

**Joint Review of the
Governance Structure and
Processes for the
Trust Fund for Environmentally
and Socially Sustainable
Development (TFESSD)**

FEBRUARY, 2004

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Joint Review of the Governance Structure and Processes for the Trust Fund for Environmentally and Socially Sustainable Development (TFESSD)

1 – Purpose of the Review

In December 1999, a Norwegian-funded “umbrella” trust fund was established between the Ministry of Foreign Affairs of the Government of Norway (GoN) and the World Bank’s Vice Presidency for Environmentally and Socially Sustainable Development (ESSD), replacing many separate trust funds on environment and social development. In November 2002, the Government of Finland joined the fund (which hence changed its name from NTFESSD to TFESSD).¹

To quote the relevant agreement, from September 2000, the overall objective of the trust fund is “to act as a catalyst for the mainstreaming of environmental and social dimensions of sustainable development and for inclusion of these cross-cutting issues into the Bank’s operations, both at headquarters and in the field” (see Annex 1 for the full text). The purpose is to provide “a more effective, transparent and efficient way” to use donor support which in turn will “encourage and improve the dialogue” with donor agencies, research institutions, NGOs, and other interested parties.

Certain governance structures and governance processes have been established to manage the trust fund (TF) and to facilitate interaction between the partners. These are already undergoing some changes as a consequence of the shift from a single-donor to a two-donor trust fund. The purpose of this review is to help the TFESSD partners— the governments of Norway and Finland and the World Bank— understand how well the trust fund’s governance structure and its associated processes and procedures support the objectives of the Trust Fund. Based thereon the partners are expected to agree on steps that can be taken to strengthen the structure and arrangements of the fund. The review is not an evaluation of the impact of the portfolio of projects on the TFESSD objectives. Such a study will be undertaken separately at a later date. The Review Team has presented some preliminary observations on the links between the present TFESSD Governance Review and a future TFESSD program evaluation at the end of Section 5 of the report.

The primary audience for the review is management and staff of the current TFESSD partner agencies. They are the ones that will be involved in considering and acting on the findings of the review. The report is therefore action oriented, addressing the question: How can we make the partnership work even better?

¹ All legal documents, as well as other key information on the TFESSD, are posted on the TFESSD internet site at www.worldbank.org/tfessd.

External parties, including other bilateral donors, are likely to be interested in the findings of the review. The report may in part therefore serve as a means of disseminating to a wider constituency the experience of the TFESSD as a modality for managing trust fund partnerships.

This review is written jointly by members of the Norwegian-Finnish Reference Group and World Bank Staff. The Reference Group representatives consist of Desmond McNeill (Norway, responsible for coordination), Per-Øyvind Bastøe (Norway, until 1st October 2003) and Timo Voipio (Finland). World Bank staff include: Giovanna Prennushi (PRMPR), Sue Jacobs Matzen and Keith McLean (SDV), Nenuca Munoz Robles, Payton Deeks, and Lars Vidaeus (also responsible for overall coordination) (ENV). This team was nominated for the task at the semi-annual consultation held by the TFESSD partners in Oslo in June 2003.

In some instances (made explicit if necessary), views stated in this review are those of a specific partner (Norway, Finland or the Bank); but the term ‘we’ should be taken to refer to the authors as a whole. On the donor side, the review has benefited from discussions with the Reference group as a whole, but is the responsibility only of its authors. On the Bank side, the findings and recommendations are the result of an extensive review of the NTFESSD and TFESSD documentation, interviews with individuals involved in the TFESSD’s management and administration, discussions with Sector Board members, responses to a questionnaire for TFESSD Task Managers, and discussions and feedback from a small focus group of TFESSD Task Managers. A summary of the responses from Task Managers and feedback from the focus group is attached as Annex 2. Comments by, on the Bank’s side, the three Sector Boards, Sector Directors, and Window Managers; and, from the donors’ side, by the Reference Group have been taken into account.

2 – Background to the TFESSD

This section traces the driving forces for the establishment of the trust fund, and its development up to its current status as a multi-donor trust fund with expanded thematic coverage. This should help us focus on the relevant criteria for assessing TFESSD progress, including how well governance arrangements are working. The section also provides a brief overview of the current TFESSD portfolio as background.

2.1 Genesis

The origin of TFESSD dates back to late 1998 when senior representatives of the Norwegian Ministry of Foreign Affairs (MFA) and the Bank’s Environmentally and Socially Sustainable Development (ESSD) Network Management began engaging in discussions about possible ways of restructuring the GoN support for environmental work in the Bank. However, the initiative was not only taken to strengthen the environmental work in the Bank but also to give greater emphasis to sustainability in development. This focus implied that environmental issues needed to be more closely linked to social development and poverty. The GoN also saw the changes in the Bank in the late 1990s as

positive, and when the Bank's policies became increasingly aligned with Norwegian policy, increased collaboration was possible. A year later, the two parties signed an agreement establishing a new mechanism in the form of an umbrella fund to support a program of environment and social development activities aimed at promoting sustainable development. The fund was to be managed by ESSD on behalf of the Bank as a whole.

Before the new fund was set up, GoN had provided seed money for a decade to support scattered environmental initiatives lodged in the Bank's various operating regions and the central Environment Department. The initiatives were individually negotiated with the donor, frequently by the Task Team Leaders themselves and as such did not form part of an overall thematic work program. While these single-purpose TFs made important contributions at the level of individual project activities, they were not seen either by the Bank or GoN to have the desired impact on mainstreaming the environment in the Bank operations.

It was also of concern to GoN that these activities were not coordinated, overseen, and reported on by a central point in the Bank, making it difficult to assess the use and impact of its funds. Approved funds were advanced to individual task teams, leaving at any point in time a sizeable uncommitted balance of funds without an effective mechanism for reallocation according to projected needs and strategic priorities. This experience suggested that there was a need to find a mechanism to make GoN assistance more effective in promoting environment and sustainable development as a cross-cutting issue in the Bank and to establish a single central point in the Bank for reporting to the donor on the scope and impact of GoN support.

On the Bank side, significant organizational changes had occurred, most importantly the establishment of the thematic networks, including one for environment and social development (ESSD). The consolidation of ongoing Norwegian TFs for environment and the establishment of an umbrella trust fund for mainstreaming environmental work in the Bank thus had the potential to help enable the new ESSD network and its Environment family to carry out their assigned functions, in particular to provide and guide the implementation of strategic directions for the Bank's environmental work and to promote technical quality in operations.

A concrete proposal on a new mechanism presented by the Bank in March 1999 was further discussed and fine-tuned during the year. The MFA proposed, and the Bank agreed, to the need to include social development in the thematic coverage of the new umbrella trust fund, with responsibility of management resting with the two respective Sector Boards. This decision recognized the strong interdependence between environmental and social factors in impacting poverty and sustainable development. Based on the same logic, the TF partners agreed, one and half years later, to extend the thematic coverage to more explicitly address the poverty element (see below).

Building on GoN's Cofinancing and Technical Assistance Framework Agreement with the Bank of 1994, in December 1999 the two parties entered into an agreement for the

administration of a GoN Grant of NOK 24.4 million to finance a program of Environment and Social Development. Ongoing TFs were brought under the new umbrella TF. Since December 1999, the Norwegian Government has contributed with \$US 38.2 million equivalent and the Finnish Government since January 2004 with US\$ 3.0 million equivalent (details in Annex 3).

In summary, TFESSD was established as an *umbrella* trust fund to avoid having to manage a number of small trust funds. The main features of the trust fund have not changed since its creation. It is *untied* to allow for use of local consultants. It is *cross-sectoral* to support cross-cutting issues. Management is *delegated to sector boards* to assure linkage with Bank strategies. It involves a number of Norwegian and now also Finnish experts in the *reference group* and *secondment* of a senior Norwegian staff to increase the dialogue between Bank and Norwegian expertise. Both the Bank and Norway— and later Finland— used time and resources to develop a different way of establishing, managing and following-up on a “*new trust-fund model*.”

2.2 Objectives of the Trust Fund

The overall objective of the trust fund is to “act as a catalyst for the mainstreaming of environmental and social dimensions of sustainable development into Bank operations” and to do so both at Bank HQ level and at the level of country clients. Specifically, the fund is intended to:

- ensure that donor support is targeted at the highest priority areas in the Bank’s environment and social development agenda;
- be the primary coordinating mechanism for receipt of donor financial support for environment and social development activities;
- better integrate and rationalize the allocation and management of donor funds within the Bank; and to
- provide a focal point for reporting to the donor on the impact of the activities supported by them.

The effectiveness of operation of the fund is to be reviewed jointly (this Review is the first of such exercises). Furthermore, if mutually agreed, the Fund is to serve as an instrument to accept future contributions on a revolving basis (as has been the case repeatedly since its creation).

2.3 Framework of Operations

A Framework of Operations for the fund was added to the legal agreement of the fund through an amendment to the Administrative Agreement in September 2000. This framework defined the broad areas to be supported, the structure and governance of the

fund, and the procedures and criteria for selecting activities for funding, transfer of funds, monitoring, and reporting.

2.4 Expanding the Thematic Focus

(a) ***Incorporating Poverty Reduction as an Explicit Focus.*** Since their establishment in 1997, the Poverty Reduction Board (PRB) and Poverty Reduction Group (PRG) in the Poverty Reduction and Economic Management (PREM) Network have engaged in a number of arrangements with external partners on poverty reduction strategies, poverty analysis, monitoring, and evaluation, and social capital/empowerment to better harmonize support to clients, align policies and procedures, and benefit from closer dialogue and exchange of views. The Poverty Group and Board were interested in playing a more strategic role in allocating funds to support key priorities than had been the case with Consultancy Trust Funds (CTFs) and single-purpose TFs. The Norwegian MFA, as evidenced in the establishment of the NTFESSD, was interested in rationalizing its trust fund support and playing a greater role in influencing Bank processes and strategies. In this context, the Poverty Group began discussing a possible partnership with Norway in 2000.

Several rounds of discussions culminated in the proposal from Norway to establish a Poverty Window within the existing NTFESSD rather than open a new TF for poverty work. The PRB/PRG understood that the main reason for this recommendation was to foster the objective of better integration of environmental, poverty, and social sustainability concerns, especially in poverty analysis and poverty reduction strategies, as well as greater collaboration across Bank units. It was agreed that this was a worthwhile objective and that a joint TF would be useful to achieve it, even though from an administrative point of view it did imply somewhat greater coordination costs since the Poverty Group and Board are not in the same Bank Vice-Presidency as the other two Sector Boards involved (they are in the PREM network rather than in ESSD). Three years of experience confirm that the arrangement has helped foster collaboration across units at both the network and the regional level, and administrative arrangements have not been too burdensome.

(b) ***Social Protection.*** In June 2003, the donors suggested that social protection (SP) themes might also be brought under the TFESSD, for strategic reasons. This suggestion was based on the conviction that, although in the Bank's structure social protection themes fall under the Vice-Presidency for Human Development (HD), they are nevertheless a crucial element in achieving environmentally and socially sustainable development. Concern for the specific vulnerabilities of the particularly disadvantaged population groups, such as people with disabilities, HIV-AIDS orphans and laboring children, is a high priority in the human rights policies of the two donor governments. Including social protection of the vulnerable groups as a fourth main theme in the TFESSD is also in line with the World Bank's thinking. From the Bank's point of view it would be best to have a separate window for SP, instead of just a special focus on SP issues under the existing windows, so as to ensure active involvement of the Social Protection Board in mainstreaming TFESSD-funded work in Bank operations, and to

build on the relationship established in the past between Norway and the SP Anchor, especially on issues of child labor and disability.

Since the proposed Social Protection window under the TFESSD has not yet been opened, the description and assessment of experience that follows does not cover it. Thus, for example, the text refers to ‘the three’ (rather than four) sector boards involved.

2.5 Expanding the Partnership: Norway and Finland

Programmatic trust funds offer opportunities for broadening the partnership to other interested donors. This has the potential to reinforce the effectiveness of bilateral trust funding in addressing strategic priorities in the relevant thematic areas of the Bank’s work, while simultaneously lowering overall transaction costs on both donor and Bank sides in trust fund management and administration.

Representatives of the Finnish Ministry for Foreign Affairs participated as observers in the June 2002 consultation in Oslo and expressed an interest in seeing Finland become a partner in the NTFESSD. The Finnish view was that, like Norway, they had also had a broad but fairly unfocused and uncoordinated range of earmarked Consultancy Trust Funds and secondments in the World Bank. As a result of an explicit decision by the Government of Finland, the Finnish Ministry for Foreign Affairs had decided to increase the strategic focus of Finland’s trust fund support and secondments in the World Bank. As poverty reduction and environmentally and socially sustainable development are the main goals of Finland’s development cooperation, Finland decided that its trust funds in the World Bank should also support these strategic orientations in the Bank’s work.

Rational harmonization of donor procedures is another strategic orientation in Finland’s— and Norway’s— development cooperation. Finland felt that the Norwegian model was a good one and therefore decided to join forces with Norway in the TFESSD, in an area that is strategically important for Finland and Norway, and where potential high-caliber partner institutions and experts are known to be available in Finland and Norway. It was hoped this arrangement would lead to a reduction in the burden of trust fund management for World Bank staff. After a few months of discussions, Finland joined the fund partnership, which was renamed the Trust Fund for Environmentally and Socially Sustainable Development (TFESSD). New legal agreements were signed in December 2002 to reflect the new multi-donor nature of the fund. These agreements include a revised “Framework of Operations” which reflects the changes in governance agreed since NTFESSD inception.²

Since Finland and Norway share the same developmental goals and principles under the TFESSD, it has been easy for them to also agree on the strategic orientations of the TFESSD program. The Ministries of Foreign Affairs and the Reference Group members in both Norway and Finland have been using time and resources to help develop a new rational and harmonized way of funding, managing and monitoring strategically focused

² It also includes “Standard Provisions Applicable to Donors to TFESSD”, and sets out a standard “Notice of Contribution” letter for the donors to use.

multi-donor trust funds in the World Bank— the “Norwegian-Finnish model of multi-donor trust funds.” The possibility of other donors either joining the TFESSD or applying similar principles in separate, parallel but meaningfully coordinated Trust Funds has been discussed between the TFESSD partners.

