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Introduction

This annual report of the Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI) covers the period from January 1 to December 31, 2010. It has been an active year with good progress made in implementation of activities across the portfolio and disbursements reaching record levels.

The fund continued to implement innovative and cross cutting work focused on the needs of low-income countries. NTF-PSI activities continued to provide client countries with technical assistance, including with policy analysis, development of strategies and solutions to overcome barriers to private sector development and infrastructure, particularly related to climate change.

Major changes were undertaken to the portfolio in the reporting period to consolidate financing of global, multidonor programs and to strengthen the overall thematic presentation of the NTF-PSI. Global, multidonor programs were taken out of the NTF-PSI half way into the reporting period and the Aid for Trade and Clean Energy windows were removed. The activities in the latter two windows were moved to the Investment Climate and Infrastructure windows.

This report is divided in to the following main sections:

- NTF-PSI at a glance
- Portfolio overview
- Summary of impact
- Focus Areas in the reporting period
- Collaboration with Norwegian expertise
- Summary of investment climate and infrastructure windows' portfolio (complete reports in annex I and II)
- The Petroleum Governance Initiative (complete report)

The complete reports of the following activities, end of activity reports, and other information are found in the annexes:

- Video Conferences with Norway (annex III)
- Viewpoint Note (annex IV)
- Monitoring table as of December 31, 2010 (annex V)
- Financial reports of completed global, multidonor programs (annex VI)
- End of Activity Reports (annex VII)
- Fiscal year 2012 call for proposal announcement (annex VIII)
- World Bank's Quality Assurance Group's report on NTF-PSI (annex IX)

In accordance with the preference of the donor, this report highlights only active freestanding activities under (i) the Investment Climate window and (ii) the Infrastructure window. The summary reporting on these activities is based on the details provided by the task team leaders (TTLs) and their teams in the individual progress reports. The complete reports for these activities are found in annex I and II.

NTF-PSI at a Glance

Trust Fund Objective

The overall objective of the Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI) is to act as a catalyst for, and consolidate Norwegian Contribution funds towards, private sector development and infrastructure within the World Bank Group's (WBG) operations, both at headquarters and in the field.

Since its inception in 2002, the NTF-PSI has provided grant resources for WBG technical assistance activities aimed at mainstreaming the investment climate, providing technical assistance in areas related to governance and infrastructure services for the poor, and promoting structured cooperation on petroleum sector governance issues.

The NTF-PSI is intended to help develop WBG and client country capacity, promote inclusion of cross-cutting issues into World Bank (WB) and International Finance Corporation (IFC) operations, and to foster cooperation among different units in the WBG, United Nations, Norwegian institutions and other external agencies and groups.

Process and Priority Areas

Progress and priorities of the NTF-PSI are discussed and agreed upon at semi-annual meetings in Norway and Washington. Half of the funds are earmarked for Africa and in addition to the broad focus on private sector and infrastructure, thematic priority areas of new NTF-PSI activities may vary each year depending on the political priorities of Norway.

Funding of new activities is awarded on a competitive basis through calls for proposals and review by technical committees. There were no funds available for a call for proposal process in 2010, however one activity was approved for earmarked funding by Norway¹. Towards the end of the reporting period a new call for proposal process was initiated for start of activities in fiscal year 2012.

NTF-PSI financed activities are led by WBG staff in partnership with international, national, regional and/or local entities. International and local consultants are extensively used, and related procurement follows the WBG guidelines and regulations.

Administration and Governance

The NTF-PSI is jointly managed by the WB and IFC; the fund's Secretariat was mapped to the Energy, Transport and Water Department (ETW) of the World Bank's Sustainable Development Network (SDN) in the beginning of the reporting period. Due to internal restructuring of the Energy, Transport and Water Department, the NTF-PSI Secretariat was mapped to the new Sustainable Energy Department under the SDN in the fall of 2010.

Mr. Jamal Saghir, Director for Energy, Transport and Water Department, SDN of the World Bank served as Director in charge of the NTF-PSI up until October 2010. From October and to the end of the reporting period Mr. Jose Luis Irigoyen served as Acting Director in charge of the fund². Ms. Haleh Bridi, Director, Partnerships and Advisory Services Operations Department, IFC represented senior

¹ Economic growth and deforestation in the Congo Basin (TF096510)

² Mr. Irigoyen is Acting Director for the Sustainable Energy Department in the Sustainable Development Network

management on the IFC side in the period. Mr. Joshua Gallo, Infrastructure Specialist in the Finance, Economics and Urban Department (FEU) of the SDN continued to serve as Program Manager of the NTF-PSI, and Ms. Heidi Stensland Warren, Operations Officer, ETW as Technical Advisor to the fund.

World Bank Group staff behind the NTF-PSI in the reporting period

- **Director in Charge**
Mr. Jose Luis Irigoyen, Director of Transport Water and Infrastructure Technology Department and Acting Director for Sustainable Energy Department, Sustainable Development Network (from Oct 2010)
Mr. Jamal Saghir, Director for Energy, Transport and Water Department (ETW), Sustainable Development Network (SDN) (until Aug 2010)
 - **International Finance Corporation (IFC) Director**
Ms. Haleh Bridi, Director, Partnerships and Advisory Services Operations Department, IFC
 - **NTF-PSI Secretariat:**
 - **Trust Fund Manager**
Mr. Joshua Gallo, Infrastructure Specialist, Finance, Economics and Urban Department (FEU)
 - **Technical Advisor**
Ms. Heidi Stensland, Operations Officer, ETW
 - **IFC Focal Point**
Mr. Wei-Jen Leow, Projects Officer, CPA Trust Funds, IFC
- Financial Reporting and Resource Management:**
- Ms. Judith Eliza De Costa, Resource Management, SDN
 - Mr. Sree Harsha Vasudevaraju, Accounting Analyst, Trust Funds Chennai
- Other staff involved:**
- **Petroleum Governance Initiative Management**
Mr. Robert Michael Lesnick, Program Coordinator, Oil, Gas & Mining Unit, SDN (from June 2010)
Mr. Paolo De Sa, Sector Manager, Oil, Gas & Mining Unit, SDN (until June 2010)
 - **Financial and Private Sector Development (FPD) VPU Contact Point**
Mr. Frank Sader, Head, Client and Partner Relations, Finance and Private sector Network

NTF-PSI Secretariat

The Secretariat of the NTF-PSI is responsible for the day to day management and administration of the overall portfolio. In addition to its role in briefing senior management of developments related to the NTF-PSI and communicating with the donor on priorities and directions of the fund, the Secretariat also follows up with each of the funded task teams on implementation progress and use of funds.

In the reporting period, the Secretariat also made significant contributions to scaling up dissemination efforts of the NTF-PSI broadly. A series of pilot video conferences were facilitated between Norway and task teams to discuss findings of NTF-PSI funded activities. The newsletter was improved in design and presentation, and a new logo was created. The annual reporting templates were revised to harmonize with reporting requirements across the WB and IFC, but also to improve focus on impacts and results. A state of the art viewpoint note was created in an effort to demonstrate how NTF-PSI related topics can be disseminated. All of these outputs were posted on the NTF-PSI web site (www.worldbank.org/ntfpsi).

Portfolio Overview

Composition

As of December 31, 2010, the NTF-PSI portfolio consisted of 18 activities and programs as shown in figure 1 below.

Figure 1: Portfolio Composition

Groups of activities/programs:	Number of activities as of December 31, 2009	Number of activities as of December 31, 2010
Investment climate and governance	7	7
Infrastructure services to the poor	11	10
Global programs	8	0
Petroleum Governance Initiative	1 ³	1
Aid for Trade funded activities	2	0
Clean Energy Activities	3	0
Total	32	18

Changes to the portfolio in the reporting period

Several changes to the portfolio took place in the reporting period and can be summarized as follows:

➤ Investment Climate and Governance Window

Two activities closed in the reporting period and two activities were added to this window in an effort to clean up the portfolio.

Added:

- The Global Trade Logistics Advisory Program (TF09874) was moved from the Aid for Trade window
- The IFC Private Equity Clean Energy (TF093874) was moved from the Clean Energy window

Completions (End of Activity reports in annex VII):

- Targeted capacity building for avoided deforestation, reforestation and sustainable land management (SLM) in Africa/TF091349
- Chad Enterprise Center (TF056194)

Extensions:

- SME Banking Program: Bridging the SME finance gap (TF090950). The activity was impacted by the financial crisis as Banks shed away from growth opportunities and become more reluctant to provide access to finance to Small and Medium Enterprises (SMEs). The team responded by identifying the need for increased knowledge management in the sector, and banks have again started to seek growth, making program disbursements get back on track. The new closing date is June 30, 2011.

³ The PGI is counted as one program that in reality consists of different pillars with various activities. EI-TAF was added late in the reporting period as a fourth pillar under the PGI.

- CASA (TF093860): The activity was extended to allow for the outstanding commitments to be disbursed and will be closed in the next reporting period. Future funding to CASA will be channeled separately from the NTF-PSI and directly into the CASA multidonor account.

➤ **Infrastructure Services to the Poor Window**

Two activities closed, one was added to clean up the portfolio and one was approved for new funding in the reporting period⁴:

Approved for new funding in the reporting period:

- Economic growth and deforestation in the Congo Basin (TF096510)

Added:

- The Bosnia Herzegovina integrated water energy development study (TF095054) was moved from the Clean Energy window

Completions (End of Activity reports not previously submitted are attached in annex VII):

- Climate change and water resources in Africa (TF090961)
- Impact of climate change and vulnerability of water infrastructure systems (TF093053) The SME sustainable opportunities initiative (TF090965)

Extensions:

- Lighting Africa- web portal/TF090598: Refreshed funding beyond the closing date was approved, and the closing date was accordingly extended to June 30, 2011.
- Assessment of GHG intensity of core development activities in energy and transport sector (TF091582): Unforeseen delays were encountered in the start-up of the activity due to the need to revise the original scope of the program and align it with the corporate commitments set out in the Strategic Framework for Development and Climate Change. New closing date is June 30, 2011
- Adaptation to climate change in coastal cities of North Africa (TF093136): Delays were experienced in completing the first phase of the vulnerability assessment. The new closing date is June 30, 2011
- Model to develop the domestic gas market in Yemen (TF092841): Delays were seen in the work due to continued security concerns in Yemen. The situation impacted the first part of the work (funded by PPIAF), resulting in delays of the NTF-PSI funded part (pending on completion of the first part). The new closing date is April 30, 2011
- IFC climate risk infrastructure case studies (TF093064): The activity saw severe delays in implementation initiation, and while the extension was granted after careful consideration to June 29, 2012, overall funding was cut in half.

➤ **Global Programs Window**

Global programs were taken out or are in the process of being phased out of the NTF-PSI portfolio. Norway has continued to fund some of these programs outside of the NTF-PSI.

➤ **Aid for Trade Window**

In an effort to clean up the overall presentation of the NTF-PSI, this window ceased to exist:

⁴ One activity was incorrectly reported as closed in the previous reporting period. The above table has been corrected to reflect the accurate number of activities in the infrastructure window in the last period.

- The Global Trade Logistics Advisory Program (TF09874) was moved to the Investment Climate window
- The Sub Saharan Africa Transport Facility (TF070961) is phased out as Norway is discontinuing funding to the program

➤ **Clean Energy Window**

In an effort to clean up the overall presentation of the NTF-PSI, this window ceased to exist by moving two of the activities to other windows:

- The Bosnia Herzegovina integrated water energy development study (TF095054) was moved to the Infrastructure window
- The IFC Private Equity clean energy (TF093874) was moved to the Investment Climate window

The last activity in this window was cancelled due to lack of progress:

- IFC Clean Production facility

NTF-PSI Finances

Norway contributed just over US\$ 2.5 million to the NTF-PSI in fiscal year 2011 (FY11), equivalent to approximately NOK 15 million⁵. This amount is a significant reduction from FY10 given that it only includes the traditional contribution to NTF-PSI activities. Contributions to global, multidonor programs were taken out of the NTF-PSI portfolio starting in FY11. As of December 31, 2010, cumulative contributions to the NTF-PSI from inception reached close to US \$ 80 million. Contributions in Norwegian kroner passed 514 million.

Figure 2: Contributions to the NTF-PSI per fiscal year

FY Contribution	US\$	NOK MILL
FY03	7,121.30	53,000
FY04	8,080.10	55,000
FY05	8,380.10	55,000
FY06	7,502.00	50,000
FY07	6,474.20	40,000
FY07 PGI	1,624.90	10,000
FY08	9,056.00	50,000
FY08 PGI	3,622.40	20,000
FY09 PGI	2,844.80	20,000
FY09	7,507.50	53,000
FY09 Clean Energy	4,164.30	29,000
FY10	10,031.60	58,810
FY10 Carbon Finance	193	1,124
FY10 EI-TAF	852.9	5,000
FY11	2,519	15,000
Total Contributions	79,974.10	514,934

⁵ An additional NOK 5 million to the PGI was committed, but was not posted towards the NTF-PSI before the end of the reporting period.

The overall level of commitments and disbursements as a percentage of receipts reached 84.6%, which is record high and a notable increase from 2009 (74.4%). The disbursement level of ongoing freestanding activities reached 92.4% demonstrating an overall progress in the implementation of the activities.

Figure 3: Cumulative receipts, disbursements and receipts⁶

As of December 31, 2010 (\$ millions)						
Receipts		Cumulative Disbursed and Committed			Difference (12/31/2009 to 12/31/10)	Fund Balance
		As of 12/31/2009	As of 12/31/2010	As a % of receipts		
Windows	Cumulative					
Freestanding Activities	19.290	15.457	17.819	92.4%	2.362	1.471
Global Programs	45.813	37.852	45.018	98.3%	7.166	0.794
Clean Energy	2.082	0.019	0.452	21.7%	0.433	1.630
Parent	7.766			-	-	7.766
PGI	6.756	4.368	5.843	86.5%	1.475	0.913
Secretariat	1.250	0.894	1.081	86.4%	0.187	0.169
Total	82.957	58.590	70.212	84.6%	11.622	12.745

Total available fund balance on December 31, 2010 was \$ 12,745. This high amount was due to arrival of FY11 contributions shortly before the close of the reporting period (December 20, 2010). A significant amount is to be transferred to ongoing activities in the portfolio and remaining amounts are rolling over for start of new activities in 2012.

Secretariat costs compared to total NTF-PSI contributions in fiscal year 2010 were just under 1.8%, which is significantly lower than trust funds generally at the WB and IFC.

The monitoring table found in annex V provides an overview of disbursements and commitments of all activities in the NTF-PSI portfolio. Additional financial details on activity level are found with each individual progress report in the respective annexes.

⁶ Figure 8 presents the portfolio as per the previous reporting period given that changes did not occur before in the middle of the current reporting period.

Summary of Impact

The objective of the NTF-PSI is to act as a catalyst for and consolidate Norwegian funds towards private sector development and infrastructure within the World Bank Group's (WBG's) operations. Funds are also intended to help develop WBG and client country capacity, promote inclusion of cross cutting issues into WBG operations and to foster cooperation among different units in the WBG. Within this scope, the broad range of activities under the NTF-PSI contributed significantly towards reaching the overall objectives of the NTF-PSI in the reporting period.

