

Guidelines for Processing World Bank Specific Investment Grants Financed by the Fast Track Initiative Catalytic Fund

These guidelines list the steps required to prepare a **Fast Track Initiative** Catalytic Fund Specific Investment grant operation. They reflect requirements for Recipient Executed Trust Funds and Fast Track Initiative processes. They apply to countries intending to participate in Fast Track Initiative and to countries already participating in Fast Track Initiative that are applying for a second or subsequent Catalytic Fund grant. **To ensure that only the appropriate processing actions are taken by a task team, it is recommended that they review their individual operations with their regional quality teams, the Human Development Network Education Department and the Fast Track Initiative Secretariat.**

In all cases, initial information on the Catalytic Fund operation must be entered into SAP via the Activity Initiation Summary screen. The proposed operation is entered as a Recipient Executed project. Activity Initiation Summary will require a task description (for example: Primary Education program support to assist in meeting sub-sector objectives including Millennium Development Goal 2) and operational milestones. Seven milestones are recommended: (1) Concept Review; (2) Sector Manager clears Education Sector Plan for Bank endorsement; (3) Decision Meeting (to provide Country Director approval to appraise the Grant Agreement); (4) Appraisal; (5) Grant/Bank Approval and Grant Agreement negotiations; (6) Grant Agreement signing, and; (7) Grant Closure. Milestones 1, 3, 4, 5, 6 and 7 are mandatory if the Bank is designated Supervising Entity. Milestone one is mandatory if the Bank is not designated as the Supervising Entity.

<i>Activity Initiation Summary Milestone #</i>	<i>Fast Track Initiative Steps (taken from Fast Track Initiative Processing Chart)</i>	<i>Bank Action</i>	<i>Responsibilities (Regional requirements may vary)</i>
	Government expresses interest in <i>Fast Track Initiative</i> through a formal letter to the Education for All Fast Track Initiative Secretariat.		
<i>1 Concept Note</i>	Local Education Group ¹ assesses work needed to endorse the Education Sector Plan. Local Donor Group ² , together with the Bank, agrees on roles and responsibilities to complete that work. Government develops/updates Education Sector Plan in consultation with the Local Education Group.	Concept Note prepared and reviewed.	<ul style="list-style-type: none"> • Task Team Leader participates in Local Education Group and Local Donor Group discussions. • Task Team Leader prepares concept note and circulates to the entire task team (including colleagues from the following departments: Legal, Loan, Financial Management, Procurement and

¹ Local Education Group: includes the Local Donor Group (see below), government, civil society representation, and representation of private providers, and Non-Governmental Organizations.

² Local Donor Group – The community of donors active and present in the country. The Local Donor Group may or may not include the Bank.

			<p>Safeguards).</p> <ul style="list-style-type: none"> • Sector Manager endorses Concept Note. • Country Director chairs Concept Note review meeting.
		<p>Financial management, procurement, and safeguard reviews³ are completed and instruments for managing these areas designed and fed into the Local Donor Group appraisal of the Education Sector Plan</p>	<ul style="list-style-type: none"> • Task Team Leader arranges reviews in consultation with the Local Donor Group and task team. • Task Team Leader shares reviews with Local Donor Group
	<p>Local Donor Group appraises Education Sector Plan. [Appraisal at this point refers to action by the Local Donor Group and is not to be confused with the Bank's appraisal of the Catalytic Fund operation (see below).]</p> <p>Fast Track Initiative Secretariat conducts Secretariat Quality Support Review⁴ of appraisal and advises Local Donor Group if there is a need for additional work on the appraisal.</p>		<ul style="list-style-type: none"> • Task Team Leader participates in Local Donor Group appraisal of Education Sector Plan.
<p>2 Sector Manager authorizes Task Team Leader to sign Education Sector Plan endorsement</p>	<p>Education Sector Plan finalized, approved at highest appropriate level of government and submitted to the Coordinating Agency⁵ (i.e. the Lead Donor) for endorsement by Local Donor Group.</p> <p>Local Donor Group including Bank endorse Education Sector Plan based on the finalized education sector plan appraisal report.</p>	<p>Task Team Leader authorized by Sector Manager to sign Education Sector Plan endorsement on behalf of Bank</p>	<ul style="list-style-type: none"> • Task Team Leader provides Sector Manager with Education Sector Plan, draft appraisal report including and an assessment of capacity to implement. • Sector Manager provides technical review of Education Sector Plan and authorizes Task Team Leader to sign Local Donor Group endorsement of Education Sector Plan.
	<p>Local Donor Group and government agree on common</p>		<ul style="list-style-type: none"> • Task Team Leader participates in Local

³ The Africa region is also including disbursement and results and learning reviews.

