

Draft: November 6, 2001

POLICY AND HUMAN RESOURCES DEVELOPMENT FUND

**Annual Report
Fiscal Year 2000**

Volume 1

**Resource Mobilization and Cofinancing
The World Bank**

Vice President's Letter to the Government of Japan

Fiscal 2000 marked the ten-year anniversary of the Policy and Human Resources Development (PHRD) Fund, a technical assistance grant facility designed to support development in World Bank client countries. PHRD represents the joint commitment by the Government of Japan and the World Bank to create a foundation for sustainable growth and poverty reduction. Over the last decade, the PHRD Fund has supported a variety of programs to strengthen institutional capacity and knowledge and create new opportunities for people living in the developing world. The most significant investments have been made through the PHRD Technical Assistance Program, which, since 1990, has supported more than 2,000 activities in 130 countries and has facilitated the preparation of 843 Bank-financed projects. The PHRD Scholarship Program has supported 1,629 professionals in graduate studies in fields related to economic development. A number of other PHRD programs have provided much needed support to post-conflict countries and countries affected by dramatic socio-economic crises. The impact of PHRD is evident through its support of learning and capacity building activities carried out by WBI. PHRD support to the Japan Staff and Consultant Trust Fund (JSCTF) complements the Bank's activities in economic and sector work, lending development, project appraisal and project supervision.

As in previous years, the Bank and the Government of Japan endeavored to place the PHRD Fund at the cutting edge of development. Its support to the countries affected by the East Asian economic crisis continued, as many of the grants initially approved in FY99 began to enter implementation. In addition to the earlier approved grants, a special allocation was made in the framework of the Miyazawa Initiative for Vietnam. In response to the events in East Timor, the Government of Japan made an \$11.1 million contribution to the reconstruction and development efforts there through the Japan Post Conflict Fund (JPCF). Support was also made for technical assistance work needed by recipient countries for developing their Comprehensive Development Frameworks.

The ten-year anniversary marks an important milestone in the history of the PHRD Fund. A comprehensive evaluation of the PHRD Fund carried out in fiscal 2000 found that the success of the PHRD Fund and its significant development impact are based on three factors: forward-looking focus; untied grants; and recipient ownership. The evaluation included an analysis of the ratings produced by the World Bank's Operations and Evaluations Department (OED) that shows investments prepared with assistance from PHRD grants have higher development effectiveness than investments prepared without PHRD grants. More significantly, the quality at entry of these investments, and the implementation of the investment operations by the borrowers were also significantly better compared to investments prepared without PHRD grants. The evidence also suggests that the grants have helped to improve policies, institutions, and capacity in the countries that received them.

The overall impact of the PHRD Fund is greater than the sum of the impact of its separate grant programs. In several countries, scholars from the Joint Japan/World Bank Graduate Scholarship Program are overseeing investments prepared with PHRD grants by local

specialists, trained in the World Bank Institute through PHRD funded training programs, together with consultants financed from the grants.

The PHRD Fund has been valuable both to Japan and to the World Bank. For every dollar Japan has provided to the PHRD Fund, Japanese companies earned ten dollars through contracts for goods for the investment projects prepared with the grants. Japan also benefits from cofinancing opportunities in World Bank lending operations and access to markets, influence gained, and goodwill created in the countries receiving the PHRD grants. The value added of the PHRD Fund to the World Bank may be expressed in terms of the program's contributions to building a pipeline of well-prepared investment proposals for World Bank funding, lowering the cost of project preparation, improving the quality of operations, particularly at entry, and contributions to development policies.

Over the years, the PHRD Fund has been a major Japan-Bank partnership effort and commitment to development. As evidence of this commitment, Japan has contributed almost \$1.8 billion for the various PHRD programs since the founding of the Japan Grant Facility in 1987. The partnership that has evolved between the World Bank and the Japanese Government continues to be extremely beneficial to the Bank's clients. As we enter a new century, we look forward to continued cooperation with the Government of Japan to continuously improve the performance of the PHRD Fund and to build the foundations for sustainable development around the world.

Motoo Kusakabe
Vice President
Resource Mobilization and Cofinancing

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Acronyms and Abbreviations

CDD	Community Driven Development
CDF	Comprehensive Development Framework
FASID	Foundation for Advanced Studies on International Development
GDN	Global Development Network
GMT	Grassroots Management Training
HIPC	Heavily Indebted Poor Countries
IAP	Infrastructure Action Program
IDA	International Development Agency
IFC	International Finance Corporation
JJ/WBGSP	Joint Japan/World Bank Graduate Scholarship Program
JPCF	Japan Post-Conflict Fund
JSCTF	Japan Staff and Consultant Trust Fund
MFI	Micro Finance Institutions
MIGA	Multilateral Investment Guarantee Agency
NGO	Non-governmental organization
NHAI	National Highway Authority of India
OECD	Organization for Economic Cooperation and Development
OVP	Operational Vice Presidency
PHRD	Japan Policy and Human Resources Development Fund
PPIAF	Public-Private Infrastructure Advisory Facility
RMC	Resource Mobilization and Cofinancing Vice Presidency
SOE	State-Owned Enterprise
TA	Technical Assistance
UNESCO	United Nations Educational, Scientific, and Cultural Organization
WBI	World Bank Institute

Director's Report

The Government of Japan and the World Bank have enjoyed a mutual partnership in the form of the PHRD Fund over the past ten years. During this period, PHRD has demonstrated its importance as a primary source of technical assistance for developing countries where such support is scarce and desperately needed.

The central focus throughout the PHRD Fund's history has been the Technical Assistance Program. The program has always emphasized the key relationship between the World Bank and the recipient countries. The Technical Assistance Program endeavors to provide expertise to the recipients for activities which help them enhance the quality of development projects. In fiscal 2000, new efforts were made to ensure greater recipient ownership of the activities funded under the Technical Assistance Program. Fiscal 2000 also saw new efforts to promote the involvement of civil society in the activities being carried out through technical assistance grants to promote shared development responsibility at all levels of the client countries.

Although in fiscal 2000 the Technical Assistance Program continued to finance project preparation in a broad variety of sectors, PHRD also focused on activities for project implementation in priority areas such as the environment, resettlement, translation of documents and gender issues. This shift came about after it became clear that this was an area in which funding from PHRD is especially needed and helpful. PHRD also funded other types of support in key areas including the special allocation in the framework of the Miyazawa Initiative¹ and for post conflict countries.

- In fiscal 2000, the PHRD Fund approved 168 grants totaling \$81.9 million for technical assistance activities for project preparation, all of which went to prepare priority projects in the World Bank lending program. Seventeen grants totaling \$5.5 million supported technical assistance for project implementation.
- Following up on the initial allocation made in the context of the Miyazawa Initiative, the PHRD Fund approved an additional \$4 million grant for diagnostic audits of state-owned enterprises. Many of the seventeen grants approved in fiscal 1999 began the grant activation and disbursement process in fiscal 2000. Meanwhile, many grants in the Miyazawa Initiative's predecessor program, the Financial Sector Program, have now funded their approved activities and are nearing the end of the grant cycle.
- The Japan Post Conflict Fund, which was established in fiscal 1999, continued to help countries emerging from conflict situations. A \$2 million grant was approved for East Timor that provided essential help in the early months after the agreement between the Government of Indonesia and the international community. A transfer of \$14.1 million

¹ The Miyazawa Initiative pledged approximately \$30 billion to help Indonesia, Malaysia, the Philippines the Republic of Korea, Thailand, and Vietnam reform their financial and corporate sectors (including capitalizing the banking system) and address social issues (including unemployment) caused by the East Asian crisis. The money is split evenly between short-term capital needs and medium- and long-term economic and financial reform.

was also made to the World Bank's trust fund for East Timor, which will help to fund future projects as East Timor struggles to return to normalcy.

- Japan's contribution to the Graduate Scholarship Program increased again in fiscal 2000, to \$13.5 million, continuing the annual climb it has experienced since the program's inception. The portion of PHRD going to the Training Program also increased slightly to \$2.6 million, a positive development, given the 19 percent decrease which occurred the year before.
- The Bank continued to align the Japan Staff and Consultant Trust Fund with the Bank's mainstream operational work by improving internal systems and processes related to grant approvals and transparency through use of the PHRD external website.

Fiscal 2000 saw continued attempts by the World Bank to improve PHRD by ensuring transparency for those outside the Bank and clear procedures and guidelines for the recipient countries and grant managers within the Bank. To this end, discussions were held regularly between the Government of Japan and the Bank regarding these issues and how they can be balanced with the need to allow PHRD to retain its flexibility, which has played an important role in its success.

The World Bank and the 130 countries that have received PHRD grants greatly appreciate Japan's commitment to sustainable development it has shown over the years in the form of the Policy and Human Resources Development Fund. The Bank's involvement in PHRD has been a true partnership between Japan and the World Bank to eradicate poverty worldwide. We hope to continue this partnership into the new millennium and allow PHRD to provide excellent development assistance that promotes responsibility and recipient ownership in the Bank's client countries.

Arif Zulfiqar
Director
Trust Funds and Cofinancing Department

1. PHRD Fund Overview

This Report provides an overview of the Japan's Policy and Human Resources Development Fund for fiscal 2000 (July 1999–June 2000). Several new technical assistance programs received support from PHRD in fiscal 2000, as did regular PHRD programs. A new program (\$3 million) was initiated to strengthen and complement pilot recipient governments' capacity for donor coordination in formulating their Comprehensive Development Frameworks (CDFs). PHRD transferred \$2 million to the Public-Private Infrastructure Advisory Facility (PPIAF) to finance activities undertaken by PPIAF, a program which is managed by the World Bank on behalf of participating donors and is aimed at helping developing country governments improve the quality of infrastructure. Vietnam received a \$4 million grant for the preparation of diagnostic audits of large state-owned enterprises. This grant completes the \$18 million allocation through the Technical Assistance Program to facilitate activities supported by the World Bank, the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA) under the special allocation relating to the Miyazawa Initiative (the first allocations were made in FY99).

During fiscal 2000, the Bank continued to strengthen the monitoring and accountability of PHRD grants through the implementation of a Six-Point Action Plan. Also, as part of the management of the PHRD Fund, the Monitoring and Evaluation Unit completed its first full year of operation. The joint Japan-Bank Coordination Committee met twice in fiscal 2000 to discuss the policies and overall direction of the PHRD Fund.

The PHRD Fund in fiscal 2000 addressed the issues of poverty reduction and social development in its support for preparation and implementation activities of World Bank Group financed projects (chapter 2). The Japan Staff and Consultant Trust Fund, which is a major program under PHRD, continued to provide opportunities to Japanese individuals and firms to participate in the World Bank's operational work through different activities that form the foundation for project lending (chapter 3). Support to post-conflict countries was provided with a contribution to assist in the reconstruction and development efforts in East Timor (chapter 4). PHRD continued to finance activities for research and training, and scholarships (chapter 5). PHRD also approved eight new grants to further strengthen the partnership between the World Bank and Japan (chapter 6).

Level of Funding in Fiscal 1995–2000

The major challenge facing PHRD in fiscal 2000 was the reduction in Japan's contribution. PHRD received \$88.4 million in new funding in fiscal 2000, down 41 percent from fiscal 1999. The decrease reflected the continuing decline in new contributions to the PHRD Fund since the all-time high five years ago.

Table 1
New Contributions for Major Categories of the PHRD Fund, Fiscal 1995-2000
(millions of US dollars)

Type of Activity	FY95	FY96	FY97	FY98	FY99	FY00
Technical Assistance	186.9	169.5	127.8	94.8	117.5	49.6
Graduate Scholarship Program	7.6	9.0	11.2	11.9	12.1	13.5
WBI Training Program	3.2	3.3	3.3	3.1	2.5	2.6
Japan Staff and Consultant Trust Fund	10.5	11.4	14.5	14.2	13.6	7.2
Post-Conflict Reconstruction	-	29.3	18.3	15.5	0.0	11.1
HIPC-related Support	-	-	-	14.0	0.0	0.0
Partnership	-	-	-	-	4.0	4.4
Total	208.2	222.5	175.1	153.4	149.7	88.4 a/

a/ Does not include administrative fees received by the Bank for administering the PHRD Fund.

Major Funding Categories

The **Technical Assistance Program** suffered a significant decline in funding in fiscal 2000 compared to the other PHRD programs. The PHRD Fund contributed \$49.6 million in fiscal 2000 to the Technical Assistance Program activities for project preparation and implementation, 56 percent of total program activities, compared with 79 percent of total program activities in fiscal 1999. Overall contributions to the Technical Assistance Program suffered the largest decline since fiscal 1995, with a decrease of nearly 58 percent in the contribution from fiscal 1999.

The **Japan Staff and Consultant Trust Fund**, which finances the costs of hiring Japanese experts for World Bank operational work for priority activities, also suffered a sharp decline in new funding of nearly one-half compared with the fiscal 1999 contribution. However, the program's share of the total PHRD contribution was only slightly less at 8 percent compared to the 9 percent of the total contribution received in fiscal 1999.

The **Graduate Scholarship Program** was the only program which showed an increase in funding of about 12 percent compared with fiscal 1999. This increase is consistent with the program's continuing rate of growth since fiscal 1995. Its share of the total PHRD contribution during fiscal 2000 was 15 percent.

New contributions to the **World Bank Institute** for training and research remained almost the same as in fiscal 1999 (\$2.6 million this year compared with \$2.5 million in fiscal 1999). The contribution accounted for slightly less than 3 percent of total PHRD contributions in 2000.

The **Partnership Program** received \$4.4 million in contributions, a slight increase from 1999, and accounted for nearly 5 percent of total contributions compared with nearly 3 percent in 1999.

The **Japan Post Conflict Fund** received \$11.1 million in new funds, its first contribution since 1998, in support of the reconstruction and development of East Timor.