The NTF-PSI has provided WBG staff with funding opportunities for innovative activities at an early stage when other funding was difficult to secure. This was highlighted by the World Bank's Quality Assurance Group (QAG) in an evaluation undertaken in the reporting period (annex IX). The NTF-PSI was rated very effective by QAG as a source of funds for supporting innovative initiatives that would have difficulty being funded from the Bank's resources or from large trust funded programs.

The flexible funding structure of the NTF-PSI allows the fund to evolve thematically and to promote cross cutting work, which has resulted in a portfolio that is currently heavily focused heavily on climate change.

NTF-PSI activities in the portfolio continue to provide client countries with technical assistance aimed at helping them make better informed choices, enhance capacity and adopt cutting edge solutions. This is applicable in particular to climate change mitigation and adaptation, as well as to improvement of the investment climate and private sector development.

The first part of funding to the Conflict Affected States in Africa (CASA) addressed investment barriers in Sierra Leone. NTF-PSI funds were used for supporting the government in improving the business, enabling environment by simplifying the tax policy, reducing compliance costs, widening the tax net, facilitating formalization and job creation, and reducing avenues for corruption. This has impacted the time to pay taxes (reduction by 10% since inception), informality (reduction of 20%) and tax collections (increased to 12% of GDP by FY11).

The NTF-PSI specific funding to Doing Business (TF093152) is another example of how the fund is used to impact government policy, especially within energy regulations and energy utilities. For example, the findings of the NTF-PSI funded "Getting Electricity" report inspired introduction of performance pledges that improved customer service at a Hong Kong SAS (China) utility which led to reduction in time to connect a new customer to electricity.



NTF-PSI contributions to the Conflict Affected States in Africa (CASA) in Sierra Leone were used to support the government in improving the business enabling environment by simplifying the tax policy, reducing compliance costs, widening the tax net, facilitating formalization and job creation, and reducing avenues for corruption. This has impacted the time to pay taxes (reduction by 10% since inception), informality (reduction of 20%) and tax collections (increased to 12% of GDP by FY11).

The NTF-PSI has contributed to improvements of the investment climate by strengthening of capacity and institutions of national and local governments, supporting development of small and medium enterprises, reducing barriers to investments and ensuring access to finance. For example, the Trade Logistics Advisory Program (TF098420), funded through the NTF-PSI since fiscal year 2004, assists client countries in improving their supply chains for businesses to survive and thrive in global markets. Through targeted support to governments in reducing barriers to trade, the NTF-PSI has through this program influenced reforms and impacted countries' import and export procedures and thereby improved these countries' access to world markets.

In terms of access to finance, the SME Banking Program (TF090950) has equipped banks with necessary knowledge and tools to service small and medium enterprises. Significant focus was on Yemen and Vietnam in the reporting period where workshops and trainings were undertaken as part of the risk management advisory services component of the program.

The NTF-PSI has also increased capacity and knowledge internally at the WBG. Most of the activity teams in the portfolio presented its findings and results to peers in the reporting period, and collaboration was expanded between different departments across the institutions. The benefits sharing initiative under the Modernizing hydropower activity (TF092144) was for instance implemented through a partnership between the Water Unit and the Social Development Department of the Sustainable Development Network. The pilot program for assessment of GHG intensity of core development activities (TF091582) is another example of collaboration in that the pilots under this activity are undertaken jointly by anchor units and the regions, coordinated by the Environment Climate Change team. The team reports that NTF-PSI sources have proved vital in these pilots in leveraging interest and resources and facilitating a dialogue between sector experts and practitioners.

Increased capacity and empowering of client entities are significant components of activities in NTF-PSI portfolio. The NTF-PSI contributes to increased awareness to climate change in client countries in particular. For instance, the climate change in coastal areas activity in the Philippines (TF092836) implemented a series of information and education campaigns and capacity building events on community levels to identify the appropriate adaptation measures to climate change. This led local teams to craft their own climate adaptation strategies to address specific vulnerabilities in their areas. Local governments followed up by expanding their policies to institutionalize their adaptation strategy and its implementation in development plans.

These few examples demonstrate how the NTF-PSI continued to operate towards achievement of its overall, broad objectives in the reporting period. Despite delays in some activities, implementation progress picked up drastically in the reporting period, leading closer to measurable results of funded activities.

Summary of Results

Figure 4 summarizes the outputs already delivered by activities under the investment climate and infrastructure windows.

Figure 4: Summary of Completed Outputs⁷

INVESTMENT CLIMATE ACTIVITIES					
Name of Activity	Workshops, presentations	Capacity building/training/advisory services	Folders, Posters, websites, video	Toolkits, Surveys, guides, indicators, lessons learned	Other
SME Banking Program: Bridging the SME finance gap	9	6	1	8	
Doing Business			1	3	
Amazonian Integrated destination management development		2		1	
Philippines –Climate change in coastal areas	2	5	3	3	
CASA	2	2		2	
Global trade logistics advisory program (from Sept 2010 only)	1				
IFC private equity clean energy					
INFRASTRUCTURE ACTIVITIES					
Name of Activity	Workshops, presentations	Capacity building/training/advisory services	Folders, Posters, websites, video	Toolkits, Surveys, guides, indicators, lessons learned, reports, notes	Other
Water infrastructure and hydropower: Modernizing a critical resource				3	
Preparing for climate change in Asian and African coastal cities				1	
Pilot prog for assessment of GHG intensity of core dev activities					
Lighting Africa			1		
Adaptation to climate change in coastal cities of North America	3	2		5	
Infrastructure and small scale PSD for coastal cities of Honduras and Nicaragua		1		3	
Model to develop the domestic gas market in Yemen					
IFC CEC: Climate change case studies				5	
Economic growth and deforestation in Congo Basin				2	
Bosnia Herzegovina integrated water energy development study	1				

⁷ The quantities mentioned in each column may have slightly different meaning due to some variety in way of reporting across the portfolio. For example, one series of workshops would by some TTLs be reported as one output only, while others reported each individual workshop as different outputs.

Total Number of Outputs and Outcomes (including activities implementation)

As shown in figure 5 below, the 7 activities in the Investment Climate window are projected to support a total of 73 outputs upon completion. These outputs are estimated to support achievements of as many as 33 outcomes. The 10 activities in the Infrastructure Window are estimated to deliver 52 outputs, supporting 27 outcomes. The range of outputs and outcomes vary greatly in content, timeframe and budget size across the portfolio.⁸

Figure 5: Estimated total number of outputs and outcomes over lifetime of the activities

INVESTMENT CLIMATE ACTIVITIES		
Name of Activity	# of outputs	# of outcomes
SME Banking Program: Bridging the SME finance gap	24	8
Doing Business	4	4
Amazonian Integrated destination management development	4	4
Philippines –Climate change in coastal areas	13	6
CASA	6	6
Global trade logistics advisory program (from Sept 2010 only)	19	2
IFC private equity clean energy	3	3
Total	73	33
INFRASTRUCTURE ACTIVITIES		
Name of Activity	# of outputs	# of outcomes
Water infrastructure and hydropower: Modernizing a critical resource	4	4
Preparing for climate change in Asian and African coastal cities	6	2
Pilot program for assessment of GHG intensity of core dev activities	3	1
Lighting Africa	6	9
Adaptation to climate change in coastal cities of North America	12	1
Infrastructure and small scale PSD for coastal cities of Honduras and Nicaragua	5	3
Model to develop the domestic gas market in Yemen	1	2
IFC CEC: Climate change case studies	5	2
Economic growth and deforestation in Congo Basin	3	2
Bosnia Herzegovina integrated water energy development study	7	1
Total	52	27

⁸ Some activities also included outputs and outcomes that are either only partly funded by the NTF-PSI, or belong to the overall activity supported by NTF-PSI (and thus only indirectly by NTF-PSI funds). Accordingly, there may be a slight discrepancy between reported number of outputs and outcomes, and outputs directly supported by NTF-PSI funds.

Focus Areas in the Reporting Period

Semi-Annual Consultations

The semi-annual consultations serve as an important arena for dialogue between the donor and the World Bank Group. The purpose of the consultations is to discuss trust fund achievements and directions, and to exchange experience and opinions on themes related to the NTF-PSI. Typically the consultations are held in Norway in the spring, and in Washington, D.C., in the fall.

Semi-annual consultations were held in Oslo on June 10, 2010, and in Washington, DC, on December 6, 2010. The key matters discussed in these consultations were:

- **Reference Group ceases to exist**

In the reporting period, the Ministry of Foreign Affairs decided to terminate the mandate of the Reference Group. The Reference Group consisted of members of the Norwegian private and public sector and served as an advisory body to the MFA on the directions of the NTF-PSI. Key staff in Norad and the Ministry will continue the mandate of the RG.

- **Exclusion of global programs from the NTF-PSI**

In an effort to consolidate financing, the Ministry of Foreign Affairs decided to discontinue channeling of funds to global programs through the NTF-PSI. As of the World Bank Group's fiscal year 2011 (starting July 1, 2010), Norway entered into bilateral agreements with programs that continue to receive funding outside of the NTF-PSI.

- **Fiscal year (FY) 12 Call for Proposal**

In light of available funds for new activities, a call for proposal process was initiated for FY12 towards the end of the reporting period. In line with Norway's preference, the focus of the call was "promotion of clean energy technologies and increase private sector engagement in this sector".

The World Bank Group and Norway agreed on the announcement text (annex VIII), time line and overall selection process of this call for proposal. There will be two different selection processes in the Bank and IFC in the first stage of the call to allow for the different internal procedures and requirements to be followed in selection of new activities. In the second stage of the process, a joint Bank and IFC committee will meet to compare proposals for synergies and possible duplication of work.

An estimated \$ 8 million will be available for funding of new activities in FY12 and FY13; however the exact amount would be subject to changes in the exchange rate.⁹ Given that the NTF-PSI is currently scheduled to close in December 2013, none of the new activities can last beyond FY13 (allowing for some grace period in the fall of 2013 before the overall closing date of the fund).

- **Scaling up dissemination efforts**

The Secretariat made significant progress in scaling up dissemination efforts in the reporting period. See next section for details on the key efforts undertaken in the reporting period.

⁹ Norway provides contribution in Norwegian Kroner that are converted into USD upon receipt by the World Bank. The exact value of the contribution in USD will therefore be subject to the exchange rate of the day of conversion.

- **Independent evaluation of the NTF-PSI**

The World Bank's Quality Assurance Group (QAG) evaluated numerous trust funds and programs in the Sustainable Development Network in 2010. The NTF-PSI was randomly chosen and was rated very effective as a source of funds for supporting innovative initiatives that would have difficulty being funded from the Bank's resources or from large trust funded programs (annex IX).

Scaling up Dissemination

In an effort to scale up dissemination of the NTF-PSI funded activities, the Secretariat both introduced new and continued existing initiatives in the reporting period. These included:

- New logo: A new NTF-PSI logo was finalized in the fall of 2010 (see logo in annex III and IV as used in dissemination materials).
- Newsletter: The newsletter saw tremendous improvement in terms of design and layout and was issued in two pilots in the reporting period. Future newsletters will be issued quarterly.
- Video Conferences: A first pilot video conference was implemented on October 12, 2010 focusing on hydropower (annex III). A second video conference was planned for November but had to be postponed to the next reporting period (also annex III). The video conferences are one hour presentations and discussions on findings of a specific NTF-PSI funded activity and serve as a knowledge sharing stage for task teams and the donor (and external audiences) and a potential tool for closer collaboration between experts on both sides.
- Viewpoint Notes: A high level four page thematic note was created to strengthen the dissemination of knowledge on NTF-PSI priority areas (see annex IV). The publication of such notes will continue in the next reporting period.
- Dissemination list: A draft list of potential recipients for dissemination products under the NTF-PSI was created in the reporting period. The list focused primarily on Norwegian audiences and will be elaborated in the next reporting period.

NTF-PSI Web Site (www.worldbank.org/ntfpsi)

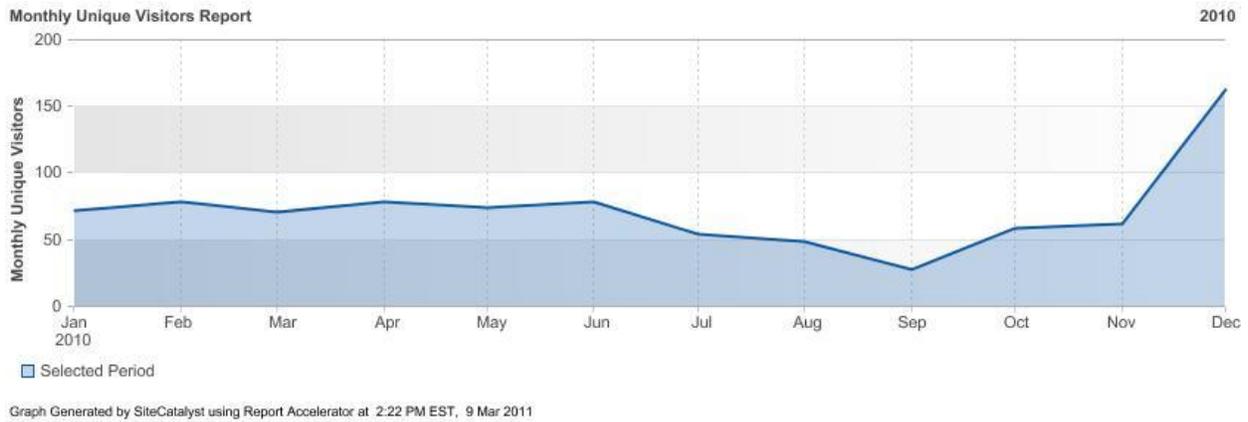
The NTF-PSI web page contains information on NTF-PSI related matters, activities, outputs and materials. It has a searchable database of activities where users can download complete proposals, outputs and reports of funded activities.

There is a continued challenge in reaching target audiences and in increasing the number of users of this information. In the reporting period, the Secretariat continued maintenance and up-dating of the web site, including the project database where all visitors can search for activities and access approved proposals and progress reports for the complete NTF-PSI portfolio.

The volume of use of the web site went slightly up in the reporting period. Compared to the same period in the previous reporting period, the number went up from 625 to 867 unique visitors. The increased number of visitors is linked to the call for proposal process. The number of visitors rose drastically in the month of December when the call for proposal was announced, and is likely to continue increasing over the first month of the next reporting period.

