results framework provides a TTL with a monitoring system that can act as an early warning system to alert them to the risk of not achieving project outcomes. The results framework includes a monitoring plan that indicates the frequency with which data will be collected and the data sources.



TTLs make accountabilities explicit through their choices of development objectives and intermediate outcomes in the results framework. In doing so, they consider tradeoffs. If the outcomes set are too modest, they may be seen as setting the bar too low. If the outcomes are too ambitious, they may be criticized for lacking realism. TTLs therefore have to balance the ease of achieving successful outcomes with the risks involved in addressing important but complex issues such as governance or working in weaker policy and institutional environments.

Here are definitions of terms often used in a results framework:

*Inputs* are the financial human and other resources mobilized to enable the creation of outputs in a given project. Examples include civil works, equipment and consultants financed by the loan/credit funds.

*Outputs* are products and services to be provided in a specific IPF operation. This may include physical infrastructure or services. For example, outputs might be “kilometers of water pipes laid down in Province X”; “number and capacity of water treatment plants installed;” and “the number of maintenance staff trained.”

*Intermediate Outcomes* refer to results expected at specific points before the end of a project. For example, “90 percent of the pipes and water treatment facilities will be in place by 2015,” for a project ending in 2016.

*Project Outcomes* refer to the benefits expected as a result of a specific IPF operation. For example, “95 percent of the population of targeted Province X will have access to safe water by 2016, the end of the project period.”

*CAS Outcomes* refer to the outcomes that the Bank expects to influence directly through its operations during the CAS period. For example, “By the end of the CAS period, 85% of the population will have access to safe water.”

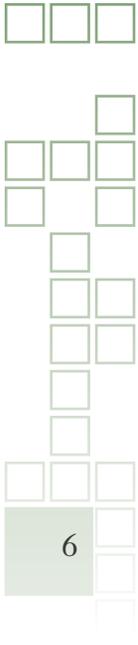
*Country Outcomes* refer to the outcomes of the development priorities established by the country in its Poverty Reduction Strategy or other national development strategy. For example, “90 percent of the population in the country will have access to safe water by 2015.”

#### *d. How to Prepare the Monitoring and Evaluation (M&E) Plan*

The Borrower is required to monitor progress toward achieving agreed outcomes, for example, the effect that new roads to be built will have on farmers and small and medium-size rural enterprises. At this stage, the TTL and Task Team prepare an initial plan that identifies how information will be obtained to measure and monitor inputs, outputs, and progress on the achievement of intermediate and final outcomes. At a later stage, the TTL, Task Team and the Borrower will develop a fully prepared M&E plan.

The M&E plan includes agreement on the intervention logic, key objectives and relevant performance indicators, and the action steps to obtain baseline and target information for each indicator (including costing and financing). The plan might require additional expenditure for surveys and other methods to measure progress.

Roles and responsibilities are identified for managing and coordinating M&E work and reporting the findings. The TTL and Task Team prepare an implementation support plan that provides the necessary human and financial resources to help the Borrower measure and monitor project performance. The Borrower prepares the monitoring and evaluation manual.



Strengthening Borrower capacity in M&E is a priority of the Africa Strategy. Key elements to strengthen client capacity include:

- Using and improving national and sector M&E systems through Bank operations whenever possible;
- Promoting the adoption of results-based management in public institutions through policy dialogue at the sector and national level; and
- Encouraging the development of a results-based culture through learning events and communities of practice.

*e. How to Prepare the Operational Risk Assessment Framework (ORAF)*

The Operational Risk Assessment Framework is included as an Annex in the PCN package. The ORAF is a tool that helps the TTL and Task Team to systematically analyze the risks to the achievement of a project’s development objectives. The Country Management Unit (CMU) helps the TTL and Task Team identify country level risks, and the Sector Management Unit (SMU) assists with institutional risks. Other colleagues help the team as needed, depending on the type of risks the project may involve.

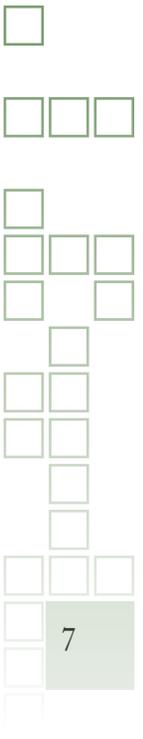
The ORAF helps identify risks at all levels:

- Stakeholder risk: These are risks to the Bank’s relations with borrowers, donors and other key stakeholders that can affect the achievement of the project’s development objectives.
- Country Risk: Country-wide or sub-national entity-wide risks such as fraud and corruption, security issues, civil society capacity, and economic management. It also includes risks in relevant sectors such as weak institutional capacity and lack of commitment, accountability and oversight.
- Implementing Agency Risk: These include limited human and financial resources, weak systems and processes for procurement, financial management and implementation capacity. Governance risks include lack ownership and appropriate decision making authority and accountability.
- Project Risks: These refer to risks posed by the technical complexity of the project design or implementation arrangements, and risks posed by environmental issues not evaluated with due diligence.

The initial risk analysis using the ORAF can be completed only after the TTL and the Task Team have identified the PDOs and selected PDO-level results indicators. This is because the development objectives and key performance indicators might be revised when risks are identified and discussed.

The risk assessment process helps the TTL and the Task Team to:

- Identify risks that a project will encounter during preparation and implementation;
- Determine whether the Bank moves forward with a new IPF operation;
- Develop strategies to mitigate risk by adjusting the project’s scope or design;
- Prepare an action plan that includes specific mitigation measures to manage risks;
- Determine the level of Bank implementation support for the project and the Borrower to minimize the risk; and
- Identify the pace at which a project can realistically be processed and implemented because of the stated risks.



The Operational Risk Assessment Framework (ORAF) guides the TTL and Task Team throughout the life of the project. During project implementation, TTLs and teams are expected to use the framework to:

- Identify the most important risks and risk management measures during preparation and/or implementation;
- Track progress with risk mitigation/risk management;
- Update the framework during implementation and over the life of the project to include new risks and ratings and review progress in implementing mitigation measures as part of reporting in the Implementation Status and Results Report (ISR);
- Scan regularly the full spectrum of possible risks to enable quick action to address emerging issues that pose a risk to the achievement of the project's objectives;
- Adjust the project's design as necessary to support the achievement of the project development objectives.

The Sector Manager confirms the overall risk rating at least once a year through the Implementation Status and Results Report (ISR).

The ORAF contains deliberative information that is not to be disclosed. For this reason, two versions are prepared:

- Full version, used for internal processing in the PCN or PAD;
- Disclosed version, which replaces the full version once authorization to negotiate is cleared. It is used for communication to the client when sending packages for negotiations and when submitting project documents to the Board for approval.

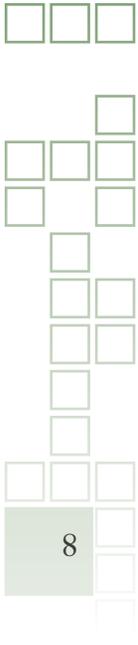
ORAF content that is not disclosed is the operational environment risk, fraud and corruption risk description and ratings, non-disclosable information for management attention, and project team ratings.

#### *f. How to Prepare the Procurement Plan*

The Bank and Borrower prepare a Procurement Plan to cover the entire scope of the project. Procurement needs to be planned carefully to enable timely and effective project implementation. Delays or errors in procurement planning can have a significant impact on project implementation and loan disbursement.

TTLs ensure that they enlist the support of a procurement specialist (PS) early in the project planning stage. When the PS is fully integrated into the project team this helps to prevent conflict between the project design and the Bank's procurement policies and procedures. The TTL will need to respond to several procurement requests from the Borrower throughout the project. As such, TTLs may delegate in writing their authority to sign off on procurement actions to the PS assigned to the project.

The Procurement Plan for the PCN includes information about procurement methods and circumstances of their usage such as thresholds and special provisions. It also states whether prequalification and/or domestic preferences should apply. The need for special procurement arrangements such as advance contracting should be noted, and a tentative procurement schedule for main items with a description, budget estimate and timing should be included.



### Key Procurement Principles

- The Bank’s Articles of Agreement, signed by all member countries, requires all Borrowers to comply with Bank procurement policies.
- Any contract that is paid for with the proceeds of a Bank loan must be procured according to Bank guidelines.
- Firms recruited under contracts financed by the loan must have no conflict of interest with the Borrower.
- A basic principle of Bank procurement policies is equal opportunity which requires that access to contracts financed under the loan cannot be limited
- The TTL and the Task Team should inform and seek guidance from Bank management, the Regional Procurement Management (RPM) office and INT when dealing with firms under investigation.