⁴ Secretariat Quality Support Review: A review to ensure compliance with the Fast Track Initiative Appraisal guidelines and that basic issues are addressed and agreed Fast Track Initiative goals targeted.

⁵ Coordinating Agency (or in some cases Coordinating Agencies): the donor selected by the donor community to represent the Local Donor Group.

	action agenda to support Education Sector Plan. If government is to apply for Catalytic Fund, Local Donor Group and the Bank also agree on recommendations to the Catalytic Fund Committee on proposed funding modality, Supervising Entity and on grant amount.		Donor Group / government discussions.
The following Bank actions are necessary only when the country is applying for a Catalytic Fund grant and the Bank is Supervising Entity			
	The government develops a Catalytic Fund program proposal for Catalytic Fund funding in consultation with the Local Donor Group and Civil Society representatives. The proposal should outline funding priorities, include the first year's implementation plan, and identify Catalytic Fund modality and Supervising Entity prepares draft Catalytic Fund Application Package	Draft Catalytic Fund Application Package prepared (includes Project Appraisal Document and Grant Agreement)	<ul style="list-style-type: none"> • Task Team Leader drafts Package. • Legal Department drafts Grant Agreement
3 <i>Decision Meeting</i>		Decision Meeting on Catalytic Fund operation completed to authorize Bank appraisal of the operation	<ul style="list-style-type: none"> • Sector Manager clears Package for Decision Meeting. • Task Team Leader distributes Package as per regional processing guidelines for Bank-financed Specific Investment Loans. • Country Director chairs.
4 <i>Catalytic Fund Appraisal</i>		Appraisal of Catalytic Fund operation completed	<ul style="list-style-type: none"> • Task Team Leader leads appraisal.
		Catalytic Fund Application Package submitted to Catalytic Fund Committee by the Coordinating Agency (Lead Donor) via Fast Track Initiative Sec.	<ul style="list-style-type: none"> • Task Team Leader finalizes package and seeks clearance from Decision Meeting participants on any substantive changes based on appraisal outcome. • Legal finalizes Grant Agreement and provides no objection for negotiations. • Trust Accounting Clearance Form and Loan Department clear

			<p>Grant Agreement</p> <ul style="list-style-type: none"> • Sector Manager clears Package. • Task Team Leader submits Package to Coordinating Agency for information.
	Catalytic Fund Committee mandated External Quality Support Review ⁶ .		
5 Grant/Bank Approval	Catalytic Fund Committee decides on financing modality and Supervising Entity, and decides on Catalytic Fund allocation amount ⁷ .	<p>[If necessary] Post- Catalytic Fund allocation adjustments to Package and Grant Agreement completed.</p> <p>[Always] Grant Agreement negotiated with the country (negotiations normally led by the ministry responsible for finance and include the ministry responsible for education).</p>	<ul style="list-style-type: none"> • [If necessary] Task Team Leader adjusts Package • Legal Department adjusts Grant Agreement • [Always] Task team negotiates Grant Agreement.
6 Grant Agreement Signing		<p>Grant Agreement signed by the Bank</p> <p>Grant Agreement countersigned by authority representing recipient country.</p> <p>If there are any conditions of effectiveness, the Task Team Leader monitors these to ensure the deadline is met</p>	<ul style="list-style-type: none"> • Legal Department finalizes Grant Agreement for signature. • Country Director signs • Legal Department clears the effectiveness notice once any conditions of effectiveness are met.
	Implementation of Education Sector Plan monitored via a Joint Annual Review Process	<p>The Education Sector Plan is normally monitored via Joint Annual Review.</p> <p>Interim Status Reports completed twice yearly.</p> <p>Updated status reported on the Fast Track Initiative Country Information Form to Catalytic Fund Committee and Fast Track Initiative Secretariat via Human Development Network Education Department</p>	<ul style="list-style-type: none"> • Task Team Leader drafts Interim Status Report and Country Information Form report. • Sector Manager clears Interim Status Report and Country Information Form report. • Task Team Leader sends Country Information Form report to task team members and Human Development Network

⁶ External Quality Support Review: A review requested by the Catalytic Fund committee to assess the appropriateness of the Catalytic Fund application and the adequacy of the Catalytic Fund package.

⁷ If at this stage the Catalytic Fund committee were not to agree with the Bank's proposed (and Local Donor Group recommended) financing modality, the Bank would reassess its position as supervising entity.

			Education Department.
		Implementation Completion Report completed.	<ul style="list-style-type: none"> • Task Team Leader drafts Implementation Completion Report as per regional guidelines for Specific Investment Loans. • Sector Manager clears.
7 <i>Grant closure</i>		Grant Closed.	<ul style="list-style-type: none"> • Task Team Leader processes grant closure as per regional guidelines for Specific Investment Loans.