2.6 TFESSD Portfolio Overview (details in Annex 4)

The TFESSD portfolio has grown rapidly in the last couple of years. As of October 31, 2003, the portfolio consisted of 131 active projects under three thematic windows: Environment, Social Development, and Poverty (in order of window portfolio size). This included 13 activities that were already approved under the previous (environment) trust fund. Most projects are managed by Task Managers in all six of the Bank’s operating regions, with a small number managed by staff in the ESSD and PREM network anchors, DEC, and WBI. Responding to donor priorities, the largest share of TFESSD resources are allocated to the Africa region (target 50%; cumulative disbursements and commitments as of October 31, 2003 44%). Total cumulative disbursements and outstanding commitments since inception amounted to \$29 million on October 31, 2003. Approved grant amount per project is approximately \$366,000 on average, ranging from \$42,000 to \$3 million. Projects generally last two-three years, although extensions are frequent.

3 – Governance Structure and Processes

This section provides a brief overview of the organizational arrangements and their associated management and administration processes. An assessment of how these arrangements are working is the subject of Section 4. An organogram of the TFESSD partnership is attached as Annex 5.

3.1 Structure

The governance structure of the fund was spelled out in the “Framework of Operations” that was annexed to the NTFESSD Administrative Agreement (as amended in September 2000). This structure has been kept intact as program implementation proceeded, with one important exception which is explained below and reflected in the revised Framework of Operations annexed to the December 2002 agreement on the new multi-donor trust fund, TFESSD.

(a) Official head and overall program management. The Vice-President, ESSD (Ian Johnson) is the formal point of contact with the Norwegian and Finnish Governments and is the official head of the Trust Fund. The Environment Department and its Director (Kristalina Georgieva) manage the funds on behalf of the VP, ESSD.

The ENV Director as the TFESSD Program Manager (i) is accountable for the utilization of TFESSD funds in accordance with the provisions of the donor agreements, including

reporting to donors on overall program progress and performance, and with the Bank's policies and procedures for administering trust funds; (ii) leads the coordination of the work of the three Sector Boards involved (see below) including the dialogue with the donors (in close collaboration with the Heads/Sector Directors of the other two Boards); and (iii) ensures timely transfer of funds from the trust funds parent account to each of the three TFESSD window accounts to allow funding of approved activities.

The Program Manager is assisted by ESSD resource management staff on financial management matters. The same staff assist, as required, the three Window managers on transfer of funds, financial monitoring and reporting.

The TFESSD Program Manager is also assisted in her duties by a Technical Advisor (Mona Gleditsch, recruited by the Bank from the Norwegian Development Assistance Agency (NORAD) in 2000 on a "coterminous term" appointment in the Environment Department). The responsibilities of the Technical Advisor are to (i) assist the Program Manager as well as the Window Managers on TFESSD management matters, including preparations for invitations of funding proposals, presentations to Sector Boards, coordination of planning for semi-annual consultations and reporting to donors, advising Task teams, reviewing project progress reports and reporting to Sector Boards on overall portfolio performance; and (ii) advise on program areas of emerging donor interests and on potential for collaboration with donor institutions.³

(b) Management and administration of the thematic windows. The Sector Boards are responsible for (i) jointly setting strategic directions for the overall utilization of funds (in the context of the Calls for Proposals, and in dialogue with the donors) as well as determining priorities for funding (including reallocation of funds) within their respective windows, (ii) monitoring progress and performance of ongoing activities; and (iii) selecting proposals for new activities for final approval by the donors. The Boards are expected to execute their function "with due reference to the other relevant boards involved in implementing [TFESSD funded] activities"—in practice, however, Calls for Proposals have been done jointly for all three windows/SBs since FY03.

To illustrate, the Boards have: regularly discussed the draft texts of the Calls for Proposals; provided reviewers for the selection of proposals; jointly reviewed the final selection to be submitted to the donors; reviewed the portfolios of ongoing activities (ENV and SOC, not POV, since the portfolio is still much "younger" and there has not been a need for a review so far); provided inputs into the semi-annual reports and this review. In addition, individual SB members have worked in their regions to strengthen collaboration across units and in some cases pre-screen proposals to ensure high quality and coherence with regional priorities.

³ These TORs reflect the 2002 recasting of Ms. Gleditsch's earlier Technical Coordination position TORs to comply with the Bank's policy regarding externally funded staff appointments. Specifically, such staff cannot be involved in the administration of funds of the same member Government in which they were, or are, employed and from which they are funded.

Each Sector Director has delegated the day-to-day business of window management and administration to a Window Manager with assistance from administrative staff in each of the departments.⁴ The Window Manager (i) takes care of financial management (transfers, monitoring of commitments and disbursements, extension of closing dates, etc.); (ii) provides guidance to Task Managers on substantive and administrative issues; (iii) prepares semi-annual reports; and (iv) briefs the SB on progress and issues in window program implementation and seeks SB clearance on proposed actions as and when required (for example when funds are reallocated across activities).⁵

The three Sector Boards, led by their Heads/Sector Directors, are expected to ensure TFESSD-related coordination among themselves as well as with other Boards, as part of their regular program of collaboration across ESSD families and with other networks. This arrangement replaced the function assigned earlier to the Governance and Screening Committee, which had been established as the NTFESSD came into operation and had representation from a number of other networks. The Committee operated for a limited period, as early experience indicated that it was more effective to rely on the existing Sector Boards to achieve greater cross-sector collaboration rather than on a new and separate institutional structure set up only for this purpose. Coordination across the Sector Boards involved (Environment, Social Development, Poverty Reduction) and the two networks (PREM and ESSD) takes place through the SB Heads and the Window managers.

(c) Management of activities. TFESSD-funded project activities are task managed by Bank staff. The implementation of TFESSD-funded project activities form part of the broader Work Program Agreements that Task Team Leaders enter into with their managers, and unit managers enter into with senior regional management. Where TFESSD funds strategic packages of individual activities or individual project activities are thematically or substantively linked, staff are assigned responsibility for managing individual activities and a coordinator is appointed for the overall management of the strategic package.

3.2 Key Processes

Key processes include allocation of funds, monitoring of activities, financial management, reporting to donors, and interacting with donors.

(a) Allocation of funds. Grant funds are allocated (committed at the program level) to individual project activities through a process of calling for, reviewing, and approving proposals (a Call for Proposals). This is normally done once every fiscal year. Up to FY02 such calls were made separately for the three windows on the basis of dedicated

⁴ For the Environment, Warren Evans is Window manager, assisted by Nenuca Munoz Robles, Program Assistant and Payton Deeks, Junior Professional Associate; for the Social Development Keith McLean is Window manager, assisted by Myrtle Diachok, Operations Analyst; and for Poverty G. Prennushi is the Window manager, assisted by Ignacio Fiestas, Junior Professional Associate.

⁵ The POV Window Manager, being a senior staff of the Poverty Anchor, performs most of the functions that in the case of the other two Boards are performed by the SB Directors, including reviewing proposals and policy documents, and interacting closely with donors.

allocations. As planning for the FY03 Call for Proposals (CfP) proceeded, it was recognized that carrying out a separate CfP for each window did not help promote collaboration across the Bank's Environment, Social Development and Poverty Reduction families. As a result, the three Sector Boards (SB) agreed to conduct joint CfPs. The two CfPs for FY03 and the one for FY04 all proceeded on the basis of this model.⁶ Priorities and criteria for each of these CfPs have emphasized the linkages between environment, social development and poverty issues as well as the linkages between sectoral issues (energy, urban, etc.) and one or more of the cross-cutting themes. Hence this approach presented opportunities for Task teams from a diverse set of sectoral constituencies in the Bank to access TFESSD resources.

The detailed process for allocation of TFESSD funds involves the following set of steps (essentially unchanged throughout the period):

- Initial discussions are held with donors on the strategic priorities for the CfP (usually at the December semi-annual consultations)
- Window Managers and SB Directors, in consultation with SBs, draft a Call
- Donors review the draft and approve the final text
- The Call is issued (in FY04, by way of example, the Call was issued in late February with a mid-April deadline)
- Submitted proposals are reviewed by several reviewers (generally one from each of the SBs, plus one from the Africa region) and rated based on set criteria (indicated in the CfP)
- In some cases, regional SB members provide comments or a prioritized list to their respective Window Manager or SB Head and, in the best of cases, jointly for all three thematic areas/SBs.
- SB Heads (for POV, the Window Manager) review the proposals and prepare an overall ranking. At this stage, they complement the reviewers' ratings with considerations of key strategic and corporate priorities, other sources of funding, track record of task managers, etc. and the availability of funds. If needed, they get further input from SB members and Task Managers.
- The resulting prioritized list is then discussed by the three SBs in a joint meeting, and a final list is forwarded to the donors for their approval.
- The donors review the selection process and the proposals selected by the joint meeting of the three SBs, discuss any outstanding issues with the Bank at the Semi-Annual Consultations in June, and give their final approval. Although a few proposals have been rejected, the majority have been approved without debate. In the last round— CfP FY04, spring 2003— several proposals were approved conditional on revisions, and SB Heads/the POV Window Manager followed up with TMs to provide feedback and discuss revisions needed.
- TMs are asked to provide key administrative information to open Trust Funds, and TFs are opened/funds transferred as the information is provided. In FY04,

⁶Two calls were held in FY03 because the first did not generate a sufficient number of good proposals, partly because it was held too early in the FY with respect to the allocation of Bank budgets to operational units, so before TMs knew their budgets and Work Plan Agreements (WPAs).

there were, in some cases, delays in providing the required information and revised proposals. A deadline of October 31 was set. In one case, there was no response and approval was rescinded.

(b) Monitoring of activities. Practices differ slightly across windows, but are broadly similar. TMs report every six months. The Window Manager (in ENV the Window manager or the Technical Advisor) reads all the reports and seeks clarifications as required (e.g., in cases where activities may appear outside the scope of the original proposal). Task Managers often also report at other times, when key activities take place, and when/if they need guidance, both on substantive aspects of the work and on administrative matters (such as eligible expenditures, procedures to hire consultants or make payments, etc).⁷

(c) Financial management is based on a logical hierarchy of trust fund (TF) accounts. Donor resources are deposited in a parent TF account (managed by the Program Manager), then transferred to each of three “window” parent TF accounts (managed by Window managers), and from there to individual TF accounts, called “baby” TFs (managed by Task Managers). Financial management procedures cover (i) transferring resources to and from accounts; (ii) monitoring the utilization of funds in accordance with agreements with the donors as well as in respect to conformity with Bank policies; and (iii) financial reporting according to standard Bank practices and understandings with donors.

The transfer process within a window takes place as follows. An initial transfer of funds is made when a project TF is opened, generally amounting to no more than 20% of the total grant approved. Subsequent transfers occur when TMs have used the initial funds received (through disbursements and commitments) and need more. TMs send requests for additional funds to the Window Manager, who checks the available balances (amounts transferred minus disbursements minus commitments) and determines whether the request makes sense, and, if satisfied, requests ACTTF staff in Chennai to carry out the transfers. Window Managers often follow up to ensure timely and correct processing of transfers.

A similar process takes place between the overall parent account and the window parent accounts. When Window Managers have nearly exhausted available funds through transfers to baby TFs, they request a transfer from the overall parent based on what they expect they will need to transfer on to baby accounts over the following three to four months. Transfers have also occurred in the other direction, from window parent TFs to the overall parent in cases when the parent account was out of funds (pending a replenishment from the donors) while the window parents were not.

Monitoring of disbursements and commitments is done by periodically downloading the data from SAP and discussing with TMs possible problems (for example, no fund

⁷ Many of these requests for guidance should, in principle, be handled by the unit’s budget officer but capacity varies, and in order to reduce the burden on window managers a list of ‘Frequently Asked Questions’ is being prepared, to be posted on the TFESSD web site.

movement for a while or large remaining balances close to a TF's closing date). Financial activity is only a weak reflection of activities on the ground, but it does give some indication of what is happening.

(d) Semi-annual reports. Bank management has been reporting regularly to the donors every six months as agreed. The semi-annual reports include a general overview that deals with general TF matters; separate window reports for the three windows; chapters on special topics as needed (for example, the June 2003 report included a section on the process and outcome of the FY04 Call for Proposals); and a detailed portfolio table. The project progress reports prepared by individual TMs are also provided to the donors. The semi-annual report is discussed during the semi-annual consultations and posted on the web site for reference.

(e) Semi-annual consultations. Official consultations between MFAs (Norway and Finland) and the Bank are held in accordance with the agreements establishing the TF and with earlier practices. . It is here that matters of concern to the parties to the agreement are taken up, and decisions reached. Agreed Minutes of these meetings are signed by MFAs and the Bank.

Over the last three years, regular Semi-Annual consultations have been held in June and December of each year. The June consultations have so far been held in Oslo to facilitate interactions with Norwegian constituencies, while the December ones have been held in Washington to facilitate interactions with Bank TMs. Learning events relevant to the TFESSD agenda have been held in connection with December consultations. The June 2004 consultation will be held in Helsinki.

So far, the June meetings in Oslo have included, in addition to the formal consultations, one or two seminars open to the public, organized jointly with the Reference Group. Documentation on the seminars can be found on the TFESSD web site.

4 – Assessment of Experience to Date, Identification of Potential Challenges and Possible Actions to Address Them

In this section we summarize our assessment of how well the TFESSD governance— its structure, processes and procedures— has served the agreed objectives of the fund. We will refer to procedures within the Bank, among the donors, and between the three partners. In each area we set out challenges and priorities for action and discuss in broad terms what the nature of such actions would be.

4.1 Trust Fund Management Within the Bank

We base the following assessment on feedback received from stakeholders at various levels in the Bank, from TFESSD management to Task Managers of individual activities. The overall positive assessment reflects the view shared by most that TFESSD has been an important source of funds which has contributed significantly to improved collaboration across units and functioned fairly smoothly and satisfactorily.

(a) **Sector Boards.** The three Sector Boards have worked actively to carry out their joint mandate to guide and oversee the allocation and utilization of TFESSD resources. They have made considerable progress in collaborating in this effort. As a result, they are working more closely today on the thematic integration of environment, social development and poverty reduction than they were three years ago. Further progress is possible in a number of areas.