The initial procurement plan in the PCN will be used as the basis for the development of the detailed Procurement Plan that will be included in the (PAD) and agreed to before negotiations. The procurement specialist on the Task Team is responsible for conducting procurement risk and capacity assessments with assistance from the TTL. The assessment will examine the capacity of the team in the Project Implementation Unit (PIU) in the Borrower’s implementation agency to determine whether the staff have a good understanding of Bank procurement procedures. The risk of fraud and corruption is also assessed.

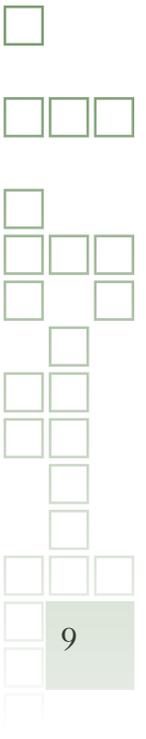
The Bank’s procurement role in projects is primarily one of planning and oversight to ensure that projects have a sound Procurement Plan and that procurement is carried out in accordance with it. The oversight role includes advising the Borrower on good public procurement systems, and working with the Borrower to promote and build their procurement capacity and to create a better control environment. The oversight role also covers the fiduciary obligations of reviewing the Borrower’s procurement planning and implementation, and ensuring and enforcing conformity with Bank policies and legal agreements. It also ensures competitive bidding and help

### *g. How to Prepare the Financial Management Plan*

The TTL ensures that Investment Project Financing operations are implemented consistent with financial management policies and procedures. The financial management specialist (FMS) is an integral part of the Task Team and provides professional advice to the TTL on all financial management aspects of project design and implementation.

The TTL involves the FMS as early as possible in Project Identification to assess the preliminary financial management risk, identify mitigation measures, and contribute to the preparation of the PCN. As part of the financial management risk assessment at the PCN stage, the FMS reviews the preliminary financial management risk ratings to ensure consistency with the overall project design and country context.

Later, during project preparation, the FMS assesses and documents the adequacy of the financial management arrangements proposed by the implementing agency. They are acceptable only if the agency’s budgeting, accounting, internal controls, funds flow, financial reporting, and auditing arrangements:



- Are capable of currently and completely recording all transactions and balances relating to the project;
- Facilitate the preparation of regular, timely, and reliable financial statements;
- Safeguard the project's assets;
- Are subject to auditing arrangements acceptable to the Bank.

Acceptable arrangements must be in place no later than the date of loan effectiveness. The FMS advises the TTL on mitigating measures and obtains agreement with the Borrower on measures to mitigate risk. The input of the FMS is reflected in the PAD and financing agreement (including minutes of negotiations, as needed). The FMS normally attends the decision meeting for authorizing appraisal if there are specific financial management issues.

### *b. Governance and Anti-Corruption (GAC) Issues Relevant to Project Design*

The TTL and Task Team are responsible for mainstreaming GAC issues in Bank operations. Action steps build on the three key principles of good governance—transparency, accountability, and participation (TAP)—that are translated into good practices that include the following:

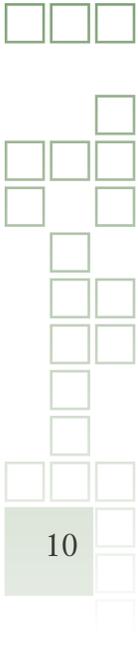
- Transparent budget and expenditure tracking systems;
- Expanded scope of the audit function to include technical and/or “value for money” audits;
- Development of effective “complaints line” program operating round-the-clock very day of the week;
- Increasing the amount of critical information available to the public regarding sector plans and budgets, performance and results;
- Use of consumer satisfaction surveys and citizens report cards;
- Engaging with NGOs, project beneficiaries and affected communities to involve them more closely in project design and oversight of project implementation;
- Introduction of e-procurement where technologically possible.

### *i. Safeguards*

The Bank's safeguards policies are designed to prevent or mitigate harm to people and their environment in the course of Bank operations. The Bank has identified ten key policies—the “Safeguard Policies”—critical to ensuring that potentially adverse environmental and social consequences are identified and mitigated:

- Environmental Assessment
- Forestry
- Involuntary Resettlement
- Indigenous Peoples
- Safety of Dams
- Pest management
- Cultural property
- Natural Habitats
- Projects in Disputed Areas
- Projects in International Waterways

The objective of these policies is to prevent and mitigate undue harm to people and their environment in the development process. Safeguard policies have often provided a platform for the participation of stakeholders in project design, and have been an important instrument for building ownership among local populations.



The TTL convenes the concept-stage safeguards review meeting to determine the environmental category of the project and applicable safeguards instruments. Ideally, if adequate information on project design and location is available, the review meeting takes place as a separate meeting prior to the Project Concept Review discussed below. Subjects discussed at the concept-stage safeguards review meeting include: design issues pertinent to safeguards, environment and social issues/risks, key requirements of policies relevant to the project including applicable safeguards instruments, environmental category, and whether to transfer safeguards responsibilities for the project to the SMU.

### Prepare the Draft PCN Package

Once the PDOs, results chain and indicators, and risks are identified at the concept stage, the TTL works with the Task Team to prepare a concept package that includes the PCN and ORAF, the concept-stage PID, and the concept-stage ISDS. The Implementation Readiness Checklist provides a roadmap of actions to ensure readiness for implementation.

The TTL and the Sector Manager select peer reviewers for the PCN package. Staff from the managing unit of the project are ineligible to serve as reviewers. The reviews will be incorporated into the discussion of the project concept at the PCN Review meeting.

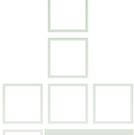
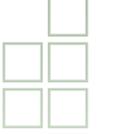
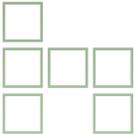
### Project Concept Note (PCN) Review Meeting

The purpose of the PCN Review meeting is to obtain a “go” or “no-go” decision from the Country Director (CD) who chairs the meeting. The meeting provides guidance on the PDO, project scope, results framework and indicators, and considers how the PDO contributes to the Africa Region Strategy. The ORAF is reviewed and overall preparation risk and overall implementation risk ratings are finalized with the approval of the PCN chair.

The PCN meeting examines the status of the project’s readiness for implementation and provides guidance on the steps that need to be taken for effectiveness. A decision is made as to whether the project could benefit from preparation financing. The Environmental Assessment category is confirmed along with safeguard policy requirements. The meeting also approves the Task Team’s composition, budget and key timelines.

At this stage, the decision is made about whether or not to proceed with the project. If so, the level of decision review is determined at the PCN meeting. Based on the overall risk noted in the ORAF, the PCN meeting chair decides whether the project will be prepared following Track 1 or Track 2 processing, with Track 1 being a streamlined process or “express lane.” Other decisions relate to the level of Decision Review that the project will follow: a CD-chaired review or a corporate review undertaken by the Regional Operations Committee or Operations Committee.

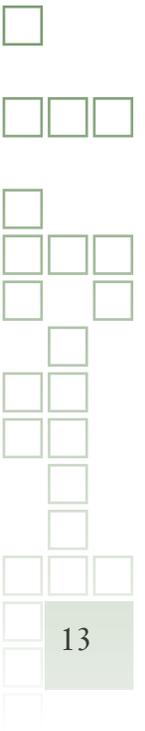
After the Review meeting, the TTL drafts the Decision Note that addresses: the go or no-go on the project; a review of the risks in the ORAF; appropriate scope and depth, process and timing for the subsequent Quality Enhancement Review (QER), if necessary; and the budget, including project preparation resources and key processing and milestone dates.



**Differences between Track 1 and Track 2 Processing**

- Track 1: “Express Lane” processing: does not require a Decision Meeting and the PAD is simplified with fewer annexes.
- Track 2: “Regular” processing: requires a Decision Meeting that may be chaired by the CD or may involve corporate reviews by the Operations Committee (OC) chaired by the Managing Director or the Regional Operations Committee (ROC) chaired by the Vice President.





## II. Preparation

Project preparation is the second stage of the Project Cycle. During this stage, the TTL, Task Team and the Borrower work together to refine the project's objectives, results, detailed project scope and implementation arrangements. The TTL and Task Team carry out missions to discuss with the Borrower and other stakeholders (local governments, beneficiaries private sector and civil society, etc.) the project design and scope and to ensure adherence to World Bank standards and requirements.