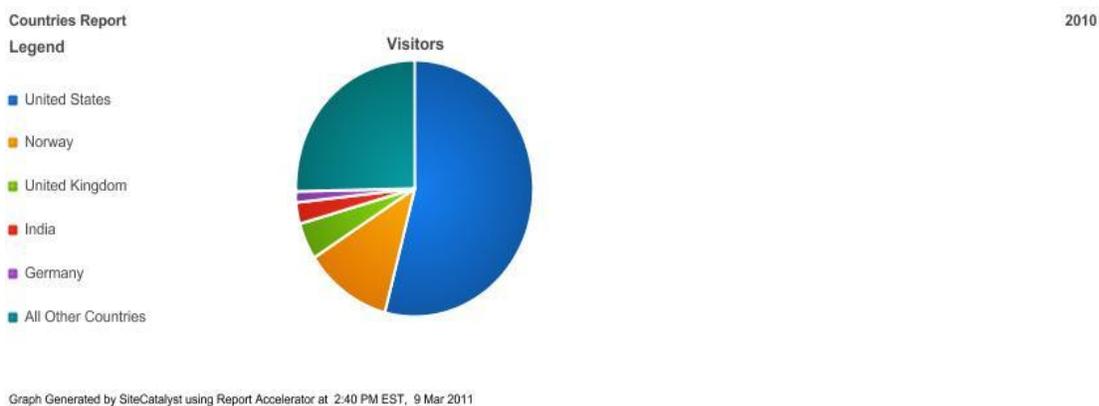
In comparison, the number of unique visitors to the TFESSD¹⁰ website dropped from 1630 to 1360 in the reporting period. The TFESSD has a longer call for proposal process than the NTF-PSI and peak months of visitors to the TFESSD web site were when the TFESSD call for proposal was ongoing.

Figure 6: Monthly unique visitors to the NTF-PSI web site in the reporting period



The main change in the origin of visits to the web site in the reporting period was that India is back among the top five countries. Among the top ten countries in terms of origin of visits, there are only three developing countries –India, South Africa and Pakistan. The United States is by far the country where most visitors to the web site origins, likely due to World Bank Group headquarter staff visiting the site. Norway ranks second and the United Kingdom third, which is unchanged from the 2009 reporting period.

Figure 7: Origin of visits to the NTF-PSI web site in the reporting period



¹⁰ Norwegian Finish Trust Fund for Environmental and Socially Sustainable Development

Collaboration with Norwegian expertise

The following is noteworthy on the issue of collaboration with Norwegian expertise in the reporting period:

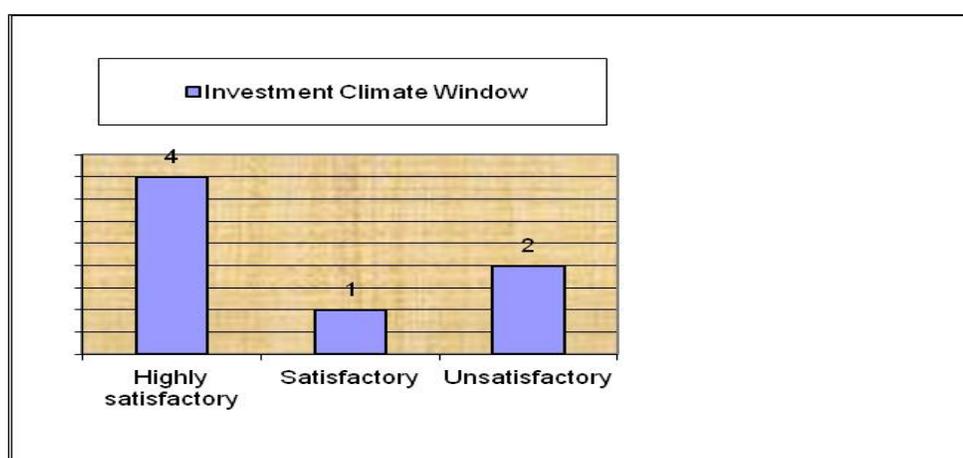
- Modernizing hydropower (TF092144): SWECO Norge AS was selected in the reporting period to undertake significant portions of the remaining work under this activity. Partnership with the International Center for Hydropower (based in Trondheim) will also be discussed once the benefits sharing case studies are in draft.
- Bosnia Herzegovina integrated water energy development study (TF095054): The study is being implemented by COWI AS, Norway.
- Doing Business (TF093152): Two Norwegian nationals were considered for a position in the fall of 2010, but none were selected during the panel interviews.
- Assessment of GHG intensity of core development activities (TF091582): The team is interested in assistance in locating Norwegian experts who will participate in the review and refinement of the tools, pilots and resulting guidance.
- Lighting Africa (TF090598): The team stresses that opportunities continue to arise for Norwegian energy companies and consultants to engage in Lighting Africa. The task team leader is the main point of contact for these opportunities.
- Adaptation to climate change in coastal cities of North Africa (TF093136): Informs that no Norwegian firm submitted an Expression of Interest for the study under this activity.
- SME banking program (TF090950): The team welcomes Norwegian experts with suitable experience to apply for opportunities supported by the overall SME Banking Program.
- The Amazonian Integrated Destination Management Development (TF093035): The team continues to seek expertise for fluvial transport.
- The PH- Climate change in coastal areas (TF092836): The team has initiated linkages with Norwegian research institutes and private companies to allow the government to exchange ideas and experiences, and seeks further assistance in enhancing sustainable coastal resource management and help communities be economically resilient to climate change.
- Global Trade Logistics Advisory Services (TF098420): The team started the recruitment process for a Norwegian private sector development specialist in the reporting period and expect the candidate to be on board in the middle of the next reporting period. For knowledge management activities, the team would also like to involve institutions that can share best practices, including the University of Oslo, the Oslo Port Authority and the Norwegian Ports Federation.
- IFC Private Equity Clean Energy (TF093874): The team informs of an expected upcoming demand for “cleaner production” consultants, including specialists on energy efficiency, water and waste management, typically in manufacturing sectors, agribusiness, real estate and construction. Suggestions of Norwegian consultants are welcomed.

Summary of Investment Climate Portfolio

As of December 31, 2010, the investment climate window consisted of seven activities. Four activities were scheduled to close in the reporting period, however two of these were granted extensions of their closing dates¹¹. If current closing dates remain unchanged, five activities will close in the next reporting period. Two activities were added to the window to clean up the overall presentation of the NTF-PSI portfolio.

As shown in the below table, the self assessment of implementation progress of the activities in the investment climate window in the reporting period was good. Four task teams assessed their own progress to be highly satisfactory, while one chose satisfactory and two unsatisfactory.

Figure 8: Self-Assessment of implementation progress



Individual Activity Summary

SME Banking Program" Bridging the SME Finance Gap (TF090950) – disbursement level to date: 89%
The program aims to increase access of SMEs to financial services in the developing world by equipping banks with the necessary knowledge and tools to serve the SME segment, raising awareness on best practices. The SME Banking Program consists of several activities of which core components are knowledge management and technical support. In the reporting period the program supported two banks with their IT/MIS to ensure it is geared to the requirement of a growing SME operation in addition to knowledge management initiatives (estimated number of outputs: 24, outcomes: 8).

Doing Business: Opportunities for women, infrastructure and reform case studies (TF093152) – disbursement level to date: 66 %

As part of the overall Doing Business work, the NTF-PSI funds support of the (i) getting electricity indicators, (ii) new reform matrix, (iii) gender aspects in business regulations and genders database and (iv) employing workers indicators. The project is well on schedule and within the scope (estimated number of outputs: 4, outcomes: 4).

¹¹ SME Banking Program – bridging the SME finance gap/TF090950 and CASA/TF093860 were granted extensions of their closing dates in the reporting period.

Amazonian integrated destination management development (TF093035)- – disbursement level to date: 19.5%

The project was designed to contribute to increased economic opportunities and empowerment at the local level in three Amazonian destinations of the Alto Solimoes/Amazon region through development and promotion of responsible and sustainable tourism. Following the scoping exercises undertaken in the previous reporting period, the Destination Management organization was created. The need for more refined interventions was expressed by the stakeholders, leading to a report identifying constraints and potential interventions needed for the region (estimated number of outputs: 4, outcomes: 4).

Philippines – climate change in coastal areas – a community based approach (TF092836) – disbursement level to date: 53%

The objective of this activity is to assist local communities in the Philippines to plan and implement cost-effective climate change adaptation and disaster management measures using community-driven development initiatives and encourage public and private investments in buildings, capital and infrastructure that are resilient to the effect of climate change as protection for vulnerable utilities, facilities while conserving biodiversity. In follow up to the achievements of the previous reporting period, a climate change adaptation process framework was successfully piloted in three additional municipalities in the reporting period. The framework helped the municipalities focus the mainstreaming of their adaptation strategy in their development plans (estimated number of outputs: 13, outcomes: 6).

The Conflict Affected States in Africa Initiative (CASA) (TF093860) – disbursement level to date: 97%

The CASA initiative is an integrated, multi-donor, rapid response approach to developing the private sector in conflict affected African countries. CASA has been designed to provide both immediate and long term support, and will collaborate closely with the WB to do this. Norway's allocation through TF093860 was used for the Sierra Leone removing Administrative Barriers to Investment program, providing advice to the Government on appropriate actions to create a better business and investment climate in the country. The funds are almost completely exhausted and future funding from Norway will go into the CASA multi donor trust fund (estimated number of outputs: 6, outcomes: 6).

Global Trade Logistics Advisory Services (TF098420) (*this activity was moved from the aid for trade thematic window to clean up the overall presentation of the NTF-PSI portfolio*) - disbursement level to date: 11.2 %

This activity the successor of "Products, markets and investment climate: The costs of logistics constraints (TF052864) that was funded under the NTF-PSI and closed in September 2010. The new account covers the same set of activities under the Trade Logistics Program under the two components; (i) product development and knowledge management and (ii) technical support for trade reforms in. The disbursement rate of the new account is low given that the funds arrived very late in the reporting period (estimated number of outputs: 19, outcomes: 2).

IFC Private Equity Clean Energy (TF093874) (*this activity was moved from the clean energy thematic window to clean up the overall presentation of the NTF-PSI portfolio*) - disbursement level to date: 1 %

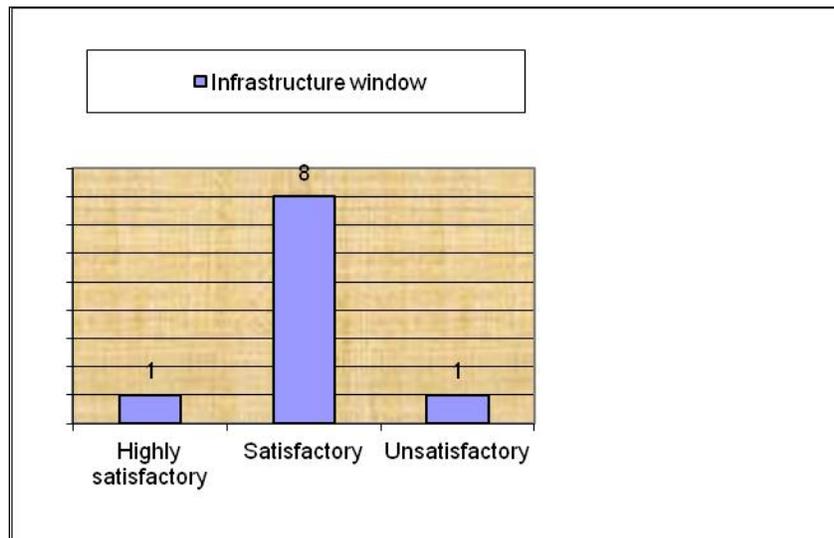
The activity aims to support private equity funds to access clean energy projects through advisory services and a series of knowledge products. The project is delayed due to a longer than expected preparation phase and the team is proposing an 18 month extension to meet the original output, outcome and impact targets (estimated number of outputs: 3, outcomes: 3).

Summary of Infrastructure Portfolio

As of December 31, 2010, the activities in the infrastructure window consisted of ten activities. Eight activities were scheduled to close in the reporting period, however five of these were granted extensions of their closing dates. One activity was incorrectly reported as closed in the last reporting period, and one activity was approved for funding under this window. One clean energy activity was added to this window to clean up the overall NTF-PSI portfolio. If current closing dates remain unchanged, nine activities will close in the next reporting period.

As shown in the below table, the self assessment of implementation progress of the activities in the infrastructure climate window in the reporting period was very good. One task teams assessed its own progress to be highly satisfactory, while eight chose satisfactory and one unsatisfactory.

Figure 9: Self-Assessment of implementation progress



Individual Activity Summary

Water, infrastructure and hydropower: Modernizing a critical resource (TF092144) (*this activity was incorrectly reported as closed in the last reporting period*) – disbursement level to date: 74%

The activity is made up of two parts: the first part covers carbon credits for hydropower and the second part addresses benefits sharing. All analytical activities and all but one dissemination activity for the carbon credit component has now been completed. The components of the benefit sharing initiative have been or are in the process of being completed (estimated number of outputs: 4, outcomes: 4).

Mitigation and Adaptation to Climate Change Impact at City levels – phase II: Coastal adaptation to climate change in Lagos, Nigeria and Cotonou, Benin (TF097270) – disbursement level to date: 0 %

The overall goal of the study is enhanced flood protection in the Lagos Metropolitan area through development of a methodology to assess long-term impact of climate change on coastal cities, including impacts assessments and cost-benefit analysis of adaptation options. This first component of this activity was funded by the NTF-PSI and focused on the Bangkok Metropolitan area. The second component intended to focus on both Lagos and Cotonou, but due to evacuation out of the Cote

d'Ivoire World Bank country office, the Cotonou component has been dropped. The Lagos component is slightly delayed given that the team selected for the work withdrew last minute (estimated number of outputs: 6, outcomes: 2).

Assessment of Greenhouse Gas (GHG) intensity of core development activities in energy and transport sectors (TF091582) – disbursement level to date: 61%

The objective of this assessment is to better understand the current carbon intensity of World Bank lending operations in three critical sectors: (i) energy, (ii) transport, and (iii) forestry--and to provide additional analytical tools to staff and partners that will be useful as they consider development alternatives. In the reporting period a number of pilots were undertaken and tools were developed, and methodologies created in the three sectors (estimated number of outputs: 3, outcomes: 1).

Lighting Africa-Web Portal (TF090598) – disbursement level to date: 73 %

The web portal is the central vehicle and platform for the management and implementation of Lighting Africa, an innovative joint IFC-World Bank program that aims to increase access to modern energy services to the poorest of the poor in Africa via a market-based approach. Acting as a virtual home for the international off-grid lighting industry, the web portal provides a central hub to aggregate industry players, fosters the formation of business to business linkages, responds to entrepreneurial needs, supports knowledge sharing and information dissemination, and cultivates collaboration across the industry. In the reporting period the web portal continued to grow in content and visitor behavior, increased business opportunities and underwent a major site amendment to launch a new section of the website devoted to supporting the implementation of Lighting Africa conferences (estimated number of outputs: 6, outcomes: 9).

Adaptation to climate change in coastal cities of North Africa (TF093136)–disbursement level to date: 45%

The development objective of the activity is to assist selected coastal cities of North Africa in assessing their vulnerability to climate change, and in identifying ways to increase their adaptation, via public investments and private sector engagement in infrastructure and energy efficiency. The work with the study greatly advances in the reporting period, with the technical work conducted by the consulting consortium in consultation with local and national counterpart, as well as six workshops (two per country). Towards the end of the reporting period, the very comprehensive Phase One, covering the cities of Alexandria, Casablanca and Tunis, as well as the urban development of the Bouregreg Valley in Morocco, were completed (estimated number of outputs: 12, outcomes: 1).