- The three Sector Boards, primarily through their Heads/Sector Directors, have dialogued with the donors on the determination of priority themes for calls for proposals. While there has been some upstream discussions of such priorities within and across the SBs ahead of the mid-year consultation with donors (as opposed to after), more discussion could lead to a more proactive and broader involvement of the SBs. Such upstream discussions could be informed by the efforts and plans of regional sector management in the three TFESSD windows to align the use of funds to meet regional and corporate strategies for mainstreaming (see (d) below).
- The SBs (in particular ENV and SOC) have, to various degrees and with separate approaches, engaged during FY03 in reviewing the fit of their respective window portfolios with the Bank's corporate thematic strategic priorities (see the May 2003 Semi-Annual Report). To increase ownership of the TFESSD program and enhance their oversight, the SBs could consider making such reviews a regular part of their annual business cycle, and link them to the annual spring report to the donors.
- Collaboration between the three SBs has focused primarily on the preparation and reviewing of calls for proposals. The fact that recent Calls for Proposals have been joint across the three SBs has greatly helped to bridge and facilitate cross-thematic work. A logical next step would be to extend this collaboration to the areas of portfolio reviews and the sharing of emerging good practice and lessons from project implementation (see section 4.6 below). Such knowledge sharing could usefully focus on synergies and linkages between the three thematic areas on environment, social development and poverty reduction.
- Enhanced collaboration among the SBs involved in TFESSD management is a necessary step toward more effective mainstreaming of environmental, social development, poverty reduction objectives in Bank operations. Reaching out to other Sector Boards is a fundamental part of the mainstreaming work. Building

environmental, social development and poverty reduction objectives into other sectors' strategies and programs could benefit from background work done or to be done under the TFESSD. Reaching out to other SBs could thus be part of the agendas of the ENV, SD, and POV Boards.

(b) Window management. Overall, the organizational arrangements for window management are working well from the perspective of both the SBs and regional task managers. The increasing size of the TFESSD program is adding to an already considerable workload for the Window managers and their respective teams. Hence, it is necessary to examine ways to streamline and simplify window management procedures all the way from financial management to reporting.

- Feedback from TFESSD Task Managers confirms the critical and well executed role of the Window Managers and their teams; a service that is unique in the Bank's administration of TFs, and which builds on practices pioneered under the Bank's GEF and Montreal Protocol programs.
- Transfer of funds from window accounts to individual project has been done on a continuing basis throughout the year as and when Task Managers choose to request additional cash resources to meet new projected commitments. This system was set up to ensure that unused balances in baby TF accounts were not too large, and to facilitate reallocation of funds among projects at times when overall TFESSD funds are scarce. However, reviewing periodic requests from 40-50 project activities multiple times a year to ensure efficient cash management is quite time consuming.

An alternative would be to regularize transfers and review of TF account balances at agreed times every year, perhaps twice annually, coinciding with TMs' semi-annual progress reporting. This might lead to larger average unused cash balances on project accounts as the period for which additional funds are requested increases to six months. TFESSD Management should discuss with donors the option of semi-annual transfers, weighing the advantage of a lower administrative burden on Window Managers against the disadvantage of somewhat larger unused cash balances in baby TFs.

- As discussed further in section 4.6 on Knowledge Dissemination, portfolio monitoring should increasingly focus on identifying good practices and lessons on mainstreaming that come out of the TFESSD-funded activities. Window managers and their teams would need to play an important role in such an effort, working with regional managers and TMs. This would add further to an already considerable workload; hence, we need to examine whether it would make sense to think of a TF-funded activity aimed specifically at increasing dissemination of good practices, which could partially reduce this burden.

(c) **Technical Advisor.** The TF Advisor has played a key role in three main respects:

- First, conveying, explaining, and clarifying the strategic objectives, views, impressions etc. of the donors (especially the Norwegians but also the Finns);
- Second, assisting the TFESSD Program Manager and Window Managers in ensuring coherent processes across windows and generally coordinating activities (calls for proposals, reports, meetings, etc.); and
- Third, providing highly valued advice to Task Managers as well as the managers of the SOC and POV window on substantive and procedural issues.

(d) **Regional management.** At the level of the Bank's operating regions, the management challenge is two-fold: to effectively link the utilization of TFESSD resources to country/regional strategies and priorities in the areas of environment, social development and poverty reduction; and to promote cross-thematic collaboration in these areas.

- While varying across regions and thematic areas, an initial “bottom up – demand driven” approach to the allocation of TFESSD resources is increasingly being replaced by one where country/regional priorities are taken into account. A strong commitment to a regional thematic strategy typically also spills over into using TFESSD resources for such priorities. Furthermore, there is ample evidence that analytical work carried out under the TF is increasingly designed to support the country assistance dialogue in a variety of important ways.⁸
- One logical and effective way for regional management to help align TFESSD-funded activities with country/regional sectoral priorities is to systematically prioritize and vet project proposals prepared by Task Managers prior to submission to the Sector Boards. Some regions have started to implement such a process, but more systematic efforts across the regions to that effect would help enhance the strategic focus of the TFESSD portfolio. Annual TFESSD portfolio reviews at the level of the regions would also help in this regard.
- Further progress in mainstreaming TFESSD themes will occur in pace with the ability of regional sector managers and staff working on environment, social development, and poverty reduction to effectively reach out and coordinate with sector managers and staff in other “families” i.e., areas such as infrastructure, agriculture and rural development, and human development. Within the TFESSD framework there may be opportunities to engage and support such outreach and coordination. This could occur in the context of seeking feedback on the setting of TFESSD funding priorities under the CfPs, or in other ways that the Sector Boards and regional management might want to consider.

⁸ For example, as reported in the Annual Report to donors in May 2003, environment-focused analytical work supported the China, Bolivia and LAO CASSs, the Bolivia PRSP and CAS, and reform processes in India and Pakistan.

(e) Task management. The responsibility to implement activities efficiently and effectively, and in accordance with Bank procedures, rests with the Task Managers, guided and overseen by their managers, and they should be trusted to do a professional job. Consistent with the Bank's effort to streamline procedures and ensure consistency with regional/country strategies, activities to be funded under TFESSD should, as much as possible, be subject to the same approval and review procedures as the Bank's work they support, be it studies or projects.

- Feedback from TMs shows no major issues in the business processes adopted for administering the TFESSD program, i.e., primarily those relating to preparation and review of project proposals, transfer of funds, and reporting. Suggestions from Task Managers on how these processes can be improved have been included in various sections of this report.
- There is a general issue with the realism of TMs' projections of implementation schedules, but this is common to virtually every Bank activity, due to over-optimism, a tendency to underestimate the difficulties of working closely with counterparts, failure to allow for the possibility of unexpected external factors, etc. This is reflected in the frequent requests for extension of closing dates. But, as long as some reasonable principles are followed (for example: generally no extensions for more than a year and a half; no extensions for new work unless clearly justified; a close eye on changes in task management that may cause delays and "dragging on," etc.), this should not be a major issue.

(f) Country Management. Consistency with country dialogue and involvement of country institutions has been and continues to be sought in several ways. Few, if any, other trust funds in the Bank require country director approval as has been established under TFESSD.

- Staff who wish to apply for TFESSD funding are encouraged to work closely from the planning stage with the Bank's country team in the relevant country, as well as with relevant local institutions. Approval for funding is as a rule conditional upon the Country Director's (CD's) endorsement of the proposed activity (in cases where the process of CD review is drawn out, the project is tentatively approved pending CD's endorsement). No project trust fund account is opened in the absence of a written endorsement from the CD. On occasions, CDs ask for modifications to project scope and design, which are fully considered in the project review and approval process. In cases where proposed activities involve more than one country, TMs are asked to submit approvals from all the involved CDs as early in the process as possible with a requirement that all such approvals are on file before activities can start up at country level.
- The engagement of CDs is increasing. Lately, more proposals have come directly from Country Directors who also increasingly take part in prioritizing among various potential TFESSD activities in a given country or a region. This is a welcome indication of increased country level engagement in TFESSD-funded

activities. While CD priorities do not become the deciding factor (all projects are assessed on their own merits), they help assess the importance of any particular project in a country strategy setting.

4.2 Bank-Donor Relations: the Reference Group

It is important to stress that in establishing the Trust Fund and the related governance structure and procedures – most notably the Reference Group (RG) – the Norwegian MFA, in accord with the World Bank, was seeking to create an innovative approach. The aim was to establish substantive dialogue, based on the knowledge and expertise of those involved, and to adopt a flexible and informal form of governance involving committed participants with a shared purpose. This overall aim has implications not only for the form of governance (for example, that members of the RG participate as individuals rather than as representatives of institutions), but also for the style of operation. More specifically, it implies less of a focus on detailed reporting and control measures, and more on establishing trust and a common goal, defined and maintained through continuous dialogue. (For example, the RG decided against a proposal for a detailed reporting and evaluation procedure that was prepared for the World Bank by an external consultant). This approach is in keeping with the intentions set out in the background documents establishing the TF. (See Annex 1, for example, point 6.7: “It is accepted that there may be some operational difficulties with a new mechanism and there will be a need for feedback, review and adjustment. Both sides are committed to communicating and sharing experiences so that any difficulties or disagreements are resolved as effectively as possible.”)

In March 2001, the Norwegian Reference Group was established by the MFA, with the following mandate (modified slightly after Finland joined): “The Reference Group shall advise the Norwegian and Finnish Ministries of Foreign Affairs on the progress, direction and usefulness of the NTFESSD, and assist in promoting a substantial dialogue between the World Bank and the Norwegian and Finnish ESSD communities.”

The members of the Group were appointed as individuals, not as representatives of their respective institutions. The aim of the MFA was to include highly experienced researchers/consultants and individuals from the most relevant government bodies (NORAD and the Ministry of Environment). It was also an objective to keep the group small, in the interests of effective operation. Desmond McNeill, Research Professor at SUM (the Centre for Development and the Environment, University of Oslo), was appointed as the Head of the RG, and SUM was given the task of acting as Secretariat.

The RG meets about six times a year, including in preparation for the two major annual events in June and in December.

As NTFESSD graduated to TFESSD, Norway and Finland agreed that Finnish members would join the existing Norwegian Reference Group, so that instead of each country having its own, there is now only one joint TFESSD-RG. The Reference Group was therefore augmented with members nominated by the Finnish MFA and its mandate

slightly modified to accommodate this change. The meetings of the RG in 2003 have been organized as teleconferences, chaired by the Head of the RG in Oslo.

The RG has established and maintained an informal work style, both between Norway and Finland and in communication with the World Bank. Meetings, including also formal annual meetings with the World Bank, are normally chaired by the Head of the RG rather than the MFA, but the role of the RG as an advisory, not a decision-making, body is clearly maintained. It has sometimes been difficult to find suitable times for RG meetings, and they have sometimes been replaced, or supplemented, by separate national (sub-RG) meetings in Norway and in Finland.

Members of the Reference Group have met with representatives of the Bank's program management twice a year in the semi-annual consultations, held discussions with Task Managers at least once a year (during the December consultations in Washington), and reviewed and discussed progress reports at the project, window and program levels.

The Norwegian RG undertook a brief self-assessment shortly before the RG was expanded. Norway's perspective on the RG, based on this self-assessment, may be summarized as follows ⁹:

- The small size of the group is an advantage, and has helped to contribute to the active engagement of its members, and good communication within the RG. The RG should not have more than ten members, but the gender balance should be improved. The composition of the RG is well suited not only in terms of including the required expertise, but also in encouraging dialogue: between MFA, the Norwegian Agency for Development Cooperation (NORAD), and the Ministry of Environment (MD) and between researchers and government. This is a valuable activity in itself. Satisfaction was expressed at the work of the Secretariat, but it was proposed that it take a more proactive role, for example by keeping RG members regularly informed of news; preparing, and following up on, annual indicative plans for the RG; preparing an "institutional memory matrix" to be used by the RG in future consultations with the Bank. It was agreed that the website worked well for RG members, but that it is difficult to assess if different Norwegian institutions find it useful.
- The relationship between RG and Norwegian MFA functioned well, but other parts of the Norwegian Government, especially NORAD, the embassies and the Ministry of Environment, are much less well acquainted with the TFESSD. For example, confusion is created at the embassies by Bank staff asking them for background information on various issues related to TFESSD projects.
- The RG should not seek to be involved in "domestic" ESSD related processes in Norway, but in selected processes in the Bank, and between the Bank and Norway, such as follow-up on the World Development Report 2003 and the Bank's Social Development Strategy. It was agreed that the RG will necessarily

⁹ Some of these views have been slightly modified since, but no formal reassessment has been made.

be guided in its work by Norwegian policy (e.g., the clear focus on poverty articulated in recent documents), but it was not suggested that it should seek to promote particular aspects of these policies. On the basis of experience with the TF so far, however, some specific issues might deserve to be followed up, e.g., the danger of confusion or ‘overload’ resulting from numerous guidelines and strategies, if these are not well coordinated (this point was taken up at the 2002 conference)-There may also be more concrete TF issues, which are already prioritized in the Rag’s dialogue with the Bank, which may need to be more explicitly emphasized, for example the use of local consultants.

From the point of view of Norway, Finland, and the Bank, the inclusion of Finland in the RG has worked surprisingly well. It has been easy for the Norwegian and Finnish members of the RG to agree on substantive standpoints. What is problematic (at least from the Secretariat’s perspective) is the practical matter of organizing meetings at suitable times and making decisions that affect the whole group, for example with regard to the planning of the Washington meeting in December 2003. A further comment on the RG from Finland’s perspective is as follows:

- The donor agencies and the Reference Group have refrained from micro-managing the TFESSD. From the donors’ perspective the definition of the focus and text of the Call for Proposals is, however, a process in which it is legitimate for the donor agencies and the Reference Group to play an active role. Finland is encouraged by its short experience about this, and feels that the Bank has listened to and taken into account the comments and proposals of the Reference Group.

From the Bank’s point of view, also, the Reference Group has played a valuable role. More specifically:

- The RG has played an important role in working out and agreeing with the Bank the priorities for CfPs, and reviewing, commenting and approving the project proposals that the Bank has recommended.
- Through these activities the RG has also become a valued source of advice, formal and informal, to the Bank’s TFESSD program management, including SB heads, members and Window managers. Many RG members have become quite familiar with ESSD’s and PREM’s programs in the area of environment, social development and poverty reduction. As a result, Anchor managers and staff in these areas can and do feel free to tap into a valued experience and knowledge base.
- Bank programs that involve external governance structures inherently carry with them transactions costs for Bank management and staff. The RG, through its modus operandi, has helped to keep such costs at reasonable levels.

- Through all the above tasks, the RG has contributed in great measure to making TFESSD a two-way partnership, including making possible a more technical dialogue between the Bank and the donors.
- To make the membership, background, and expertise of the Group known to all (particularly as Finnish representatives have just joined), it would be helpful to post on the web the list of its members with a couple of lines of biography.
- The RG has helped to make the annual seminar held in conjunction with the June consultations a meaningful and useful experience for the Bank.