### Roles and Responsibilities of the Bank and Borrower

Project preparation covers the technical, institutional, economic, financial, environmental, and social dimensions involved in achieving the project's objectives. Preparation often requires feasibility studies to identify and prepare preliminary designs for alternative approaches to achieving the project's objectives and to compare costs and benefits. The results of environmental assessments are factored into assessing costs and benefits of alternative approaches.

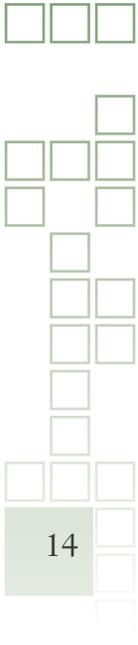
It is important to remember that although the Bank provides financial and other resources, the Borrower has full project ownership and responsibility. As such, the Borrower is a full partner in preparation, and is responsible for mobilizing project financing and conducting preparatory studies with assistance from the Task Team, as needed.

If the Borrower requires assistance and advice in determining the project's optimal technical design, the Task Team can provide advice on the scope of necessary studies and field investigation, as well as on the terms of reference for such work. A critical component of preparation is identifying and comparing technical and institutional alternatives for achieving the project's objectives. This includes cost-benefit analysis to find the most efficient solution, and investigating details of promising alternatives until the most mutually satisfactory solution is identified.

The Task Team ensures that the project aligns with the Bank's operational policies and guidelines. The Task Team later carries out an appraisal of the project based, in part, on the Borrower's preparatory studies, and drafts the necessary project documents and legal agreements. The Task Team reviews the types of activities and contracts that the Borrower would like the Bank to finance, and highlights constraints on the use of Bank funds identified in Bank policy and Articles of Agreement.

### Project Preparation Advance (PPA)

After the PCN review meeting and before the Bank approves an IPF operation, a Project Preparation Advance (PPA) may be requested. A procurement plan for preparation activities is completed before the Borrower submits its request to the Bank. The TTL prepares a draft memo requesting Country Director approval of a proposed PPA that includes a brief description of the project, its objectives and economic justification, the Borrower's commitment and readiness to undertake project preparation, the refinancing date, procurement methods and disbursement arrangements.



***The Implementation Readiness Checklist requires that the Project Preparation Advance is approved after the Concept Note but before Pre-Appraisal.***

## Preparation Mission

The TTL and members of the Task Team conduct a preparation mission during which the project concept evolves into a full-fledged project. The TTL prepares a Statement of Mission Objectives (SMO), conducts the mission and prepares an Aide-Memoire to be discussed with the Borrower and development partners at a wrap-up meeting at the end of the mission. Upon return to the office, the TTL prepares and issues the Back-to-Office Report (BTOR).

## Preparing the Project Appraisal Document (PAD)

The Project Appraisal Document contains key information about the project and updates information that was provided in the Project Concept Note. It includes the following elements:

- Country and sector context for the project, and the higher levels objectives that it aspires to achieve;
- Project development objectives, project beneficiaries and PDO level results indicators;
- Project components, financing, lending instrument and cost and financing;
- Institutional and implementation arrangements;
- Results monitoring and evaluation approach and implementation arrangements;
- Key risks and mitigation measures;
- Appraisal summary, which is comprised of economic and financial analysis, technical, financial management, procurement, social and environment and is reflected in the project's design; and
- Annexes that include the results framework and monitoring, a detailed description of the project and implementation arrangements, the ORAF, an Implementation support plan, team composition, economic and financial analysis.

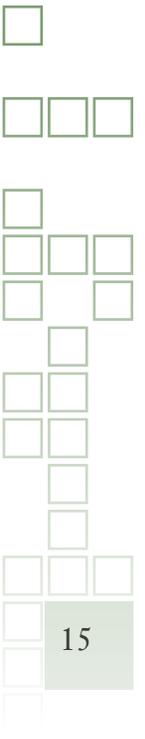
The full ORAF provided in Annex 4 of the PAD prior to the CD's approval of the Invitation to Negotiate the project is the undisclosed version. An abridged/disclosed external version of the ORAF is included in Annex 4 of the PAD for Negotiations and Board Approval.

The TTL and the Task Team prepare an Implementation Support Plan (ISP) to be included in Annex 5 of the PAD. The ISP takes into account the nature and needs of the project and focuses on the critical risks to project success. It is one of the main tools that a TTL uses to manage some of the risks that the project may face during implementation. The ISP also includes inputs and resources needed to address technical, fiduciary and safeguard issues. Projects with higher implementation risks tend to require more intensive efforts. Resources for implementation support need to take into account how risks will be managed and mitigated during project implementation.

## Quality Enhancement Review (QER)

The Quality Enhancement Review aims to strengthen the quality at entry of the operation by:

- Providing support to the TTL on technical issues specific to the project;
- Contributing to a better project design and to more efficient implementation arrangements; and
- Bringing in best practices and lessons learned from world-wide experience.



The QER is not intended to be another formal step in the approval process; neither does it substitute for any of the review mechanisms established by the Bank. The QER meeting is usually conducted after the project concept has matured into a robust project design to provide a basis for the review, but well before any more aspect of the project design has been firmly decided with the Borrower. It focuses largely on a project's technical quality and risk. A draft PAD is circulated along with the appraisal stage PID and ISDS, safeguards documents, and decision notes of the PCN meeting. The QER examines the:

- Project design and choice of lending instrument;
- Technical aspects of the project and the technical quality, monitoring and evaluation of results;
- Implementation requirements and assessments needed during appraisal of institutional capacity, and the implementation support that will be required;
- Financial, procurement and safeguards requirements and issues that need to be addressed during appraisal;
- Procedures and timing for consultations and disclosure of project-related documents;
- Resource requirements and estimates; and
- ORAF-stated risks and determination of the level of risk and required management review.

The TTL identifies three to five peer reviewers in consultation with the Sector Manager and Sector Leaders. The peer reviewers are selected with intent to obtain independent views and diversified expertise.

A QER meeting is not required for Track 1 projects, but is recommended depending on the project and the decision of the sector. The meeting may therefore be virtual. QER meetings are required for Track 2 projects and the meetings need to be face-to-face, and not virtual.

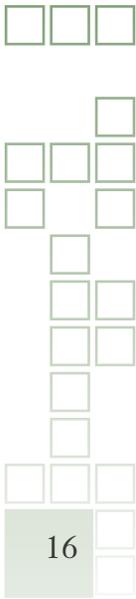
## Appraisal-stage Safeguards Review Meeting

An Appraisal-stage Safeguards Review is conducted for selected projects which were identified at the concept-stage safeguards meeting. The purpose of the meeting is to confirm whether the project can proceed with the appraisal. In some cases the meeting will allow the project to proceed with appraisal, but appraisal will not be considered complete until the requirements identified during the meeting are met. Through the Bank's Safeguards Secretariat, the TTL circulates a review package that includes the PAD, ISDS, the most recent aide-memoire, all relevant safeguard instruments, and any other pertinent documents.

## Pre-Appraisal Mission

In some instances, a review of preparatory work may indicate that a project is not ready for appraisal and a pre-appraisal mission is required. A pre-appraisal mission serves to resolve issues that were not sufficiently addressed during project preparation. These may include finalization of technical designs, cost estimates, procurement and disbursement plans, sources of project funding, institutional arrangements, environmental issues, implementation plan, and policies affecting the sustainability of the project.

Additionally, the pre-appraisal mission identifies what has been done in preparation including investigations, analysis undertaken and their quality. The mission also determines the additional information required for the project to be considered ready for appraisal and indicates the dates by which these inputs are needed to meet the appraisal schedule. Appraisal cannot commence until such issues are resolved. Upon return to the office, the TTL prepares and issues a BTOR.

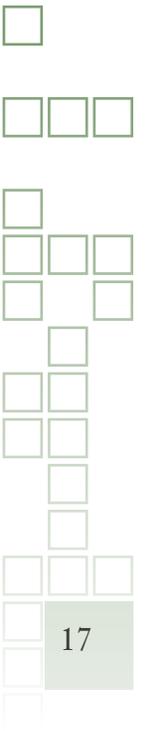


***The Implementation Readiness Checklist requires that prior to Appraisal, safeguards consultations are concluded, documentation disclosed, and land acquisition plans are prepared, if applicable.***

### **Decision Review Meeting on Appraisal (PAD Review)**

A Decision Review Meeting is held to assess progress on preparation and to decide whether Appraisal can go ahead. There are three levels of such a meeting depending on the project risk rating made at the PCN stage:

- Level 1: Regular Decision Meeting chaired by the CD.
- Level 2: Regional Management Review (RMR) Meeting chaired by the RVP. Projects that have substantial or high overall risks or have low and moderate overall risks but with one or more risk category rated substantial or high will undergo a RMR.
- Level 3: Corporate Review Meeting: Regional Operations Committee (ROC) chaired by the RVP, and the Operations Committee (OC) chaired by the MD. For projects with substantial or high overall risks, a ROC would be warranted. In exceptional cases for IPF operations, the decision review would be done at the OC level. The purpose of the review is to ensure that Senior Management is informed about risks and expected rewards in a timely manner to enable them to take decisions at the appropriate level.