Program Allocations

The total allocations under the PHRD programs declined slightly from \$145.2 million in fiscal 1999 to \$144.8 million in fiscal 2000, a decline of 5 percent (table 2). The allocation for the Technical Assistance Program was reduced from \$114.3 million in fiscal 1999 to \$97 million (15 percent reduction), a relatively small amount compared to the more than 50 percent reduction in the contribution the TA Program received in 2000. The Technical Assistance Program was able to maintain its level of allocations due to funds made available through improved portfolio management such as the review and closing of old trust funds.

Table 2
PHRD Fund—Allocations by Major Programs
(expressed in millions of US dollars)

Type of Activity	FY95	FY96	FY97	FY98	FY99	FY00
Technical Assistance	165.0	162.2	135.8	140.7	114.3	97.0
Graduate Scholarship Program	7.6	9.0	11.2	11.9	12.1	13.5
WBI Training Program	3.2	3.3	3.3	3.1	2.5	2.6
Japan Staff and Consultant Trust Fund	2.9	9.3	13.8	18.0	8.6	11.9
Other a/	-	9.0	10.0	34.4	7.7	16.1
Partnership	-	-	-	-	-	3.7
Total	178.7	192.8	174.1	208.1	145.2	144.8

a. Includes the Japan Post-Conflict Fund, allocations for the HIPC debt initiative, Human Resources Development Grants, and the Multilateral Investment Guarantee Agency.

2. Technical Assistance Grants for Project Preparation and Implementation

In keeping with its special effort to assist Asian countries affected by the economic crisis in 1997-99, in fiscal 2000 PHRD allocated approximately 40 percent of funding for technical assistance to countries in East, Central, and South Asia. Priority was also given to countries identified as low-income and lower-middle income with approximately 35 to 40 percent of funding designated for these countries.

Moving Beyond Traditional Preparation

PHRD grants for preparation of development projects included in the World Bank's lending program and supported by the country assistance strategies continued to focus on the quality of projects entering the World Bank's portfolio. PHRD added its support to the use of the community-driven development (CDD) approach with grants for the preparation of innovative Bank-financed projects that give grass root organizations the authority and control over decisions and resources. PHRD approved eight grants supporting the CDD approach (box 1).

Box 1 Grants Supporting Community Driven Development (CDD) Approaches

In Albania, a grant for the preparation of the Community Driven Development Project supports activities to build the capabilities of municipalities, local organizations and private enterprises to unify local residents. The grant will fund social/institutional assessment, design of an institutional development plan, and the setting up of the project implementation mechanism to prepare a local capacity building program.

In India, a grant for the preparation of the Community Infrastructure Project will: develop sub-projects for pipeline development and develop environmental and social assessment guidelines for development and appraisal of community driven community infrastructure sub-projects. These activities will be carried out through the development of a monitoring and evaluation system and a capacity building assessment and plan.

In Cambodia, PHRD will prepare the Rural Investment and Local Governance Project which will assesses the policies and practices of a Government-supported local development fund. Activities include: knowledge, attitudes, and practices surveys, a study of the role of NGOs and civil society, a study of ways to enhance community participation in the local planning process, baseline surveys, and social assessment and design of poverty targeting pilots.

In Mexico, a grant will prepare the Second Community Forestry Project. The activities to be funded by PHRD will help support the natural hazard mitigation initiative and facilitate the expansion of pilot models to five new priority states to benefit a larger number of indigenous communities, many of which are marginalized with high incidence of poverty.

In fiscal 2000 PHRD supported a new program to support essential TA needed during the implementation of Bank-financed projects. The change in focus is in keeping with the Bank's efforts to improve project implementation and the Japanese Government's efforts to improve aid effectiveness (box 2).

Box 2 Project Implementation Assistance

The PHRD Fund approved 17 grants for \$5.5 million in fiscal 2000 to support the implementation of Bank financed projects in five regions. Funding was limited to activities that were not a part of the Bank project at the time of Board approval. To qualify for funding, activities had to be essential and in the following selective priority areas: environmental and involuntary resettlement issues, translation of documents into local languages, and enhancing the role of women in development. Below are the highlights of two selective grants:

Vietnam Mekong Delta Water Resources Project. The objective of this grant is to strengthen environmental management for water quality in the Mekong Delta, improve implementation of the resettlement programs, and enhance social (especially women's) participation in Project implementation. This will be achieved through the strengthening of environmental assessment and monitoring, the enhancement of public information dissemination policies, and the enhancement of commune participation during project implementation.

Mexico Rural Development in Marginal Areas Project. This grant will help enhance the social capital and the participatory community-driven approach of natural resources management activities and social development. It will support the establishment of a social communication strategy which provides information to indigenous communities and women in a format consistent with the diverse socio-cultural contexts in the areas targeted by the project. This will be achieved through the development of community-based natural resources management diagnostic tools and training of community leaders, development, implementation and revision of communications mechanisms and tools for indigenous communities and women, and participatory evaluation and focus discussion.

Regional Distribution

PHRD technical assistance grants for project preparation and project implementation in fiscal 2000 benefited 77 countries in six regions (table 3) and included two grants supporting the preparation of two regional programs. One of these was an Education Development Project for the Organization of Eastern Caribbean States (OECS) and the other was the Caribbean HIV/AIDS Prevention and Control Project.

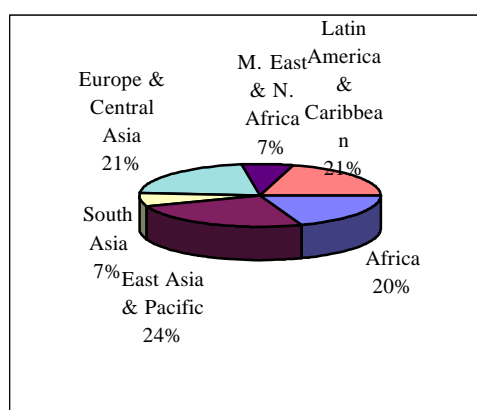
Table 3
Regional Distribution of Technical Assistance Grants Approved in Fiscal 2000

The PHRD Fund — Annual Report 2000

Region	Fall		Spring		Total	
	Number of grants	Amount (\$ millions)	Number of grants	Amount (\$ millions)	Number of grants	Amount (\$ millions)
Africa	14	7.0	19	10.1	33	17.1
East Asia and Pacific	21	12.7	16	9.2	37	21.9
South Asia	5	3.5	6	2.2	11	5.7
Europe and Central Asia	22	9.3	22	9.5	44	18.8
Middle East and North Africa	8	3.0	7	2.8	15	5.8
Latin America and Caribbean	23	10.1	22	8.0	45	18.1
Total	93	45.6	92	41.8	185	87.4

Continuing with the PHRD Fund’s broad coverage, all regions received significant allocations in fiscal 2000 (figure 1). Resource allocation patterns changed from 1999, reflecting relative weight changes in the World Bank’s lending program and PHRD’s emphasis on supporting Asian countries. This is reflected in the allocation for the East Asia Region, the largest in total amount at 24 percent. Latin America and Europe and Central Asia, however, received the largest number of grants, 45 and 44 respectively, compared with East Asia’s 37 grants.

Figure 1
Regional Distribution of Technical Assistance Grants Approved in Fiscal 2000
(percentage of total allocations)



East Asia and the Pacific Region. Out of the 37 grants for \$21.9 million approved in fiscal 2000, China received the largest share through 14 technical assistance grants totaling more than \$7.8 million. Vietnam was the second largest beneficiary, receiving seven grants for \$4.7 million, followed by Cambodia with six grants for approximately \$3.2 million.

The grants funded for the East Asia Region focused on the agriculture and rural development, environment, and social sectors. Some of the activities approved for this region include technical assistance grants for a Sustainable Livelihoods Project in Mongolia, an Environment Institutional Development Project in Thailand and a Social Expenditure Management II Project in the Philippines.

Europe and Central Asia Region. PHRD financed 44 new grants totaling \$18.8 million in 20 countries. Kazakhstan was the largest recipient, benefiting from six new grants for \$3.2 million, about 2 percent of the regional allocation. Following Kazakhstan was Bosnia and Herzegovina with 5 grants for \$2.4 million and Azerbaijan with four grants for \$1.5 million. Most of the funds supported activities in the agriculture, environment and social sectors.

Latin America and the Caribbean Region. PHRD financed 45 new grants totaling \$18.1 million for Latin America and the Caribbean. Mexico was the largest grant recipient, accounting for about 14 percent of total allocations through six technical assistance grants, followed by Guatemala, Brazil, and Honduras. As in previous years a large number of PHRD grants for the Latin America and the Caribbean Region supported improvements in the social sector. The grants financed specific initiatives such as developing a strategy and an action plan, as well as a scheme for working with other donors/actors to define the policy framework and the targets for the first Caribbean HIV/AIDS Prevention and Control and Economic and Social Fund II in Haiti. The environment sector also received substantial funding for such projects as disaster vulnerability reduction in Nicaragua, national environmental management in El Salvador, watershed and rural areas reconstruction in Honduras.

Africa Region. PHRD financed 33 grants in 19 countries for a total of \$17.1 million. Six countries -- Ghana, Malawi, Mozambique, Senegal, South Africa, and Zambia -- received three grants each with Zambia receiving the highest allocation of \$1.9 million. The regional allocation supported activities in a variety of sectors with the highest number allocated to agriculture and rural development and public sector management. PHRD awarded funding for Agricultural Intensification and Food Security in Madagascar, Slum Upgrading and Urban Poverty Alleviation in Mauritania, and Municipal Development in Namibia.

Middle East and North Africa Region. The PHRD Fund financed 15 grants totaling \$5.8 million in nine countries in fiscal 2000. Tunisia received the largest sum—just under \$1.1 million—followed by Morocco with \$963,400 and Djibouti with \$906,294. Region-wide, the grants mainly supported projects in infrastructure and agriculture and rural development. Grants were approved to support a Social Fund for Development in Yemen, Watershed Conservation in Iran, and Road Sector Development in Syria.

South Asia Region. In fiscal 2000, the PHRD Fund financed 11 technical assistance grants in four countries totaling \$5.7 million. India was the largest recipient with six grants totaling approximately \$2.4 million. Grants approved for the region supported work in a variety of sectors, including a Power Sector Restructuring Project in Sri Lanka, a Population and Health Project in Nepal, and a Community-Based Services Improvement Project in Pakistan.

Sectoral Distribution

The human development sector (health, education, and social protection) retained its position as the sector receiving the most funding with approximately 25 percent of the total

resources, a small increase over the fiscal 1999 allocation. The largest increase was for the agriculture and rural development sector, which went from 10 percent in fiscal 1999 to 18 percent in fiscal 2000. Private sector development experienced the largest decline, with nearly 4 percent of total allocations in 2000 compared with 14 percent in 1999 (table 4, figure 2).

PHRD TA sectoral allocations are consistent with the Bank's continuing focus on human development. A significant percentage of the PHRD grants approved in fiscal 2000 will support efforts to strengthen basic health services, develop social safety nets and increase social protection through social funds and social expenditure reforms, and promote new approaches to delivering education services to the poor. Both public sector management (with a focus on institutional reforms to support private sector led growth) and the environment received significant funds during the year. At the same time, grants in the infrastructure sector continued to decline as recipients have sought more support for the social sectors, public sector management, and institution building rather than large-scale physical infrastructure investment, where the private sector is assuming a growing role.

Figure 2
Sectoral Distribution of Technical Assistance Grants Approved in Fiscal 2000

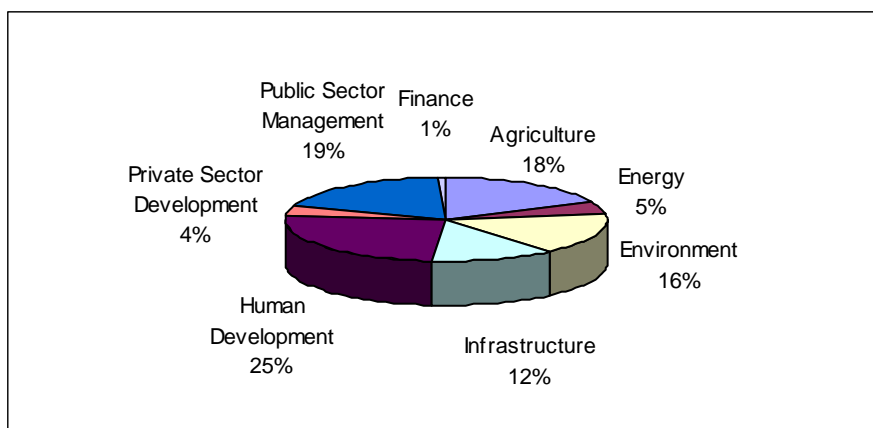


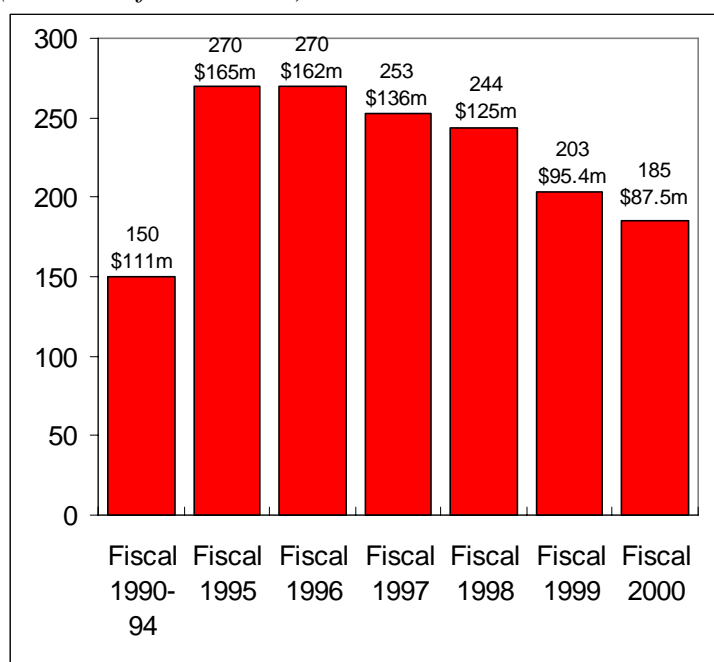
Table 4
Sectoral Distribution of Technical Assistance Grants Approved, Fiscal 1999-2000