4.3 The Semi-annual consultations, conferences and learning events

From the donor perspective:

- The semi-annual consultations have been generally very successful, thanks largely to the continuity resulting in established contacts between all parties. The formal meetings themselves have been both necessary and useful; but of equal or greater importance are the conferences and learning events. Although the cost and time involved in organizing these activities needs to be balanced with the scale of the TF, these are undoubtedly of great value. In their self-assessment, concerning the conferences, the RG concluded that they should play a more active, initiating, role vis-à-vis the Bank in shaping the agenda.
- The semi-annual reports have now found a suitable form, providing necessary summary information about progress on each project, and expenditure figures, together with an analysis of key issues.
- In Finland, there has not yet been enough time to broaden the base of the partnership to include others beyond the few Finnish members of the Reference Group. It is hoped that the Annual Conference and Consultations in Helsinki in June 2004 will provide an opportunity for a broader group of MFA-Finland staff and Finnish ESSD, poverty, and social protection experts to become familiar with the TFESSD and with the key World Bank staff engaged in the TFESSD management. This would help the partnership gradually mature into a broader three-way partnership.

From the World Bank's perspective:

- The semi-annual consultations have proven to be quite an effective accountability mechanism as well as an important opportunity to discuss and resolve outstanding or emerging issues, and to discuss, brainstorm, and establish frameworks for exploiting new opportunities. The framework of MFA officials plus a Reference Group has enabled Bank management and staff to dialogue on

the technical substance of activities and the future directions of the overall TF as well as the window programs. Seminars and presentations accompanying the formal meetings provide all parties the opportunity to share emerging lessons.

- Much of this has been possible because of the open, honest, and informal nature of the consultations. We have been able to discuss all matters in an open and collegial way, without worrying about protocol and formality, and deal with differences in views (few, really) with a problem-solving attitude. This aspect of the relationship is very valuable and we should strive on both sides to maintain it, even as it becomes more challenging with more than one donor.
- The format and contents of the Bank's reporting to donors at the regular consultations has been adjusted to meet needs and preferences. There is now an agreement that the semi-annual report for the May consultation should be strategic in focus and discuss issues, trends and the future directions of the TF, while the semi-annual report in December would be a lighter update of portfolio developments and take up issues that require the consideration of the partners for timely decision making.
- As per donor requests, both semi-annual reports include updates on the status of implementation and issues encountered in each of the projects in the portfolio. This is in addition to the copies of the TMs' progress reports that are made available to donors before the consultations. The task of summarizing each TM progress report for the semi-annual report is a highly valued service that greatly enhances the capacity of the donor agencies and the Reference Group to monitor the activities that the TFESSD enables. It is important to keep up the high standard of the summary reports. They are the backbone of the TFESSD-partnership and even of the broader dissemination of the lessons learned (and potentially to be learned) from the TFESSD. Since the task of summarizing the TM progress reports is quite onerous for Window Managers it is agreeable that the two annual reports (May/November) have a different scope and focus. The November report could contain carefully edited ½-page summaries of each TFESSD-funded activity, while the main annual report in May could focus on emerging lessons and good practice (as discussed elsewhere in this note).

There has been discussion on whether the December consultations should be downgraded to an informal visit after Finland joined the TF, because of the logistical complexities in ensuring the presence of both donors in Washington at the same time. In the end, at least for December 2003, it was decided to hold formal consultations alongside informal learning events. Our experience is that there are usually issues to be discussed more frequently than once a year. Hence, the Review Team recommends that, if the presence of key donor representatives can be assured either in person or through audio or video links, some formal discussions be held also in December.

4.4 Call for Proposals and Selection of Projects

The NTFESSD/TFESSD program has now had sufficient experience to identify what aspects work well and what aspects need improvement. The process has been discussed internally at considerable length, and the views of Task Managers and SB members have been canvassed.

(a) We find the following to have worked work well:

- The themes of the Calls for Proposals have to a considerable extent elicited proposals in line with strategic priorities. Holding joint calls across the three windows has facilitated integration and collaboration.
- The proposal format and logframe work reasonably well; not everyone finds the logframe useful, but most reviewers do. Some TMs would like to be able to submit longer proposals, but the page limit set (roughly three pages) is reasonable in light of the number of proposals that come in.
- The selection process is demanding but manageable. Reviewers need to put in some time (roughly 2-3 days of work) but it has been possible to find reviewers. The second round of review involves the SB heads/Window Managers. They screen proposals for strategic value and balance the views of the reviewers with the need to respond to emerging or key priorities. This also requires roughly 2-3 days of work, and has been managed although with some difficulty. As a result of this stage of the review, some proposals get approved that were not among those rated high by reviewers, while others rated highly may drop out because they lack strategic value in terms of learning, demonstration effects, etc. SB Heads/Window Managers need to spend more time giving feedback on rejected proposals to ensure that the process is fully transparent.
- The joint meeting of the three SBs is not easy to schedule (and it is an extra meeting for SB members to attend) but it is useful, also in fostering exchanges of views on strategies and themes.
- The process of discussing the selected list between the donors and the Bank has been positive. The Bank feel that donors have not micro-managed the process, but their interest and questioning has helped clarify priorities, provided an added incentive to be clear and transparent on criteria, processes, and outcomes, and brought valuable experience from outside the Bank to bear on project design.

(b) However, some aspects need to be improved:

- CfPs elicit far more proposals that address the Poverty-Social development nexus (e.g., PSIA work) or the Poverty-Environment nexus than the social-environment

nexus. This suggests the need for the Social Development and the Environment Boards and Anchors to help conceptually identify areas where the social-environment interface is strong and help build a better Bank-wide understanding of the significance of addressing such interface for sustainability of development. A few proposals have managed to integrate persuasively across all three themes. The “risk management approach,” i.e., the management of (environmental, social, etc.) risks— especially from the perspective of the poorest and most vulnerable population groups— provides a promising link between the various themes.

- CfPs have gradually come to include a greater number of priority areas and topics. While recognizing the importance of linkages to new areas of work and being responsive to relevant emerging topics, such broadened thematic coverage risks spreading the program thinly over a number of areas (under an unchanged overall funding envelope). Future calls for proposals need to balance breadth and focus, given available resources.
- Technical merit ought to be explicitly included as a criterion (as it was in some cases) and be given weight in the reviewers’ rating; the Poverty Board sent a strong message on this.
- There is a need to ensure through the project selection process that TFESSD funded activities, including their analytical components, are properly aligned and harmonized with other relevant ongoing or planned work in the country involved.
- Efforts should be made to increase the involvement of regional operational staff in the small group of reviewers that go through and prioritize the proposals submitted for funding. This should help ensure that proposals that go forward are realistic and operationally feasible.
- The views remain divided on whether to explicitly mention the numerical weights associated with various criteria in the CfP. By doing so, we may convey the notion of a mechanistic approach to project selection and lose flexibility in admitting innovative and uniquely interesting proposals. By leaving reference to numerical weights out, proponents may feel uncertain on what importance to give to various elements of the proposal. A compromise may be to give a qualitative sense of the relative weights of criteria.
- The selection process could be facilitated and improved if regional SB members for the three SBs provided input on regional priorities. This was done in some cases and was useful. It is particularly important to get this kind of feedback from the Africa region given the share of funds allocated to the region (50% of the total).
- In the past, SB Heads/Window Managers have not provided feedback to TMs of rejected proposals, basically because of time constraints. However, both TMs and

SB members now concur that feedback should be provided to TMs of rejected proposals, and we will need to find an efficient way to do so in the future.

- The planned more systematic inclusion of Social Protection issues presents a challenge: to be responsive to such expansion while keeping the overall program of CfPs and their review manageable. We will have more proposals, more reviewers, more input, and an even more difficult time scheduling meetings. Early planning will help reduce the difficulties. We are all proceeding on the assumption that the goal of ensuring greater interaction and collaboration across units is worth the effort. We should reassess this after the FY05 and FY06 CfPs.
- The language of the administrative sections of the CfPs can be simplified.
- The results of the process should be more readily available. These are provided in the semi-annual reports, but they could be displayed in a more prominent way on the website.

4.5 Selection of Consultants

As per agreement with donors, all recruitment of consultants using TFESSD funds must follow Bank procurement guidelines. It is also understood with donors, as confirmed at the June 2003 consultations, that preference is given to local consultants and institutions to help build local capacity. Where international consultants are needed, effort should be made to explore the availability of Norwegian and Finnish consultants, implying no tying of funds. This can be communicated more clearly to TMs, for example in the Calls for Proposals (i.e. guidelines and forms for TFESSD proposals) as well as when giving comments on proposals during the selection and approval process.

- Information on the use and nationality of consultants employed in TFESSD activities is not available from the Bank's administrative system. Information gathered from responses to the TM questionnaire provides only a limited qualitative picture (see Annex 2). Of a sample of 18 TMs (from a total population of about 95 task managers), only five had used Norwegian consultants and none had used Finnish consultants, and the majority had not deliberately sought such partners.¹⁰
- As in other World Bank work, Task Managers use a variety of strategies to find appropriate consultants for TF activities. The proposals submitted for TFESSD funding show that some have made firm choices of consultants at the time of proposal writing while others are less advanced in the process of identifying partners. Examples of strategies to find appropriate consultants include: using

¹⁰Norwegian institutions recruited include the Norwegian Agricultural University, the Norwegian Institute for International Affairs, the International Peace Research Institute, and the Norwegian Technology/Science University. In addition, a number of individual Norwegian consultants have been employed.

already known specialists in the type of work and/or the location of the work, asking Bank colleagues in headquarters and field offices, government counterparts, and academics for suggestions of consultants with nationality/expertise, Internet search, etc...

- Real partnerships with national and other in-country actors should be required from successful applicants. Capacity building of developing country partners should be considered not only a desirable by-product but an essential requirement of a successful application.
- There is also clearly a need to facilitate a more effective identification of potential Norwegian and Finnish consultants and firms, because TMs find it hard to do so unless they have personal contacts (the listing of institutions and contact info on the web site helps but only up to a point). One option that the Reference Group may want to explore is that of indicating a contact person that could act as a clearinghouse, receiving TORs and providing suitable CVs for TMs to review within perhaps a couple of weeks of the request.

4.6 Dissemination of Knowledge

The Bank and donors have repeatedly agreed at semi-annual consultations that more work should be done to increase knowledge sharing and exchange of information (i) between TFESSD windows and thematic areas, (ii) between the Anchor and regions; (iii) between ESSD and the other networks; and (iv) with clients. Dissemination of Bank work in general, and TFESSD-funded work in particular, remains an area where progress is required and a more coordinated and determined effort has to be mounted.

(a) What has been accomplished so far?

- Dissemination of knowledge about the TFESSD program (rather than the results of its activities) within the Bank does not appear to be an issue. It has been handled through the Sector Boards, the TFESSD website, and the Bank-wide call for proposals. The program appears to be well known within the Bank, judging by the significant interest, large number of proposals received, and the fairly competitive selection process.
- One of the criteria emphasized in the CfPs is the project's contribution to learning and capacity building, within the Bank and in the recipient country. Therefore, most activities have a learning component. This is reflected in the responses to the TM Questionnaire which indicate that project activities contain important elements of knowledge sharing including publications, training workshops, stakeholder meetings, project websites, brown bag lunches, and conferences.
- At the level of the respective windows, learning events are organized to share experiences and cross-fertilize lessons. This is done on an ad-hoc basis, and the

December meetings are seen as providing impetus to do so, though other meetings are held at other times, for example Brown-Bag Lunches sponsored by Thematic Groups. This program needs to be expanded in thematic areas suggested earlier in this report.

(b) What can be done in the future?

- More than 130 TFESSD project activities are active, and 37 projects have closed. Together they constitute a living laboratory on mainstreaming the TFESSD thematic focal areas in Bank. Through this laboratory good practice needs to be more systematically derived and effectively disseminated.
- Knowledge sharing and dissemination have to occur at three levels: within the relevant community of practitioners in the Bank, between the Bank and its donor partners, and as a means to local capacity building at the country level. While the last level may be taken care of at the individual project level, the other two require activities at the window and fund level..
- It may be useful to prepare an overall TFESSD knowledge sharing plan, endorsed by donors and the Bank, and to put it in action. Objectives, instruments to achieve them, as well as time bound action plan for key activities would have to be laid out. Responsibility for its management and implementation would need to be clearly assigned, with accountability for delivery against sought outcomes. The three Sector Boards, supported by the Window managers and their teams, would have to play the lead role in this effort. Special resources, possibly through a special “global” TFESSD project, may be the best vehicle to move this forward.

Several activities need not wait for such a plan to get into implementation:

- Annual portfolio implementation reviews by the Sector Boards should become more focused on good practice and lessons learnt.¹¹ The semi-annual reporting in May could summarize the outcomes of such reviews. It may be useful to select a specific cross-cutting review theme (e.g., local capacity building) for each such annual review. Such themes may then feed into the annual seminars, with the Bank presenting the results of its internal review and donors presenting their experiences on the topics at hand.
- All TFESSD-funded AAA (Analytical and Advisory Activities) should be systematically registered in the Bank’s business systems, as a means of encouraging effective sharing of good practice.

¹¹ The ENV Sector Board has suggested that in the interest of further strengthening collaboration across environment, social development and poverty reduction, an annual joint meeting between the three SBs concerned be held to focus on sharing of good practice and emerging lessons. Such a meeting would be open to all interested.

- Documentation from activities should be regularly posted on the web: semi-annual reports, studies, and other documentation. The reason why studies and documentation from individual activities has not yet done is technical: the way the web site is set up makes it hard to post documents on large numbers of activities. This problem needs to be resolved.
- Each network has its annually recurring thematic week events. Consideration should be given to sharing of good practice in mainstreaming under TFESSD (and other TF programs) at these events.

4.7 Financial Management

Following Board approval in February 2002, the Bank implemented a new policy framework for trust funds. The two-pronged approach incorporated an action plan to improve trust fund management and internal control framework, and policy reforms to reduce complexity, enhance fiduciary compliance, strengthen alignment with the Bank's development agenda, and improve predictability of funding and accountability for results. Guiding principles for the policy reform include: a single framework applicable across donors (moving away from customized approaches); simple restrictions that are easy to comply with (look at total manageability rather than individual rationale); and integration with the Bank's resource planning process for better strategic alignment.