## III. Appraisal

Appraisal is the third stage of the Project Cycle, and is conducted by the Task Team under the coordination of the TTL. It is conducted in order to assure quality at entry by reviewing all aspects of the project, check that a solid foundation exists for sound implementation, and ensure that the project is ready for implementation.

The stage covers the six major aspects of the project: technical, institutional, economic, financial, environmental and social. It requires field work and finalization of project documents prior to conducting negotiations.

The TTL and Task Team confirm that all aspects of the project are consistent with World Bank operational requirements and that the project is consistent with the Bank's Articles of Agreement, Operational Policies, and the current CAS and reflects lessons learned from Bank experience.

Appraisal is relatively straightforward if preparation has been carried out in a satisfactory manner. If not, a subsequent mission may be necessary.

***The Implementation Readiness Checklist requires that at Appraisal, the relevant financial, institutional, fiduciary, social impact, and implementation agency assessments would have been completed and findings reflected in project design; and the M&E system is designed and in place.***

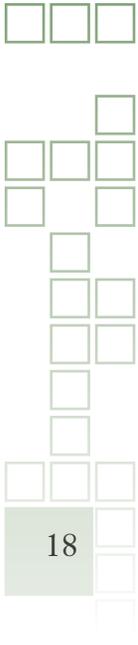
### Appraisal Mission

An appraisal mission is conducted to finalize the details of the project. The results framework is discussed with the Borrower and arrangements for data collection and monitoring results are established. Baselines and target values are finalized and agreed. Linkages between activities, outputs, intermediate outcomes and final outcomes are elaborated. An Aide-Memoire is prepared to document the agreements reached with the Borrower during the mission, with next steps and responsibilities.

The PAD is finalized with the agreed procurement plan, results framework and monitoring annex, among other supporting documents. Activities and inputs are clearly detailed and costed. Outputs are identified and linked to specific activities. The intermediate and final outcomes are clarified and reflected in the project's objectives. The feasibility and attribution of project activities to final outcomes is confirmed.

A Back-to-Office Report is prepared to summarize key findings, indicate whether the PAD remains within the parameters specified at the Decision Meeting (or discuss changes which arose during appraisal), and highlight any remaining issues and next steps. The PAD is revised, based on the mission's outcome. The PID and ISDS are then accordingly revised.

Appraisal should be realistic in its assessment of the project's readiness for implementation. In the Africa Region, a number of new projects have taken much longer than expected to disburse. This adversely affects the region's disbursement ratio.

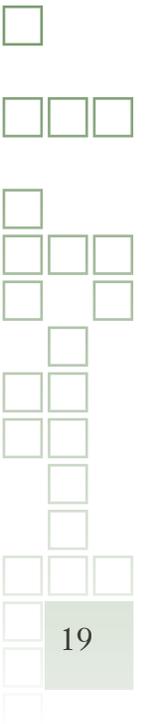


Project appraisal is deemed complete when all key project assessments including technical economic, financial management, procurement and safeguards have been satisfactorily prepared. Additionally, their findings and recommendations have been incorporated in project design and the implementation support plan.

### Preparing the Appraisal Package

An Appraisal Package is prepared that includes the final PAD with the ORAF, PCN meeting minutes and the report of the Quality Enhancement Review, if it was conducted, along with other documents. Upon completion of project appraisal, an Appraisal Completion Note is prepared and submitted to the Country Director or RVP, depending on the level of the review, and the appraisal completion package is then circulated.

***The Implementation Readiness Checklist requires that the implementation support plan has been agreed upon by completion of project appraisal.***



## IV. Negotiation and Approval

To prepare for negotiations, the TTL and Task Team ensure that the project is ready to be implemented.

***The Implementation Readiness Checklist requires that the Bank and Borrower should have taken or arranged for the following action steps prior to Negotiation:***

- Task Team and the Borrower have set up financial management and procurement arrangements.
- Borrower has recruited fiduciary staff or the process is well underway.
- Borrower has prepared the Project Implementation Manual covering procurement and financial management.
- Procurement Plan is complete and some contracts are ready for signing.
- Project Implementation Plan for at least the first year is agreed upon.
- Counterpart funding for the first year of implementation is allocated, if relevant.
- Written commitments from co-financiers have been received, with a timeline for disbursement.
- Borrower has core staff in place in ministries and implementation agencies; a best practice is that core staff have been involved in project preparation and negotiations.
- Borrower's Parliamentarians are ready to approve the project, if necessary, in a timely manner.

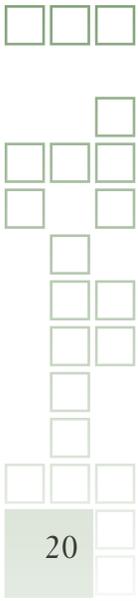
### Preparing the Legal Agreement

The TTL and the Task Team work with the project lawyer to prepare the Legal Agreement. They discuss how to reflect the PDO, project description, implementation arrangements, and any conditionality and covenants in the legal documents. The TTL obtains guidance on the types of legal conditions that might be needed to accelerate project processing and implementation by the Borrower, including conditions for effectiveness and disbursement conditions, and dated covenants.

The TTL ensures that the project is ready for negotiation.

#### Final Checks prior to Negotiation

- All issues related to project design, scope, implementation arrangements, and evaluations have been resolved.
- Agreement has been reached between the Task Team and the Borrower on the main points of the Project Appraisal Document.
- The Appraisal Completion Note has been cleared by the SM.
- The Borrower has confirmed to the Task Team that it is ready to negotiate.
- The PAD and Legal Agreement are consistent, and the TTL ensures that the assessments of all the specialists (procurement, financial management, environmental, social and safeguards) are accurately covered in the PAD and Legal Agreements. All compliance issues with the implementing entity have been confirmed.



Once the Legal Agreement is ready, the TTL and Task Team put together the negotiation package, which consists of the following Appraisal Completion Note:

- Disclosable PAD
- Legal Agreements prepared by Country Lawyer
- Disbursement Letter prepared by Finance Officer
- Invitation to Negotiate
- Borrower’s Procurement Plan

The Africa Region recommends a zero effectiveness conditionality approach. If conditions are absolutely necessary, they should be identified and a rationale provided. It is very important that actions that should have been taken during project preparation, but were not, should not be made conditions for effectiveness.

### Conducting the Negotiations

After the negotiation package has been prepared and authorization given for negotiations, the TTL leads the Bank delegation. The Borrower and the Bank need to agree on the legal documents and PAD. During negotiations, the TTL and Borrower reach final agreement on the project’s objectives, components, implementation arrangements, results framework and M&E arrangements. They also reach final agreement on the terms of the loan supporting the project.

### Preparing the Board Approval Package

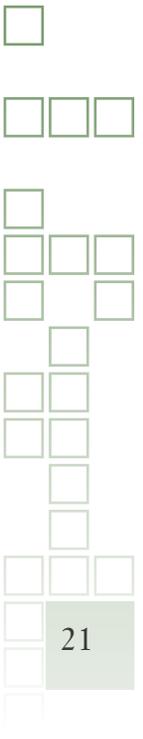
Following negotiations, the TTL, in consultation with the Task Team and Country Lawyer, ensures that all conditions for Board presentation have been met. The TTL then prepares the Board or RVP Approval Package that provides an accurate and complete picture of the operation. A transmittal memo is prepared that confirms that the operation is aligned with the Africa Region’s strategic priorities and that the project documents and Legal Agreements are consistent. The resources noted below include a detailed description of the content of the Board package and transmittal memo, the process to submit the package, and the quality review process that will be conducted.

### Board Presentation and Approval

The TTL next prepares the Final Board Package. This includes a Cover Memo to the Country Director that should confirm that there are no reputational risks or, if there are, how they will be addressed. When the Board Package is complete, it is submitted electronically to the Board Secretariat (SECPO). The RVP signs off on all Board submissions.

After Negotiation, the RVP and MD may request a consultation with the TTL, Sector Director/ Sector Manager, and Country Director before submission of the Board Document to SECPO, and Board Presentation. The RVP chooses between the streamlined and regular presentation, based on the Criteria for Regular and Streamlined Procedure and BP.10.00 Annex K.