Sector	Fiscal 1999			Fiscal 2000		
	Number of grants	Amount (\$ millions)	Share (percentage)	Number of grants	Amount (\$ millions)	Share (percentage)
Human Resources	53	22.4	23.6	45	21.9	25.0
Public Sector Management	36	15.4	16.1	37	16.8	19.2
Environment	29	14.6	15.3	32	14.1	16.1
Infrastructure	23	13.2	13.8	20	10.9	12.5
Private Sector Development	27	12.9	13.5	8	3.2	3.7
Agriculture	20	9.2	9.6	34	15.6	17.8
Finance	9	5.1	5.5	2	0.7	0.8
Energy	6	2.6	2.7	7	4.3	5.0
Total	203	95.4	100.0	185	87.5	100.0

Historical Trends

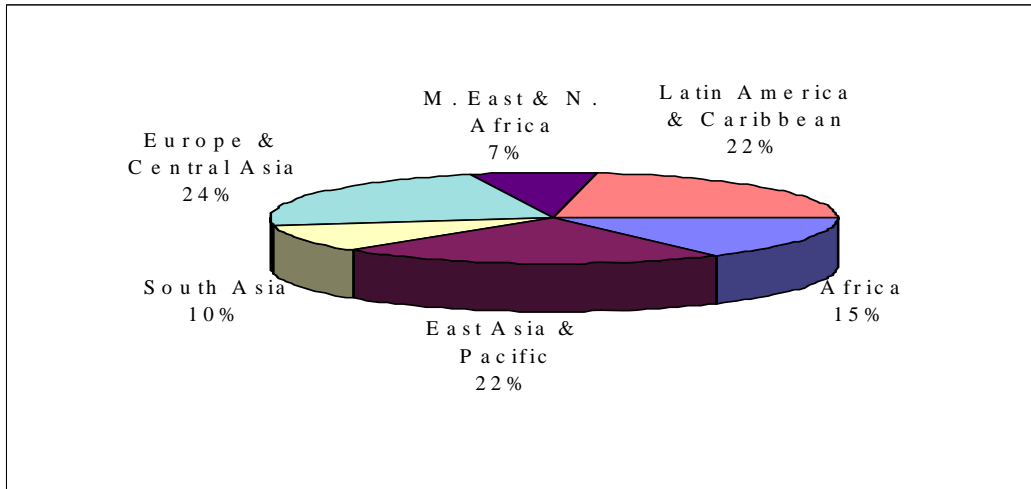
Over the past six years, 1,411 grants have been approved for project preparation, capacity building, and project implementation. The number of approved grants for this type of assistance have decreased from 270 (in fiscal 1995 and 1996) to 185 in fiscal 2000 (figure 3), a 31 percent reduction.

Figure 3
Approvals, FY1990-2000
(Millions of US dollars)



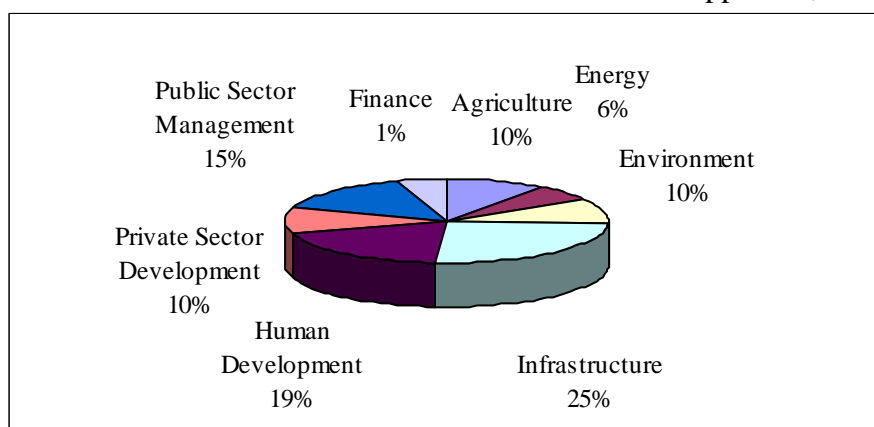
Between fiscal 1995 and fiscal 2000, the Europe and Central Asia Region received the largest allocation of PHRD funds, 24 percent of the \$605.8 million approved in this period (figure 4). This trend began with Bank assistance to the transition from centralized to market economies for many countries in the Region. The East Asia and Pacific and Latin America and Caribbean Regions have also received significant funding for project preparation and capacity building grants over the last five years, with each Region receiving 22 percent of total allocations.

Figure 4
Regional Distribution of Technical Assistance Grants Approved, Fiscal 1995-2000
(percentage of total allocations)



Since 1995, projects in the infrastructure sector have received the most financing, 25 percent of the \$605.8 million approved during this period (figure 5). This trend began with PHRD's emphasis on infrastructure as one of the key sectors for PHRD in the mid-1990s. While infrastructure is still an important sector for PHRD, a new emphasis on the social sectors is shown in the allocation of 19 percent of funds during this period to grants preparing projects related to human resources. Projects in public sector management also received significant support from PHRD, with roughly 15 percent of all allocations from 1995 to 2000.

Figure 5
Sectoral Distribution of Technical Assistance Grants Approved, Fiscal 1995-2000



Grant Portfolio

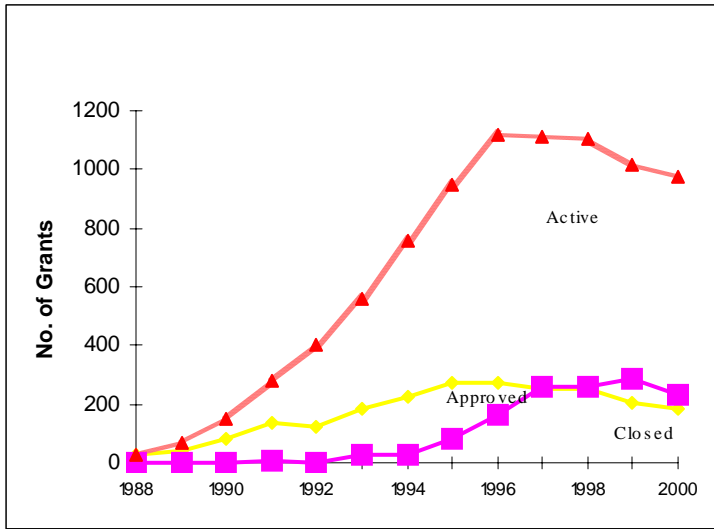
The size of the PHRD grant portfolio in fiscal 2000 continued the decline begun last year. The total number of active grants at the end of fiscal 2000 was 972 compared with 1,019 in fiscal 1999 (table 5). On a regional basis, the Europe and Central Asia Region continues to have the largest number of grants under execution (234), consistent with its high share of yearly approvals. East Asia and the Pacific (200), Latin America and the Caribbean (189), and Africa (157) have the next largest portfolios of active grants.

Table 5
Active Grants in Fiscal 1999–2000, by Region

<i>Region</i>	<i>Number of active grants</i>	
	<i>Fiscal 1999</i>	<i>Fiscal 2000</i>
Africa	164	157
East Asia and Pacific	198	200
South Asia	108	92
Europe and Central Asia	248	234
Middle East and North Africa	113	100
Latin America and Caribbean	188	189
Total	1,019	972

Approximately 35 grants (less than 4 percent of active grants) required major revision in fiscal 2000. This was a small increase in the number of grant revisions compared to the previous year, which can be attributed to the increased monitoring carried out by the Bank and the increased awareness of PHRD policies and procedures amongst those managing the grants. The majority of the revisions were the result of changes in the scope of projects under preparation, thus requiring a revision in the technical assistance. During the year, the Bank closed 232 technical assistance grants following completion of TA activities (figure 6).

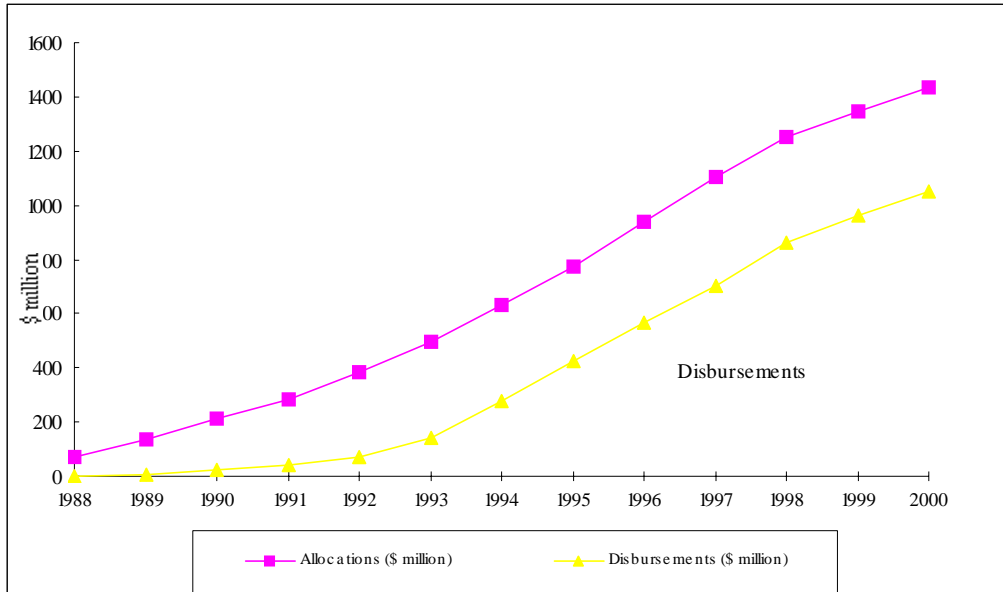
Figure 6
 Technical Assistance Program Portfolio, Fiscal 1988–2000



In fiscal 2000, for the second year in a row, there was a decrease in total funds disbursed. Total disbursements in fiscal 2000 were \$90.4 million, down approximately \$12 million from fiscal 1999's total of \$102.5 million. This was due to the decreasing size of the active grant portfolio and increased monitoring efforts. Also affected by this trend was the rate of disbursement (total disbursements as a share of total allocations) which declined for the first time in the program's history. In fiscal 2000 the rate of disbursement was 73 percent compared to fiscal 1999's 78 percent.

The percentage of total disbursements occurring under recipient executed grants increased in fiscal 2000 to approximately 62 percent (up from fiscal 1999's 56 percent). This reflects the growing percentage of the portfolio that is recipient executed. In fiscal 2000, the Europe and Central Asia Region once again experienced the highest disbursements, with \$27.3 million, followed by the Latin America and Caribbean Region (\$20.8 million), East Asia and Pacific Region (\$17.4 million), Africa Region (\$11.6 million), South Asia Region (\$7.1 million), Middle East and North Africa Region (\$6.1 million). Cumulative disbursements under PHRD since the program's inception in 1988 passed the \$1 billion mark (figure 7).

Figure 7: Cumulative Allocations and Disbursements, Fiscal 1988–2000



In fiscal 2000, PHRD made considerable improvement in the number of grants executed by recipient governments. Of the grants approved in fiscal 2000, the number expected to be executed by recipients increased substantially compared with grants approved in earlier years. The expected reversal to a larger share of grants executed by the recipients continued the trend begun in 1995. This trend was also evident in the share of the active portfolio being executed by recipients, which in fiscal 2000 increased to approximately 54 percent, an increase from the 45 percent recipient execution of the portfolio in fiscal 1999 (table 6).

The reason for the increase in recipient execution is two-fold: the Bank initiated a requirement that funding proposals should identify the expected execution modality and provide the rationale for those cases requesting Bank execution. PHRD also provided strict guidelines on the special circumstances allowing for Bank execution. For example, Bank execution was permitted mostly in the cases of high priority emergency programs for which the recipient government did not have the necessary capacity to implement the TA within a short period of time; and weakness of the recipient government's implementation capacity, particularly in procurement, monitoring and accounting.

Table 6
Execution of Grants, Fiscal 1999 and 2000

	<i>FY99</i>	<i>% share</i>	<i>FY00</i>	<i>% share</i>
Recipient-executed grants	93	45	106	54
Bank-executed grants	86	41	69	35
Split-executed grants	29	14	22	11
Total no. of signed grants	208	100	197	100

Impact of PHRD's Technical Assistance Grants

The development impact of PHRD TA Program grants was of utmost importance once again in fiscal 2000, as the Bank built upon efforts in previous years to ensure that PHRD funds are targeted toward successful projects. In fiscal 2000, the World Bank's Executive Directors approved projects for a total of \$15.3 billion of funding, a decline from the previous year due to the remaining effects of the East Asia financial crisis and a general leveling trend in Bank lending.

Of the projects approved by the Board, PHRD grants helped prepare in whole or in part, the preparation of 99 projects, representing approximately 43 percent of the approved projects. This is a small decrease from the 48 percent of approvals prepared by PHRD grants in fiscal 1999. The reduction is consistent with the decline in Bank lending to Regions that usually receive large levels of PHRD funding, such as East Asia, which saw its lending drop from \$8.8 billion in fiscal 1999 to \$2.5 billion in fiscal 2000. More than anything, these results highlight the important connection between PHRD and Bank lending. Of the \$15.3 billion of Bank lending in fiscal 2000, PHRD-prepared loans financed about \$6.3 billion.