The TFESSD governance structure exemplifies many of the policy dimensions that the Bank is seeking to implement for trust funds. As a multi-donor fund, donor collaboration on priority setting occurs at the strategic level, affording more flexibility to ensure alignment with the Bank's objectives and priorities. Restrictions are limited and widely communicated. Periodic donor reporting of funded activities provides assurance of effective administration at the individual fund level. Project proposals disclose both the requested TFESSD funding amount and the Bank budget allocation for the activity, ensuring more integrated resource planning.

- Financial management of programmatic trust funds is a new responsibility for the ESSD network, and its implementation under TFESSD has been a learning experience. The conclusion is that the processes and procedures that have been put in place, with minor adjustments on the way, have worked well. The financial management procedures now need to be "codified" within an internal control framework in the context of the business cycle of the TF to ensure consistency across windows and proper documentation. This will involve identification of actions of a financial management nature at each of the main events in the business cycle, assignment of responsibility for each action, setting out the process for approval of actions, clarifying the documentation requirements in support of the actions that have been taken, and specifying the financial monitoring and reporting procedures and responsibilities.

- The ESSD Resource Management Team is already working on this task together with Window Managers and their staff. Again, the purpose is to ensure that the receipt, disbursement, and reporting of financial transactions occur in a duly authorized manner with adequate documentation.
- To support timely transfer of funds to project accounts, it is also critical that donor contributions come in a timely and predictable way and be commensurate with needs. In late 2003 there were serious problems managing requests with no funds left in the window accounts, because of procedural delays on both sides. Balances in project TF accounts were not negligible, so in principle funds could have been reallocated from some baby TFs to others; but it should be recognized that moving money back to the parent accounts in order to reallocate it to other project accounts is cumbersome and may cause irritation, confusion and delays. Timely donor contributions are therefore needed even if there are unused balances in project TF accounts.

5 – Conclusions and Summary of Recommendations

In this section, we summarize our conclusions. Looking ahead, we outline some important challenges for the partnership to address, suggest some guiding principles for how to address them, and offer some thoughts on specific actions that should be considered.

5.1 Conclusions

First, the structuring of the TFESSD and the way business has been conducted between donors and the Bank has promoted a true two-way partnership, a feature that substantially increases its effectiveness.

- Open and frank consultations, formal and informal, have characterized the Bank-donor interaction and led to a clear sense of joint ownership of the TFESSD program. The Technical Advisor has played a key role in this process. Maintaining this feature of Bank-donor interaction is important for continued success.
- The governance process itself recognizes the importance of technical dialogue and exchange (Reference Group, seminars, learning events on TFESSD thematic areas, their integration and links to the broader issues of sustainable development). These elements of the partnership will become even more important as we seek to disseminate experiences for replication and greater impact.

Second, TFESSD's governance structure and its associated processes and procedures serve the objectives of the TFESSD partnerships quite well but there are opportunities for increasing their effectiveness.

- The SBs were wisely assigned the key role in managing TFESSD. One of their functions is to provide strategic guidance for the Bank's overall work on environment, social development and poverty reduction. The three Boards have adopted TFESSD as one of several instruments to implement their mandate.
- The main push for collaboration among the three SBs came with the decision in FY03 to institute joint calls for proposals. This led to a closer working relationship on TFESSD matters among the members of the three Boards. The Reference Group played an important role in this process by underscoring the objective of promoting cross-thematic activities in the TFESSD portfolio. Notwithstanding the progress made, more needs to be done to promote cross-thematic collaboration among TFESSD Sector Boards and families as well as cross-sectorally with other networks and families (see below).
- The "rules" of accessing TFESSD resources (as laid down in the CfPs) clearly prioritize working across thematic boundaries at the operational level. The impact on strategy and project design, through recognition of linkages in the environment-social-poverty triangle, is starting to be felt (evidenced by the nature of requests for funding). The extent of such impact will be better understood once the proposed future evaluation of TFESSD has been carried out.
- While the governance structure and its associated processes and procedures are appropriate to the objectives and adequate to the task of implementation, there are, as pointed out above, a number of areas in which the processes and the procedures can be made more effective. These proposed actions focus on improving cross-sectoral collaboration, knowledge dissemination, the process of calling for and screening of proposals, and reducing transactions costs in management and administration of the fund. A summary of the proposed actions is in Annex 6.

5.2 Challenges

It is incumbent on a review of this kind to identify the main challenges that lie ahead, and reflect upon ways to address them. From the team's perspective there are four key challenges:

First, further build on the successful accomplishments in cross-sectoral collaboration and further help mainstream environment, social development and poverty reduction objectives in the Bank's work with its client countries.

- Collaboration among the SBs involved in TFESSD— currently ENV, SD and POV— needs to be deepened as well as broadened; deepened, by striving to more

effectively capture essential linkages between thematic areas in TFESSD-funded activities; broadened, by extending collaboration to include joint reviews of TFESSD portfolio implementation and promoting sharing of emerging lessons and good practice.

- Cross-sectoral collaboration is a continuing challenge and a priority in making the Bank's matrix organization work. The Sector Boards involved should in their efforts to address this priority consider seizing the opportunity to make other relevant Sector Boards aware of the Bank's TFESSD program and how it can help to promote cross-sectoral collaboration on common issues. They may want to consider the merits of doing this as a joint effort.

Second, commit human and financial resources to a program of knowledge sharing as a means to scale up the impact of the TF.

- For all programs aiming at mainstreaming a set of concerns into regular Bank work, dissemination of good practice and lessons is paramount for success. The present level of TFESSD effort in this area needs to be scaled up significantly. Expanding the practice of thematic workshops and Brown Bag Lunches and being more systematic in posting relevant project material on the website all need to be done. But these actions will not suffice.
- A commitment to this objective calls for developing, implementing, and monitoring a comprehensive knowledge sharing plan on key themes (see section 4.6). The SBs have all been assigned the function of promoting knowledge management within their respective thematic domains. As part thereof, and linked to their other efforts in this field, they may consider jointly taking on the task of defining objectives for a TFESSD strategy for knowledge management, set targeted outcomes, assign responsibility, allocate resources, and monitor delivery.
- Knowledge sharing is more than a means to addressing the specific mainstreaming objectives of the fund. It is also an integral part of maintaining viable Bank-donor partnerships. Hence, a scaled-up approach to knowledge sharing would involve the Reference Group and relevant donor institutions as important contributors in planning and execution. Also, in the context of information sharing, and recognizing the untied nature of TFESSD funds, more can be done to make available to Task Managers information on available Norwegian and Finnish institutions and experts in TFESSD thematic areas, so that such information can be taken duly into account in the process of selecting international consultants, when such are needed.

Third, consider and manage any expansion of TFESSD both thematically and with respect to the involvement of other donors in a prudent manner that would allow addressing the original fund objectives successfully and doing so at acceptable levels of transactions costs on all sides.

- The successful uptake by regional and network staff of TFESSD resources suggests that more activities could be funded. However, any further significant growth, including that which would result from adding to the thematic coverage of the fund, should be dependent on an expanded overall funding envelope.
- Expansion of TFESSD's thematic focus, such as that envisaged with the opening of the Social Protection Window, will involve linking other cross-cutting themes to the three existing ones.¹² TFESSD funds would be used to help foster closer ties between them all, both at the level of Sector Boards and task management. Themes common to all Windows could be identified, e.g., "risk management." Increasing the number of new windows and involvement of additional SBs will add complexity to the management of the program and result in higher transactions cost. The benefits from fostering closer and expanded collaboration need to be weighed against expected costs. Monitoring implementation and evaluating impact will be critical.
- There may well be prospects for expanding the TFESSD partnership beyond the current two donors.¹³ The transition to a two-donor fund has been smooth, given that Finland and Norway share a common strategic vision of the trust fund, but even so practical issues of coordination, communication, or changes of key personnel, may pose challenges to this important relationship. TFESSD partners have agreed to pursue discussions on expanding the partnership to other donors based on the premise of keeping TFESSD strategically focused and non-bureaucratic. This would be prudent and appropriate for several reasons. Harmonization of expectations and objectives among donors becomes more of a challenge as the number of fund partners increase. The complexity and demands on coordination and its resource requirements increase. Partnerships with other donors could take several forms.¹⁴ New donors with interest in the TFESSD approach and objectives could also consider establishing a parallel program(s) with the Bank using the programmatic model of TFESSD and linking to it appropriate coordination arrangements, including exchange of program implementation experience, with TFESSD.

¹²The scope of the new Social Protection Window was discussed during the December 2003 consultations.

¹³The June 2003 TFESSD consultation noted that additional possible donors have expressed interest in TFESSD as a model for managing bilateral trust funds. These include Sweden, Denmark, the Netherlands, and Switzerland. None were able to join as observers for the June 2003 meeting.

¹⁴Involvement of additional donors in support of TFESSD's objectives can take several forms: (1) full involvement of a very limited number (possibly only one) of "likeminded" donors as a full partner; (2) coordinated parallel processes of calls for proposals and review and assessment with other donors with large TF involvement with the Bank who already have in place modalities for multi-sectoral thematic TFs (such as the Dutch BNPP); (3) parallel "window" within the TFESSD whereby a donor who wanted to take part in a particular call could do so and have the processing of proposals and subsequent reporting integrated with that for TFESSD; (4) other donors adopting the "TFESSD model" and forming a separate new thematic umbrella TF with two or three donors and cooperating/coordinating with TFESSD; and (5) donor(s) with funds and interests to participate in a TFESSD call for proposal in a particular year, with comingling of funds, but without being involved in the governance or the formulation of the call.

Fourth, enhance the relevance of the supported activities to the real needs in developing countries.

- The ultimate purpose of the fund is to bring about beneficial change in developing countries. This may be achieved in part by effective dissemination of results, but also requires working with – and thereby also building the capacity of – national institutions and experts of developing countries. The upcoming evaluation should look into the relevance of current activities and suggest actions for improvement.

5.3 Toward a Full Program Evaluation

The donors and the Bank have agreed that an independent evaluation of TFESSD should be completed during FY05 and that the Governance review team prepare an approach/issues paper for such an evaluation in time for discussion at the June 2004 annual meeting between the TFESSD partners.

This review has addressed the effectiveness of TFESSD governance structures and processes but did not look at the impact of TFESSD-funded activities. We propose that the main purpose of the evaluation should be to examine how, and to what extent, the portfolio of funded activities, in design and execution, have contributed to TFESSD's overall goal to “act as a catalyst for the mainstreaming of environmental and social dimensions of sustainable development and for inclusion of these cross-cutting issues into the Bank's operations, both at headquarters and in the field”, and most importantly to recommend actions at various levels to enhance such contributions. The logical audiences for the evaluation report are TFESSD donor institutions and Bank management.

Clarity of TORs and a realistic approach that can be practically accomplished and yield an outcome meaningful to a designated audience are pre-requisites for any successful program evaluation. In this context, the Governance Review Team has the following preliminary observations:

- The formulation of the overall TFESSD goal suggests that emphasis should be on assessing the ability of TFESSD as a program and as a portfolio of activities to catalyze actions that lead to “mainstreaming” rather than on the extent of “mainstreaming” that has occurred in the Bank and on TFESSD's contribution to that state of affairs. (The latter approach would be a huge and complex undertaking with limited feasibility, i.e., the ability to attribute causality to TFESSD as distinct from other variables such as Bank operational policies, incentive structures, and budgets would be limited to non-existent).
- It follows that the criteria for the evaluation and their associated indicators would be related to the various processes or modalities through which TFESSD may impact “mainstreaming” (e.g., extent of cross-sectoral collaboration, extent of Bank co-financing, strength of linkage to country dialogue, degree of coverage in

Bank's knowledge sharing programs, capacity building at HQ and in countries etc.). In many cases, indicators may need to be qualitative rather than quantitative.

- To pave the way for the work of an independent panel of evaluators it may be helpful to first complete a set of “thematic studies” that would help present relevant information from and analysis of the TFESSD portfolio in a systematic and structured way. Such studies could also be extended to take the form of a “critical self-assessment” of how successful various parts of the portfolio have been in catalyzing mainstreaming.

Annex 1—Amendment Establishing the NTFESSD

Excerpt from letter dated Sept 18, 2000 from Vice President, ESSD, World Bank to Director-General, Royal Norwegian Ministry of Foreign Affairs.

Re: Amendment to the Norwegian Administration Agreement between the Royal Ministry of Foreign Affairs and the Kingdom of Norway and the International Bank for Reconstruction and Development and the International Development Association (TF No. 023295).

“The Ministry and the Bank shall have consultations twice a year to discuss the indicative multi-year Program, review progress including any changes to the program, and agree on the annual list of activities and projects to be supported by the Ministry.”

A five-page Annex “explains the purpose and structure of the operation of the Program, and constitutes a strategic framework for the use of the Grant Funds.”

Excerpts from the Annex “Framework for operation ...”

2. Purpose

2.1 The overall objective of the Norwegian Trust Fund (NTF) is to act as a catalyst for the mainstreaming of environmental and social dimensions of sustainable development and for inclusion of these cross.-cutting issues into the Bank’s operations, both at headquarters and in the field.

2.2 The purpose of the NTF is to provide a more effective, transparent, and efficient way to use Norwegian support. This will also encourage and improve dialogue with Norwegian agencies, research institutions, NGOs, and other interested parties.

3. Focus of activities to be supported

3.1 The provision by the Norwegian Government of multi-year funding, with broad flexibility in its application, provides a rare opportunity to work in areas and ways for which most currently available funds cannot be used. It is intended that this flexibility should be exploited to the maximum and that these funds will not be used to replace or duplicate activities for which more traditional sources apply.

3.2 ... Funds shall be primarily targeted to the poorest countries with approximately 50% of the funds for Africa....

3.3 Where country assistance is proposed, or in-country pilots are planned, the activities should be based on a request from the recipient government. A key objective of Norwegian development assistance is to enhance capacity in recipient government and all activities proposed for support will be assessed against this objective.

3.4 The specific areas proposed for support will be prioritized by the Bank...

3.6 Activities that would not be eligible are:

- Project preparation/project cycles
- Substitute for Bank budget activities or for other “business as usual.”

4. Structure and Governance

4.1 The NTF will be managed by the Office of the Vice-President, Environmentally and Socially Sustainable Development (VP ESSD)... The NTF will have two windows: one for environment and another for social. Allocations for each will be determined by the Norwegian authorities.

4.2 The central feature of the mechanism will be a Governance and Screening Committee (GSC) which establishes procedure and criteria for identifying proposals and makes recommendations to the Norwegian authorities. ...