For streamlined Board presentations, there are no pre-Board meetings and the TTL does not attend Board meetings. Should there be questions from SECPO or the relevant Executive Director’s Office, the contact person identified in Form 2337 (usually the TTL) is responsible for responding. The TTL may also be called upon to provide additional information or to clarify an issue.



For lending operations that will have a full Board presentation, three Pre-Board meetings are to be conducted as follows:

- A Regional Pre-Board meeting with the RVP, ideally two days before the Board meeting but no later than the morning of the day before the Board presentation.
- A preparation meeting with the MD on the day before the Board presentation.
- A one hour pre-Board meeting with the President in the afternoon of the day before the Board presentation.

A new lending operation is presented to the Board for discussion prior to approval if it:

- Deviates significantly from the agreed CAS framework;
- Has unusual policy content;
- Involves complex issues or innovative features or incorporate lessons learned from prior projects that were unsuccessful;
- Is large relative to the economy or the public investment program or to the Bank's lending program to the country, that is, they exceed the greater of (i) 10 percent of the country program in the current approved three-year Lending Allocation or (ii) 30 percent of the current year's lending program.

The TTL presents the lending operation to the Board. Other attendees include the RVP, Country Director and other members of the country team at the discretion of the RVP/CD.

Immediately after the Board approves the project, a press release is posted on the Bank's website by the Regional External Affairs team and disseminated locally by their country-level counterparts—usually the next day.

## Signing

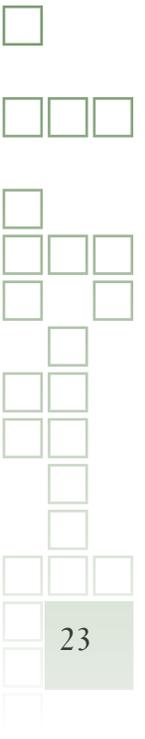
The Legal Agreement is signed in a ceremony that also marks the end of the project development stage and the beginning of the implementation stage. The TTL consults with the Country Director and Country Lawyer and the representatives of other signing parties to arrange for signing to take place as soon as the requirements for signing are met. The signing may be held in the Bank's Country Office or on occasion at Bank headquarters. If signing takes place at Bank headquarters, the TTL liaises with the relevant embassy.

## Effectiveness

Upon signing, the lending operation is declared Effective. The TTL prepares the Declaration of Effectiveness for the CD to sign. The TTL then issues the Declaration of Effectiveness to the Borrower.

***The Implementation Readiness Checklist requires that prior to effectiveness; arrangements need to be in place for the project to start disbursing once country specific requirements are met.***





# V. Implementation

Project implementation is the responsibility of the Borrower. While the Bank's TTL and Task Team are involved in implementation support, they do not substitute for the Borrower's responsibility. The TTL and Task Team monitor activities to ensure that the terms of the loan/credit agreement are followed. Implementation support is a continuous process involving the Borrower, key stakeholders, and the Bank throughout the course of a lending operation. It has significant impact on the ultimate success or failure of the IPF operation. Implementation support ensures that a project achieves its intended development objective. The TTL and Task Team work with the Borrower to identify and manage problems that occur during implementation. Planning for implementation support begins during project preparation, and the Task Team develops and agrees details of an overall plan with the Borrower.

## Project implementation Support

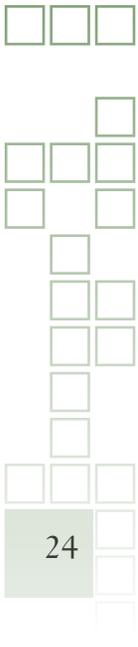
This function focuses on the following areas:

- Monitoring implementation and progress on outputs, intermediate outcomes and final outcomes;
- Ensuring that financial management, procurement and safeguard requirements are followed;
- Problem-solving jointly with the Borrower as an effective way for the Bank to provide technical assistance.

Implementation support missions are generally carried out twice a year. When conducted from the Country Office in a more continuous manner, it is recommended that at least twice a year

### The quality of implementation support is enhanced by:

- Focus on development effectiveness: How well is the Bank team assessing project impact? What is the relevance, timeliness and effectiveness of Bank responses to issues?
- Attention to fiduciary/safeguard aspects: How adequately is the Bank providing support for financial management, environmental and social aspects, performance and progress monitoring, and procurement and disbursements?
- Adequacy of inputs and processes: What is the quality of the Bank's implementation support missions, relations with partners, and management oversight?
- Realism and quality of project ratings and reporting: How realistic and candid are project ratings, including ratings for achieving development objectives and justifications for upgrading project status?



communication occurs formally with the Borrower on the status of project implementation and a progress report prepared. For each mission, the TTL and the Task Team prepare an Aide-memoire prior to a wrap-up meeting where it is discussed with Borrower counterparts. Key issues are discussed with the CD/CM/SM before the wrap-up meeting.

## Reporting on Project Implementation

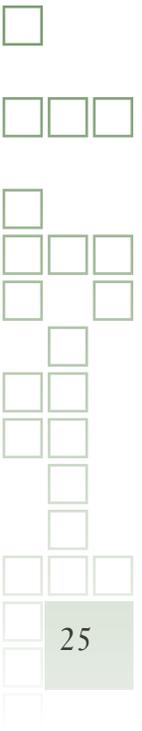
The Implementation Status and Results Report (ISR) is a management tool to assist TTLs to monitor projects. It is used to deliver real-time information on the implementation performance and prospective outcomes of a project. At a glance, it provides information on the status of a project: progress toward results, any restructuring, disbursement levels, and risk factors. It promotes transparency and accountability by making selective information on implementation status of Bank projects publicly available.

The TTL and the Task Team prepare the initial ISR within three months of the Project's Board approval. In the Africa Region, TTLs are expected to update ISRs every six months, and whenever an Aide Memoire is produced or when there is a change that should be documented and brought to the attention of Management. When specific issues affect project performance, TTLs should seek input from the CMU and the SM during mission and agree on key recommendations and ratings before preparing the ISR. Updated ISRs are submitted through the Operations Portal and cleared by a Sector Manager. When the ISR is updated, the information is automatically archived and distributed to managers and staff so they can be apprised of the status of a project, and respond or intervenes as needed.

TTLs use the ISR to manage their projects and to provide the implementation support needed to achieve intended outcomes. The ISR helps the TTL to monitor and track performance on outputs, intermediate outcomes and final outcomes. TTLs can use the information in the ISR to determine where to focus their efforts. A lack of progress on certain indicators could lead to the provision of additional resources to correct problems, or a reduction in resources to cut losses. The ISR can also inform decision-making as to whether to restructure a project.

### How to Prepare high-quality Implementation Status and Results Report (ISR)

- Ensure that the project's PDO and results framework are exactly the same as they are in the Project Appraisal Document (PAD) and documents related to subsequently-approved restructuring or additional financing.
- Provide well-justified ratings for project performance and risks.
- Identify clearly the issues and actions for Bank management consideration and response.
- Report progress or the lack thereof candidly so that managers can respond proactively.
- State clearly when a project's performance rating or compliance is downgraded. Comments on the reasons for the downgrade, the actions needed to resolve the issues, and the estimated time frame to resolve them.
- Use the ORAF to evaluate the efficacy of agreed-upon mitigation measures and to identify new risk and the need for added mitigation.
- List all approved indicators, including those in restructured projects and projects with additional financing, in the Results Framework.
- Update progress on indicators at least once every 12 months.
- Identify and address issues related to the availability and reliability of data.



## Portfolio Monitoring

TTLs and Task Teams regularly monitor the performance of their projects: contracts, disbursements, technical progress, and risk flags. Each month all Africa Region staff receive a Dashboard, which provides information on the state of the Region's portfolio and highlights issues that are key drivers of portfolio quality. TTLs can use this information to understand how their projects fit within the "big picture" of the regional portfolio and how the progress of these projects affects overall portfolio performance.

## Conducting the Mid-Term Review

The Mid-Term Review provides the TTL, Task Team and Borrower with the opportunity to take stock of a project and assess whether it is on track to achieve its development objectives. If not, agreement is reached on the issues that need to be resolved and the course of action to address them.

The terms of reference for the Mid-Term Review include a review of progress in obtaining data to measure progress toward achieving the intermediate outcomes and the PDO. If the information is lacking, the Task Team agrees with the Borrower on the steps and arrangements to obtain the data before project closing. Progress on these steps and arrangements are included in the ISR. These actions are important because the Independent Evaluation Group (IEG) may downgrade project outcomes if data to substantiate progress are missing.