PHRD's impact on the Bank's lending since the program's inception has been very beneficial. As of fiscal 2000, PHRD grants had helped to prepare a total of 843 investment operations, totaling more than \$79 billion lending by IBRD/IDA. Beyond the raw data on PHRD's effects on Bank lending, each successfully implemented PHRD grant has an impact on the recipient, allowing recipient agencies to become familiar with Bank policies and procedures, and providing technical assistance in areas in which Government officials are not familiar. An evaluation currently underway within the Bank has found that, "PHRD project preparation grants have helped recipient countries reduce poverty and sustain growth, and improve policies, institutions, and capacity."

Examples of Recently Completed PHRD Fund Grants

In the following section, several examples of recently completed PHRD grants and their impacts are provided for key sectors. Each grant listed was in the final stages of its activities during fiscal 2000. A complete list of all grants active during fiscal 2000 can be found in Volume 2 of this report.

Agriculture

Azerbaijan: Agricultural Development and Credit. This \$346,000 grant funded technical assistance for design and further development of two project components: the credit component and information & advisory component. Under the credit component, the grant

financed development of prudential guidelines and a mechanism for the supervision and regulation of the credit cooperatives being established under the project. Under the information and advisory component, the grant financed development of the first year training program. Activities funded by the grant have been invaluable in development of a sustainable system of rural credit cooperatives in Azerbaijan.

West Bank and Gaza: Agriculture Sector Rehabilitation. Grant funds totaling \$250,000 funded expatriate and local consultants to identify the areas where the Ministry of Agriculture needs strengthening, identify research stations in need of rehabilitation, and propose technical specifications for marketing infrastructure. The PHRD was used to successfully prepare the project and to help the Ministry of Agriculture and formation of their sector strategies and policies. It also assisted them in defining and preparing several studies for areas of intervention which were needed to rehabilitate the agriculture sector in the West Bank and Gaza.

Education

Bosnia and Herzegovina: Education III. PHRD Fund resources totaling \$422,000 helped prepare the Education III Project. This grant permitted an international donor partnership (World Bank, Council of Europe, European Commission, UNESCO, Office of the High Representative) to bring Serbs, Croats and Bosniacs together to focus attention on social cohesion issues in education and develop consensus for needed governance changes. As a result, World Bank and European Union funding is currently supporting the establishment of a shared Standards and Assessment Agency as well as a shared Coordinating Board for Higher Education. These are the first examples of common inter-ethnic institutions in education following the war. In addition, World Bank funding under its Education Development Project is supporting development of a common education management information system and a jointly-managed Quality Fund for primary education. All of these initiatives were developed and promoted under PHRD funding.

Panama: Basic Education II. The \$450,000 grant funded two main components: (a) improved access and quality of basic education; and (b) strengthened administrative capacity of the Ministry of Education and promotion of community participation in the construction and maintenance of local schools. This grant allowed the current administration to carry out studies already scheduled and to obtain specialized assistance to finalize project preparation. Without the grant it would have been almost impossible to have the project prepared due to the economic constraints at the central level.

Energy

Uganda: Utility Reform. This grant, for \$550,000, financed TA that helped prepare the Utility Reform Project. The grant was instrumental in the preparation of the project; it funded several critical studies and support to the Government of Uganda at critical junctures in the process of project preparation. Key areas of support included: the preparation of an overall medium term private sector development strategy as part of the development of a strategic framework for utility sector reform, an environmental pre-audit of all public enterprises (including utilities) to be privatized as part of the program for privatization and utility sector reform, a labor consultancy to assist the Government in the

design of a policy for retrenchment of workers, including safety net measures, and specialized support in the areas of private sector development and institutional framework for implementation before and during project appraisal and negotiations as part of the capacity building component.

Zimbabwe: Private Sector Power Development. This \$359,070 grant funded TA that helped in reviewing the existing power demand, reviewing the Zimbabwe Electricity Supply Authority's least-cost power generation option and assessing the financial implications on tariffs. The grant was instrumental in determining the least cost generation plant for Zimbabwe, and in rationalizing the Electricity Supply Authority's tariff structure.

Environment

China: Sustainable Forestry Development. The \$600,000 grant for preparation of the Sustainable Forestry Development Project funded four key studies related to natural forest management, three studies related to plantation establishment, and four tasks related to rural enterprise development and job creation. The grant enabled more meaningful participation of the project provinces and counties in the design of components and ensured adequate consultations with various stakeholders including project communities. It also built greater capacity within the State Forestry Administration and the provincial Forestry Departments to manage consultants.

Mexico: Urban Transport and Air Quality Management. This grant for \$571,650 for the preparation of the Second Air Quality Project funded TA to appoint and finance a panel of experts; develop and apply of a cost-benefit analysis; prepare a multi-year investment plan; design transport investments; and prepare an operations manual. The Grant resources were used to finance the formulation of a ten year, multi-sector plan and therefore its impact will likely transcend one given intervention or project.

Finance

Cote d'Ivoire: Financial Sector Development. This \$250,000 grant, which funded the preparation of the Financial Sector Development Project, had as its objectives the strengthening the banking sector; widening of the financial system by allowing diversification; and developing outreach of the financial system through microfinancing. The Grant has had a positive impact in supporting the preparation of the Project, by partially financing the studies that are necessary to the technical preparation.

Health

Bangladesh: National Nutrition Program. This grant for \$310,000 funded activities related to the preparation of the National Nutrition Program. The PHRD financing was the key source for funding the preparation work of the first phase of the National Nutrition Program. This phase is the first of a series of investments which will support the Government's 15 year vision to extend community nutrition services to the entire country. The fund contributed towards developing the \$124.46 million Project in a participatory manner. It funded a competent Project preparation team; contracted highly qualified and experienced local and international experts for preparing various reports and documents;

and a series of workshops and seminars with highly regarded resource persons in the nutrition field.

Yemen: Child Development. As part of the preparation of the Child Development Project, this \$345,000 grant funded participatory workshops with donors and local counterparts and design of the project's scope and components. The Grant was extremely useful in identifying issues, exploring strategic approaches, assessing the project context and feasibility, developing project and financial management systems, and bringing the major partners and the government counterparts together for discussions on policy reform and project design.

Industry

Guyana: Sugar Sector Modernization. During the preparation of the Sugar Sector Modernization Project, this grant for \$535,000 funded preparation of the investment component, rationalization of the management structure of Guyana's state-owned sugar corporation, and design of a vocational training program for mid-level technical staff. The sugar sector is one of the most important for the economy of Guyana. Improved efficiency in the production and export of raw sugar will permit Guyana's state-owned sugar corporation to continue to play its important role in generating employment and foreign exchange receipts and, at the same time, to grow through diversification and vertical integration to exploit important market opportunities.

Public Sector Management

Guatemala: Post Conflict Reconstruction and Public Expenditure Reform. The \$412,600 grant helped prepare the Post Conflict Reconstruction Project through technical assistance that included: a survey of the needs of ex-combatants, design of a reintegration program, formulation of a public employment reduction program, and design of an action plan. The grant provided very valuable support to post-conflict activities in Guatemala. Under an innovative national accord, the Fiscal Pact, expenditure reform was promoted with very positive results on the social outcomes targeted by the accords. Most importantly, increased participation and consensus building was supported by the grant, which ensures sustainability of reforms developed in the medium term.

Kazakhstan: Kzylorda Municipal Rehabilitation. This grant for Yen 80.6 million financed technical assistance for the sanitation, hygiene, and health components of the Kzylorda Municipal Rehabilitation Project. TA components included the establishment of community participation, feasibility studies, and the improvement of sanitation conditions. The grant helped the recipient to: (a) gain early hands-on experience in procurement and disbursement procedures, as well as project design, management and implementation issues; (b) experience the usefulness of community participation in project design and discussion of public health issues; and (c) build institutional capacity for implementation of a larger, more complex follow-up project. The impact of the health pilot program is evident in the selected communities, in the form of increased health and hygiene awareness and experience in the construction of appropriate sanitation systems. With the use of these systems, health conditions in the area will improve.

Social Protection

Armenia: Social Investment Fund II. As part of the preparation of the Second Social Investment Fund, this \$494,800 grant funded activities related to Identification of areas for the strengthening of local government, Identification of a program of support for revenue generating activities in urban areas, and improvement of social fund methods. The technical assistance financed under the PHRD was critical during project preparation, providing valuable professional expertise and advice to the Armenia Social Investment Fund team in strengthening methods and procedures in the areas of microproject monitoring and community targeting and participation. A new operational manual was developed focusing on the enhancement of quality of works, community outreach and participation and monitoring and evaluation.

Zambia: Social Investment Fund. This grant for \$400,000 supported the preparation of the Zambia Social Investment Fund Project by funding technical assistance including: a needs assessment of poor women, assessment of community based organizations for women and children, and training of trainers for pilot training. Funds from the grant contributed greatly to the detailed and thorough preparation of the project. The multimedia strategy (that was broadcast in local languages through community radio stations) was critical to the success of the whole project. Results of the gender studies ensured that the gender component in the project will focus on improving the welfare of poor women and children. The Training strategy, with modules on maintenance and technical quality of infrastructure, expanded the ability to improve capacity building, which is necessary for all stakeholders.

Transportation

India: Third National Highway Project. This grant for \$2 million funded activities related to the preparation of the Third National Highway Project including: road maintenance and corridor management for national highway system in India, institutional development and capacity building of India's National Highway Authority (NHAI), and private sector financing of expressway. The studies on institutional strengthening and corridor management have contributed substantially to the appraisal of the Third National Highway Project. The study for looking into the private sector financing aspect of the highway authority with specific focus on Durgapur Expressway was helpful for preparing and appraising the Fourth National Highway Project. The results of these studies are expected to: (a) Strengthen NHAI as an institution; (b) Help NHAI create and manage its assets efficiently and effectively; (c) Streamline the procedures for projects in Indian national highways.

Pakistan: Lahore Infrastructure (Transport). The grant, for Yen 88.3 million, was approved to prepare the Lahore Urban Transport Project through technical assistance including institutional and policy reforms for public transport and improvement in road capacity through traffic engineering. The Project was dropped from the lending program due to changes in Pakistan. However, the grant helped finance technical assistance that led to the restructuring of urban transport services in Lahore and other major cities through the introduction of regular large bus services on major urban routes through private sector franchise concessions. It helped prepare a road safety plan for Lahore, A city financial

analysis, and a technical review of feasibility studies for several grade separated intersections in the city.

Urban Development

Lithuania: Municipal Development. This \$488,000 grant funded technical assistance in support of the preparation of the Municipal Development Project. Activities under the grant included a feasibility study for the district heating component and the completion of documentation for the investment program. The grant had a positive impact. The coverage was nation-wide and the range of activities was from district heating to water/sewerage, solid waste management and street lighting. Some of these required state of the art knowledge (e.g. solid waste) and observation how things are being done in other countries, areas in which the PHRD grant proved helpful.

3. Japan Staff and Consultant Trust Fund

The Japan Staff and Consultant Trust Fund is the largest single source of funds among the countries which donate to the Consultant Trust Funds program. In fiscal 2000, the Government of Japan contributed \$7.2 million to the JSCTF, a decline of nearly 50 percent from fiscal 1999's contribution. However, allocations during the year increased by 38 percent over the previous year, with \$11.9 million allocated. The JSCTF complements the Bank's activities in economic and sector work, lending development, project appraisal and project supervision.

The JSCTF finances support for:

- Japanese firms undertaking large scale activities related to economic and sector work or project planning. A maximum of US\$1.5 million equivalent can be financed per assignment, and
- individual Japanese consultants working on project-related activities.

Large-Scale Activities

In fiscal 2000, the JSCTF funded 11 large-scale activities for a total value of \$7.4 million (annex 2). JSCTF financing of large-scale activities in fiscal 2000 concentrated on urban development, transportation, and energy (see an example of a fiscal 2000 approval in box 3).

The eligibility requirements on the use of the funds under the large-scale activities sub-component are the following:

- Funds may be used to finance the costs of Japanese consulting firms/organizations to work on the entire gamut of Bank country assistance work (economic and sector work, pre-identification, pre-appraisal, appraisal, preparation to the extent that the Bank can be involved, supervision of implementation, and evaluation). Japanese firms can sub-contract up to 50 percent of the work to non-Japanese firms.
- Since one of the objectives of the large-scale activities component is to help Japanese consulting firms gain exposure to and experience with the Bank's mainstream operational work, free-standing research and studies will not be given priority in consideration for funding.
- There are no country/regional restrictions, and there are no restrictions on the sector of assignments.
- For country-specific work, Country Directors are required to submit a note explaining how the work to be funded is consistent with the Bank's country assistance strategy and how it is linked to lending operations or how it will improve sectoral country knowledge.
- For non-country specific work, proposals are required to explicitly state how the issues being addressed will contribute to the Bank's knowledge of

specific sectors in borrowing member countries and contribute to the realization of development priorities.

- Allocations can be up to the US dollar equivalent of \$1.5 million per assignment.
- Proposals will first be reviewed and then, if approved, would be subject to Bank consultant procurement procedures for limited competition.
- To assist task managers obtain sufficient information on interested firms for the purpose of preparing the long list/shortlist of Japanese firms for competitive bidding (using Bank normal procedures for selection of consultants) and to make the selection process transparent, approved assignments are advertised on the World Bank's web-site for a period of thirty days (and longer if needed). This does not apply in the case of single-

Box 3: Farmer Ownership Model Project in Benin, Mali, Rwanda, and Togo

In fiscal 2000, a grant under the Large Scale Activities portion of the Japan Staff and Consultant Fund was approved to fund a team of specialists who will work for a period of 30 days in each country on the Farm Ownership Model project so it is ready for financing by World Bank and start up. The Farmer Ownership Model is the Bank's newest approach to eliminating rural poverty and subsistence agriculture. It is believed by the Bank that this model will make a major change in the plight of cotton farmers in the above four countries. In this model, the farmers organize themselves into viable producer units and, utilizing the proceeds of a World Bank loan, purchase 100% of the shares of a newly formed limited company. This transaction not only creates farmer ownership and the ability to capture value added, it also creates a way to inject working capital into the farmer side of the project. This working capital injection will enable farmers to acquire a complete input bundle (seeds, fertilizer, tools, etc) and to increase their yields to maximum levels.