4.3 There will be a Trust Fund Coordinator (focal point) to provide oversight to the process, including the administrative aspects, and to be a point of contact for routine issues. This will be a part-time position, supported by budget officers as necessary, with the costs being eligible for reimbursement from the Trust Fund.

5. Governance and Screening Committee

5.1 The Committee will be chaired by the VP ESSD (or his nominee). The Committee should be broadly representative of the six regions, the three families in ESSD, the World Bank Institute and include at least two other networks. The Norwegian Government will nominate at least one member (who may be from the Bank or the Government). The members of the Governance and Steering Committee shall be nominated by the President of the Committee....

5.2 The Committee will establish procedures and criteria ...

5.3 A first outline of procedures has been prepared (see paragraph 6)...

5.4 An initial set of criteria has been drafted, following discussions with the Norwegian Government (see paragraph 7)...

6. Procedures

6.1 Procedures should be *effective* in identifying appropriate activities for Norwegian support; they should be *open* and thus allow for a wide range of proposals to be considered and for the selection process to be seen to be credible and transparent; and

they should be *efficient* in terms of the effort required to solicit, prepare, evaluate and process proposals.

6.2 The Governance and Steering Committee will call for proposals twice per year...

6.3 The proposals will be screened against the criteria for support and will be ranked in terms of their fit with the criteria by the Environment and Social Development Boards. The whole committee will then review the ranked proposals in the light of the funds available at that particular time and taking into account the geographical and thematic balance of the portfolio.

6.4 The proposals and the proposed allocation of funds will be submitted to the Norwegian Government for approval on a “no objection basis.”

6.5 The Committee will also review, at six monthly intervals, the current portfolio of activities ... and will provide summary activity and financial reports to the Norwegian Government.

6.6 Overview meetings will be held once or twice a year between the Norwegian Government and VP ESSD to review progress, discuss new activities and promote exchange of ideas and views with Norwegian groups. These meetings will alternate between Oslo and Washington and will be coordinated with other business to the maximum extent possible.

6.7 It is accepted that there may be some operational difficulties with a new mechanism and there will be a need for feedback, review and adjustment. Both sides are committed to communicating and sharing experiences so that any difficulties or disagreements are resolved as effectively as possible.

7. Tentative criteria for Norwegian support

All proposals must show synergy with other Bank activities, potential for influence on the Banks’ portfolio and training and learning impacts.

Criteria against which proposals will be assessed:

General:

- Innovative, providing new knowledge and pilot/demonstration impact
- Targeting to poor and promoting poverty reduction
- Promoting cross-sectoral cooperation
- Cross-country, cross-regional comparisons and lessons
- Increasing cooperation between units in the Bank or between the Bank and other donors or parts of the UN organization
- Increasing south-south cooperation
- Building networks and promoting information exchange.

Annex 2—TFESSD Task Managers Questionnaire¹⁵

Summary of responses

1. Calls for proposals, proposal formulation, and selection

(a) How did you learn about the opportunity to submit a proposal? Would you suggest any changes to how calls for proposals are made?

Most respondents were satisfied with the announcements regarding the Call for Proposals. The majority of respondents had heard about the call for proposals from email announcements from ENV or SDV.¹⁶ A number mentioned hearing about it from other colleagues or at sector board meetings. Three suggestions for improvement were made:

- Distribute a yearly “calendar” to task managers informing them when there will be a call for proposals during the upcoming fiscal year
- Add to the Call for Proposals information on how many proposals from the previous round were funded.
- Send out the email announcement to all of ESSD.

(b) Where did the idea for your proposal originate from?

Ideas for proposals came from both internal and external sources.

Internally, respondents identified unit or thematic group goals or institutional needs as the impetus for proposal ideas.

Respondents also noted that previous in-country work and demands from ongoing projects were where some ideas came from.

Some ideas came from wholly external sources including academia, civil society organizations, and government agencies.

¹⁵ This questionnaire was designed by the Bank members of the Joint Review team and reflects the Review's focus on governance and processes. It was sent by email to 95 Task Managers of TFESSD activities approved in FY03 and earlier. TMs had two weeks to respond. We received responses from 18 Task Managers (about 19%), with 11 responses from the Environment window and 7 responses from the Social window. Given the fact that many TMs travel a lot and may not be reading email or have time to reply while traveling, this is not a bad response rate. We also held a focus group with three experienced Task Managers. This summary includes both email and focus group responses; two of the focus group participants had responded in writing as well. Wherever comments by TMs reveal incomplete information or misperceptions on processes, we have added footnotes to clarify what is actually done.

¹⁶ *Note:* The Calls for Proposals are sent out by the Director, ENV, in her role as manager of the TFESSD on behalf of the VP ESSD. They are sent to the members of the three Sector Boards involved, who are then asked to disseminate the information to staff in their regions. The Calls are also publicized through the Bank's internal Kiosk as well as on the TFESSD web site.

(c) Who, if anyone, did you work with to prepare your proposal?

Almost all respondents involved colleagues in their unit, with many going outside their unit to other units or thematic groups.

A couple of respondents also included potential consultants in the preparation of the proposal, and one mentioned that the government organization they would be working with helped in the preparation.

(d) Did the cross-sectoral nature of the fund encourage you to collaborate with colleagues outside your unit?

Most responded yes, and one respondent noted that this could be encouraged even more by specifically seeking multi-sector proposals.¹⁷

(e) Were proposal guidelines on eligibility and design clear? Would you suggest any changes?

Almost all respondents said that the proposal guidelines were clear.

(f) If you got feedback on your proposal prior to its acceptance, was it useful?

A little more than half of respondents received feedback. Almost all those who did found it useful, noting that it helped them further clarify the proposal. It should be noted, however, that the respondents were all TMs whose projects had been approved.

(g) Were the selection criteria and procedures clear/transparent? Would you suggest any changes to procedures?

Respondents were mixed on their response to this question, with a number noting that selection criteria were not clear and that it was often difficult to understand why some proposals had been selected and others had not. One respondent noted that it seemed that “the selection basically seems to be done by a small group of people appointed to do so, and what they say goes.” In the follow-up discussion with the focus group, respondents did not have a problem with a small group of people making a decision on which proposals were approved as long as decisionmakers followed previously established criteria; they noted that this is the usual way at the Bank.¹⁸

¹⁷ Note: The FY04 CfP specifically said that “Priority will be given to multi-sectoral proposals which cut across the internal sectors in the Bank.”

¹⁸ Note: The selection process is described in the report, but in short it involves, in addition to a small group of reviewers who rate the proposals, all the members of the three Sector Boards involved.

Some respondents noted that if they were unclear on a particular aspect of the selection criteria, they consulted the window manager or were advised by a sector board member.

In the follow-up focus group discussion, TMs were queried on the usefulness of indicating the weight attached to each selection criterion. Respondents felt it would be useful to give proposal writers an idea of which selection criteria are most important, but did not find it necessary to go so far as to indicate a numerical weight for each criterion. One participant also noted that this might encourage proposal writers to provide misleading information to get higher scores; for example, if the partnership aspect were heavily weighted, prospective TMs might build false expectations on the involvement of partners, which would not be good.

One respondent suggested that it would be helpful to receive written comments from reviewers, anonymously if necessary.

Respondents suggested:

- Providing further clarification about which criteria are more important.
- Giving TMs written comments from reviewers, anonymously if necessary, including when proposals were rejected
- Involving experienced senior staff from the regions in the evaluation process.¹⁹
- Allowing TMs to give a short presentation of the proposal, which would better show the real nature of the proposal, since questions can be asked by the administrators/donor. [TFESSD management noted that this is impossible given the high volume of proposals. Perhaps this could be done at the regional level before proposals are submitted.]

2. Selection of partners/consultants for implementation

(a) What criteria did you use to select partners/consultants?

The following criteria were noted by respondents in regard to consultant selection:

- Experience/ expertise
- Familiarity with the specific field addressed in the project
- Local knowledge (languages, culture)
- Knowledge of Bank's portfolio
- Competence
- Good references
- Access to senior decision makers in the country
- Availability

¹⁹ *Note:* the small initial group of reviewers includes one representative nominated by each of the three sector boards plus one from the Africa region.

(b) Were local consultants/firms hired using TFESSD funds? If so, roughly what proportion of the total project disbursements to date went to local consultants/firms?

Many respondents answered “not applicable” to this question, as they have only recently begun or their project does not involve field work.

Those that did find it applicable, the percentage of local hires ranged from 5% to “almost all,” with the majority between 30 and 60%.

(c) Were Norwegian and/or Finnish consultants/firms hired? If so, roughly what proportion of the total project disbursements to date went to Norwegian/Finnish consultants/firms? (the TFESSD is untied, but the donors would like to know the answer to this, and we do not have any easy way of pulling this info out of SAP.)

In general, respondents did not use Norwegian or Finnish firms. However, five respondents had used Norwegian or Finnish consultants, with the percentage of total project disbursements ranging from 5-90%, but most contracts around \$35,000.

(d) Did you deliberately seek Norwegian or Finnish partners/consultants, and if so where did you find information about them?

While the majority did not deliberately seek Norwegian/Finnish counterparts, a few had. Those that had, found candidates through:

- A visit to Norway
- Personal knowledge of the field
- Norwegian and Finnish colleagues
- Internet
- Mona Gleditsch

It was suggested that a list of consultants would be useful as a starting point, if it were kept up-to-date and contained some form of validation of the competency or expertise of an individual.

(e) Are UN agencies involved as partners? What is their role?

Most respondents did not involve UN agencies as partners. Those that did gave the following examples:

- UNDP was involved in coordinating the respective contributions to support governance and CSO in PRSP monitoring
- UNICEF will organize workshop for elected women representatives
- World Food Program in India as intermediary in-country international agency, although the funds were channeled to local consultants
- UNFPA is involved with data sharing

- UNIDO and UNDP were closely involved with consultation process.

3. Dissemination of results

- (a) What information dissemination have you undertaken about your funded activities (Audience? Contents?) What further plans do you have to disseminate information about your funded activities?**

While a few projects were too new to address this, older projects have done the following:

- Publications. Target audience: Bank staff, other donor agencies' staff, client country government staff, NGOs and academics.
- Training Workshops. Target audience: civil society organizations and social development staff working in country offices.
- Stakeholders meetings. Target audience: Country teams.
- Websites. Target audience: Bank staff and stakeholders.
- Brown-bag lunches. Target audience: Bank staff.
- Conferences. Target audience: Bank staff, country teams, stakeholders.

4. TF Management

- (a) The TFESSD is set up differently from other trust funds in which task managers interact with TFO. In the case of the TFESSD, you interact with a window manager on transfers, reports, administrative and substantive questions, etc. (Mona Gleditsch for the environment window, Keith McLean for the social window, and Giovanna Prennushi for the poverty window). Do you have any suggestions on changes that would improve the role of the window managers?**

Most respondents were satisfied with the current system, noting that window managers were responsive to requests and provided advice when asked.

Some respondents noted that one thing that was sometimes frustrating about the TFESSD was having to ask repeatedly for transfers. One respondent suggested that, when handling small accounts, say below \$100,000, the entire approved grant amount should be transferred in one tranche to the baby TF account.

During the follow-up focus group, the option of asking TMs to submit transfer requests twice per year, with some flexibility to handle requests at other times, was discussed, and participants were amenable to the suggestion. One participant noted that it might make sense to have the semi-annual transfers requests coincide with the semi-annual reporting, given that TMs must indicate their projected spending for the next half year in the report.

One respondent commented that a mechanism should be put in place to “warn” the task managers that they are short of funds and that additional funds should be transferred to the account so as to facilitate and quicken the process.

TFESSD management felt that keeping track of funds is the responsibility of the TM, but TMs mentioned difficulties with SAP. In follow-up conversations, a number of TMs agreed that using SAP to find out how much money was in their account was quite challenging, and some relied quite heavily upon assistants or others in their department to assist them.²⁰ It was noted that to be TFLAP accredited you did not need to be trained in SAP, currently.

(b) Compared to other TFs you work with, describe what is easier/harder in the case of the TFESSD?

A number of respondents noted the following positive points about TFESSD:

- TFESSD has a flexible framework which supports innovation, piloting and learning.
- The personal contact with a window manager makes the cash flow easier and puts a “technical rather than administrative face” to which questions can be addressed during implementation.
- The backstopping from the TF management makes this TF easier to work with than the others.
- The untied approach was better than, for example, CTF arrangements.
- It is easier to have one point of contact (window manager).
- None of the focus group participants felt that the reporting for TFESSD was a burden.

Some respondents noted the following negative points about TFESSD:

- The need to repeatedly request additional transfers of budget can be something of a nuisance.
- Several revisions of funding availability created some uncertainty in terms of planning and carrying out the activities.²¹

5. TFESSD web site (<http://www.worldbank.org/tfessd>)

(a) Do you use the TFESSD web site, and is there information you need that is not there?

Most respondents did use the website, and found the information there to be adequate. Specifically, respondents noted that they used it mostly for templates, information on calls for proposals, procedures, timelines, and information on Norwegian institutions. If they did not find the information, they turned to the window manager.

²⁰ *Note:* In fact, it is rather easy to find out through SAP how much money is in a TF account. The comments indicate a problem of lack of familiarity with the system which may need to be addressed through training.

²¹ *Note:* In fact, revisions to agreed grant amounts have been a rare event, so this respondent must be referring to one of these rather rare cases.

6. Are there any other suggestions you have to make the TFESSD work more smoothly?

Most respondents did not provide comments, although one said that TFESSD is the “best trust fund in the Bank.” Others expressed the view that TFESSD provided opportunities for strategic environmental work and capacity building. The flexibility of TFESSD was noted as a positive aspect of the trust fund, with one participant noting that work that he previously had to fund under two different trust funds could be combined under TFESSD. TFESSD was viewed as a flexible TF that made it possible to pursue many useful ideas.

An problem with TFESSD (and other TFs) noted by one respondent is that the TM does not automatically get any resources to administer the TF project, forcing the TM to fund his/her time from Bank Budget.²² This was noted to be especially frustrating as the Bank charges 3% or so for administration fees but the TM does not get that money.²³ It was noted that TFESSD requires Country Director approval, but some TMs noted that this did not always indicate willingness to provide adequate Bank budget resources.

Another respondent felt that the TF should allow payment of client government officials.²⁴

Another respondent felt that TFESSD could be even stricter on requiring that Bank Budget funds are made continuously available to support the TFESSD resources.

²² *Note:* staff costs (time and travel) are not eligible expenditures under the TFESSD. In fact, TFESSD management believes that the need to fund these costs out of Bank budgets helps ensure that activities funded are relevant to and closely integrated with the country program.