Infrastructure and small scale PSD for coastal cities of Honduras and Nicaragua (TF093075) – disbursement level to date: 91%

The objective of the activity is to assure the continued broad-based economic growth for the coastal areas of Honduras and Nicaragua by supporting both the physical safety and the enabling environment for investments, in particular those focused on natural attractions, public planning for destination management and private small and micro tourism products. The work progressed nicely in the reporting period with a large majority of the funds now being disbursed (estimated number of outputs: 5, outcomes: 3).

Model to develop the domestic gas market in Yemen (TF092841)– disbursement level to date: 62%

Both NTF-PSI and PPIAF¹² funds are used hand-in-hand to finance the preparatory activities to develop Yemen's gas market. Authorization to extend the closing date of the activity was given in the last reporting period to enable the team to work towards implementation of Yemen Gas to Power Program.

¹² Public Private Infrastructure Advisory Facility

Due to increasing security concerns in Yemen, the team might have to request another extension for implementation (estimated number of outputs: 1, outcomes: 2).

IFC CEC NTF-PSI Climate change (climate risk, infrastructure case studies) (TF093064) – disbursement level to date: 24 %

The project aims to scale up the work done by the IFC pilot studies (part of the Adaptation Program whose objective is to assess the risks posed by climate change to private sector investments) by assessing the climate risks and adaptation options specific to public-private partnership infrastructure projects. NTF-PSI is financing activities that are components of this larger Program, including the study on the Kafue Gorge Lower hydropower project in Zambia. Given the low disbursement rates and progress of this activity in the last reporting period, total funding to the activity was reduced by 50% to \$ 500,000 and the closing date was extended to enable the team to complete the initiated work (estimated number of outputs: 5, outcomes: 2).

Economic growth and deforestation in the Congo Basin (TF096510) – disbursement level to date: 0% (47% committed)

The Ministry of Foreign Affairs decided to channel funding to this activity through the NTF-PSI in FY10 (separate from a normal call for proposal process). The activity aims to improve Congo Basin countries' understanding of the multi-sectoral nature of REDD and to prepare tools for these countries to use for simulating different scenarios on deforestation. NTF-PSI resources have co-financed the report "Economic Growth & Deforestation trends in the Congo Basin". It is also planned to use NTF-PSI funds to finalize the preparation of the sector-specific reports (Agriculture, Mining and Energy) (estimated number of outputs: 3, outcomes: 2).

Bosnia Herzegovina Integrated Water Energy Development Study (TF095054) (*this activity was moved from the thematic clean energy window to clean up the presentation of the overall NTF-PSI portfolio*)- disbursement level to date: 17%

The objective of this activity is to pilot for the Vrbas river in Bosnia and Herzegovina and overarching plan for multi-purpose water resource development using the river basin as the basin for planning, and to provide pre-investment analytical support. Through a competitive process, COWI AS of Norway was selected in the reporting period to undertake the study. The time line of the activity was extended in light of revision of deliverables (estimated number of outputs: 7, outcomes: 1).

PROGRESS REPORT FOR THE PETROLEUM GOVERNANCE INITIATIVE AND EI-TAF

Project Name	Petroleum Governance Initiative (PGI) – Overall Program Summary
Trust Fund Number	TF057534
Task Manager	Paulo De Sa/Robert Lesnick
Managing Unit/Business Line	Sustainable Energy – Oil, Gas Mining (SEGOM)
Grant closing date	June 30, 2013
Recipient Country (ies)	Global, Mauritania, Ghana, Cambodia, Peru, Colombia, Rwanda
Total grant amount projected over life time of activity	PGI Total: US \$7.61 million
Total grant amount approved since inception	PGI Total: US \$7.61 million
Percentage disbursed of approved grant amount	76% of total PGI allocation

*This form is for Task Managers to report annually on progress of projects funded under the NTF-PSI, and request funding for the following fiscal year. Please answer all questions below. **The complete report will be shared with the Donor and posted on the NTF-PSI web page (www.worldbank.org/ntfpsi)**. Please also consider forwarding this report to others that may have an interest in the activity.*

For questions, please contact the NTF-PSI Secretariat (ntfpsi@worldbank.org, Heidi Stensland or Joshua Gallo)

PART A: PROGRESS REPORT FOR: January 1 - December 31, 2010

1. HIGHLIGHTS OF THE REPORTING PERIOD

Summarize key project highlights of the reporting period

Evaluation of the Petroleum Governance Initiative

The first evaluation of the Petroleum Governance Initiative was finalized in December 2010. Its objective was to assess the results achieved by PGI within the context of Norway's development assistance goals and WBG strategy for extractive industries. The evaluation focused on three critical aspects of PGI's operations, including: i) strategic coherence of the program goals; ii) the effectiveness and efficiency in delivering on program goals and achieving results; and iii) governance and management aspects.

The evaluation concluded that after nearly four years of operations, PGI had been successful in achieving its stated objectives and endorsed a second phase of the program. It culminated in the preparation of a final report which provided recommendations aimed at enhancing the program's products, performance and processes as it moved forward into the second phase.

PGI—II

Based on the positive results that emerged from the evaluation of the program, Phase II of PGI (PGI-II) is set to commence in early FY12. The World Bank and the Government of Norway have begun initial discussions on the objectives, structure, governance arrangements, funding and an indicative work plan for PGI-II. Specific arrangements on these topics were also discussed in detail during donor meetings held in Oslo, Norway, January 27-28, 2011.

Programmatic Highlights

In 2010, eight activities in total were completed under PGI:

- i) Four from the Governance Pillar, including:**
 - a. Cambodia Regulatory Management Project
 - b. Ghana Hydrocarbon Regulatory Advisory Project
 - c. Rwanda Oil Sector Governance Project
 - d. Conference on Oil and Gas in Federal Systems.

- ii) One from the Environmental pillar, including:**
 - a. Best Practices Toolkit on Decommissioning.

- iii) Three from the Community Development Pillar, including:**
 - a. Colombia Oil Royalty Management Project
 - b. SRsp Corporate Social Responsibility (CSR) Strategy
 - c. Good Practice Handbook on Strategic Community Investment.

Activities were implemented in South East Asia, Africa, and Latin America, in addition to the three global products that were completed.

NTF-PSI FINANCIAL PROGRESS REPORT FOR FREESTANDING ACTIVITIES				
(Reporting Period: January 1- December 31, 2010)				
TF Project Name.:	Petroleum Governance Initiative			
Trust Fund Number:	TF057534			
Task Team Leader:	Robert Michael Lesnick			
Managing Unit/Business Line:	SEGOM			
Grant start date/closing date:	November 1, 2006/June 30, 2013			
A.	Contributions			
	Contribution received from inception (November 1, 2006) to June 30, 2010		\$6,756	
	Contribution received from July 1, 2010 - December 31, 2010		\$0	
	Unreleased allocations from previous years		\$0	
	Unreleased allocation from FY11		\$857	
	Total allocation from inception to December 31, 2010			\$7,614
B.	Disbursements			
	From inception (November 1, 2006) to June 30, 2010 (actual up to FY 11)		\$4,798	
	From July 1, 2010 - December 31, 2010 (FY11 actual)		\$594	
	Estimate for January 1, 2011 to June 30, 2011 (projected)		\$775	
	Total disbursements from inception to June 30, 2011 (actual + projected)			\$6,167
C.	Available balance			
	Expected balance available on June 30, 2011 (A-B)			\$1,446
D.	Committed, but undisbursed			
	Of the balance in C above, please estimate how much, if any, will remain committed but undisbursed by June 30, 2011			
				\$171

Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI)
PROGRESS REPORT AND REQUEST FOR REFRESHED FUNDING

Project Name	Petroleum Governance Initiative (PGI) – Governance Pillar
Trust Fund Number	TF057534
Task Manager	Paulo De Sa/Robert Lesnick
Managing Unit/Business Line	Sustainable Energy – Oil, Gas Mining (SEGOM)
Grant closing date	June 30, 2013
Recipient Country (ies)	Global, Cambodia, Ghana, Rwanda,
Total grant amount projected over life time of activity	US \$3.06 million
Total grant amount approved since inception	PGI Total: US \$7.61 million (US \$3.06 million for the Governance Pillar)
Percentage disbursed of approved grant amount	32 % of total PGI allocation

PART A: PROGRESS REPORT FOR: January 1 - December 31, 2010

1. HIGHLIGHTS OF THE REPORTING PERIOD

Summarize key project highlights of the reporting period

- Some 120+ people across a diversity of organizations (including the IMF, the World Bank, Norad) participated in two-day conference entitled *Oil and Gas in Federal Systems*, held at the World Bank headquarters in Washington, DC on March 3 -4, 2010, aimed at exploring the particular political, economic, and social challenges arising from the exploitation of petroleum resources in federal systems. A final report which distills some of the initial lessons learned from the conference was prepared, and can be found at http://siteresources.worldbank.org/INTOGMC/Resources/O&G_Conference_report.pdf.
- The first phase of the *Cambodia-Regulatory Management project*, a follow-up project from a previous PGI financed activity, was completed in the third quarter of 2010. The project was delivered through three interactive workshops, held in Phnom Penh. The Cambodian participants in the workshop included managerial and professional staff level employees of the relevant government agencies. All workshop materials and work products were provided to participants in print and digital formats. The project was extended to provide an additional 30 days of on-site consulting assistance to address financial issues and topics of interest identified by the CNPA (Cambodia National Petroleum Authority) and the GDT (General Department of Taxation). The extension work was completed in December 2010.

2. OUTPUTS¹

2.1 DETAILED REPORTING ON OUTPUTS

Please complete the below table on outputs.

OUTPUTS (short-term project deliverables)							
List of outputs (List all completed and expected outputs of the activity)	Indicators (Mention for each component the applicable indicators. i.e. amounts, quality, volume of use of the project's products etc. <u>Include in particular details on dissemination</u>)	Target groups (add <u>names</u> of applicable target groups under each column)				Status (comment on progress of the components, <u>if behind schedule</u> , or if project has been restructured, explain reason for delay, restructuring rationale and corrective actions if applicable)	Comments- Outputs must be forwarded to the Secretariat for sharing with the donor/externally. Please also include a link to any outputs available electronically (incl online, in IRIS, etc)
		WBG staff	Local partners/ stakeholders	Donor	Others		
1	<i>Ghana Regulatory Advisory Project:</i> provide advisory services to the Minister of Energy with respect to new petroleum legislation	<ul style="list-style-type: none"> 1 report assessing the current legal/regulatory framework. 1 workshop held in Accra. 1 final report with recommendations. 		Government of Ghana, in particular the Minister of Energy.			This project was finalized in early 2010. The work was largely carried out by an individual consultant, providing advisory support to the Minister of Energy on issues related to petroleum sector governance and stakeholder consultations. The consultant delivered a comprehensive report detailing his comments on regulatory and legislative arrangements in the sector.
2	<i>Cambodia-Regulatory Management:</i> to assist the two key Cambodian government agencies operating in the sector to improve their regulatory processes and procedures.	<ul style="list-style-type: none"> Regulatory process flowcharts developed by CNPA and MEF/GDT staff; Checklists, schedules, guidelines and standards developed by CNPA and MEF/GDT staff to address the regulatory functions targeted in the project. CNPA & MEF/GDT 		Cambodian National Petroleum Authority (CNPA) and the General Department of Taxation (GDT) of the Ministry of Economy & Finance (MEF).			This initial project was completed in the third quarter of 2010. The TA was delivered through three interactive workshops, held in Phnom Penh. The Cambodian participants in the workshop included managerial and professional staff level employees of the relevant governance agencies. All workshop materials and work products were provided to participants in print and digital formats. The TA was extended to provide an additional 30 days of on-site consulting assistance to address financial issues and topics of interest identified by CNPA &

¹ For definitions of outputs, outcomes and impacts, see <http://go.worldbank.org/1HR22MLDY0>. Visit <http://go.worldbank.org/5SDDS6BZ80> for examples of project results chains

		<p>development of internal and external report distribution guidelines and identification of staff/organizational responsibilities and authorities associated with the targeted regulatory functions.</p> <ul style="list-style-type: none"> • A joint Bank, CNPA & MEF/GDT scoping report identifying near-term and long-range organizational and training issues. 					GDT. The extension work was completed in December 2010	
3	<p><i>Rwanda Petroleum Exploration Capacity Building Project:</i> provide capacity building and advisory services to the Government of Rwanda on petroleum policy and resource management; and legal and contractual framework and fiscal regimes.</p>	<ul style="list-style-type: none"> • 1 inception report delivered for each component of the project (3 all together). • 2 workshop reports delivered. • 1 final report delivered for each component of the project (3 all together). 		Government of Rwanda, in particular the Ministry of Infrastructure			<p>As of early 2010, this project has been fully implemented. Major milestones have included:</p> <ul style="list-style-type: none"> • A training seminar on petroleum exploration and petroleum governance for approximately 13 representatives from various ministries; • Capacity building and training to the Ministry of Infrastructure on the development of fiscal terms for petroleum exploration and production; and • Capacity building and training to the Ministry of Infrastructure on the technical/geological aspects of petroleum exploration and production. 	
4	<p><i>The Role of LPG in Reducing Energy Poverty:</i></p> <p>1) to investigate questions with respect to the uptake and use of LPG and its impact on the associated use of biomass for cooking;</p> <p>2) to investigate conditions of supply in a range of developing countries, with a view to providing information on the</p>	<ul style="list-style-type: none"> • An Interim report, including a summary of the technological, economic and policy issues studied in the first stage, and identification of the countries for detailed study and proposals for the further work on these countries. • A Final report, including an assessment of potential gas supplies, using various supply options and the 				The development community at large	<p>The work under this activity commenced in July 2010. Recent national household surveys in several developing countries have been examined to understand the impact of not only household income and fuel prices but also education levels of male and female members of the household, the type of jobs held (white-collar, agriculture, etc.), whether women household members are working, access to electricity, and other variables available in the surveys. A consultant firm was contracted in December 2010 to carry out the component on supply conditions.</p>	

	conditions in different markets.	<p>associated costs; reviews of actual and potential gas use by the target groups in each country, and a set of recommendations.</p> <ul style="list-style-type: none"> • 2 – 3 workshops, to review recommendations and disseminate findings. 						
5	<i>Gender Dimension of Oil and Gas</i> : to explore the gender dimensions of the oil and gas industries through a multi-country study of the different impacts of oil and gas on men and women.	<ul style="list-style-type: none"> • The study will yield in a publication on impacts of oil and gas on women. 				The development community at large	<p>Phase I of this project has been completed. A literature review of existing resources on gender, oil, and gas, was commissioned and completed in June 2010. In July 2010, the draft methodology for the research project was outlined, and was peer reviewed by an advisory group set up for the purpose of this study (September 2010).</p> <p>Phase II has been initiated. The current draft research methodology will be carried out by a team of international and national level consultants in seven countries</p>	
6	<i>Conference on Oil and Gas in Federal Systems</i> : to provide a platform for open dialogue and debate among a wide variety of prominent development actors on major development and public finance issues related to the exploitation of petroleum resources in federal systems.	<ul style="list-style-type: none"> • Organize one international conference. • Prepare final report on the basis of the discussions held during the conference, 				The development community at large	<p>The 120+ participants of the two-day conference, held at the World Bank headquarters in Washington, DC on March 3 -4, 2010, explored the particular political, economic, and social challenges arising from the exploitation of petroleum resources in federal systems. A final report aimed at distilling some of the initial lessons learned from the conference was prepared, which can be found at HERE.</p>	

2.2 ASSESSMENT of implementation progress (outputs)

Please provide an assessment of the overall implementation progress of the activity. Please be as candid as possible and note that funding will not be withdrawn if the project is rated unsatisfactory or highly unsatisfactory.