A Mid-Term Review for a project experiencing implementation challenges may result in a decision to extend the closing date, refine or change the performance indicators or targets, and/or prepare a plan to restructure the project.

To better support and advise teams, ISRs for projects that are scheduled for a Mid-Term Review during the fiscal year will be reviewed by AFTOS to focus on monitoring and evaluation. AFTOS will share its findings and recommendations with TTLs and Task Teams.

## Project Restructuring

Restructuring is one of the tools that TTLs can use to improve the quality of implementation of a project. When done in a timely and effective manner, restructuring allows a TTL the flexibility to adjust an operation if unforeseen circumstances, weaknesses or risks arise during implementation.

If a project's priorities or circumstances change during implementation, it is important to make corresponding changes in its design or implementation arrangements involving procurement, financial management, environmental management, resettlement arrangements, and the timing of agreed actions or administrative changes.

The TTL discusses proposed changes with the Borrower and consults with the Country Lawyer to determine how to effect the change and modify the Legal Agreement(s) if necessary. The TTL should consult with the responsible specialists in the region if the changes involve Bank policies regarding disbursement, financial management, procurement, or environmental and social safeguards.

The TTL prepares a Restructuring Package that includes a Restructuring Paper based on a standard format to document changes and provide the background, rationale, analysis, benefits and risks. The Restructuring Paper is important because it provides a basis for monitoring and evaluation, strengthens the guidance role and accountability of managers, and provides a clear basis for any associated legal amendments. The Restructuring Paper is required for all project changes,



### The Two Levels of Project Restructuring

- **Level One restructuring** applies when changes are made to a project’s development objectives, when changes are effected in the safeguards category from a lesser category stated in the PAD to a Category A or when changes trigger a new safeguard policy. **Level One restructuring is submitted to the Board of Executive Directors for approval under absence of objection (AOB) procedures.**

**Level Two restructuring** applies in all other cases of project modification. These modifications include: changes in outcome indicators or targets; changes in project scope or design; addition or cancellation of project components; changes from a safeguards category C to B (although if a new policy is triggered, this will be considered a Level One restructuring); reallocation of proceeds; changes in executing units or currency denominations, implementation plans or schedules; new reporting requirements; new loan closing dates, or new implementation dates that under the terms of the Legal Agreement may be put into effect by notice. **The Board delegates to Management the authority to approve Level Two restructuring, and Country Directors exercise this authority.**

and the TTL completes only the sections in the paper that are relevant to the proposed change(s). An ORAF is not required for project restructuring.

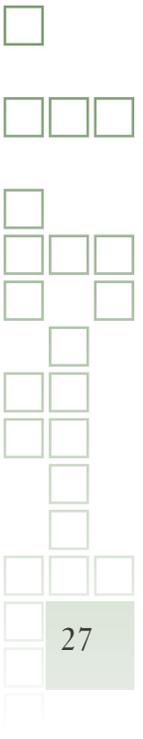
When submitted to the Board, the Restructuring Paper is accompanied by a brief transmittal Memorandum of the President (MOP) that, among other things, informs the Board of any issues that the Borrower or the Bank does not wish to be publicly disclosed. The Restructuring Paper is disclosed to the public following approval of the restructuring.

### Additional Financing (AF)

The TTL may identify the need to use AF for investment projects during the course of providing project implementation support. The Bank can provide AF beyond the amount specified in the Loan Agreement for an ongoing, well-performing investment project to cover:

- Cost Overruns/Financing Gap: Completion of the *original project activities* when there is an unanticipated financing gap or cost overrun.
- Scaling-Up: Implementation of *additional or expanded activities* that scale up a project’s impact and development effectiveness.
- Restructuring: Implementation of *modified or additional project activities* included as part of project restructuring when the original loan/credit/grant amount is insufficient to cover such activities.

The Bank provides AF only when it is satisfied that implementation of the project, including substantial compliance with loan covenants, is satisfactory. This means that when making a preliminary evaluation of a Borrower’s request for additional financing, the TTL makes a threshold determination of the project’s performance to date by considering relevant performance criteria including:



- Whether the ISR ratings in the most recent twelve months, including those for Implementation Progress and Development Objectives, have consistently been moderately satisfactory or better per the latest archived ISR ratings and supported by performance on the indicators in the Results Framework in the PAD and ISR;
- Whether the project has any unresolved fiduciary, environmental, social or other safeguard problems;
- Whether the project's legal covenants have been substantially complied with; and
- Whether the Borrower and implementing entities are committed to the project

The TTL explores reasonable alternatives to AF that may include financing provided by a development partner, increased counterpart funding, reallocation of cost savings through restructuring or the processing of a new lending operation.

The TTL ensures that the proposed activities to be financed under AF are aligned with the development objectives of the project and the current Country Assistance/Partnership Strategy, and are economically justified. The additional financing facility is expected to close within 3 years of the closing date of the original loan that is in effect at the time the AF is approved.

If these criteria are met, the TTL submits to the Country Director a brief Concept Memorandum and related documents (including an ORAF) that provide the rationale for the AF and summarizes the project's track record and results to date. Additional Financing is provided as a separate credit and constitutes a new credit commitment. If the Country Director decides to pursue AF, the TTL appraises the activities as done for any project. The TTL then prepares a concise Project Paper that summarizes the project's implementation record and results to date, the rationale for additional financing, the proposed expanded activities and the results of their appraisal, and the financial terms for the additional loan.

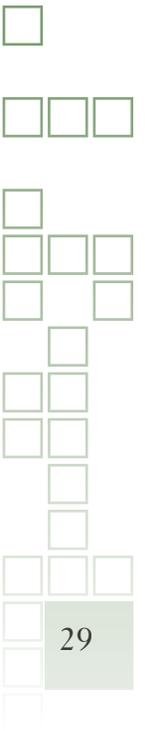
## Dealing with Governance and Corruption (GAC) Issues

Throughout the project cycle, GAC-related risks need to be rigorously managed. This requires the following action steps:

- Governance and corruption issues are systematically identified and adequately assessed; and
- Appropriate mitigation action steps are taken.

During project implementation, the TTL and Task Team conduct integrated procurement, financial management, and technical reviews of selected contracts to identify possible irregularities. Broader fiduciary and implementation reviews are conducted selectively based on risks. The TTL and Task Team respond effectively to possible procurement issues and investigations by INT in compliance with Bank policies. For a more detailed discussion of GAC-related issues, see the publication titled, *Dealing with Governance and Corruption Risks in Project Lending: Emerging Good Practices*.





# VI. Evaluation

The final ISR will be used as a basis for preparing the Implementation Completion and Results Report. ISR ratings therefore need to be candid and realistic. The ISR outcome ratings are compared to the ratings by the Independent Evaluation Group (IEG). The Bank standard is that inconsistencies between the final ISR and IEG rating of outcomes would be minimal and no more than 5 percent for exits in a country/region in any year. A net disconnect greater than 20 percent in the most recent five years of IEG evaluations triggers a Country Record Flag, and the consequence is that all projects in the country's portfolio automatically carry an additional risk flag.

## Preparing the Final ISR

With this in mind, the TTL and Task Team ensure that the final ISR takes into account performance throughout the entire project and not just the recent implementation period. The final ISR follows the OPCS Guidelines and IEG evaluation methodology, and assesses the relevance of the PDO and project design, implementation, achievement of objectives, and efficiency. The PDO rating should reflect the overall outcome of the project. A Final ISR review is conducted by the SMU and CMU.

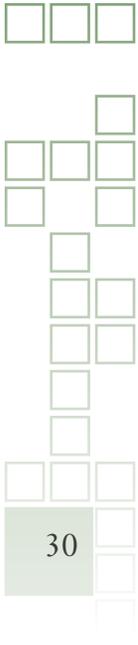
To ensure high quality final ISR, all ISRs for projects with closing dates within 15 months, that is, the second to last ISR, should be sent to AFTOS for review. AFTOS will confirm that all the necessary information is included in the ISR, validate the proposed PDO ratings, and make recommendations toward the pending outcome evaluation.

## Implementation Completion and Results Report (ICR)

The ICR is a form of self-evaluation by the Bank. It provides for accountability by assessing the extent to which a project achieved its objectives and the performance of the Bank and the Borrower. The ICR discusses lessons learned from the success or failure of the project that can benefit future Bank-financed operations. Outcomes are assessed according to three dimensions:

- Relevance of objectives, design and implementation;
- Efficacy, the extent to which stated objectives were achieved; and
- Efficiency, whether the costs involved in achieving project objectives were reasonable compared to benefits.