²³ *Note:* currently the administrative fee charged to the donors goes to [the ESDD Vice-Presidency], not to the units to which baby TF Task Managers belong.

²⁴ *Note:* this would be against Bank rules.

Annex 3—Cash Contributions by Donor and Fiscal Year²⁵

Donor	Contributions Received (US\$)	FY	Posting Date
Norway	3,083,295.71	00	Dec. 99
Norway	2,419,512.00	01	Jul. 00
Norway	4,493,711.00	01	Dec. 00
Norway	5,663,970.24	02	Sept. 01
Norway	292,015.00	02	Feb. 02
Norway	4,762,174.43	02	Mar. 02
Norway	210,493.40	02	Mar. 02
Norway	2,647,889.10	03	Dec.17
Finland	1,321,538.72	03	Jan.7
Norway	8,830,085.99	03	Feb.12
Norway	5,827,505.83	03	Nov.19
Finland	1,638,203.36	04	Jan.13
Total	41,190,394.78		
Of which:			
Norway	38,230,652.70		
Finland	2,959,742.08		

²⁵ As of February 9, 2004.

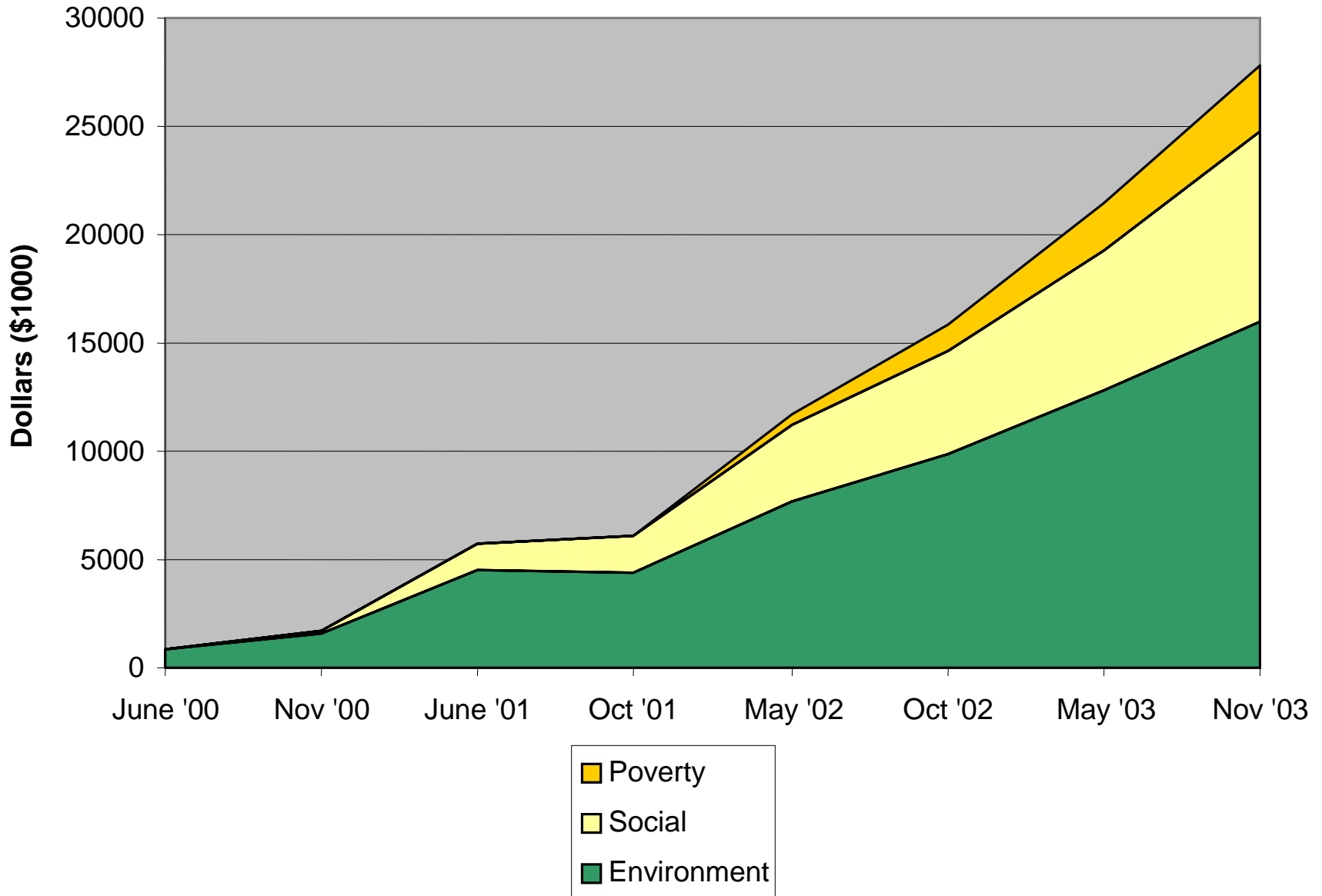
TFESSD

Portfolio Overview

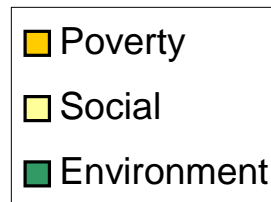
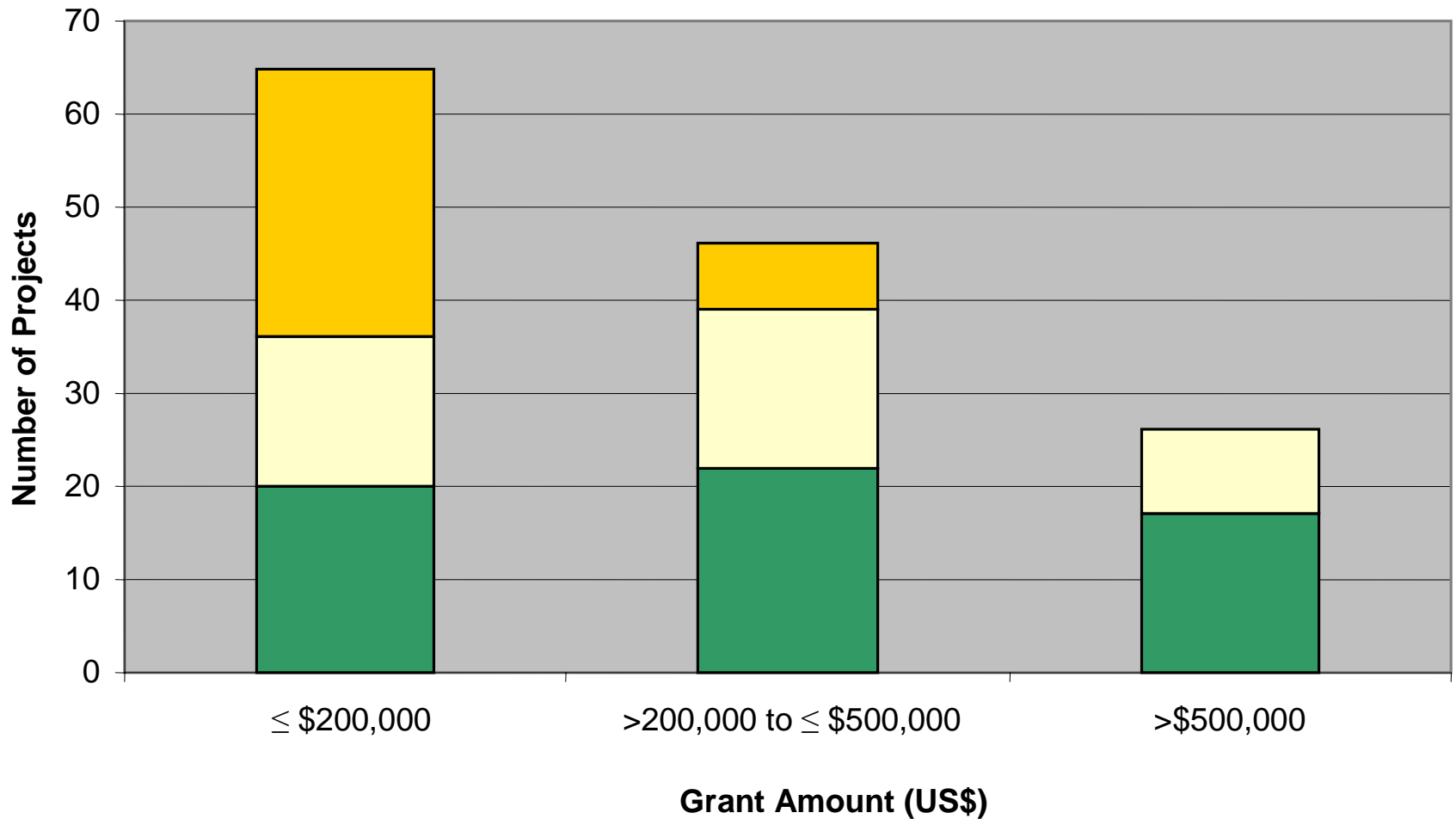
(as of October 31, 2003)

- 1) TFESSD Cumulative Disbursements and Commitments
- 2) Project Approvals and Exits
- 3) Portfolio Distribution by Grant Size
- 4) Distribution of Projects and Grant Amounts by Region
- 5) Distribution of Projects by Window
- 6) Distribution of Project Activities by Strategic Priorities

1) TFESSD Cumulative Disbursements and Commitments



3) Portfolio Distribution By Grant Size

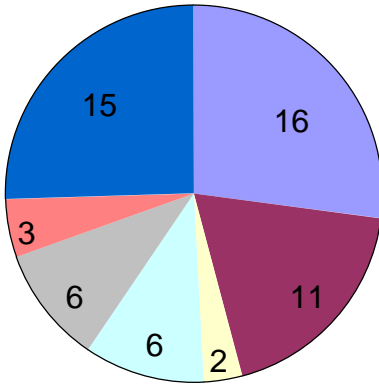


4) Distribution of Projects and Grant Amounts by Region

Number of Projects

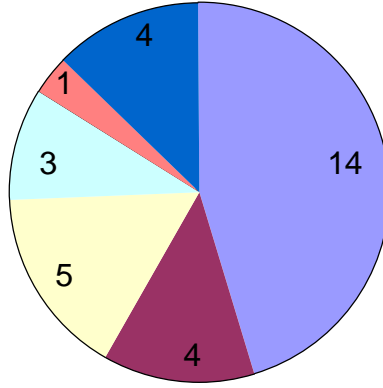
Environment

of projects = 59



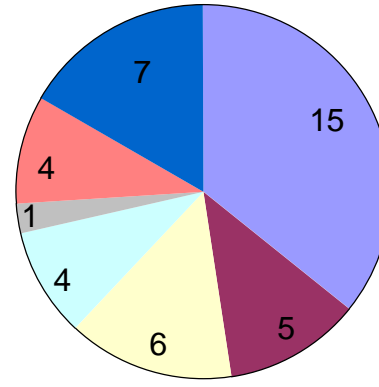
Poverty

of projects = 31



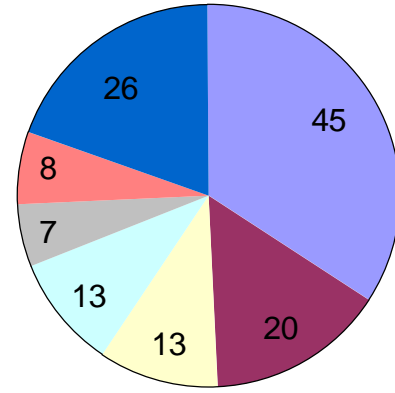
Social

of projects = 42

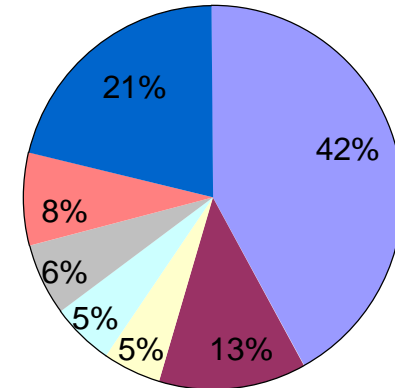
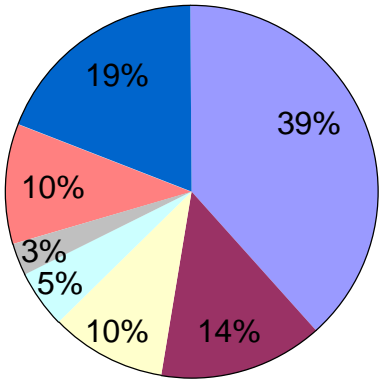
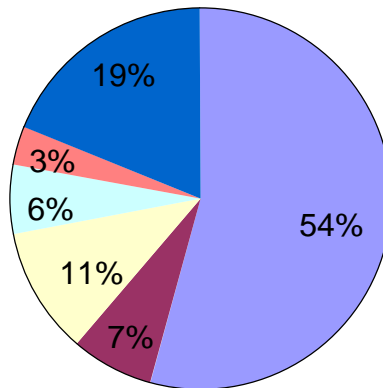
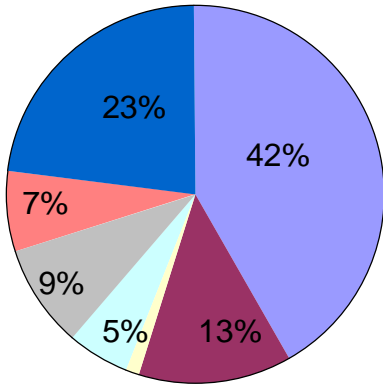