	Highly satisfactory – implementation exceeds or is fully in accordance with the original implementation plan or the formally revised plan.
X	Satisfactory – implementation is in substantial compliance with the original/formally revised implementation plan.
	Unsatisfactory – implementation is not in compliance with the original/formally revised implementation plan. Remedial action has been agreed.
	Highly unsatisfactory – as in Unsatisfactory but remedial action has not been agreed.

3. OUTCOMES

Please complete the below table on outcomes.

OUTCOMES² (intermediate results)				
List of outcomes		Indicators	Status and progress made in reporting period	Other Comments
1	<p><i>Ghana Regulatory Advisory Project:</i></p> <ul style="list-style-type: none"> • Assist in client policy/program implementation • Develop/strengthen institutions 	<ul style="list-style-type: none"> • Enactment of new Petroleum legislation • Increased capacity to design strategies/policies 	World Bank lending TA Project team and Oil for Development Ghana Program team coordinated their assistance to the Government of Ghana to undertake a needs assessment and identify suitable forms of technical assistance in the oil and gas sector in areas such as resource management and environmental management. A number of follow up projects have been initiated within the Bank's Africa Region.	
2	<p><i>Cambodia-regulatory management</i></p> <ul style="list-style-type: none"> • Improve in the organizational structuring of the relevant agencies and authorities; • assist the agencies address their critical near-term needs; and • serve as a model for the development of processes and procedures suitable for broader application within the agencies. 	<ul style="list-style-type: none"> • Improved capacity of the Cambodian Government to manage PSAs with foreign oil companies. 	Improved capacity indicated by the formation of multi-discipline and multi-agency working teams formed to address priority regulatory issues. Also noticeable improvement in the nature and quality of PSA Contractor reports and the agencies analysis of those reports.	
3	<p><i>Rwanda Petroleum Exploration Capacity Building Project:</i></p> <ul style="list-style-type: none"> • Assist in client policy/program implementation • Develop/strengthen institutions 	<ul style="list-style-type: none"> • Policy/program implemented • Increased capacity to design strategies/policies 	The Government of Rwanda is expected to move forward with negotiations on a special hydrocarbon exploration license as the project envisioned, and the Bank will be providing additional advisory support during negotiations through the EI-TAF. The extent to which this portion of the project has led to <i>increased capacity to design strategies/policies</i> will be more measurable during the actual negotiations phase.	
4	<p><i>The Role of LPG in Reducing Energy Poverty:</i></p> <ul style="list-style-type: none"> • Inform lending 	<ul style="list-style-type: none"> • Influence World Bank lending priorities; Identification of pilot projects 	This study has yet to be fully prepared and as such it is too soon to report on/measure outcomes.	

² Outcomes: Uptake, adoption and use of project outputs by the project beneficiaries. Outcomes can be defined at various levels depending on the circumstances (e.g. CAS and project levels).

	<ul style="list-style-type: none"> • Inform government policy • Inform/stimulate public debate • Influence development community 	<ul style="list-style-type: none"> • New government strategy adopted • Major stakeholders reflect on Bank views • Shift in donor policy/priorities 		
5	<i>Gender Dimension of Oil and Gas</i> : To better understand how policies can be designed to foster more equitable impact on men and women in oil and gas operations.	<ul style="list-style-type: none"> • Influence World Bank lending priorities; Identification of pilot projects • Government policies are designed in accordance with study's findings. 	This study has yet to be fully prepared and as such it is too soon to report on/measure outcomes.	
6	<i>Conference on Oil and Gas in Federal Systems</i> : To guide oil and gas sector policy in federal countries	<ul style="list-style-type: none"> • Impact World Bank advice to governments. 	There has been on-going dialogue between the Bank and the Governments of Brazil and Indonesia on this issue.	

4. IMPACTS

4.1 DETAILED REPORTING ON IMPACTS

Please complete the below table on impacts.

IMPACTS³ (broader results from program outcomes listed in # 3 above)			
	List of development objectives	Indicators	Comments
1	Improved governance of the petroleum sector in target countries.	Countries that have been assisted directly through PGI succeed in governing the petroleum sector effectively. Evidence that the countries are benefitting economically and socially from petroleum development.	This relates to country-specific assistance with petroleum governance funded through PGI. See above in regard t to the specific outcomes for each of the country-based activities.
2	Improved governance of the petroleum sector in developing countries in general.	Policies that contribute to good governance of the petroleum sector in developing countries are more frequently applied.	This relates to global activities to improve petroleum governance funded through PGI (e.g. publications, conferences, etc.). The <i>Role of LPG in Reducing Energy Poverty</i> study will fall into this category; a number of global activities (studies, etc.) are also proposed under a Phase II of PGI.

4.2 ASSESSMENT OF PROGRESS TOWARD MEETING DEVELOPMENT OBJECTIVES

What has been the progress toward meeting the development objectives so far? Please tick off as appropriate and **provide a brief rationale for the selection**

X	On or above targets – results can be seen for all objectives listed in item # 4.1
	Slightly below targets – results can be seen for some of objectives listed in item # 4.1
	Significantly below targets – results cannot be seen for any of the objectives listed in # 4.1

Brief

Rationale: For all projects, implementation is on target. The Governance pillar has been successful in making progress in countries that have been difficult to work in the past.

³ Please also illustrate impacts that can be seen related to:

- (i) WBG private sector and infrastructure policy and operation
- (ii) Private sector and infrastructure policy and practice by country governments

See footnote 1 for link to definition of impact and examples of project results chains.

5. RISKS & CHALLENGES

A. If applicable, provide status of follow-up areas from previous progress reports and possible conflict of interests.

N/A

B. Explain which implications, if any, changes in the economic/political/social environment has had in the implementation of the project.

N/A

C. Which major challenges, if any, do you foresee in the next 12 months?
How are these challenges going to be met?

The climate change agenda and impending energy strategy has limited the Program's ability to leverage resources within the Bank for petroleum related activities.

6. EXIT STRATEGY AND REPLICABILITY

Please describe any progress in preparing for activity exit, building sustainability on institutional, financial, technical levels. If known, please also describe likelihood of replication across the WBG or outside.

Institutional	The country-specific governance activities are designed to be handed over to the partner governments as capacity improves (or mainstreamed into wider World Bank operations). For global aspects of the program, activities are 'stand alone' projects that can be readily available for future reference and use.
Financial	Financial sustainability depends largely upon countries' ability to take over funding for governance as required. In addition, where required, initial work done with support of PGI can be continued through World Bank and other donor funding
Technical	Related to above two aspects.
Other	

7. FINANCIAL INFORMATION

7.1 BUDGET AND DISBURSEMENTS

A. Is the budget still realistic?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<i>If no, please explain:</i> Second phase of the program is being discussed
B. Are disbursements on schedule (as per original proposal – including as projected <u>per fiscal year</u>)?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<i>If no, please explain:</i>

7.2 ALLOCATION SPENT ON AFRICA, Including northern africa DURING THE REPORTING PERIOD (estimate):

945

\$

18

%

7.3 COLLABORATION WITH NORWEGIAN PARTNERS AND NATIONAL CONSULTANTS

A. To what extent have you collaborated with Norwegian and local partners (individual consultants/firms/institutions)?

Fiscal Year	Names of Norwegian consultants/firms/institutions	Amount (USD)	Number of Local Consultants	Amounts (USD)
FY10				
FY11				

B. Are there any other opportunities for leveraging Norwegian expertise that you can foresee which you want the Secretariat to refer to the donor or to other task managers?

N/A

PART B: REQUEST FOR REFRESHED FUNDING IN FY12

For multiyear activities, please list the refreshed funding amount needed for FY12 (if different from the approved budget proposal, please explain change in detail below)

Amount Requested (USD)

To be discussed

The decision on your funding request will be based on implementation progress and donor preferences. Please provide any additional information that ought to be considered below:

The Oil, Gas and Mining Policy Division, which manages PGI, is consulting with Norwegian counterparts on the possibility of additional financing for a PGI (i.e., PGI Phase II).

NTF-PSI FINANCIAL PROGRESS REPORT FOR FREESTANDING ACTIVITIES				
(Reporting Period: January 1- December 31, 2010)				
TF Project Name.:		Petroleum Governance Initiative - Governance Pillar		
Trust Fund Number:		TF057534		
Task Team Leader:		Robert Michael Lesnick		
Managing Unit/Business Line:		SEGOM		
Grant start date/closing date:		November 1, 2006/June 30, 2013		
A.	Contributions			
	Contribution received from inception (November 1, 2006) to June 30, 2010		\$3,055	
	Contribution received from July 1, 2010 - December 31, 2010		\$0	
	Unreleased allocations from previous years		\$0	
	Unreleased allocation from FY11		\$0	
	Total allocation from inception to December 31, 2010			\$3,055
B.	Disbursements			
	From inception (November 1, 2006) to June 30, 2010 (actual up to FY 11)		\$2,138	
	From July 1, 2010 - December 31, 2010 (FY11 actual)		\$241	
	Estimate for January 1, 2011 to June 30, 2011 (projected)		\$250	
	Total disbursements from inception to June 30, 2011 (actual + projected)			\$2,629
C.	Available balance			
	Expected balance available on June 30, 2011 (A-B)			\$426
D.	Committed, but undisbursed			
	Of the balance in C above, please estimate how much, if any, will remain committed but undisbursed by June 30, 2011			

Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI)

PROGRESS REPORT AND REQUEST FOR REFRESHED FUNDING

(Freestanding Activities)

Project Name	Petroleum Governance Initiative (PGI) – Environment Pillar
Trust Fund Number	TF057534
Task Manager	Paulo De Sa/Robert Lesnick
Managing Unit/Business Line	Sustainable Energy – Oil, Gas Mining (SEGOM)
Grant closing date	June 30, 2013
Recipient Country (ies)	Global, Mauritania
Total grant amount projected over life time of activity	US \$1.77 million
Total grant amount approved since inception	PGI Total: US \$7.61 million (US \$1.77 million for the Environment Pillar)
Percentage disbursed of approved grant amount	15 % of total PGI allocation

*This form is for Task Managers to report annually on progress of projects funded under the NTF-PSI, and request funding for the following fiscal year. Please answer all questions below. **The complete report will be shared with the Donor and posted on the NTF-PSI web page (www.worldbank.org/ntfpsi)**. Please also consider forwarding this report to others that may have an interest in the activity.*

For questions, please contact the NTF-PSI Secretariat (ntfpsi@worldbank.org, Heidi Stensland or Joshua Gallo)

PART A: PROGRESS REPORT FOR: January 1 - December 31, 2010**1. HIGHLIGHTS OF THE REPORTING PERIOD**

Summarize key project highlights of the reporting period

*The **Best Practices Toolkit on Decommissioning toolkit** was completed in early February 2010. The process for developing the toolkit has included workshops aimed at providing input into the development of the toolkit which were held in DC, London, and Accra with sector experts, governments and the private sector. In October 2009 comments from the workshops were incorporated in a new version and sent out to stakeholders for final comments. The Bank team reviewed the additional feedback and made revisions as appropriate. The toolkit can be found at http://siteresources.worldbank.org/EXTOGMC/Resources/336929-1258667423902/decommission_toolkit3_full.pdf*

2. OUTPUTS⁴

2.1 DETAILED REPORTING ON OUTPUTS

Please complete the below table on outputs.

OUTPUTS (short-term project deliverables)								
List of outputs (List all completed and expected outputs of the activity)	Indicators (Mention for each component the applicable indicators. i.e. amounts, quality, volume of use of the project's products etc. <u>Include in particular details on dissemination</u>)	Target groups (add <u>names</u> of applicable target groups under each column)				Status (comment on progress of the components, <u>if behind schedule</u> , or if project has been restructured, explain reason for delay, restructuring rationale and corrective actions if applicable)	Comments- Outputs must be forwarded to the Secretariat for sharing with the donor/externally. Please also include a link to any outputs available electronically (incl online, in IRIS, etc)	
		WBG staff	Local partners/ stakeholders	Donor	Others			
1	Conduct a Social and Environmental Strategic Assessment (SESA) for Mauritania	<ul style="list-style-type: none"> Preparation of a socio-environmental strategic assessment of Mauritania. Holding a workshop on the institutional framework for the Assessment. Establishment of an inter-ministerial commission to implement the findings. 		Government, companies, civil society			<ul style="list-style-type: none"> The SESA report has been completed and the final version will be presented, along with a workshop, to the Government of Mauritania in early February 2011. 	
2	Prepare a Best Practices Toolkit on Decommissioning	<ul style="list-style-type: none"> Preparation of "issues papers" on salient issues related to the decommissioning of oil and gas fields and mines. Hold an expert meeting/workshop with 	Environment & technical staff	Government, companies, civil society.			<ul style="list-style-type: none"> The toolkit was completed in early February 2010. The process for developing the toolkit has included workshops aimed at providing input into the development of the toolkit which were held in DC, London, and Accra with sector experts, governments and the private sector. In October 2009 comments from the workshops were incorporated in a new 	

⁴ For definitions of outputs, outcomes and impacts, see <http://go.worldbank.org/1HR22MLDY0>. Visit <http://go.worldbank.org/5SDDS6BZ80> for examples of project results chains

		<p>a select group of stakeholders (regulators, industry and NGOs) to review and validate the issues paper.</p> <ul style="list-style-type: none"> • Development of “best practices” toolkit on decommissioning of oil fields and mines, dissemination at a conference and beyond. 					<p>version and sent out to stakeholders for final comments. The Bank team reviewed the additional feedback and made revisions as appropriate. The toolkit can be found HERE.</p> <ul style="list-style-type: none"> • The process for developing the toolkit has included workshops aimed at providing input into the development of the toolkit which were held in DC, London, and Accra with sector experts, governments and the private sector. 	
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2.2 ASSESSMENT of implementation progress (outputs)

Please provide an assessment of the overall implementation progress of the activity. Please be as candid as possible and note that funding will not be withdrawn if the project is rated unsatisfactory or highly unsatisfactory.

	Highly satisfactory – implementation exceeds or is fully in accordance with the original implementation plan or the formally revised plan.
<i>X</i>	Satisfactory – implementation is in substantial compliance with the original/formally revised implementation plan.
	Unsatisfactory – implementation is not in compliance with the original/formally revised implementation plan. Remedial action has been agreed.
	Highly unsatisfactory – as in Unsatisfactory but remedial action has not been agreed.

3. OUTCOMES

Please complete the below table on outcomes.