Upon completion of a Bank-financed project, an Implementation Completion and Results Report (ICR) is prepared by the Task Team within six months of the closing date. The Borrower, in turn, provides comments on the ICR. IEG then conducts a desk review of the ICR to independently validate ratings. If a project did not become effective or was cancelled before significant implementation was initiated, an ICR is not prepared. Instead, a Project Completion Note to the Board summarizes the project and explains why it was not implemented.



The final ICR is disclosed to the public.

### Characteristics of High quality ICRs

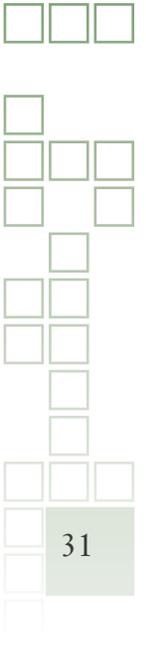
- *Focus on whether expected outcomes have been achieved.* Emphasis is not on the production of outputs but the achievement of objectives. If a project has several objectives, the achievement of each objective is assessed separately and an overall assessment provided.
- *Provide an objective assessment.* The ratings are objective, fact-based, and consistent with the narrative. If the PDO was too broad or vague, this fact needs to be stated. Intended objectives can be inferred from the outcomes. If data on performance is lacking, the gap is acknowledged and explained.

## Independent Evaluation Group (IEG) Review

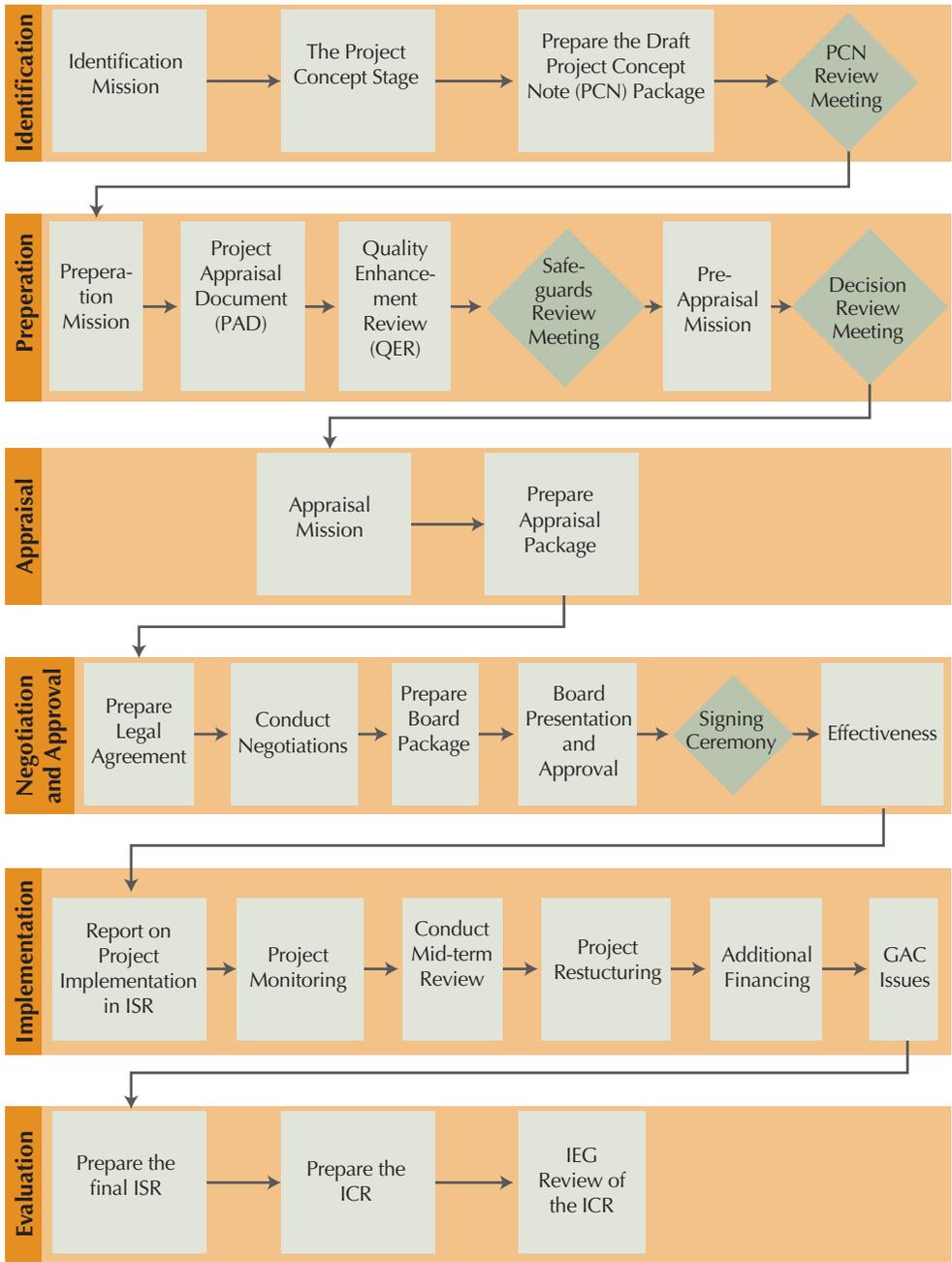
Following completion of the project, the Bank's Independent Evaluation Group (IEG) reviews the ICR, assesses the project based on its original objectives, and validates the Region's assessment of the project achievements and the ratings. IEG also rates the quality of the ICR. IEG then prepares an ICR Review to document its assessment.

The ICR Review rates the outcome of the project, Bank performance, Borrower performance, and the quality of the ICR using the ratings: satisfactory, moderately satisfactory, moderately unsatisfactory, and unsatisfactory. The risk to development outcomes is rated on a scale of low to high. IEG also assesses the relevance of a project's objectives and design, the achievement objectives (efficacy), efficiency, and M&E design, implementation and utilization using a scale of highly substantial, substantial, modest and negligible.

IEG shares its draft evaluations with the TTL and Task Team and typically provides a two-week period for the team to respond before the evaluation is posted. Teams review the draft evaluation and prepare a response, especially when IEG's rating differs from the final ISR rating. If the Task Teams require more time to prepare a sound response, the CMU or SMU requests an extension. Teams are encouraged to contact AFTOS, which can provide evaluation support if ratings disconnect occurs. In some cases, the additional information and clarifications provided by teams have led IEG to upgrade a project's outcome rating.



**Investment project Financing Toolkit**  
**FLOW CHART**





# Resources

The links to websites and documents detailed below provide a ready resource to current information on the relevant task or topic.

## Chapters I & II: Identification and Preparation

<http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/0,,contentMDK:23380303~pagePK:51455324~piPK:51455326~theSitePK:380832,00.html>

- SMO for Identification or Preparation Mission
- PCN Template including ORAF (Please use the Portal. This is just for reference.)
- Preparing the PCN
- Invitation to Project Concept Review
- PCN Decision Note
- Concept PID (Please use the Portal. This is just for reference.)
- Concept ISDS (Please use the Portal. This is just for reference.)
- Request for PPF Advance
- Request for Approval to Finance Land Expenditures

### *How to Prepare the Procurement Plan*

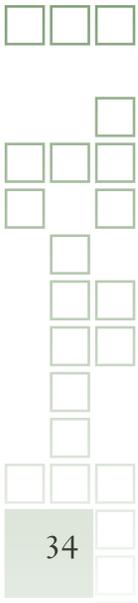
- Procurement Website
- OPCS Guidelines for Bank Procurement: <http://go.worldbank.org/NZ2788P7K0>
- Procurement Guidelines
- Red Flags Learning Tool
- Assessment and Escalation Protocol

### *How to Prepare the Financial Management Plan*

- OPCS FM Website
- Financial Management Manual for World Bank-Financed Investment Operations
- Country Financial Accountability Assessment (CFAA) Guidelines
- Country Profiles of Financial Accountability (CPFA)
- PFM Reform Database
- FM Sector Approach to GAC

### *Governance and Anti-Corruption (GAC) Issues Relevant to Project Design*

- Dealing with Governance and Corruption Risks in Project Lending: Emerging Good Practices: <http://gacknowledge.worldbank.org/pro/Resources/Emerging%20Good%20GAC%20Practices.pdf>
- World Bank Anti-Corruption Guidelines: <http://gacknowledge.worldbank.org/pro/Resources/BankAnti-CorruptionGuidelines.pdf>
- Handling Suspected and Alleged Fraud and Corruption in Procurement: <http://gacknowledge.worldbank.org/pro/Resources/Handling%20Fraud%20and%20Corruption%20in%20Procurement.pdf>



### *Safeguards*

- Safeguards Policies
- Clarifications to OPs/BPs on Environmental Assessment, Involuntary Resettlement, and Bank Financing, April 1, 2011.