Total

of projects = 132



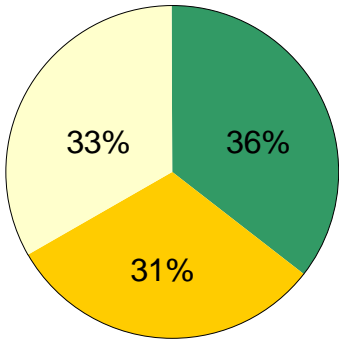
Grant Amount



5) Distribution of Projects by Window

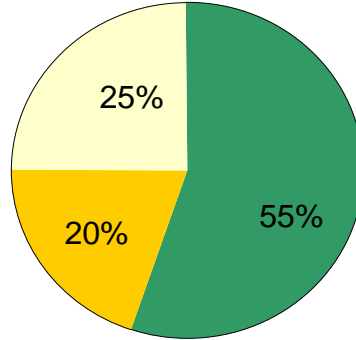
AFR

of projects = 45



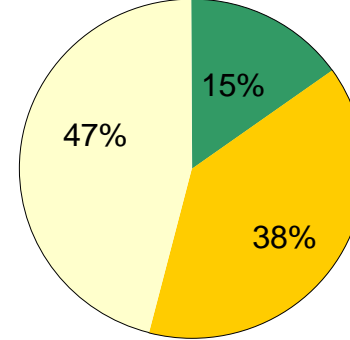
EAP

of projects = 20



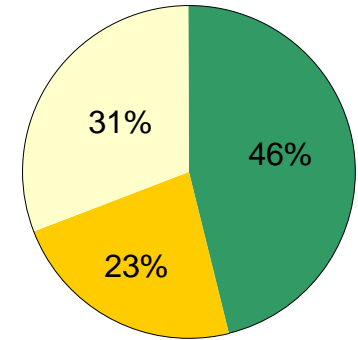
ECA

of projects = 13



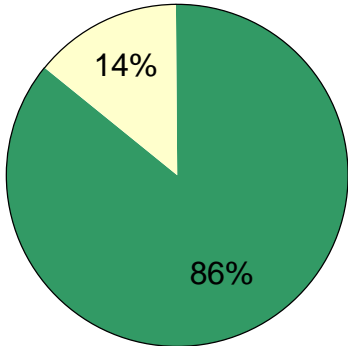
LAC

of projects = 13



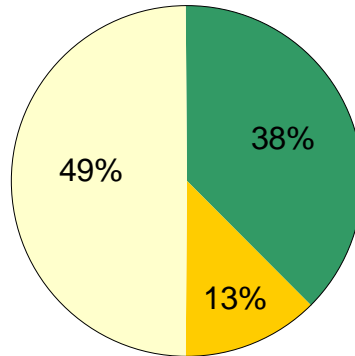
MNA

of projects = 7



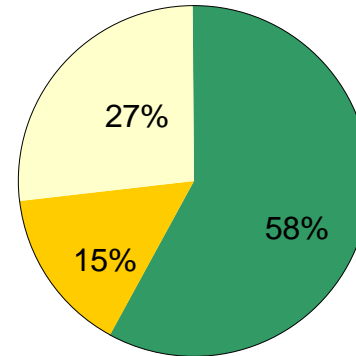
SAR

of projects = 8



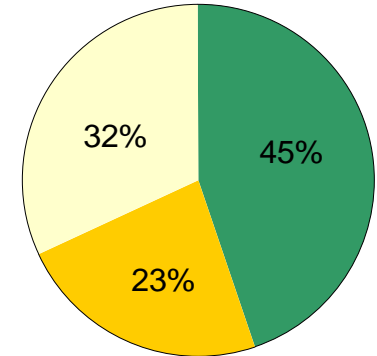
Global

of projects = 26



Total

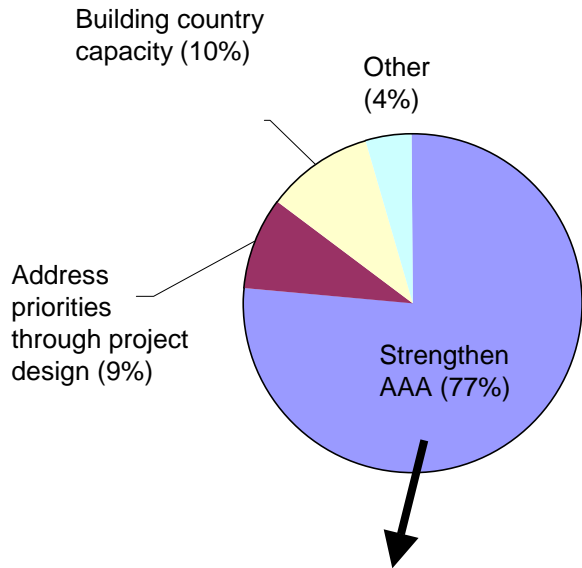
of projects = 132



6) Distribution of Project Activities* by Strategic Priorities

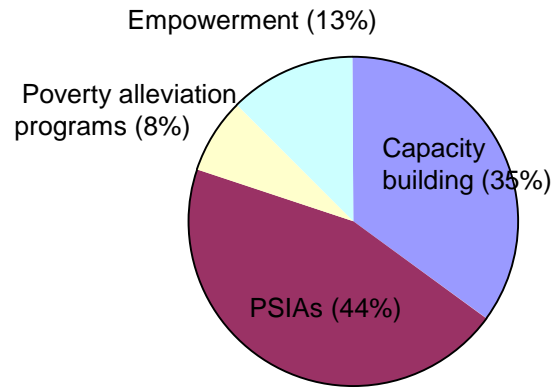
Environment

of activities = 68



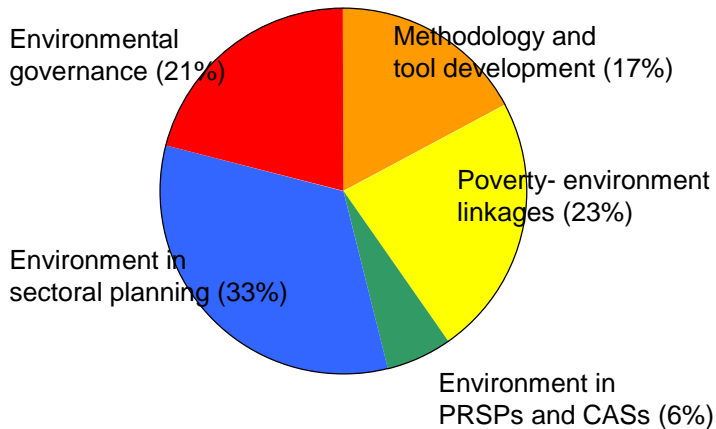
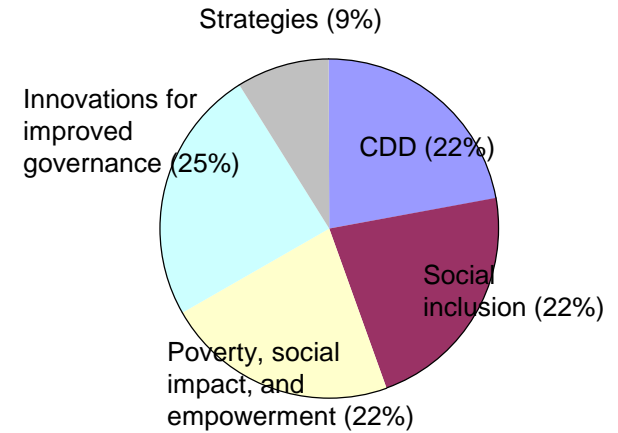
Poverty

of activities = 40

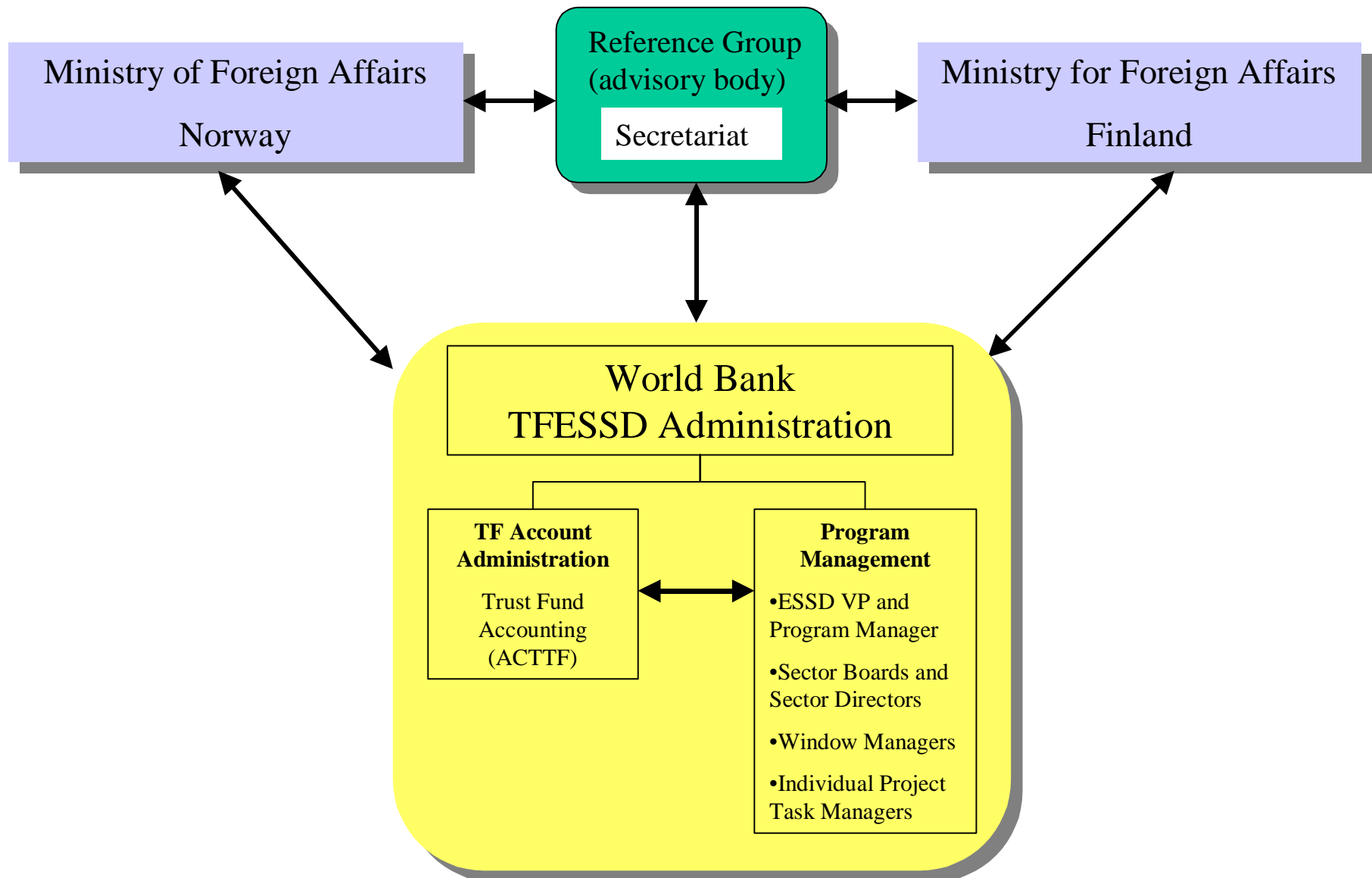


Social

of activities = 45



*Note: Project activities (153) outnumber projects (132) as some projects consist of more than one major activity.

Annex 5—Organogram of the TFESSD Partnership

Annex 6—Summary of Proposed Actions

TFESSD Activity	Proposed Actions	Responsibility
A. Inviting, reviewing and approving project proposals	1. Incorporate more systematically regional perspectives in CfP planning through discussions by SBs of priority themes for upcoming CfPs prior to mid-year consultation with donors.	Sector Boards
	2. Identify priority areas for collaboration across TFESSD thematic areas (particularly between environment and social development)	Sector Boards
	3. Ensure that future CfPs balance breadth and focus	Sector Boards, RG, Donors
	4. Suggest that regional managers prioritize and vet proposals prior to their submission to SB, to ensure fit with country/ regional/ sectoral priorities.	Sector Boards
	5. Increase the representation of regional operational staff in the technical group that reviews all submitted proposals.	Sector Boards and Program Managers
	6. Provide timely feedback to proponents of rejected proposals.	Sector Boards and Window Managers
	7. Simplify the language in CfPs.	Window Managers
	8. Regularly post results of CfPs on the Web.	Website manager
B. Program monitoring	9. Annually or every other year, and linked to the semi-annual reporting to the donors in May, review the strategic fit of the respective window portfolios with Bank's corporate and regional thematic strategic priorities.	Sector Boards and Regional Managers
	10. As part of project and program implementation, more systematically focus on good practice and lessons learned (see also item 16 below).	Sector Boards, Window Managers, and Task Managers

	11. Monitor implementation and impact of the addition of the Social Protection window to ensure that benefits from expanded sectoral collaboration outweigh costs.	Sector Boards
	12. Agree and implement common principles across windows for extension of closing project closing dates.	Sector Boards with Window Managers
C. Knowledge sharing	13. Make other SBs aware, through outreach, of opportunities to use TFESSD funding to help build environmental, social development, and poverty reduction into sector strategies and programs.	Sector Boards
	14. Agree on feasible steps to ensure that all TFESSD-funded analytical and advisory activities are registered in the Bank's Business Warehouse.	Window Managers, Technical Advisor and Business Warehouse Mgt
	15. Resolve technical problem to ensure that studies and other relevant documentation are systematically posted on the TFESSD website.	Website manager
	16. Use Bank thematic/sector weeks for TFESSD related knowledge sharing.	Window Managers
	17. Shift focus of annual portfolio implementation reviews to emerging lessons and good practice, and review such lessons and practice through collaboration across the TFESSD-related SBs as well as during the annual TFESSD seminar.	Sector Boards
	18. Ensure that individual TFESSD-funded activities systematically include knowledge sharing and capacity building strategies.	Task Managers and Window Managers
	19. Prepare and implement, through a special TFESSD project, a TFESSD knowledge-sharing plan to support (i) the Bank's community of practitioners; (ii) an effective Bank-donors partnership. Stress local capacity building through individual projects..	Sector Boards and Reference Group

D. Financial management	20. Increase the timeliness and predictability of transfers of funds from donor countries to Bank.	Donor MFAs
	21. Regularize transfer of funds from window accounts to individual project accounts (possibly twice annually) to lower administrative burden.	Window Managers, Donors
	22. Work with ESSD Resource Mgmt team to codify consistent TFESSD financial mgmt across windows.	ESSD Resource Mgmt Team, Window Managers
E. Donor-Bank interactions	23. Maintain the open, honest, and informal nature of consultations, even as the program grows in complexity, to preserve the vitality of the partnership.	Donors, Bank
	24. Retain formal discussions in the annual December meetings, if presence of key representatives can be ensured.	Donors, Bank
	25. Differentiate scope and focus of the two annual reports: November report to contain summaries of each funded activity; May report to focus on strategic directions and emerging lessons and good practice.	Program Managers and Window Managers
	26. List RG members' names, contact info, and brief biography on Web page.	Donors
	27. Explore options for facilitating identification of consultants from donor countries qualified in TFESSD thematic areas.	Donors