OUTCOMES ⁵ (intermediate results)				
List of outcomes		Indicators	Status and progress made in reporting period	Other Comments
1	<p><i>Mauritania - Social and Environmental Strategic Assessment.</i></p> <p>i) The appropriate legal-regulatory framework, institutions and procedures are put in place to effectively manage the social-environmental impacts of oil operations in Mauritania.</p>	<ul style="list-style-type: none"> Development and implementation of appropriate legal and regulatory instruments in Mauritania. 	<ul style="list-style-type: none"> The interaction and response of Government was very positive; however at this stage, it's too soon to measure actual outcomes from this project. 	
2	<p><i>Decommissioning Toolkit</i></p> <p>i) The decommissioning "Toolkit" is used by the regulatory authorities in resource rich countries to effectively address legal, contractual, economic, social and environmental implications of the abandonment of oil fields and mines.</p>	<ul style="list-style-type: none"> Number of countries that have adopted recommendations from the Toolkit in the design of their decommissioning regulatory framework. Use of the Toolkit as the basis for "best practice" policy in further discussions of the issues of decommissioning. Use of the Toolkit by the World Bank Group and other donors in the initial design of EI projects, and as the basis for assistance with decommissioning. 	<p>While it's too early to tell how many countries will adopt the recommendations released by the toolkit, all the Majors (BP, TOTAL, EXXON, SHELL, CHEVRON, plus STATOIL) were represented at the workshop in London and government representatives were present at the meeting in Accra. The meetings provided comments both on the form/editing and on details of the substance of the draft tool-kit. Country and industry in-put provide a good starting point for adoption and use of the tool kit.</p>	

⁵ Outcomes: Uptake, adoption and use of project outputs by the project beneficiaries. Outcomes can be defined at various levels depending on the circumstances (e.g. CAS and project levels).

4. IMPACTS

4.1 DETAILED REPORTING ON IMPACTS

Please complete the below table on impacts.

IMPACTS⁶ (broader results from program outcomes listed in # 3 above)			
	List of development objectives	Indicators	Comments
1	Improvement of the national environmental policies and institutions in countries with actual or possible petroleum potential.	<ul style="list-style-type: none"> Fewer environmental incidents arising from petroleum operations. Improved stakeholder consultation and engagement in environmental assessments. 	Second phase of the global environmental survey work, under which training/capacity building is proposed, should help to contribute to this objective.
2	Improvement in environmental and social management of petroleum and all related activities in Mauritania.	<ul style="list-style-type: none"> Fewer environmental and social problems related to petroleum development. Development of improved institutions, laws and procedures for dealing with environmental issues in Mauritania. 	Impact cannot yet be assessed due to interruption of work in the country because of political developments.
3	Reduction of the negative economic, social and environmental impacts of the decommissioning of oil fields and mines in developing countries.	<ul style="list-style-type: none"> Oil fields and mines decommissioned according to best practice. 	Decommissioning toolkit now being finalized.

4.2 ASSESSMENT OF PROGRESS TOWARD MEETING DEVELOPMENT OBJECTIVES

What has been the progress toward meeting the development objectives so far? Please tick off as appropriate and **provide a brief rationale for the selection**

X	On or above targets – results can be seen for all objectives listed in item # 4.1
	Slightly below targets – results can be seen for some of objectives listed in item # 4.1
	Significantly below targets – results cannot be seen for any of the objectives listed in # 4.1

Brief Rationale: Projects are being implemented successfully and according to schedule (except in Mauritania due to political situation but even this is now on track)

⁶ Please also illustrate impacts that can be seen related to:

- (iii) WBG private sector and infrastructure policy and operation
- (iv) Private sector and infrastructure policy and practice by country governments

See footnote 1 for link to definition of impact and examples of project results chains.

5. RISKS & CHALLENGES

A. If applicable, provide status of follow-up areas from previous progress reports and possible conflict of interests.

N/A

B. Explain which implications, if any, changes in the economic/political/social environment has had in the implementation of the project.

N/A

C. Which major challenges, if any, do you foresee in the next 12 months?
How are these challenges going to be met?

N/A

6. EXIT STRATEGY AND REPLICABILITY

Please describe any progress in preparing for activity exit, building sustainability on institutional, financial, technical levels. If known, please also describe likelihood of replication across the WBG or outside.

Institutional	
Financial	
Technical	
Other	This work consists of a series of discrete studies and dissemination activities, to be completed according to the schedule. The studies will contain recommendations for follow-on work where required.

7. FINANCIAL INFORMATION

7.1 BUDGET AND DISBURSEMENTS

A. Is the budget still realistic?

<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No

If no, please explain: Second phase of the program is being discussed

B. Are disbursements on schedule (as per original proposal – including as projected per fiscal year)?

<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No
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If no, please explain:

7.2 ALLOCATION SPENT ON AFRICA, Including northern africa DURING THE REPORTING PERIOD (estimate):

\$

%

7.3 COLLABORATION WITH NORWEGIAN PARTNERS AND NATIONAL CONSULTANTS

A. To what extent have you collaborated with Norwegian and local partners (individual consultants/firms/institutions)?

Fiscal Year	Names of Norwegian consultants/firms/institutions	Amount (USD)	Number of Local Consultants	Amounts (USD)
FY10				
FY11				

B. Are there any other opportunities for leveraging Norwegian expertise that you can foresee which you want the Secretariat to refer to the donor or to other task managers?

N/A

PART B: REQUEST FOR REFRESHED FUNDING IN FY12

For multiyear activities, please list the refreshed funding amount needed for FY12 (if different from the approved budget proposal, please explain change in detail below)

Amount Requested (USD) To be discussed

The decision on your funding request will be based on implementation progress and donor preferences. Please provide any additional information that ought to be considered below:

The Oil, Gas and Mining Policy Division, which manages PGI, is consulting with Norwegian counterparts on the possibility of additional financing for a PGI (i.e., PGI Phase II).

NTF-PSI FINANCIAL PROGRESS REPORT FOR FREESTANDING ACTIVITIES				
(Reporting Period: January 1- December 31, 2010)				
TF Project Name.:		Petroleum Governance Initiative - Environment Pillar		
Trust Fund Number:		TF057534		
Task Team Leader:		Robert Michael Lesnick		
Managing Unit/Business Line:		SEGOM		
Grant start date/closing date:		November 1, 2006/June 30, 2013		
A.	Contributions			
	Contribution received from inception (November 1, 2006) to June 30, 2010		\$1,772	
	Contribution received from July 1, 2010 - December 31, 2010		\$0	
	Unreleased allocations from previous years		\$0	
	Unreleased allocation from FY11		\$0	
	Total allocation from inception to December 31, 2010			\$1,772
B.	Disbursements			
	From inception (November 1, 2006) to June 30, 2010 (actual up to FY 11)		\$1,040	
	From July 1, 2010 - December 31, 2010 (FY11 actual)		\$86	
	Estimate for January 1, 2011 to June 30, 2011 (projected)		\$150	
	Total disbursements from inception to June 30, 2011 (actual + projected)			\$1,276
C.	Available balance			
	Expected balance available on June 30, 2011 (A-B)			\$497
D.	Committed, but undisbursed			
	Of the balance in C above, please estimate how much, if any, will remain committed but undisbursed by June 30, 2011			

Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI)

PROGRESS REPORT AND REQUEST FOR REFRESHED FUNDING

(Freestanding Activities)

Project Name	Petroleum Governance Initiative (PGI) – CommDev Pillar
Trust Fund Number	TF057534
Task Manager	Paulo De Sa/Robert Lesnick/Dafna Tapiero
Managing Unit/Business Line	COCPO
Grant closing date	June 30, 2013
Recipient Country (ies)	Global, Peru, Colombia, Bolivia
Total grant amount projected over life time of activity	In discussions with the donor to start a second phase of the program.
Total grant amount approved since inception	PGI Total: US \$6 million (US \$2.6 million for the Community Development Pillar)
Percentage disbursed of approved grant amount	24 % of total PGI allocation

*This form is for Task Managers to report annually on progress of projects funded under the NTF-PSI, and request funding for the following fiscal year. Please answer all questions below. **The complete report will be shared with the Donor and posted on the NTF-PSI web page (www.worldbank.org/ntfpsi)**. Please also consider forwarding this report to others that may have an interest in the activity.*

For questions, please contact the NTF-PSI Secretariat (ntfpsi@worldbank.org, Heidi Stensland or Joshua Gallo)

PART A: PROGRESS REPORT FOR: January 1 - December 31, 2010**1. HIGHLIGHTS OF THE REPORTING PERIOD**

Summarize key project highlights of the reporting period

- Planning and Financial Valuation Tool for Sustainability Investments: IFC CommDev continues to work toward identifying gaps in industry practice around community development by innovating tools and public knowledge goods to promote good international practice. To meet this end, IFC CommDev, in partnership with Rio Tinto Alcan and Deloitte, has successfully developed a Sustainability Planning/Valuation Tool for extractive companies to quantify the financial return from sustainability investments for strategic decision making. During this reporting period, the Tool was piloted Newmont Ghana (gold mine project) and Cairn India (oil and gas project) to demonstrate the model's value-add, i.e. integration into risk management, strategic planning and project evaluation; and contribute to the Tool's development and refinement by applying it to brownfield operations in Africa and India. Next steps include the development of a user-friendly web interface for the Tool and completion of the quality self-assessment component by June 2011.*
- IFC CommDev continues to make significant strides over the last year. Visitors to commdev.org*

have jumped to 1,350 per day, with 53% of users from developing countries, and a user base of over 160,000 repeat users that carry over from month-to-month.

- *In Peru LNG, the local supplier development project has helped build the capacity of 116 small businesses around key skills areas such as quality, negotiations, marketing, financing, costs, safety and environment which generated in the company awarding an additional \$4 million in contracts. The program focused on two towns – Chincha and Canete – which had been devastated by the earthquake in 2007. To date, 167 new permanent jobs have been created and the program has received several notable awards including: CAREC first prize for social responsibility projects in the oil and gas industry, Peru 2021 first prize for social responsibility and sustainable development, and Sociedad Nacional de Minería y Petróleo (SMPE) prize on sustainable development. PERU LNG has requested the extension of the project for an additional year (through 2011).*
- *The Good Practice Handbook on Strategic Community Investment (140 pages), was completed and published in June 2010. This work represents significant progress in helping IFC clients and private sector at large to think strategically about how to engage local communities and support community investment programs that are successful, sustainable and consistent with their business objectives. The Handbook was launched as part of a 3-day conference on Corporate Responsibility organized by the IFC team on June 15-17, 2010. The event was attended by some 200 people and brought together a global cross-section of companies and practitioners to share experiences and best practices in emerging markets. Other external dissemination activities include outreach to industry associations and multi-stakeholder groups, including Mining Indaba, Global Oil and Gas Industry Association for Environmental and Social Issues (IPIECA), International Council on Metals and Mining (ICMM), United Nations Global Compact (UNGC), Ethos and the Devonshire Initiative.*

2. OUTPUTS⁷

2.1 DETAILED REPORTING ON OUTPUTS

Please complete the below table on outputs.

OUTPUTS (short-term project deliverables)							
List of outputs (List all completed and expected outputs of the activity)	Indicators (Mention for each component the applicable indicators. i.e. amounts, quality, volume of use of the project's products etc. <u>Include in particular details on dissemination</u>)	Target groups (add <u>names</u> of applicable target groups under each column)				Status (comment on progress of the components, if behind schedule, or if project has been restructured, explain reason for delay, restructuring rationale and corrective actions if applicable)	Comments- Outputs must be forwarded to the Secretariat for sharing with the donor/externally. Please also include a link to any outputs available electronically (incl online, in IRIS, etc)
		WBG staff	Local partners/ stakeholders	Don or	Others		
1	Information clearinghouse: <i>Commdev.org</i> is a repository of over 2,000 resources of CommDev's knowledge, case studies, tools, and research collected from its network of internal and external community development practitioners.	<ul style="list-style-type: none"> Number of resources on the site. Average number of user visits to the site every day. Target: 1000. 		Targeted at practitioners of community development in governments companies, and civil society		On track. <ul style="list-style-type: none"> Over 2,600 resources on the site Above average: 1,350 users visit the site every day (a 30 per cent increase from 2008) 	
2	Handbook on Strategic Community Investment <i>i) Targeted to help</i>	<ul style="list-style-type: none"> Number of reports completed Number of workshops, training 	IFC/World Bank social development staff.	Service providers (consultants) and civil	CSR practitioners within private sector	On track <ul style="list-style-type: none"> Quick guide and Handbook on Strategic Community Investment developed and disseminated (To date, out of 330) 	

⁷ For definitions of outputs, outcomes and impacts, see <http://go.worldbank.org/1HR22MLDY0>. Visit <http://go.worldbank.org/5SDDS6BZ80> for examples of project results chains

	<i>companies think strategically about how they can support community investment programs that are successful, sustainable, and consistent with their own business objectives.</i>	events, seminars, conferences, etc.		society organizations.		companies (oil, gas and mining, agribusiness, forestry and power sectors)	downloads, 144 came from emerging markets). <ul style="list-style-type: none"> Above average: 7 workshops/training events delivered (original target: 3) 	
3	Planning and Financial Valuation Tool for Sustainability Investments for Extractive Companies <i>i) Development of an Excel-based tool that estimates expected NPVs for mining projects' sustainability investment portfolios.</i>	<ul style="list-style-type: none"> Number of training modules and Tools developed Number of companies applying the Tool to their operations Number of workshops/training events 	IFC/World Bank social development and investment staff.	Service providers (consultants)		Finance, CSR, Health & Safety and Environment practitioners within private sector companies (oil, gas and mining, agribusiness, forestry and power sectors)	On track: <ul style="list-style-type: none"> Newmont Ghana and Cairn India piloted the Financial Valuation Tool in 2010 The excel based model has been significantly improved over this reporting period including changes to increase the speed with which the model functions, the inclusion of large sample of industry data to expand the fact base, and refinements to better account for past spending, not just looking forward As part of IFC's aim to be seen as a thought leader in the CR space, and to promulgate our clients/partners as cutting edge, a large public forum of 200 corporate and other actors convened to learn more about the FV tool and pilot findings. Following the event, many companies such as AngloGold Ashanti, Statoil and Exxon have expressed interest in using the tool. 	
4	Peru LNG Local Supplier Development Program <i>i) Objective of this project is to create economic opportunities for 100 SMEs over a 2-year period resulting in aggregate increases in revenues, contracts and number of jobs</i>	<ul style="list-style-type: none"> Number of unique women-owned firms receiving one-to-one advisory services Number of SMEs included in program database 15 of trainers trained 		SME's located in the towns of Chincha and Canete		Peru LNG (the company) who tenders contracts for local SMEs	On track: <ul style="list-style-type: none"> 31 women owned firms have received SME business management training. 256 SMEs are included in the program database which generated in the company awarding an additional \$4 million in contracts. 	

	<i>created.</i>							
	<i>ii) Institutional Capacity Building</i>							

2.2 ASSESSMENT of implementation progress (outputs)

Please provide an assessment of the overall implementation progress of the activity. Please be as candid as possible and note that funding will not be withdrawn if the project is rated unsatisfactory or highly unsatisfactory.

	Highly satisfactory – implementation exceeds or is fully in accordance with the original implementation plan or the formally revised plan.
X	Satisfactory – implementation is in substantial compliance with the original/formally revised implementation plan.
	Unsatisfactory – implementation is not in compliance with the original/formally revised implementation plan. Remedial action has been agreed.
	Highly unsatisfactory – as in Unsatisfactory but remedial action has not been agreed.