**Implementation readiness checklist:** This is not a required tool for teams anymore per the harmonized procedures. Teams are welcome to use it to assist them during preparation. The template can be accessed here.

## Chapter III: Appraisal

<http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/0,,contentMDK:23380303~pagePK:51455324~piPK:51455326~theSitePK:380832,00.html>

- Project Appraisal Document (PAD)
  - Project Appraisal Document (PAD) for Tracks 1, 2 and FCC (Please use the Portal. This is just for reference.)
  - Preparing the PAD
  - ORAF
  - Disclosable ORAF
- Appraisal PID (Please use the Portal. This is just for reference.)
- Appraisal ISDS (Please use the Portal. This is just for reference.)
- Invitation to a Regular Decision Meeting
- Invitation to a ROC Decision Meeting
- Invitation to an OC Decision Meeting
- Decision Note of Decision Review

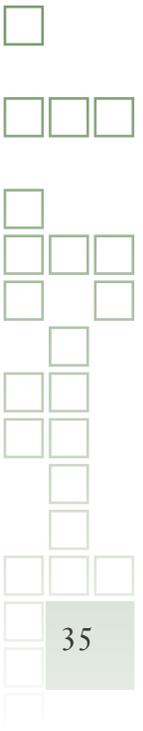
## Chapter IV: Negotiation and Approval

<http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/0,,contentMDK:23380303~pagePK:51455324~piPK:51455326~theSitePK:380832,00.html>

- Invitation to Negotiate
- Administrative Arrangements for Negotiations
- Notice of Invitation to Negotiate (link to SECPO)
- Summary of Negotiations
- Status of Negotiations (link to SECPO)

### *Board Approval*

- MOP (Regular IPF operation)
- MOP (Additional Financing)
- MOP (Restructuring)
- Cover Memo: Statutory Committee Report (LEG prepares the Statutory Committee Report and arranges signature of the Borrower Representative, LEGVP and RVP)
- Final Board Package to CD
- Board Forms
- eSubmission of Board Documents thru SECPO (link to SECPO)



- Board Meetings – SECPO’s Guidance to Staff (link to SECPO)
- Notice of Board Absence-of-Objection (AOB) Approvals  
(NOTE: Notice of approval of loans, credits and grants is published on the Board’s website at the 6 PM closing of AOB.)
- Notice of Board Discussions/Approval  
(NOTE: Notice of approval of loans, credits and grants is published on the Board’s website after each meeting of the Executive Directors).

### *Signing*

- Notice of Signing (link to SECPO)
- Letter to Borrower: Signing

### *Effectiveness*

- Effectiveness Transmittal Memo to CD
- Declaration of Effectiveness to Borrower
- Extension of the Effectiveness Deadline

## **Chapter V: Implementation**

<http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/0,,contentMDK:23380303~pagePK:51455324~piPK:51455326~theSitePK:380832,00.html>

- SMO for Implementation Support Official Review
- Supervision ISDS (Please use the Portal. This is just for reference.)
- ISR (Please use the Portal. This is just for reference.)
- Preparing the ISR
- Additional Financing Project Paper (Please use the Portal. This is just for reference.)

### *Restructuring*

- Restructuring Paper (Full) (Please use the Portal. This is just for reference.)
- Restructuring Data Sheet (Full) (Please use the Portal. This is just for reference.)
- Restructuring Paper (Simple) (Please use the Portal. This is just for reference.)
- Restructuring Data Sheet (Simple) (Please use the Portal. This is just for reference.)

### *Suspension of Disbursements*

- Sample Notice to Member Country Borrower When Payment Is 30 Days Overdue
- Sample Notice to Non-Member Country Borrower When Payment Is 30 Days Overdue
- Sample Notice to Member Country Borrower When Payment Is 45 Days Overdue
- Sample Notice to Non-Member Country Borrower When Payment Is 45 Days Overdue
- Sample Notice to Borrower When Payment Is 60 Days Overdue
- Sample Notice of Suspension Sent to the Executive Directors for a Payment-Related Suspension
- Sample Notice of Lifting Suspension Related to Debt-Service Payments Sent to the Executive Directors
- Sample Notice to Borrower Lifting Suspension of Disbursements
- Sample Notice to Borrower for Suspension Unrelated to Payment
- Sample Notice to the Executive Directors for a Suspension Unrelated to Payment
- Sample Notice to the Borrower for Lifting a Suspension Unrelated to Payment



- Sample Notice to the Executive Directors for Lifting a Suspension Unrelated to Payment
- Sample Notice to the Borrower When Loans are Placed in Nonperforming Status
- Sample Board Notification of Nonperforming Status
- Sample Press Release Announcing Nonperforming Status
- Sample Board Notification of Restoration of Performing Status

### *Cancellation*

- Letter to the Borrower: Loan Cancellation Not Following Suspension (for cancellations by the Borrower)
- Letter to Borrower: Loan Cancellation Not Following Suspension (for cancellations by the Bank)
- Letter to Borrower: Transmitting Revised Withdrawal Schedule Following Loan Cancellation
- Letter to Borrower: Transmitting Revised Amortization Schedule Following Loan Cancellation

### *Closing*

- Letter to Borrower: Extension of Closing Date
- Letter to Borrower: Keeping Loan Account Open after Closing Date

### *Dealing with Governance and Corruption (GAC) Issues*

- Dealing with Governance and Corruption Risks in Project Lending: Emerging Good Practices
- World Bank Anti-Corruption Guidelines
- Explanation of World Bank Anti-Corruption Guidelines
- Handling Suspected and Alleged Fraud and Corruption in Procurement
- GAC: The World Bank's New Strategy

## **Chapter VI: Evaluation**

<http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/0,,contentMDK:23380303~pagePK:51455324~piPK:51455326~theSitePK:380832,00.html>

### *ICR*

- ICR Main (Please use the Portal. This is just for reference.)
- ICR Data Sheet (Please use the Portal. This is just for reference.)

### *IEG Review*

- IEG Website
- Sample evaluation report

### *Portfolio Monitoring*

- Africa Regional Dashboard

# ANNEX

## The World Bank's Investment Project Financing Policy

### *OP 10.00 – Investment Project Financing*

<http://intranet.worldbank.org/WBSITE/INTRANET/OPSMANUAL/0,,contentMDK:20064659~m enuPK:64857200~pagePK:51457169~piPK:51457175~theSitePK:210385,00.html>

The new Investment Project Financing Policy went into effect on April 8, 2013. Several OP / BPs were retired and consolidated into a new and single policy for Investment Lending – OP/ BP10.00. New guidance notes, instructions and templates are available from the new Investment Project Financing (IPF) website. They reflect the new decision-making roles outlined in the Accountability and Decision-Making Framework. All transitional arrangements are detailed in the Op Memorandum.

This new OP/BP includes six policy changes and an operational memo which will clarify the transition arrangements. The six policy changes include:

1. **More flexibility for countries affected by fragility or other specific vulnerabilities, including for small states** by extending flexibility for countries faced with natural or man-made disasters to such situations;
2. **An updated approach to economic analysis** of IL operations that continues to provide the needed rigor of this mandatory requirement while allowing the use of methodology appropriate to the specific operation, taking into account country and sectoral considerations;
3. **Revising the procedures for a series of IL projects** that represent part of a programmatic engagement over time with clients;
4. **Dropping the three-year limit for additional financing** to address implementation realities faced by clients while maintaining the ability to evaluate such operations in a timely manner;
5. **Adding flexibility to the timing of audit requirements** (but not the frequency of it) to better take into account country conditions and to allow for the use of country systems when appropriate; and
6. **Increasing the current Project Preparation Advance limits** of \$3 million normally and \$5 million in situations of fragility to \$6 million and \$10 million, respectively. The old limits had been in place since 1993.

As part of the Bank's investment lending reform, all regions are harmonizing their procedures and steps. To this end, there will be minimal regional guidance in addition to that provided by OPCS. The relevant guidance can be found on the IPF site and listed here for your reference:

- OPCS harmonized guidelines for Track 1 projects
- OPCS harmonized guidelines for Track 2 projects
- OPCS harmonized guidelines for Additional Financing. Also see OPCS Additional Financing Guidance Note (PDF – April 2, 2013)
- OPCS harmonized Implementation support to completion. Also see OPCS Implementation Support Guidance Note (PDF – April 2, 2013)





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