Explanatory Notes on Bank Actions

Project Entry in to Activity Initiation Summary: See above for mandatory milestones in SAP. Regions may impose other ‘mandatory’ milestones. On the financing tab, select “FTIE” as the source of funding and add the “Lending (or Grant) Instrument”.

Concept Note The review of the concept package will prepare Task Team for the sector’s intended involvement in a Catalytic Fund operation. Country Director’s endorsement signals inclusion of the operation in the Work Program Agreement and clearance to proceed with preparatory activities (and possible budget support for preparatory activities). The concept package (concept note, concept stage integrated safeguards data sheet and concept stage project information document) is processed, cleared and approved according to Regional guidelines. Regional guidelines may allow that the concept review be held virtually.

As part of the concept note development process, the Task Team Leader should ascertain if any memorandums of understanding or other written arrangements among Local Donor Group exist or are planned, and circulates the relevant documents to the task team, including legal department, for review, as these arrangements may have an impact on the design of the operation and the suitability for the Bank to serve as Supervising Entity.

Specific agreement should be reached with the Local Donor Group on who is leading the fiduciary review and on the roles of relevant, skilled fiduciary experts from other agencies. The Bank will normally lead these reviews.

Concept note should include: (i) context for Bank involvement – existing operations in the sector, any existing memorandum of understandings or other arrangements among donors on cooperation in the sector; how Fast Track Initiative supports the country assistance strategy document, potential links with poverty reduction support credit document; (ii) update on relevant AAA; (iii) process needed to scale up basic education operations to meet Millennium Development Goal 2 through developing and supporting the Education Sector Plan; (iv) steps needed to harmonize with donors and to align with government procedures, where appropriate, including work Bank needs to do with the Local Donor Group and government (financial management, procurement and safeguards reviews, developing of disbursement methods and estimates and results and monitoring frameworks, for example) to ensure quality and robustness of potential Catalytic Fund operation; (v) an indication of whether the Bank is expected to be Supervising Entity and what being the Supervising Entity entails; (vi) the following date estimates: (a) key decision points of the Local Donor Group ; (b) Country Director’s Decision Meeting; (c) appraisal of the Catalytic Fund operation; (d) submission of Catalytic Fund package to Catalytic Fund Committee; (e) Catalytic Fund Committee Decision Meeting; and (f) negotiation and signing of Grant Agreement.

Financial Management, Procurement and Safeguard Reviews The reviews are designed to contribute to Local Donor Group appraisal of the education sector plan and are agreed to in the Local Education Group discussions on the work needed to endorse the education sector plan. They are normally completed by the Bank but should involve the government and other donors, as far as is practical. They are expected to identify risks (including country risks), institutional capacity issues and shortfalls in the areas of financial management, procurement and safeguards and should detail how risks identified can be addressed in the education sector plan. If recent reviews exist (by Bank or another donor), Task Team Leaders should review these with the respective specialists on the team to determine if content is still valid or if updates are warranted.

Note: The upstream fiduciary review is to assess the performance of the Public Financial Management system in the sector and to describe the measures that should be taken to address any shortfalls in those systems. The fiduciary assessment of the Catalytic Fund program is the due diligence of the supervising entity required to provide the necessary level of confidence that the proposed package is implementable to the policy standards set by the supervising entity. The reviews should also offer advice on steps necessary to ensure coherence between financial management, procurement and disbursement arrangements.

Sector manager clearance for Task Team Leader to sign Local Donor Group appraisal of education sector plan At a minimum Task Team Leader should provide Sector Manager with the draft education sector plan, the draft Local Donor Group appraisal of the education sector plan and fiduciary reviews, (see above) and a memo outlining issues, findings from applicable core diagnostics, sector capacity and risks (including those associated with harmonization). Sector Manager's technical review is designed to ensure that education sector plan is a credible and sustainable plan and that appraisal has not overlooked sector policy or technical shortfalls (e.g. no disbursement projection or monitoring and results frameworks). Country Director is informed of Sector Manager's clearance for Task Team Leader to sign Local Donor Group appraisal of education sector plan.

Note: Local Donor Group appraisal of education sector plan follows Fast Track Initiative Appraisal Guidelines (see http://www.education-fast-track.org/library/Appraisal_guidelines_March_2006.pdf for guidance).

The draft Local Donor Group appraisal may also be reviewed by the Fast Track Initiative Secretariat, via the Secretariat Quality Support Review (see footnote 4), to ensure that it is consistent with guidelines. Sector Manager's review should be completed after this process is completed.

Local Donor Group appraisal of the education sector plan signed by Task Team Leader Self explanatory.

Note: At this point in the process the Local Donor Group agree on a common action agenda to support implementation of the education sector plan. Donors, at the appropriate level, confirm commitments, and make plans for scaling up and aligning support around the education sector plan. This discussion will also address whether government will submit an application for Catalytic Fund financing, the preferred financing modality and the preferred supervising entity if a Catalytic Fund application is to follow.