3. OUTCOMES

Please complete the below table on outcomes.

OUTCOMES ⁸ (intermediate results)				
List of outcomes		Indicators	Status and progress made in reporting period	Other Comments
1	<i>Information clearinghouse: CommDev.org</i> i) CommDev.org will become established as the “go to” resource for information – through partners and own experience- on addressing community development issues in EI.	<ul style="list-style-type: none"> The average duration on the site. Target: 15 min Percent of users from developing countries. Target: 60%. Number of repeat visitors. 	On track: <ul style="list-style-type: none"> 1350 per day visitors to commdev.org, 53% of users from developing countries A user base of over 160,000 repeat users that carry over from month-to-month. 	

⁸ Outcomes: Uptake, adoption and use of project outputs by the project beneficiaries. Outcomes can be defined at various levels depending on the circumstances (e.g. CAS and project levels).

2	Handbook on Strategic Community Investment	<ul style="list-style-type: none"> • Number of follow-on IFC projects that benefitted from the Handbook • Number of visitors from emerging markets 	<p>On track:</p> <ul style="list-style-type: none"> • IFC has 12 pipeline/portfolio projects for 2011 based on facilitated training on the strategic community investment handbook. • Uptake of the Good Practice Guidance - only tracked for web dissemination as "number of users who downloaded the Good Practice from emerging markets". The target is 50% of all registered users are coming from emerging markets. To date, out of 330 downloads, 144 came from emerging markets 	
3	Planning and Financial Valuation Tool for Sustainability Investments for Extractive Companies	<ul style="list-style-type: none"> • Number of follow-on IFC projects that benefitted from this project. (within 4 year of completion) • Number of entities using the Tool 	<p>On track:</p> <ul style="list-style-type: none"> • The project team will conduct a survey four years post completion to determine whether this project improved advisory services provided to new follow-on projects. The survey will be external (companies) including both IFC clients and non client companies who implemented the tool) • Two corporate entities, Newmont Ghana and Cairn India are using the Tool for program evaluation and strategic decision-making moving forward. 	
4	Peru LNG Local Supplier Development Program	<ul style="list-style-type: none"> • Number of SME contracts signed • Value of SME contracts signed • Number of SMEs adopting new practices 	<p>On track:</p> <ul style="list-style-type: none"> • The project has helped build the capacity of 116 small businesses around key skills areas such as quality, negotiations, marketing, financing, costs, safety and environment which generated in the company awarding an additional \$4 million in contracts. • To date, 167 new permanent jobs have been created and the program has received several notable awards (see key highlights section for a description). 	

4. IMPACTS

4.1 DETAILED REPORTING ON IMPACTS

Please complete the below table on impacts.

IMPACTS (broader results from program outcomes listed in # 3 above)		
List of development objectives	Indicators	Comments
1. Improvement in the ability of communities to benefit from extractive industries in their vicinity (both specific communities within the program and communities in general through knowledge dissemination).	<ul style="list-style-type: none"> Impacts at community level (change in attitudes, actions, and assets across local stakeholder groups) linked to funded projects. Benefits that communities (jobs, improved access to services, ability to participate meaningfully in how royalties/taxes are spent locally) derive from local extractive industries in all developing countries. Trilateral partnerships sustained over time 	<ul style="list-style-type: none"> Developed and 'road tested' a model for quantifying the value of sustainability investments. Raised the standard of participatory processes used to engage communities in decision-making related to programs that benefit them. Introduced a model for addressing the demand and supply side of governance related to extractive industry royalties. Increased momentum for companies to engage local governments and communities in community development strategic planning. Built awareness of the importance of a strategic approach to community development, as opposed to one-off interventions. Increased the use of both quantitative and qualitative indicators by companies in measuring the impact of their community investment. Built capacity of NGO's to engage with private sector in multi-stakeholder planning processes.

4.2 ASSESSMENT OF PROGRESS TOWARD MEETING DEVELOPMENT OBJECTIVES

What has been the progress toward meeting the development objectives so far? Please tick off as appropriate and **provide a brief rationale for the selection**

X	On or above targets – results can be seen for all objectives listed in item # 4.1
	Slightly below targets – results can be seen for some of objectives listed in item # 4.1
	Significantly below targets – results cannot be seen for any of the objectives listed in # 4.1

Brief Rationale: Projects under the CommDev pillar are largely being implemented successfully and according to schedule.

5. RISKS & CHALLENGES

A. If applicable, provide status of follow-up areas from previous progress reports and possible conflict of interests.

N/A

B. Explain which implications, if any, changes in the economic/political/social environment has had in the implementation of the project.

N/A

C. Which major challenges, if any, do you foresee in the next 12 months?
How are these challenges going to be met?

PERU

Risk 1: Local Linkages may be focused on a few SMEs rather than creating a critical mass of SME suppliers.

Mitigant 1: One key point for overcoming this risk has been the "Business Days Chincha 2010" event, where several new SMEs started to develop new businesses with new large corporations (Similarly among SMEs too, since they started to get acquainted to what can be obtained locally).

Risk 2: Resistance of SMEs to share their financial statements may complicate the elaboration of SME baseline and diagnosis.

Mitigant 2: Right now the project has 120 diagnostics and 60 financial statements; despite this, the project was able to slightly increase this number from the last reporting period. It is still difficult to obtain this data from all the SMEs (some entrepreneurs are reluctant to hand over confidential information about their enterprises); On the other hand, the project has the sales figures of the 120 SMEs (informed by themselves). In order to overcome this difficulty, the project is trying other approaches, like periodic surveys to the SMEs to see how they are evolving in key indicators like sales due to the project.

Risk 3: Poor commitment of the local Chamber of Commerce. The board and the manager of the Chamber of Commerce of Chincha are more committed to their particular businesses than to the Chamber activities. This complicates the work of the project with the Chamber, for developing an offer services that address the needs of local SMEs.

Mitigant 3: Although it is still very difficult to achieve the involvement of the key directors of the Chamber of Commerce of Chincha, the project keeps working very close with this Chamber. A Strategic Development Plan has been presented and has been approved by the board. Now the project is in the process of hiring a consultant to help the Chamber to implement the plan.

The perception amongst the local business community of the local Chamber of Commerce seems to be changing positively, since more SMEs are joining to it (17 new companies are now associated with the Chamber, a 24% increase since the start of the project). A turning point was the "Business Days Chincha 2010" event, where the Chamber had a booth

Global – Planning and Financial Valuation Tool for Sustainability Investments

This project is still labor intensive but the incubation period led by IFC--with significant support from many other institutions--is coming to an end in FY11.

We still do not have precise NPV findings for Cairn or Newmont (the clients requested more time to collect the necessary input data for the pilots) so the final results could affect their view of the tool. The pilots could slow down the finalization of the model as the collection of data/inputs is a labor intensive process.

Once we have NPV findings we must advise clients on how to interpret. It is not simply about cutting the lowest value-adding initiatives from the sustainability portfolio. This may require ongoing support.

We need to carefully assess the role that IFC wants to play in this space moving forward post pilots and public version. Implementation requires TA but this is not necessarily a service IFC wants to provide over the long term. After this incubation phase, IFC may choose not to offer TA in applying the Tool believing that others in the market can provide this function over time.

6. EXIT STRATEGY AND REPLICABILITY

Please describe any progress in preparing for activity exit, building sustainability on institutional, financial, technical levels. If known, please also describe likelihood of replication across the WBG or outside.

Institutional	
Financial	
Technical	
Other	CommDev's exit strategy is based on capacity building for local NGO's, companies, and governments. It also seeks to build a lightly maintained CommDev.org which can serve as a switch-point of information for practitioners in this sector.

7. FINANCIAL INFORMATION

7.1 BUDGET AND DISBURSEMENTS

A. Is the budget still realistic? Yes No *If no, please explain: Second phase of the program is being discussed*

B. Are disbursements on schedule (as per original proposal – including as projected per fiscal year)? Yes No *If no, please explain:*

7.2 ALLOCATION SPENT ON AFRICA, Including northern africa DURING THE REPORTING PERIOD (estimate):

\$

%

7.3 COLLABORATION WITH NORWEGIAN PARTNERS AND NATIONAL CONSULTANTS

A. To what extent have you collaborated with Norwegian and local partners (individual consultants/firms/institutions)?

Fiscal Year	Names of Norwegian consultants/firms/institutions	Amount (USD)	Number of Local Consultants	Amounts (USD)
FY10				
FY11				

B. Are there any other opportunities for leveraging Norwegian expertise that you can foresee which you want the Secretariat to refer to the donor or to other task managers?

PART B: REQUEST FOR REFRESHED FUNDING IN FY12

For multiyear activities, please list the refreshed funding amount needed for FY12 (if different from the approved budget proposal, please explain change in detail below)

Amount Requested (USD)

TBD

The decision on your funding request will be based on implementation progress and donor preferences. Please provide any additional information that ought to be considered below:

The Oil, Gas and Mining Policy Division, which manages PGI, is consulting with Norwegian counterparts on the possibility of additional financing for a PGI (i.e., PGI Phase II).

NTF-PSI FINANCIAL PROGRESS REPORT FOR FREESTANDING ACTIVITIES				
(Reporting Period: January 1- December 31, 2010)				
TF Project Name.:		Petroleum Governance Initiative - CommDev Pillar		
Trust Fund Number:		TF057534		
Task Team Leader:		Robert Michael Lesnick		
Managing Unit/Business Line:		SEGOM		
Grant start date/closing date:		November 1, 2006/June 30, 2013		
A.	Contributions			
	Contribution received from inception (November 1, 2006) to June 30, 2010		\$2,028	
	Contribution received from July 1, 2010 - December 31, 2010		\$0	
	Unreleased allocations from previous years		\$0	
	Unreleased allocation from FY11		\$0	
	Total allocation from inception to December 31, 2010			\$2,028
B.	Disbursements			
	From inception (November 1, 2006) to June 30, 2010 (actual up to FY 11)		\$1,605	
	From July 1, 2010 - December 31, 2010 (FY11 actual)		\$159	
	Estimate for January 1, 2011 to June 30, 2011 (projected)		\$175	
	Total disbursements from inception to June 30, 2011 (actual + projected)			\$1,939
C.	Available balance			
	Expected balance available on June 30, 2011 (A-B)			\$89
D.	Committed, but undisbursed			
	Of the balance in C above, please estimate how much, if any, will remain committed but undisbursed by June 30, 2011			

Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI)
PROGRESS REPORT AND REQUEST FOR REFRESHED FUNDING
(Freestanding Activities)

Project Name	Extractive Industries Transparency Initiative (EI-TAF)
Trust Fund Number	TF071265
Task Manager	Paulo De Sa/Michael Stanley
Managing Unit/Business Line	Sustainable Energy – Oil, Gas Mining (SEGOM)
Grant closing date	December 30, 2012
Recipient Country (ies)	Global, Sierra Leone, Liberia, Rwanda
Total grant amount projected over life time of activity	TBD
Total grant amount approved since inception	US \$3.1 (from the Government of Norway)

*This form is for Task Managers to report annually on progress of projects funded under the NTF-PSI, and request funding for the following fiscal year. Please answer all questions below. **The complete report will be shared with the Donor and posted on the NTF-PSI web page (www.worldbank.org/ntfpsi)**. Please also consider forwarding this report to others that may have an interest in the activity.*

For questions, please contact the NTF-PSI Secretariat (ntfpsi@worldbank.org, Heidi Stensland or Joshua Gallo)

PART A: PROGRESS REPORT FOR: January 1 - December 31, 2010

1. HIGHLIGHTS OF THE REPORTING PERIOD

Summarize key project highlights of the reporting period

Highlights of the program in 2010 include the following:

A) Rapid-response Advisory Services: There are currently three active, country-specific projects in the portfolio: (i) the Liberia Extractive Industries Technical Advisory Facility Project, (ii) the Rwanda Petroleum Exploration Capacity Building Project, and iii) Tonkolili Mining Agreement

i) Liberia Extractive Industries Technical Advisory Facility Project

- **Project Objective:** The aim of the project is to provide technical support to Ministry of Lands, Mines and Energy (MLME), the Inter-Ministerial Concessions Committee, the Mineral Technical Committee (IMCC and IMMTC, respectively), and National Investment Committee (NIC) in evaluating concession/investment proposals.
- **Implementation Update:** EI-TAF support was granted to Liberia in September 2009. The implementation period is expected to be about a year after consultants are in place. A total of seven advisers have been procured for this project, which include: project coordinator, mining adviser, infrastructure specialist (ports), infrastructure specialist (roads/rail), social adviser, environmental adviser, and transactional financial advisor.
- As of September 2010, all consultant selections were completed—three contracts have been signed and three to be

signed by first week of October. Project coordinator position was dropped due to higher than expected costs for other consultants, and MLME agreed to continue project management themselves (Assistant Minister for Mines acting as Project Coordinator). All grant funds are now fully committed and implementation started in September 2010. So far, \$300,000 has been disbursed to the Designated Account.

ii) Rwanda Petroleum Exploration Capacity Building Project

- **Project Objective:** This project supports the Government of Rwanda in the preparation, negotiation, and finalization of the Special Hydrocarbon Exploration License (SHEL) with Vangold LTD. The Project consists of the following activities (a) provision of technical advice on drafting and negotiating the SHEL; (b) designing of an economic/fiscal model to assess the fiscal and financial impact of proposed contract terms under a variety of economic conditions; and (c) preparation of a medium-term and final report on the final outcomes of SHEL.
- This project builds on technical support and advisory services provided to the Government through the Petroleum Governance Initiative (PGI).
- **Implementation Update:** Procurement of consultants is being finalized.

iii) Desk review of the African Minerals Ltd (Tonkolili) Mining Agreement

- **Project Objective:** The assignment included a review of the African Minerals Ltd Agreement for Tonkolili iron ore project for internal use by the World Bank. The use of the information will be decided by the World Bank management team based on the results and recommendations; and will be discussed with the Government of Sierra Leone.
- **Implementation Update:** The project and its final report have been completed. Follow-up activities are underway.

Please note: A more comprehensive progress report for the period of July 1, 2009 – September 1, 2010 was previously submitted to the Government of Norway, and can be found at http://siteresources.worldbank.org/EXTOGMC/Resources/336929-1256664022470/EI-TAF_FY10_Progress_Report.pdf

NTF-PSI FINANCIAL PROGRESS REPORT FOR FREESTANDING ACTIVITIES				
(Reporting Period: January 1- December 31, 2010)				
TF Project Name.:	Extractive Industries - Technical Advisory Facility (EI-TAF)			
Trust Fund Number:	TF071265			
Task Team Leader:	Michael Stanley			
Managing Unit/Business Line:	SEGOM			
Grant start date/closing date:	June 17, 2009/December 30, 2012			
A.	Contributions			
	Contribution received from inception (June 17, 2009) to June 30, 2010		\$4,681,878	
	Contribution received from July 1, 2010 - December 31, 2010		\$777,883	
	Unreleased allocations from previous years		\$1,200,000	
	Unreleased allocation from FY11		\$0	
	Total allocation from inception to December 31, 2010			\$6,659,762
B.	Disbursements			
	From inception (June 17, 2009) to June 30, 2010 (actual up to FY 11)		\$525,687	
	From July 1, 2010 - December 31, 2010 (FY11 actual)		\$182,871	
	Estimate for January 1, 2011 to June 30, 2011 (projected)		\$200,000	
	Total disbursements from inception to June 30, 2011 (actual + projected)			\$908,558
C.	Available balance			
	Expected balance available on June 30, 2011 (A-B)			\$5,751,204
D.	Committed, but undisbursed *			
	Of the balance in C above, please estimate how much, if any, will remain committed but undisbursed by June 30, 2011			
				\$2,050,000
* \$2.1m will be committed in grants but not yet disbursed.				