The specialists funded by the grant will include: Business Development Specialist, Post Harvest and Processing Specialist, Marketing/Cotton Trading Specialist, Financial Analyst, Farmer Organization and Training Specialist, Production Agronomist, Rural Infrastructure Specialist, and a Risk Assessment Specialist. During each 30- day mission, the team will carry out the necessary due diligence and analyses for design of a farmer owned agribusiness which will be based on the cotton crop of the target farmers. The output of the project design team will consist of a Business Plan for each project together with marketing and production plans. The team will also assist the farmers to organize themselves and to elect a board of directors for the limited company. The team will assist in recruitment and hiring of management for the farmers and in preparation of financial projections for the projects.

source selection of firms.

Individual Activities

In fiscal 2000, the JSCTF funded 46 individual activities worth more than \$4.5 million. During the year, consultants/staff worked across a wide range of sectors including energy, education, health, nutrition, environment, agriculture, knowledge management, and finance.

The recruitment of consultants under this sub-component is the responsibility of the World Bank and is undertaken according to World Bank procedures. The funds can be used for:

- Payment for the fees of individual Japanese nationals appointed as consultants of the Bank for periodic assignments of up to 190 days during any 12-month period in support of the Bank's activities, especially relating to its lending operations, and the mission travel and subsistence expenses of such consultants in connection with the performance of their duties as consultants.

The Bank requests Japan's approval of such financing while providing the following information with respect to each individual activity financed under this sub-component:

- name, specialty and address of the consultant;
- purpose and destination of assignment;
- period of assignment; and
- terms of reference.

Contributions, Allocations, and Disbursements

JSCTF funding to strategic policy-oriented and research programs and other operational activities continues to be of key importance to both the Japanese government and the World Bank. JSCTF has exposed the Japanese consulting industry to strategy and policy issues in the developing world and to the operational aspects of Bank work. The World Bank has benefited from solid financial and technical support in many areas of development research. In spite of the continuing decrease in contributions, the annual allocation for fiscal 2000 increased by 38 percent over fiscal 1999. Disbursements decreased by 17 percent in fiscal 2000, most likely because of the low allocations in fiscal 1999 (table 7).

Table 7

Japan Staff Consultant Trust Fund, Fiscal 1999 and 2000

(millions of dollars)

	<i>Fiscal 1999</i>	<i>Fiscal 2000</i>	<i>Percentage change</i>
Contributions	13.6	7.2	-47
Allocations	8.6	11.9	+38
Disbursements	12.1	10.1	-17

Recent Initiatives

During fiscal 2000, efforts continued to familiarize the Japanese consulting industry with the Japan Staff and Consultant Trust Fund. The World Bank Partnership Program under

PHRD helped fund a consultant in the World Bank's Tokyo Office to liaise directly with the Japanese consulting industry. The consultant's responsibilities include: (1) helping establish a strategic plan for further enhancing the World Bank Tokyo Office's (TOK) business outreach in Japan; (2) developing various information materials to increase Japanese private sector participation in World Bank operations including the expansion and improvement of business opportunities information; and (3) to plan, organize, and participate in seminars and workshops for the Japanese private sector to provide information about World Bank programs, procurement procedures, and opportunities.

As part of the ongoing process of streamlining procedures for use of consultant trust funds, the Japan Staff and Consultant Trust Fund process also was integrated more firmly into Bank systems, enabling easier access for staff in the Bank's operational units to submit funding proposals. This work is ongoing and should improve the efficiency of the JSCTF.

4. Japan Post-Conflict Fund

Contributions and Allocations in Fiscal 2000

The Japanese Government has contributed since fiscal 1996 almost \$75 million to the Japan Post Conflict Fund (JPCF) and its predecessor, the Post-Conflict Reconstruction Assistance Program. In fiscal 2000, the Japanese Government made a major contribution to the reconstruction and development efforts in East Timor as part of its pledge to provide \$100 million over a three year period. The Government of Japan contributed an initial \$11.1 million to the Japan Post Conflict Fund (JPCF) as part of this pledge (table 8).

The first allocation was a grant for \$2 million from the JPCF to assist with the East Timor Community Empowerment and Local Government Project. The Project will familiarize the East Timorese with the democratic principles of participation and representation through the creation of district councils that design, approve and implement locally determined project needs. The district councils are expected to have the potential to serve as part of a future transparent and capable local government.

The grant finances three activities: preparation of the project with beneficiary participation in project design through a proposed public consultation/participation process, and the development of beneficiary surveys using a logical framework; establishing and building capacity through village, sub-district, and district councils including strengthening sub-district and local government by making them accountable to constituents and by providing them with development resources; and provision of grants and micro-credits for the rehabilitation of infrastructure and the recovery of economic activities and support to vulnerable groups, including victims of violence, poor, female-headed households, and physically handicapped and/or traumatized people.

The Japanese Government approved a transfer from the JPCF to the recently established Trust Fund for East Timor in the amount of \$14.1 million. The Trust Fund for East Timor was established to support reconstruction and development activities in infrastructure, agriculture, health, education and macroeconomics and is administered by the World Bank in partnership with the Asian Development Bank.

Table 8
Post Conflict Funding, Fiscal 1996-2000
(*millions of dollars*)

	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>Total</i>
Contribution	29.3	18.3	15.5	0	11.1	74.2
Allocations	9.0	10.0	24.5	5.7	16.1	65.3
Disbursements	0.0	5.6	9.4	10.4	13.8	39.2

Management and Grant Approval

The JPCF is administered by the JPCF Secretariat based in the Post-Conflict Unit of the Social Development Department at the Bank, in cooperation with the PHRD Fund Administrator. The Secretariat, in consultation with the PHRD Fund Administrator, reviews grant proposals and finalizes recommendations for funding, in accordance with well-defined criteria on specific post-conflict needs, financial management, implementation, and monitoring. The proposals are submitted to the Post Conflict Fund committee for further review and recommendations for funding in accordance with well-defined criteria on specific post-conflict needs, financial management, implementation, and monitoring.

Status of Earlier Grants

Allocations prior to fiscal 2000 included grants for Bosnia and Herzegovina (seven grants for \$45 million), Cambodia (one grant for \$1.7 million), Rwanda (one grant for \$1 million), and Tajikistan (one grant totaling \$1.5 million) (see Volume 2 for a complete list of approved grants).

Bosnia and Herzegovina

In Bosnia and Herzegovina, a PHRD grant for \$5 million cofinances the Emergency Public Works and Employment Project, one of the first post-conflict operations in Bosnia and Herzegovina. The grant is provided for the public works sub-project component and finances small-scale, labor intensive public works projects to create rapid employment, rehabilitate local infrastructure and facilitate refugee return. The grant is fully committed. Some 111 sub-projects have been completed, creating 9,390 person-months of employment. The sub-projects range from cleaning-up of war damage to rural road repair to repairing water systems and power lines with priority given to projects that support refugee return. Priority is given to municipalities where refugees/displaced persons are returning in support of projects to facilitate their return, e.g. repair of basic utilities in war-damaged villages are often linked to housing repair projects financed by other donors. An independent Impact Study was carried out in fiscal 2000 which found high levels of beneficiary satisfaction. Of the beneficiaries interviewed, 88% stated that the project had a significant impact on improving the quality of life in their community.

A \$2 million grant for cofinancing the Local Initiatives Project was successfully completed in fiscal 2000. The grant supported a microcredit program that gives small loans for income-generating activities and the operation and institutional development of microcredit service providers. The grant has contributed to the achievement of the following overall results:

- 50,261 microcredits have been disbursed;
- 19,361 current microenterprise clients;
- 64,853 jobs created or sustained;
- High repayment rates with only 0.66% of the overall outstanding portfolio at risk
- 21% of loans have been disbursed to displaced persons and 5% to returnees;
- 49% of borrowers are women;

- 34% of loans disbursed are for services, 45% for trade, 13% for agriculture and 8% for small-scale production;
- All 8 microcredit service providers have reached operational sustainability and are expected to become fully financially sustainable by the end of 2000; and
- A recently adopted law on microcredit organizations will provide an appropriate legal framework for current operations of these non-governmental, non-profit, non-deposit, credit-only institutions.

A \$10 million grant is cofinancing the Bank-assisted Second Emergency Transport Reconstruction Project. The grant will help to rehabilitate the national primary transport system and reconstruct the remaining transport links with Europe. Specifically, the grant is supporting rehabilitation of roads, bridges, and tunnels on the main road network; supply of road maintenance equipment and spare parts; and project design and supervision. The grant continued to fund activities in fiscal 2000 and by the end of the year, more than two-thirds of the grant had disbursed. It is expected that all activities will be concluded by the end of fiscal 2001.

A \$5 million PHRD grant will finance the Emergency Industrial Restart Guarantee Project in Bosnia and Herzegovina. It will enhance the ability of the Investment Guarantee Agency to provide political risk coverage to foreign investors and suppliers. After some initial delays, the grant should start disbursing in fiscal 2001.

A \$4 million PHRD grant to Bosnia and Herzegovina supports the housing component of the Reconstruction Assistance Project in Republika Srpska through the financing of civil works and the associated design and supervision services in eight municipalities in Northern and Western Republika Srpska. The grant finances repairs of common building elements and utilities in multi-story, non-system built socially-owned apartment buildings as well as interior works on a selective basis. It is estimated that this grant will finance repairs to 50 buildings containing about 1,600 flats, benefiting about 6,400 inhabitants.

The grant had been used to finance repairs to 25 buildings containing 760 dwelling units in 8 municipalities, benefiting 3,040 inhabitants. Tenders and signed contracts for 14 packages totaling US\$ 2.3 million in eight municipalities have been completed. A total of 25 apartment buildings have been repaired, providing shelter for some 3,040 inhabitants and allowing the return of refugees from abroad and displaced people into their former apartments. By restoring common building elements, so as to weather-proof the building, further deterioration is prevented. The corresponding civil works created about 2,000 man months of construction labor. At the end of fiscal 2000, this grant was more than 80 percent disbursed and it is expected that the grant will finish its activities in fiscal 2001.

Cambodia

A \$1.68 million JPCF grant is supporting Cambodia's program to promote dialogue between the government and local communities to establish a secure environment for local people. Despite initial disbursement delays, the grant is addressing immediate rehabilitation needs in three severely conflict-affected provinces in northwestern Cambodia with a view to establishing a secure environment conducive to reconciliation. The

integration process has been initiated peacefully and the government has begun the long-needed repair and development of administrative, economic and social infrastructures. The districts and communes have committed to the program as evidenced by their material and other contributions.

Tajikistan

A PHRD grant for \$1.5 million is cofinancing the Post-Conflict Emergency Reconstruction Project in Tajikistan that addresses the reconstruction needs of the Center-East region of Tajikistan (Gharm-Karategin-Tavildara Valley area), whose reintegration into the national community represents a key political factor in securing a permanent peace and future political stability in the country. The grant provides financial assistance in the implementation of the International Development Agency (IDA) credit including preparation, procurement and supervision of works for the reconstruction and repair of roads, bridges, schools, health centers and community facilities, and elements of economic infrastructure of regional and local interest that were damaged by civil war; accounting and financial control of implementation (including disbursement of the IDA credit); coordination with other reconstruction programs which are expected to be carried out by the United Nations system, bilateral donors, and NGOs. The grant has helped strengthen supervision of the Credit and enhanced the sustainability of the reconstruction investments.

Rwanda

A \$1 million grant is financing the Post-Conflict Rehabilitation and Reintegration Technical Assistance Project in Rwanda. The grant is assisting the Government with the resettlement of refugees and basic rural infrastructure and has contributed to the successful privatization of Rwanda's national utilities company as well as optimizing resources under a Bank project that is financing small infrastructure. The grant has also supported social infrastructure through the funding of studies and activities that have contributed to the Bank's approval of a new Education Sector Project and a supplemental Health Project. A recent public expenditure review of the social sectors has contributed to successfully bringing Rwanda to the HIPC decision point, with the Bank's Board expected to approve a substantial debt reduction.

5. Scholarships and Training

In fiscal 2000, PHRD continued the support that began in 1987 to the Joint Japan/World Bank Graduate Scholarship Program (JJ/WBGSP) and to the World Bank Institute's (WBI) economic development training program. Japan's strong support of the Scholarship Program is reflected by the unreduced funding level it has received, while the level of general contributions to PHRD has declined. In fiscal 2000, the Government of Japan contributed \$13.5 million, an almost 12 percent increase over fiscal 1999, and a nearly 80 percent increase since 1995. The WBI Training Program benefited from a small increase in funding, reversing the decline in last year's contribution over fiscal 1998.

Graduate Scholarship Program

The Joint Japan-World Bank Graduate Scholarship Program, administered by WBI, increased the number of grants it provides to scholars in both its regular and partnership programs from 288 in fiscal 1999 to a record high of 382, an increase of 32 percent over 1999. This increase in scholarships reflects the increase in the contribution from \$12.1 million in 1999 to \$13.5 million in 2000 and to the development of cost-sharing arrangements with international institutions and host universities.

Since its establishment in 1987, the program has awarded 1,629 scholarships as a result of the processing of 32,000 applications for study at universities in member countries; 497 scholarships have been awarded for study at various partner institutions. The World Bank and the Government of Japan require that scholarship recipients return to their home country after their studies, thereby ensuring that the knowledge and skills they receive during their programs contributes to development in their respective regions and countries.

A Tracer Study conducted during fiscal 2000 reported that 97 percent of scholarship recipients obtained the degree for which the scholarship was given and that 85 percent of recipients are meeting the program's objectives either by working in a developing country or in an international aid agency.