Preparation of the Catalytic Fund Application Package As supervising entity, the Bank prepares the package – to include the Project Appraisal Document, covering the part of the education sector plan that the Catalytic Fund is to finance (in the case of pooled funding the Project Appraisal Document will describe the full program being funded), appraisal stage integrated safeguards data sheet, appraisal stage project information document, a disbursement projection, a procurement plan, and a grant agreement. It may be possible to extract portions of the Project Appraisal Document directly from the education sector plan and the Local Donor Group appraisal report.. (Model Grant Agreements have been developed to reflect new trust fund policy and efforts are underway to standardize some Project Appraisal Document annexes for Catalytic Fund operations.) In addition the package must include the (i) endorsed education sector plan, (ii) the Local Donor Group appraisal of the education sector

plan, (iii) an implementation plan for the first year of Catalytic Fund financing, and (iv) anticipated domestic and external financing of the education sector plan. (See note that follows decision meeting section.)

Decision Meeting The proposed Catalytic Fund operation is reviewed to ensure that all Bank policy requirements are met in terms of preparing a robust operation that has considered and addressed risks and applicable capacity shortfalls. It also provides the Catalytic Fund Committee with assurances as to robustness of proposed program and suitability of amount requested. Country Director's endorsement authorizes the Task Team Leader to provide the Coordinating Agency (Lead Donor) with the PAD and draft Grant Agreement so that they can submit the full Catalytic Fund Application Package to the Catalytic Fund Committee via the Fast Track Initiative Secretariat. The decision meeting document requirements are those required for an IDA/IBRD operation and the decision meeting is processed, cleared and approved according to regional guidelines. Regional guidelines may allow that the decision meeting be held virtually.

Note: Currently, only Recipient Executed projects with a value over five million US dollars formally require a Project Appraisal Document, a decision meeting, and an appraisal. However, Vice Presidencies' may require these for smaller Catalytic Fund Recipient Executed projects.

Appraisal of the Catalytic Fund operation: The operation is appraised following the same policies as for an appraisal of an IDA operation. Preferably the appraisal is conducted jointly with other members of the Local Donor Group. Appraisal ensures that Catalytic Fund operation is technically sound and ready to be implemented as designed. Any outstanding/new issues are addressed and draft Grant Agreement is discussed with government and Local Donor Group. Package is finalized as a result of this appraisal.

Catalytic Fund Application Package submitted to Catalytic Fund Committee by the Coordinating Agency via the Fast Track Initiative Secretariat.

Self explanatory.

Notes: The Catalytic Fund Committee requires that each Catalytic Fund Application Package submitted after 1/1/09 is subject to an External Quality Support Review to assist it in its decision making. This will be arranged by the Fast Track Initiative Secretariat. Once an allocation is awarded by the Catalytic Fund Committee a Grant Funding Request must be prepared to create a disbursing Grant Account. The Grant Funding Request can be prepared at any stage of the process but should only be approved by the Sector Manager after Catalytic Fund Committee approval.

Post- Catalytic Fund allocation adjustments to package and grant agreement completed and negotiated any post allocation adjustments to the Project Appraisal Document and Grant Agreement are made at this point. If the intended Catalytic Fund program (as described in the Project Appraisal Document) and/or Grant Agreement change significantly as a result of the allocation exercise, this process may be substantial and further Bank clearances may be required for the revised documents.

Note: Once the Grant Agreement is signed, the task team will receive a supervision budget from the Catalytic Fund. The Catalytic Fund grant may be drawn down once the Grant Agreement is signed (and if there are any effectiveness conditions, after these conditions have been met and the Bank has notified the country that the Grant Agreement is effective).

Supervision Catalytic Fund supervision findings are expected to feed into Joint Annual Review of the Education Sector Plan. Interim Status Reports are required twice yearly and may be best completed after the Joint Annual Review and after the supervision mission that is recommended at the mid-point between Joint Annual Reviews. Although the Bank has responsibility for supervision, joint supervisions should be encouraged and, wherever

possible, the Bank should take advantage of the skills sets of other donors. It is also necessary to update the country information form for circulation within the Fast Track Initiative.

Implementation Completion Report It is recommended that the Implementation Completion Report be drafted prior to the completion of the Catalytic Fund operation so that its findings can feed into any new application for Catalytic Fund financing. The Implementation Completion Report is to be completed according to Regional guidelines.

Grant Closing: According to regional guidelines. A copy of the grant closure to be sent to the Human Development Network Education Department and to the Fast Track Initiative Secretariat.

These guidelines are still in draft form. **Questions/requests for further information should be addressed to Jerry Strudwick (jstrudwick@worldbank.org) , Human Development Network Education Department (+1.202.473.6107).**