Regular Program. In fiscal 2000, the regular program provided 305 scholarships, from an all-time high of nearly 4,000 applicants, to mid-career professionals, mainly from developing countries to pursue graduate studies in subjects related to economic and social development at universities located in World Bank member countries. Africa has submitted about 60 percent of total applications since the Scholarship Program's inception in 1987 followed by South Asia with 13 percent of total applications. Africa continues to receive the most scholarships with 121 awarded in fiscal 2000. East Asia received the next highest number of scholarships with 42. South Asia followed with 41 scholarships.

With the exception of the Africa and South Asia Regions, the number of applications received from countries in other regions have been below desired levels. The Scholarship Program has initiated efforts to increase the number of applications from the Middle East and North Africa Region, which has traditionally had the lowest number of submissions of all regions. To improve this trend, the Program in 2000 disseminated application materials directly to renowned institutions.

University Partnership Programs. The JJ/WBGSP supports eleven Partnership Programs in universities around the world. These programs enable scholars to receive specialized training in key areas of development, such as economic policy management or infrastructure management. All Partnership Programs lead to a masters degree. Applicants are selected on the basis of achieving gender and geographic balance as in the Regular Program.

The programs developed at McGill University in Canada and Université d’Auvergne-CERDI in France have been transferred to four African universities under the sponsorship of JJ/WBGSP and the African Capacity Building Foundation. The francophone programs are being held at Cocody University in Cote d’Ivoire and Yaounde II University and are of 15 months duration including three-months internships. The anglophone program at Makerere University in Uganda and the University of Ghana at Legon are of 18 months duration and also include 3-month internships. Both programs lead to Masters degrees in Economic Policy Management. Five additional partnership programs are on-going at four Japanese universities – University of Tsukuba (policy management), Yokohama National University (infrastructure management and public policy and taxation), Keo University (tax policy and management), and Saitama University (tax policy and administration). The Japanese university programs differ from the other Partnership Programs in that they are open only to scholars selected and supported by JJ/WBGSP. The new partnership program begun at Harvard University in 1999 provides a Master of Public Administration in International Development. The program lasts 21 months including a three-month internship. JJ/WBGSP plans to sponsor a maximum of 15 new scholars each year for the next five years.

The World Bank Institute Training Program

The PHRD Fund continues to be the largest contributor to the activities of the World Bank Institute (WBI), the learning arm of the World Bank. WBI helps its clients prepare for the knowledge-based economy through learning and training. Investing in people and knowledge is a powerful means of promoting equitable and sustainable development. Knowledge is a tool of empowerment which enables people to participate and to control their own environment. There is a close linkage between WBI’s learning and capacity building activities and other more direct forms of development assistance such as lending and technical assistance. Relatively small investments in WBI’s action-oriented learning and capacity building programs have contributed to ensuring effectiveness, sustainability and utilization of Japan’s larger capital investments in poor countries. For example, the WBI/PHRD training programs have empowered civil society participants with knowledge and skills to help them participate and contribute more effectively in the design and development of the World Bank’s lending programs. East Asia, South Asia, Central Asia and the environment sector have benefited most from the Japanese financial contribution to WBI. In fiscal 2000, PHRD support to WBI was mostly related to the Asian Economic Crisis, Study of Japan’s Development Management Experience, and Protecting the Environment.

Asian Economic Crisis. WBI has been providing a strategic vehicle to promote Japan's leadership role and effort in balancing concern for sound macro-economic and fiscal policy and growth with an equal concern for social and institutional development in response to the Asian economic crisis of 1997. Through WBI, Japan has been actively promoting social dialogue and civic participation to share the lessons learned from the crisis. These lessons go beyond macro economic reform to rehabilitating social fabrics and strengthening economic management of those countries affected by the crisis. To date, approximately 700 public officials from numerous developing countries have had the opportunity to learn about Japan's own development experience and economic growth through WBI.

PHRD supported an Asian Development Forum entitled *East Asia: From Crisis to Opportunity*, that gave an opportunity for countries in the region to discuss development priorities for the next quarter century in light of the specific lessons of the Economic Crisis. In addition to the Forum, Japan also supported numerous WBI programs that focus on the reform and strengthening of the various sectors in Asian countries affected by the crisis (box 4).

Box 4: WBI Support for Asian Economic Crisis

Securities Markets Development and Banking Systems Development Program. The Bank of Japan and WBI organized and delivered a series of seminars in Tokyo for central bankers from Cambodia, China, Laos, Kazakhstan, Kyrgyz Republic, Mongolia, Myanmar, Uzbekistan and Vietnam to share Japan's experience in financial sector management.

Infrastructure Finance and Regulation Program develops frameworks for private sector participation, designs strategies for risk mitigation, explores capital markets financing opportunities, and analyzes legal issues in project finance.

Corporate Governance Program shares and discusses the latest concepts, tools, and best practices on private sector development, privatization and corporate governance among senior and middle level policy makers, business leaders and experts from China and countries in Central Asia. The program was also aimed at enhancing participating institutions' capacity to analyze, design and implement corporate governance strategies for economies in transition.

Program on Social Protection and Social Development was developed to generate, codify and disseminate systematized knowledge about social protection reform and country experience; the program also learns from OECD and client country researchers and stakeholders about issues, constraints and possible solutions to enable more informed decision-making about sectoral reform.

Health Sector Reform Program supports integrated and coherent learning on health economics and finance on a broad menu of health sector reform issues and financing options through a sequence of training modules, capacity building in local partner institutes and policy services. The program has established partnerships with 7 regional institutes including the China Health Economics Network in China and the Chulalongkorn University in Thailand.

Education Reform Program provides participants with a basic framework for education sector analysis, reviews the enabling conditions necessary to launch and sustain educational reform, and develops skills to assess which options are likely to work within given local settings.

Program on Capacity Building on Evaluation. The International Development Center of Japan and WBI have collaborated on the preparation of a diagnosis of public sector institutions seeking the capacity to undertake performance monitoring review; designed an action plan for the development of instruments and systems for data collection, analysis and reporting; trained relevant staff and built their skills as trainers; and provided advice on monitoring and evaluation methodologies.

Civic Participation and Governance provides civil society associations with the analytical and strategic tools they need to effectively participate in the public dialogue and the governing process. WBI and the Asia Foundation have developed a curriculum for local government officials on civic participation in effective local governance.

Micro enterprise and Grassroots Management Program. WBI works with Bank Task Managers to integrate Grassroots Management Training (GMT) as a project component, gives Bank staff and clients a better understanding of ways in which non-financial business development services enhance the effectiveness of lending operations designed to alleviate poverty and empower women; and assists local association of GMT trainers by helping them develop new and relevant materials.

Training Program on Economic Growth, Poverty Reduction and Gender Issues develops and disseminates knowledge on cross-country experiences and policies to show what has worked and what has not, helps build capacity of local knowledge institutions and encourages the establishment of international networks.

Study of Japan's Development Management Experience (Brain Trust Program). In addition to the large number of public officials benefiting from WBI's regular training

programs related to the Asian Economic Crisis, an even larger number has benefited from research publications about Japan's development experience, its institutions and its governance approaches through the Program on the Study of Japan's Development Management Experience (the Brain Trust Program) to which PHRD has contributed US\$ 3.1 million in the last ten years. The Brain Trust conducts studies on the Japanese and East Asian development management experience and disseminates the lessons of this experience to developing and transition economies. The program promotes the exchange of ideas between Japanese and non-Japanese scholars, technical experts and policy makers.

World Bank Institute-Foundation for Advanced Studies in International Development (FASID). FASID is a Japanese non-profit organization that specializes in training public administration personnel. FASID collaborates annually with WBI to bring together Japanese officials in international aid administration and planning and management officials from developing countries. In FY2000, WBI and FASID carried out a Microfinance Program aimed to assist stakeholders in client countries to design appropriate strategies that will lead to the development of sustainable micro-finance institutions (MFIs) that serve the poor. The Microfinance Program brought together MFIs, policy makers and donors to share the East Asia and Pacific region's experience, to learn how to create an enabling environment framework for the sector, to develop capacity in the sector, to facilitate future negotiations among regional MFIs and access resources, and to present best practices to the participants. The 116 participants attending the workshop were drawn from China, Vietnam, Myanmar, Cambodia, Philippines, Laos (PDR), Thailand, the Pacific Islands, and Nepal. The WBI-FASID collaboration also supported the preparatory work for a workshop/seminar on Sustainable Environment Development in East Asia scheduled to take place in FY2001.

Protecting the Environment. Natural resource management and environment has always been a top priority for Japan. Japan was the host country for the international agreement to reduce greenhouse gases, the Kyoto Protocol, and has also been supporting WBI programs through PHRD on the environment and sustainable development (box 5).

Box 5: Protecting the Environment

Clean Air Initiative promotes the integrated development or enhancement of clear air action plans based on the participation of all relevant stakeholders; fosters the exchange of knowledge and experiences among all partners; fosters public participation and the active involvement of the private sector.

East Asia Air Pollution Management Program. In partnership with the Development Bank of Japan, Japan Environment Agency, and Ritsumeikan University, this program was designed to increase public awareness of urban air pollution problems from mobile and other sources and their costs in terms of human health and loss in economic productivity; to foster the exchange of experience with practical approaches to urban air quality management among cities and other relevant actors both in the public and private sector; to promote the formulation of integrated air quality action plans by relevant stakeholders; and to increase awareness of cost-effectiveness of strategic long-term planning and policy interventions to improve air quality in urban areas.

Integration of Climate Change Issues in National Policy Making aimed to improve awareness of practical measures that private industry may take to improve environmental

management for local and global benefit. A related goal was to promote understanding of aspects of Japanese environmental approaches that may be of relevance to developing countries. This program was jointly implemented with the Development Bank of Japan in cooperation with the Japan Environment Agency.

Results of PHRD Support to WBI

To date, an estimated 35,000 public and private sector officials from over 150 countries in Asia and elsewhere have acquired new knowledge and skills through the PHRD training partnership. In fiscal 2000, 68% of all the resource persons or consultants used in the PHRD-funded programs were Japanese. Japan's funding for WBI has also increased cooperation between the Bank and Japanese civil society. This has been evidenced by the relationship that WBI has had with the Foundation for Advanced Studies in International Development (FASID), a Japanese nonprofit organization specializing in training public administration personnel. WBI and FASID have conducted a number of seminars for Japanese officials from international aid agencies and planning and management officials from developing countries, with the goal of building communication and understanding.

Training programs funded by PHRD are filling a significant gap in knowledge and skills particularly at the grass-roots and community levels. WBI/PHRD alumni represent a broad range of development stakeholders coming from government ministries, academia, think tanks, civil society organization with a significant number working in non-governmental organizations and community-based organizations. Japan has shown considerable foresight in the development of the WBI/PHRD training program as one of the principle objectives was to provide training for managers and development specialists of NGOs in 1989 when their important role in development was only slowly being recognized.

6. Special Programs

Through the PHRD Fund, Japan has also funded a number of special programs that involve activities other than technical assistance for project preparation and implementation. The fiscal 2000 activities under several of these programs are outlined below.

Japan-World Bank Partnership Program

The PHRD Fund over the past ten years has financed more than 85 partnership programs and activities that build relationships between Japanese and Bank researchers on key development issues, stimulate public interest in Japan for international development issues, and strengthen aid coordination initiatives since the Fund's inception, including eight new grants in fiscal 2000. Progress under active grants approved in previous years is described in Volume 2 of this Report. The following grants were approved in fiscal 2000:

Strengthening of partnership between the World Bank and the Japanese Private Sector. This \$176,000 grant is funding the costs of a consultant in the Bank's Tokyo office to act as a liaison between the Bank and the Japanese private sector, focusing on the Japanese consulting industry.

Global Development Awards and Medals Program. This \$500,000 grant helped fund the annual prizes awarded for research and operational programs to individuals, groups, or institutions of a development country. The program is managed by the Global Development Network (GDN), an emerging association of research and policy institutes from around the world whose goal is to generate and share knowledge about development.

Annual Global Development Conference. This grant for \$250,000 funded a portion of participant travel and accommodation costs along with preparation costs related to GDN's annual meeting.

East Asia Crisis, Recovery and Sustainable Development. This \$725,000 grant funded the preparation of studies to serve as background papers to the *World Bank East Asia Regional Study 2000* discussion papers at several conferences and materials for separate publication. The studies focused on three topics: global lessons from the East Asian financial crisis, acceleration of corporate and financial sector restructuring for sustained economic recovery, and a new paradigm of development for East Asia.

PHRD FY98 Annual Report Translation and Dissemination. This \$16,000 grant (\$12,000 plus \$4,000 supplemental for revision/reprinting) funded the costs of translating the Annual Report into Japanese to increase the dissemination of information on the PHRD Fund within Japan.

East Asia's Future Development Prospects. This \$1.5 million grant is funding a study that will analyze the recent experience in East Asia in greater detail to provide a basis for formulating policy recommendations for East Asian countries.

Career Development Forum. This 8.25 million yen grant helped fund a second *Career Development Forum* which aimed to provide an opportunity to increase the outreach work of the World Bank in Japan by increasing public awareness of its development activities.

Translation of the *Guidelines for Selection and Employment of Consultants by Bank Borrowers*. This \$10,810 grant funded the cost of translating, proofreading, publishing and printing of the *Guidelines* into Japanese.

Infrastructure Action Program

In fiscal 2000, the Government of Japan transferred \$2 million from PHRD to the Public-Private Infrastructure Advisory Facility to finance activities undertaken by PPIAF. Japan also transferred to PPIAF the balances of the PHRD grants supporting the Infrastructure Action Program (IAP) with the exception of sub-sovereign finance activities which continued under the IAP administration. PPIAF is aimed at helping developing country governments improve the quality of their infrastructure through private sector involvement.

Other Programs

Comprehensive Development Framework. The Japanese Government allocated \$3 million to strengthen and complement pilot recipient governments' capacity for donor coordination in formulating their Comprehensive Development Frameworks. Grants were limited to recipient governments having a strong partnership with the Japanese Government. The maximum amount available for each grant was \$500,000. A grant was made to Ghana for \$488,410 for technical assistance for the elaboration of the "second step" of Vision 2020, support to partner groups, development of monitoring systems and dissemination and education. The Kyrgyz Republic was the second beneficiary receiving assistance with its CDF through a \$318,074 grant to help strengthen capacity for its CDF formulation, development and implementation, and to strengthen the Secretariat's capacity for coordination of the CDF process.

Financial Sector Advisory Services Program. In fiscal 2000, work continued under previously approved grants as part of the Financial Sector Advisory Services Program, which was established in fiscal 1998. The Financial Sector Advisory Services Program was an early response to the financial crisis in Asia. Since its start, the program has provided assistance to China, Indonesia, Korea, Philippines, Thailand, and Vietnam. Most of the grants approved under the program since fiscal 1998 were well underway by the end of fiscal 2000 (for detailed information about the status of each grant see Volume 2 of this report).

Guinea Worm Eradication. A second grant for \$498,080 (the first was approved in fiscal 1999) was provided to the Carter Center Global 2000 Guinea Worm Eradication Program. The combined \$1 million support from PHRD has supported field interventions during the periods when the risk of Guinea worm transmission peaks in Ghana, Mali, and Nigeria. The grants have also helped strengthen a Central Technical Coordination unit, which

guides eradication programs in the twelve African countries where the disease is most prevalent.

Special Allocation in the Framework of the Miyazawa Initiative. During fiscal 2000, one new grant was approved as part of the Miyazawa Initiative, under which initial approvals were made in fiscal 1999. A follow-up program to the Financial Sector Program, the allocation in the framework of the Miyazawa Initiative continued Japan's support to the ailing economies of East Asia. The fiscal 2000 approval, a \$4 million grant for Vietnam for Diagnostic Audits of State-Owned Enterprises, will finance independent diagnostic audits of at least twenty large state-owned enterprises. Several of the other seventeen grants approved earlier under the Miyazawa Initiative began disbursing during fiscal 2000 (more detailed information regarding the status of these grants is available in Volume 2 of this report).

7. Management of the PHRD Fund

Fiscal 2000 saw a continuation of discussion begun in fiscal 1999 regarding the management of the PHRD Fund. Although the discussions were wide-ranging and comprehensive, the Bank and the Government of Japan were in agreement that the PHRD Fund's flexibility and adaptability must remain uncompromised.

The joint Coordination Committee, which was re-established in fiscal 1999, met twice during the year, in August in Tokyo and in March in Washington. Besides discussing allocations for individual tranches, the Committee also focused on ways in which the Bank could expand the visibility and transparency of the Fund in Japan and promote cooperation with Japanese consulting firms, especially with regards to the Japan Staff and Consultant Trust Fund. Along these same lines, a presentation for the Japanese consulting industry was conducted by staff of the Resource and Mobilization Vice Presidency in Tokyo in December. Staff from the PHRD Monitoring and Evaluation Unit, which was established in fiscal 1999 also briefed the Government of Japan on their ongoing work and preliminary results. Other topics of discussion included private sector partnerships, restructuring of the sectoral and regional focus of the TA program, and cooperation with Japanese NGOs.

Besides the two meetings of the Coordination Committee, a regular dialogue between the World Bank and the Government of Japan took place during fiscal 2000 on both regular issues regarding specific PHRD proposals as well as items of importance to the Fund as a whole. As a result of these discussions, the fee structure for PHRD was amended to allow Bank staff who manage PHRD to receive more support for the time spent in day to day management of the funds.

The Bank is also implementing a review of Bank-executed trust funds under an Operational VPU action plan. This plan calls for the intensive review of Bank-executed trust funds, including the PHRD technical assistance portfolios. Independent consultants hired by the OVPs are undertaking the reviews. The Bank's Internal Audit Department will validate the results of the reviews. Plans are being drafted for similar reviews to be carried out of the Regional recipient executed portfolios.

Improvements in Portfolio Management

Steps were taken to improve the management and transparency of the PHRD Fund in several other areas during the year:

Monitoring and Evaluation Unit. The PHRD Monitoring and Evaluation Unit, which was established in fiscal 1999, began its main activities during fiscal 2000. Most of the year was spent gathering information and conducting field visits to PHRD recipients as part of the preparation of what will eventually be a report on the development impact of the PHRD Fund. Several consultants were hired by the Monitoring and Evaluation Unit in fiscal 2000, and the consultants completed most of the quantitative analysis that will be the foundation for the report. During the year, the three staff members of the Monitoring and Evaluation Unit began what will be a total of 13 field visits to PHRD recipients to assess

how PHRD grants are utilized in those countries and discuss PHRD processes and procedures with officials in recipient agencies.

Six Point Action Plan. The six point action plan to enhance PHRD grant monitoring and supervision, which was agreed upon in fiscal 1999, was well on its way to being fully implemented in fiscal 2000. New model agreements were put to use in August, improving the link between activities approved by the Government of Japan and grant expenditures, while at the same time adding a section on procurement which has helped to inform grant managers about proper consultant selection and hiring. Signed Letters of Undertaking that spell out the guidelines and obligations of the PHRD Fund also are now required from the task managers of all approved grants. Each operational vice presidency has also designated individuals responsible for regional compliance checking and training sessions were carried out for regional staff involved in the management of PHRD grants.

PHRD Website. The PHRD website, which was launched in fiscal 1999, completed its first full year of operation and went through several updates, so that added to the site's grant information, recent grant approvals, and general PHRD information, are an expanded listing of consulting opportunities and information about grants that will involve the participation of NGOs is now available. The consultant employed by the Bank's Tokyo Office and funded from the Partnership Program to improve the Bank's relationship with the Japanese private sector worked closely with staff at Bank headquarters to pass on comments and suggestions for the website so that it can be an effective tool in the Bank's relationship with Japanese groups.

Annex 1

PHRD Technical Assistance Grants Approved in Fiscal 2000

Africa Region

Country	Project	Amount (US \$)
Benin	Agricultural Services and Producer Organizations	485,000
Burkina Faso	Competitiveness and Enterprise Development	800,000
Chad	Poverty Reduction Support	505,600
Gabon	Forestry and Environment Sector Program	397,400
Gambia	Trade Gateway	250,000
Ghana	Decentralization APL	343,250
Ghana	Economic Reform Support Operation III	321,500
Ghana	Land Administration	437,200
Guinea	Capacity Building for Legal and Judicial Reform	498,500
Guinea	Health Sector Support	400,000
Kenya	Second Economic and Public Sector Reform	515,000
Madagascar	Agricultural Intensification and Food Security	427,000
Malawi	Agriculture Sector Investment	750,000
Malawi	Basic Education Improvement	598,100
Malawi	Urban Water Supply	374,360
Mauritania	Slum Upgrading and Urban Poverty Alleviation	619,600
Mozambique	Higher Education and Skills Development	545,000
Mozambique	Rural Energy and Sector Reform	549,400
Mozambique	Transfrontier Conservation Areas and Tourism Development	627,000
Namibia	Municipal Development	627,000
Nigeria	Community-Based Poverty Reduction	564,300
Nigeria	Second Fadama Irrigation	700,000
Senegal	Casamance Rural Investment	409,200
Senegal	Integrated Public Sector Reform	398,480
Senegal	Integrated Public Sector Reform Program	70,520
South Africa	Education Reform	792,800
South Africa	Provincial Infrastructure Support Facility	300,000
South Africa	Rural Poverty	600,000
Tanzania	Local Government and Community Upgrading	703,950
Uganda	Public Expenditure Reform	530,000
Zambia	Copperbelt Environment	799,000
Zambia	Economic Reform	757,400
Zambia	Rural Investment Fund	381,000
AFRICA REGION TOTAL		17,077,560

East Asia and the Pacific Region

Country	Project	Amount (US \$)
Cambodia	Forest Concession Management and Control	240,000
Cambodia	Health Sector Support	661,400
Cambodia	Land Management and Administration	606,900
Cambodia	Provincial and Rural Infrastructure	731,000
Cambodia	Public Sector Reform	480,000
Cambodia	Rural Investment and Local Governance	470,500
China	Agricultural Research	442,200
China	Guangdong Combined Cycle and Gas Development	619,100
China	Health IX	400,000
China	Hubei Hydropower	660,500
China	Poor Rural Communities Development	536,000
China	Renewable Energy Program	456,000
China	Shanghai Environment II	990,000
China	Sichuan Urban Environment	400,000
China	Social Security Reform	700,000
China	Tuberculosis Control	620,050
China	Wuhan Urban Transport	755,500
China	Xinjiang Highway III	293,000
China	Yixing Pumped Storage Hydroelectric	484,800
China	Zhejiang Urban Environment	500,000
Indonesia	Decentralization and Local Governance	545,000
Indonesia	Energy Sector Adjustment	749,500
Indonesia	Land Administration II	567,800
Mongolia	Sustainable Livelihoods	207,830
Philippines	Agrarian Reform Communities Development II	745,300
Philippines	Social Expenditure Management II	918,000
Solomon Islands	Health Sector Development	199,530
Thailand	Environment Institutions Development	700,000
Thailand	Information Technology Sector Development	702,000
Thailand	Natural Resources Management II	800,000
Vietnam	Mekong Delta Water Resources	582,100
Vietnam	National Water Resources Management	950,000
Vietnam	Northern Mountains Poverty Reduction	405,000
Vietnam	Primary Education in Disadvantaged Areas	637,000
Vietnam	Road Maintenance Management	448,000
Vietnam	Rural Energy	810,000
Vietnam	Urban Upgrading Program	841,900
EAST ASIA & PACIFIC REGION TOTAL		21,855,910

South Asia Region

Country	Project	Amount (US \$)
India	Community Infrastructure	285,000
India	Karnataka Participatory Tank Improvement and Management	400,000
India	Karnataka Watershed Development	361,000
India	Rural Water Supply & Environmental Sanitation	413,890
India	State/District Elementary Education	660,508
India	Uttar Pradesh Singrauli Institutional Development	265,000
Nepal	Population and Health II	810,000
Pakistan	Community Based Services Improvement	758,900
Pakistan	Punjab Municipal Development Fund	849,500
Sri Lanka	Mahaweli Restructuring and Rehabilitation Project/Village Self-help Learning Initiative	154,850
Sri Lanka	Power Sector Restructuring	824,000
SOUTH ASIA REGION TOTAL		5,782,648

Europe and Central Asia Region

Country	Project	Amount (US \$)
Albania	Community Driven Development Pilot	250,000
Albania	Fisheries Development	250,000
Albania	Social Protection Reform Support	469,500
Armenia	Fourth Structural Adjustment Credit	263,900
Azerbaijan	Education Sector Development	483,000
Azerbaijan	Environmental Investment and Management	249,450
Azerbaijan	Irrigation II	458,000
Azerbaijan	Urgent Environmental Investment	350,000
Bosnia and Herzegovina	Business Environment Adjustment	455,000
Bosnia and Herzegovina	Environmental Infrastructure Protection	423,000
Bosnia and Herzegovina	Municipal Services	390,300
Bosnia and Herzegovina	Social Insurance TA	250,000
Bosnia and Herzegovina	Social Sector Adjustment II	528,200
Bulgaria	Third Financial and Enterprise SAL	379,000
Croatia	Municipal Water Pollution Control Adriatic	325,000
Croatia	Social Protection	200,000
Estonia	Health Sector Development	397,000
Estonia	Northeast Regional Development	250,000
FYR Macedonia	Public Sector Adj. Loan and Credit	612,000
Georgia	Irrigation and Drainage Rehabilitation	229,200
Kazakhstan	Agricultural Post Privatization Assistance II	368,600
Kazakhstan	Agricultural Support Services	623,600
Kazakhstan	Financial Infrastructure Development	368,550
Kazakhstan	Northeastern Kazakhstan Water Supply and Sanitation	482,200
Kazakhstan	Rural Transport	580,500
Kazakhstan	Second Public Sector Resource Management Adjustment	776,950
Kyrgyz Republic	Agricultural Marketing	646,775
Kyrgyz Republic	Governance and Public Administration Reform Adjustment	729,250
Latvia	Housing Pilot	495,000
Latvia	Second Programmatic SAL	504,315
Lithuania	Education Reform	198,524
Poland	Silesia Air Protection	356,400
Romania	Forest Development Program	423,670

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Country	Project	Amount (US \$)
Romania	Irrigation Sector Reform and Rehabilitation	650,000
Romania	Private Sector Institution Building II	300,000
Romania	Public Administration Reform	389,235
Tajikistan	Agricultural Research, Education, and Technology	343,500
Tajikistan	Post-Privatization	469,500
Tajikistan	Social Sector Rehabilitation	712,000
Turkey	Social Safety Net	554,300
Turkmenistan	Karakum Main Canal	270,050
Ukraine	Social Investment Fund	266,900
Ukraine	Tuberculosis/AIDS Control	416,915
Uzbekistan	Karshi Pumping Cascade Rehabilitation	617,000
EUROPE & CENTRAL ASIA REGION TOTAL		18,756,284

Middle East and North Africa Region

Country	Project	Amount (US \$)
Algeria	First Private Sector Enterprise Loan	219,000
Algeria	Rural and Local Development	464,250
Djibouti	Emergency Rehabilitation	502,000
Djibouti	Health System Support	404,294
Iran	Water Supply and Sanitation	500,000
Iran	Watershed Conservation	274,820
Jordan	Irbid and Zarqa Water and Wastewater Management	458,700
Morocco	Good Governance Development	465,400
Morocco	Rural Infrastructure	498,000
Syria	Road Sector Development	350,000
Tunisia	Export Development II	398,813
Tunisia	Third Economic Competitiveness Adjustment Loan	696,080
West Bank and Gaza	Integrated Community Development	174,000
Yemen	Agricultural Technology and Productivity	281,500
Yemen	Social Fund for Development	209,400
MIDDLE EAST & NORTH AFRICA REGION TOTAL		5,896,257

Latin America and Caribbean Region

Country	Project	Amount (US \$)
Argentina	Environmental Strategies	384,400
Argentina	Health Insurance Reform	750,000
Argentina	Social Protection V	583,400
Brazil	Pernambuco -- Quality Enhancement in Basic Education	455,000
Brazil	Rio de Janeiro Basic Education Quality Improvement	428,100
Brazil	Rural Poverty Alleviation -- Bahia	300,400
Brazil	Rural Poverty Alleviation – Ceara	304,500
Caribbean	HIV/AIDS Prevention and Control	789,000
Chile	Second Municipal Development	200,000
Chile	Technical Education	280,000
Colombia	Social Safety Net	562,000
Costa Rica	Infrastructure Sector Development	842,500
Costa Rica	Poverty Reduction and Social Protection	379,500
El Salvador	Judicial Reform	408,340
El Salvador	Land Administration	121,150
El Salvador	National Environmental Management	250,000
Guatemala	Basic Education Reform II	350,200
Guatemala	Reconstruction and Local Development	207,500
Guatemala	Rural Roads	610,000
Guatemala	Social Infrastructure and Safety Net	596,600
Guatemala	Western Altiplano Integrated Natural Resources Management	350,000
Guyana	Public Sector Reform	400,000
Guyana	Second Water Supply	402,600
Guyana	Sugar Sector Modernization	535,000
Haiti	Second Economic and Social Fund	331,000
Honduras	Competitiveness LIL	225,000
Honduras	Indigenous Peoples Development	225,000
Honduras	Interactive Environmental Learning and Science Promotion	250,000
Honduras	Land Administration and Land Fund	495,000
Honduras	Watershed and Rural Areas Reconstruction	265,000
Jamaica	Education Reform and Investment	300,021
Mexico	Basic Health Care III	576,200
Mexico	Community Forestry	372,000
Mexico	Federal District Urban Development	451,200

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Country	Project	Amount (US \$)
Mexico	Municipal Development in Rural Areas	434,750
Mexico	Rural Development in Marginal Areas	292,000
Mexico	Technical Training and Certification	395,800
Nicaragua	Competitiveness LIL	250,000
Nicaragua	Disaster Vulnerability Reduction	358,100
Nicaragua	Rural Municipalities II	400,000
OECS States	Education Development	157,410
Paraguay	Community Development and Poverty Reduction	236,250
Peru	Social Protection	671,000
Uruguay	Basic Education Quality Improvement I -- Environmental and Health Education Sub- component	273,000
Venezuela	Caracas Metropolitan Health Services	647,400
LATIN AMERICA & CARIBBEAN REGION TOTAL		18,096,321

Annex 2

Japan Staff and Consultant Trust Fund -- Large-Scale Activities Funded in Fiscal 2000

COUNTRY/ REGION	PROJECT	Amount (US dollars)
China	Clean Coal Technology Assessment	185,000
China	Guangxi Highway	91,500
China	Urban Sector Assessment	996,000
China	Yangtze Basin Water Resources	1,500,000
Egypt	Education Sector Reform	489,800
Global	Urban Transport Strategy	279,000
Honduras/Nicaragua/ Panama	Farm Ownership Model Projects	829,050
Jordan	Government Computer Capacity Building Improvement	750,000
Mongolia	Ulaanbaatar City Development Strategy	240,000
Benin/Mali/Rwanda/ Togo	Farmer Ownership Model Project	1,254,880
Turkey	Energy and Environment Review	800,000
TOTAL		7,415,230

Annex 3

PHRD Special Programs Approved in Fiscal 2000

Project	Amount (Japanese Yen)	Amount (U.S. dollars)
PHRD FY98 Annual Report Dissemination		16,000
East Asia Region: Partnership on East Asia Crisis, Recovery, and Sustainable Development		725,000
Strengthening of Partnership between the World Bank and the Japanese Private Sector		176,800
Global Development Awards and Medals Program		500,000
Translation of the Guidelines for Selection and Employment of Consultants by Bank Borrowers		10,810
Annual Global Development Conference		250,000
Career Development Forum	8,250,000	
Joint Japan-World Bank Study of East Asia's Future Development Prospects		1,500,000
Total	8,250,000	3,178,610

Annex 4

Administration of Technical Assistance Grants

The Technical Assistance Program of the PHRD Fund extends untied grants to meet the technical assistance and human resource development needs of developing countries. The World Bank acts as trustee and administrator of PHRD grants and channels grant funds to the recipient or beneficiary. Administration of the grant and execution of the technical assistance activity are carried out according to the terms and conditions of a formal grant agreement between the Bank and the recipient government. The Resource Mobilization and Cofinancing Vice Presidency of the Bank is responsible for the overall management of technical assistance grants. In administering the grants, it cooperates closely with the Bank's six regional vice presidential units, which are responsible for the Bank's operational programs in its member countries, including task management responsibility for each technical assistance grant.

Governance

The PHRD Coordination Committee has been revitalized as a senior-level joint Japan-World Bank body with broader representation. This allows the Committee to function regularly in the pivotal role of formulating PHRD funding policies and program priorities. A special Monitoring and Evaluation Unit was established during fiscal 1999 in the Resource Mobilization and Cofinancing Vice Presidency's Trust Funds and Cofinancing Department at the World Bank to intensify supervision, oversight, and accountability of technical assistance activities.

Donor Coordination

The Japanese authorities and the World Bank are improving the accessibility and dissemination of information on PHRD operations in Japan. Data on approved PHRD grants and other pertinent information on the program is made available on the PHRD website, a section of the World Bank's Web page. Since 1997 PHRD Annual Reports have been translated into Japanese and made available to the public. Starting in 1998, the World Bank also has been conducting periodic seminars to familiarize the Japanese consulting industry with the operations of PHRD and the World Bank. There are regular meetings between Japanese private sector associations, including those representing the consulting industry. A consultant in the World Bank's Tokyo Office acts as the liaison between the Japanese consulting industry and the World Bank's operational units. These initiatives are significant steps in an ongoing process to disseminate information on PHRD in the donor country and to help ensure greater participation of the business community in the PHRD-funded program. It also demonstrates the Japanese government-World Bank partnership's strong commitment to make PHRD an important and transparent instrument of Japan's development leadership in poverty alleviation.

Selection Criteria for Grants

The PHRD Fund's Technical Assistance Program for project preparation provides grants to recipient countries in all sectors of development activity and in all regions. The program seeks wide geographic diversity. Grant-funded activities may include conducting feasibility studies and formulating project designs, environmental assessments, human resource development programs, privatization plans, and the like. In fiscal 2000, PHRD grants were approved biannually by the Japanese government.

Project Preparation. All proposals for technical assistance grants must, at a minimum, support the preparation of high-priority projects in the IBRD–IDA lending program. Proposals for the preparation of guarantee operations—either stand-alone operations or guarantees accompanied by a World Bank loan—may also be considered.

Sector Priorities. While all sectors are eligible, highest priority is attached to various areas which directly address poverty reduction and social development in the following areas: human development (health, education, and social protection), environmental conservation, enhancement of the participation of civil society, such as translation of documents into local languages for activities in which NGOs are involved and support for gender specific initiatives including women in development. Project implementation support is available in all priority areas with the exception of human development.

All countries may apply for grants for project preparation in the priority areas. However, low-income and lower-middle income countries (as defined in the World Development Report 1999-2000) may submit requests for general project preparation in all sectors. Funds for project preparation that use the community driven development approach and for project implementation are available for all Bank and IDA borrowing countries.

Cofinancing Prospects. Proposals for the preparation of projects likely to receive cofinancing by other donors (especially Japan) are given high priority.

Beneficiary and Stakeholder Participation. An important consideration in the review of proposals is the role of beneficiaries and stakeholders in project preparation. Stakeholder commitment and broad-based participation in project design are important components of technical assistance activities, since they signify the degree of ownership in the resulting investment and lead to smooth project implementation and the generation of greater benefits.

Past Performance. The review of proposals takes into consideration past performance by grant recipients in the execution of earlier PHRD grant-funded activities.

Operational Support. In the context of country operational programs, Bank lending for specific projects is accorded higher priority than adjustment lending. However, proposals in support of structural or sector adjustment lending are given equal consideration in countries where project operations cannot be fully justified without prior policy adjustments.

Exclusions. Grant proposals with the following features are generally excluded from consideration during the proposal review process:

- Multi-country studies, sector studies, and project appraisal and implementation supervision
- Technical assistance for project implementation, except under the program for project implementation in priority areas including environmental and involuntary resettlement issues, translation of documents into local languages, and enhancing the role of women in development
- Freestanding technical assistance unrelated to a specific project, including conferences, seminars, workshops, and the like
- The urgency to fund the technical assistance is not demonstrated, other donors have already taken the financing initiative, or there is no definite correlation between the proposed technical assistance and the defined project content
- The recipient country is in arrears to the IBRD or IDA, and the prospect of a resumption of lending in the near term is doubtful
- Civil conditions in the recipient country are unfavorable, for example, due to civil unrest.

Announcement of Funding Availability

Twice a year, the Japanese government advises the Resource Mobilization and Cofinancing Vice Presidency (RMC) of the funding availability for technical assistance for project preparation and project implementation, including the amount and the specific selection criteria applicable to the tranche. In most tranches, the Japanese authorities notify the Bank of amounts to be allocated to certain types of funding, such as project implementation or project preparation using community driven development approaches.

Grant Application and Review Process

Upon receiving the Japanese government's announcement of the funding, RMC notifies the six regional vice presidential units of the availability of the spring and fall PHRD tranches. These units are invited to prepare and submit funding proposals. They are represented to RMC by their regional cofinancing coordinators in matters relating to PHRD technical assistance grants. The proposals for grant funding are prepared by the task managers and are initially reviewed by departments in the regional vice presidential units, including sector managers, and cleared by the respective country directors. The proposals are then reviewed by each regional cofinancing coordinator. Based on a careful review of the region's priorities, the coordinators submit their regions' package of proposals for each tranche in the spring and fall. Proposals for PHRD grants undergo a rigorous and transparent screening process to ensure the selection of only high-priority operational activities that meet the PHRD Fund's objectives and selection methodology and are identified through the country assistance strategy process.

This regional screening of proposals is followed by an independent review of the proposals by RMC. RMC seeks to ensure that the submitted proposals are for the preparation of priority projects in the Bank's lending program, are reasonably costed in

compliance with established Bank norms, and are consistent with the donor's and the Bank's policy, sector objectives, and selection criteria for funding. Finally, RMC submits the total package of Bank-wide funding proposals for the tranche to the Japanese authorities for their review and approval. RMC conveys the Japanese authorities' decisions on the package of proposals to the regions and other Bank offices involved in grant implementation, including the Accounting, Loan, and Legal Departments.

Execution of Grant-Funded Activities

After the funding proposal is approved, the task manager initiates the processing of the grant agreement in consultation with the recipient and the Bank's Legal Department. The task manager prepares a plan for the selection of consultants that will be hired under the grant. The task manager is also required to sign a Letter of Undertaking for each grant that details the policies and procedures for managing PHRD grants. Both documents must be submitted to the PHRD Administrator's office prior to grant activation.

Grant agreements between the Bank and the recipient set out the recipient's obligations in executing the PHRD-funded activity. The Bank's policy is that recipients should execute all such technical assistance activities. In exceptional circumstances, however, the Bank may, at the recipient's specific request and if there is sufficient justification, agree to execute the grant or, in some cases, a portion of the grant, on the recipient's behalf.

The task manager ensures that recipients carry out their responsibilities under grant agreements, including preparation of the terms of reference, identification of suitable consultants, evaluation of consultant proposals, negotiation of contracts, provision of necessary counterpart funds, payments to consultants and day-to-day supervision of their work, and submission of progress reports and audited financial statements on all expenditures to the Bank.

In accordance with the Bank's guidelines, if the grant is executed by the Bank, the task manager takes the lead in the selection and contracting of consultants, in agreement with the recipient. Task managers also supervise the work being done under the grant and review the progress reports prepared by the consultants.

Substantive revisions proposed in the technical assistance require the approval of the Japanese authorities and are submitted to RMC for review followed by transmittal to Japan for approval.

Organizational Arrangements

Transparency during the entire process of selecting and evaluating proposals for PHRD grants and executing the grant-funded activity is further strengthened by the internal organizational arrangements within the Bank. In addition to RMC and the regional vice presidential units, which are primarily responsible for grant administration, several other Bank units are concerned with the management and administration of PHRD grants.

The Legal Department prepares grant agreements, coordinates the document review and clearance process. The Loan Department disburses the grant funds into a special account managed by the recipient, disburses payment requests, and ensures the integrity of the financial management. The Accounting department responsibilities include accounting for the funds and financial reporting. Other Bank staff, such as procurement specialists and the Human Resources Group (personnel), may also have responsibilities in the oversight of selection of services and goods. For large Bank-executed contracts only, the General Services Department prepares contracts, and coordinates the bidding of firms. Finally, field staff in the Bank's resident missions often carry out important support and monitoring responsibilities in the course of their operational duties.

Monitoring Performance and Evaluating Results

Bank policy recognizes the need to assess how well each grant-funded technical assistance activity meets its stated development objectives. Accordingly, performance monitoring during delivery of the technical assistance, including annual status reports, is mandatory for all PHRD grant-funded activities. An evaluation on completion is also mandatory for PHRD-funded activities of \$1 million or more. Regional vice presidential units carry out a systematic annual review of their entire trust fund portfolio, which includes monitoring the progress of PHRD grant-funded activities and evaluating them on completion.