Annex I: Complete Investment Climate reports

- SME Banking Program (TF090950) (page 56)
- Doing Business: opportunities for women, infrastructure and reform case studies (TF093152) (page 67)
- Amazonian integrated destination management development (TF093035) (page 75)
- Philippines – climate change in coastal areas – a community based approach (TF092836) (page 85)
- Conflict Affected States in Africa Initiative (TF093860) (page 98)
- Global Trade Logistics Advisory Program (TF098420) (page 107)
- IFC Private Equity Clean Energy (TF093874) (page 121)

PROGRESS REPORT AND REQUEST FOR REFRESHED FUNDING

Activity Name	SME BANKING PROGRAM - BRIDGING THE SME FINANCE GAP
Trust Fund Number	TF090950
Task Team Leader	Ghada O. Teima
Managing Unit/Business Line	8318/A2F
Grant closing date	6/30/2011
Recipient country (ies)	World, Sub-Saharan Africa
Total grant amount projected over life time of activity	USD\$500,000
Total grant amount approved since inception (incl. FY11)	USD\$500,000
Percentage disbursed of approved grant amount	89%

PART A: PROGRESS REPORT FOR: January 1 - December 31, 2010

1. HIGHLIGHTS OF THE REPORTING PERIOD

Program Objective: The objective of the Small & Medium Enterprise (SME) Banking Program is to increase access of SMEs to financial services in the developing world by equipping banks with the necessary knowledge and tools to service the SME segment, and raise awareness of best practices. IFC's investment and advisory services (AS) SME banking clients had an outstanding SME loan portfolio of 1.8 million in number and \$106 billion in volume as of December 2009. As of August 31, 2010 IFC had 59 SME Banking Advisory projects totaling over \$79 million covering all the 6 IFC regions.

The SME Banking Program consists of several activities of which the core components are knowledge management and technical support. The program supports capacity building of financial institutions at the regional level with the overarching goal of improving reach and product offerings to SMEs. In this reporting period the program supported two banks with their IT/ MIS to ensure it is geared to the requirements of a growing SME operation in addition to knowledge management initiatives.

Solid Information Systems (IT) and MIS are critical tools for improving client service, product development, cost savings and overall competitive advantage. Business analytics help drive decision making by allowing insight into profitability by client, product and business stream. Ultimately, consolidated and centralized data allows institutions to understand clients and opportunities.

Two IT Diagnostics were carried out in two countries:

Vietnam: IT Diagnostic was carried out as part of an overall advisory services program (and investment linked) further optimizing IFC's support to the client and region.

Yemen: IT Diagnostic was completed as part of a larger SME banking risk management capacity building project and provided fundamental recommendations to be considered prior and in conjunction to other project components.

Each IT diagnostic provided a set of follow up and recommendations which ultimately complement other work being done by the IFC in these respective regions. Both the investment project and SME banking advisory project hold the same overarching goal as the SME Banking Program, to improve access to financial services for SME clients.

On Knowledge Management, the second issue of the SME Banking Knowledge Guide was published including highlights from a global SME Finance Gap Assessment. The Guide was translated into Arabic, French, Spanish, Vietnamese and Russian ([http://www.ifc.org/ifcext/gfm.nsf/AttachmentsByTitle/SMEBankingGuide2010-E.pdf/\\$FILE/SMEBankingGuide2010-E.pdf](http://www.ifc.org/ifcext/gfm.nsf/AttachmentsByTitle/SMEBankingGuide2010-E.pdf/$FILE/SMEBankingGuide2010-E.pdf)).

The SME Banking Knowledge Guide supports financial institutions in making informed decisions by sharing challenges, opportunities, and effective practices in SME banking operational models from across the globe. The guide uses practical examples of SME banking provided by a number of featured financial institutions.

An SME Banking Program Brochure was updated and published ([http://www.ifc.org/ifcext/gfm.nsf/AttachmentsByTitle/SME-Brochure2010/\\$FILE/SME-Brochure2010.pdf](http://www.ifc.org/ifcext/gfm.nsf/AttachmentsByTitle/SME-Brochure2010/$FILE/SME-Brochure2010.pdf)). The brochure summarizes the gap, challenges and opportunities in SME Banking.

2. OUTPUTS¹

2.1 DETAILED REPORTING ON OUTPUTS

Please complete the below table on outputs.

OUTPUTS (short-term project deliverables)								
List of outputs (List all completed and expected outputs of the activity)	Indicators (Mention for each component the applicable indicators. i.e. amounts, quality, volume of use of the project's products etc. Include in particular details on dissemination)	Target groups (add names of applicable target groups under each column)				Status (comment on progress of the components, if behind schedule, or if project has been restructured, explain reason for delay, restructuring rationale and corrective actions if applicable)	Comments- Outputs must be forwarded to the Secretariat for sharing with the donor/externally. Please also include a link to any outputs available electronically (incl online, in IRIS, etc)	
		WBG staff	Local partners/ stakeholders	Donor	Other			
1	Component I: Technical Support (Diagnostics)	1 # IT Diagnostic carried out in Vietnam at client site by IFC SME Banking IT Specialist		Local Partner (Banks)			Recommendations: 1) Support for Service Oriented Architecture (SOA) to build standard interface that would be accessible by the different bank end channels 2) Support to Direct Banking which would improve customer's interface with core banking system, i.e. internet banking and mobile banking	
2	Component I: Technical Support (Diagnostics)	1 # IT Diagnostic carried out in Yemen at client site by IFC SME Banking IT Specialist		Local Partner (Banks)			Recommendations: 1) Replace core banking system. Understand limitations a) current system, b) RFP process, c) guidance to vendor negotiations and d) a brief on how to set up a project office for new core banking system	
3	Component II: Knowledge Management (Publication)	SME Banking Knowledge Guide (second edition). Translated into Arabic	WBG staff	All banks	Donor Community / DFIs	Policy makers, research institutes,	Disseminated about 1,000 copies	http://www.ifc.org/ifcext/gfm.nsf/AttachmentsByTitle/SMEBankingGuide2010-E.pdf/\$FILE/SMEBankingGuid

¹ For definitions of outputs, outcomes and impacts, see <http://go.worldbank.org/1HR22MLDY0>. Visit <http://go.worldbank.org/5SDDS6BZ80> for examples of project results chains

		French, Spanish, Vietnamese and Russian				NGOs		e2010-E.pdf
4	Component II: Knowledge Management (Brochure)	SME Banking Brochure	WBG staff	All banks	Donor Community /DFIs	Policy makers, research institutes, NGOs	Disseminated about 500 copies	http://www.ifc.org/ifcext/gfm.nsf/AttachmentsByTitle/SME-Brochure2010/\$FILE/SME-Brochure2010.pdf
5	Establishing Best Practice Tools and Standards (Toolkit)	New Diagnostic and Best Practice Toolkit: "IFC SME Banking CHECK"		Local Partners (Banks)			Diagnostics carried at client site by IFC staff / SME Banking experts	
6	Establishing Best Practice Tools and Standards (Survey)	SME Banking Practices - Benchmarking Practices Survey	WBG Staff	All banks	Donor Community		The automatic database and template report were developed and implemented	
7	Establishing Best Practice Tools and Standards (Survey)	Risk Assessment Framework (RAF)		Local Partners (Banks)			Assessment carried at the client site by IFC staff/Risk management specialist	
8	Institution Building and complementing IFC's Existing TA Facility Structures with a Network of Global Experts	2 # of SME banking experts/staff for selected regions.		Local Partners (Banks)			1) Hired a Banking IT Specialist as a Short-Term Consultant with specific experience of Information Technology solutions commonly deployed in retail and SME finance; 2) Hired a Risk Management Specialist with specific senior operational financial sector and banking experience to provide strategic and operational advice on risk management issues	
9	Institution Building and complementing IFC's Existing TA Facility Structures with a Network of Global Experts	1 # of SME Banking Practice Groups established	SME Banking Program	Local Partners (Banks)			Second SME Banking Practice Group carried out in October 2009	
10	Transferring and Disseminating SME Banking Know-How	100 # of hits on the web-enabled IT platform from international public and	WBG Staff	All banks	Donor Community / Development Financial		A total of 5,060 visits have been attained for the SME Banking internal web-page in 2009. The SME banking website is the most visited website within the Access to	

	(Webpage)	private institutions, and donor community			Institutions (DFIs)		Finance business line	
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11	Component III: Transferring and Disseminating SME Banking Know-How (Workshops)	10 # of workshops, training events, seminars, conferences, etc.	WBG Staff	Local Partners (Banks)	DFIs		1 forum in SSA; 1 workshop and 1 breakout session in DC; 1 workshop in ECA; 1 presentation in LAC; 4 presentations in 4 conferences in MENA (three more internal trainings)	Component III: Transferring and Disseminating SME Banking Know-How
12	Transferring and Disseminating SME Banking Know-How	50 # of staff participating in Practice Groups	SME Banking Program	Local Partners (Banks)			Around 66 Attendees	
13	Transferring and Disseminating SME Banking Know-How (Meetings)	1 # of SME Banking Practice Group Meetings	SME Banking Program		Donor Community / DFIs		Second PG meeting held in October 2009 with Experts and IFC/WB Staff. One best practice SME Bank was invited to showcase their success story & share lessons learned and one expert from a consulting firm presented the value of leasing as a product for SMEs	
14	Transferring and Disseminating SME Banking Know-How (Publication)	SME Banking Knowledge Guide	WBG staff	All banks	Donor Community / DFIs	Policy makers, research institutes, NGOs	Disseminated about 1,800 copies	http://www.ifc.org/ifcext/gfm.nsf/AttachmentsByTitle/SMEBankingGuidebook/\$FILE/SMEBankingGuide2009.pdf
15	Transferring and Disseminating SME Banking Know-How (Dashboard)	SME Banking Dashboard	WBG staff	Local Partners (Banks)	Donor Community / DFIs		Issued the first and second issues of the SME Banking program dashboard which communicates program activities, achievements, new developments, portfolio composition and showcase successful projects	
16	Transferring and Disseminating SME Banking Know-How (Factsheet)	MSME factsheets	WBG staff	Local Partners (Banks)	Donor Community / DFIs		Issued the FY09 MSME factsheets which communicate IFC's outreach through its MSME FI clients and highlight successful stories. Distributed about 650 copies	http://www.ifc.org/ifcext/gfm.nsf/Content/SMEBanking

2.2 ASSESSMENT OF IMPLEMENTATION PROGRESS (OUTPUTS)

Please provide an assessment of the overall implementation progress of the activity. Please be as candid as possible and note that funding will not be withdrawn if the project is rated unsatisfactory or highly unsatisfactory.

X	Highly satisfactory – implementation exceeds or is fully in accordance with the original implementation plan or the formally revised plan.
	Satisfactory – implementation is in substantial compliance with the original/formally revised implementation plan.
	Unsatisfactory – implementation is not in compliance with the original/formally revised implementation plan. Remedial action has been agreed.
	Highly unsatisfactory – as in Unsatisfactory but remedial action has not been agreed.

3. OUTCOMES

Please complete the below table on outcomes.

OUTCOMES ² (intermediate results)				
List of outcomes		Indicators	Status and progress made in reporting period	Other Comments
1	Vietnam: IFC proposed investment (\$ Amount Invested)	Proposed direct and indirect investment of US \$300 million	Investment is expected for 2011	An investment by he IFC would be critical to help the institution sustain its current operations while at the same time helping to revive the straining local economy
2	Vietnam: Expectation for further advisory service capacity building (New Project)	Outputs of specific projects are and will be measured at regional level to avoid double counting but normally includes reports on recommendations for risk management improvements, definition of business needs for new MIS/IT systems and others	Advisory services are expected to be offered in parallel to the investment, targeting the improvement of the Bank's Corporate Governance structure, risk management and SME banking capacity	The investment could give IFC the opportunity to complement both its advisory and investment services to help transform this Bank into an efficient financial sector player catering to the needs of the underserved MSMEs in Vietnam
3	Yemen: Risk management advisory service (Workshops, Policies & Procedure Materials)	2 # of workshops, training events & seminars 15 # of participants 3 # of women participants 12 # of participants reporting to be satisfied 20 # policies/procedures/practices/standards proposed for improvement or elimination	Workshops were delivered in the period of March through May. 12 participants out of 15 reported to be satisfied. 3 of the participants were women.	Other indicators include number of loans outstanding, value of loans outstanding and number of loans disbursed. Indicators measured at the level of the underlying regional projects
4	Establishing Best Practice	20 # of diagnostics undertaken using the	18 diagnostics were carried out in the following	

² Outcomes: Uptake, adoption and use of project outputs by the project beneficiaries. Outcomes can be defined at various levels depending on the circumstances (e.g. CAS and project levels).

	Tools and Standards (Diagnostics)	“CHECK” toolkit	regions: 2 in SA, 9 in SSA, 1 in ECA, 3 in LAC, 2 in EAP and 1 in MENA	
5	Establishing Best Practice Tools and Standards (Survey)	15 # of benchmarking surveys completed by banking/non-bank institutions	12 Banks have completed the survey and received their reports. About 10 banks are in the pipeline	
6	Establishing Best Practice Tools and Standards (Survey)	2 # of assessments carried out using the RAF	2 assessments have been carried out in the LAC region. The tool has now been handed over to the newly established AS Risk Management Program	
7	Institution Building and complementing IFC’s Existing AS Facility Structures with a Network of Global Experts	14 # of assessments carried out by the IT Banking Specialist	14 assessments and reports with recommendations provided to client banks (1 in ECA, 3 in EAP, 1 in LAC, 3 in MENA and 6 in SSA)	
8	Institution Building and complementing IFC’s Existing AS Facility Structures with a Network of Global Experts	Local bank branches expanded or new SME units created within bank	Measured at the level of the underlying regional projects	

4. IMPACTS

4.1 DETAILED REPORTING ON IMPACTS

Please complete the below table on impacts.

<p style="text-align: center;">IMPACTS (broader results from program outcomes listed in # 3 above)</p>		
List of development objectives	Indicators	Comments
1 Banking Institutions capacity building	Value of financing facilitated (in US\$) to SMEs	<p>As part of its development mission, IFC has positioned itself as a leader in providing AS that strengthens the capacity of financial institutions to downscale and adopt international best practices. The SME banking program aims to have a broad and global impact on providing access to SME financial services in the developing world.</p> <p>IFC had 59 SME Banking Advisory projects over \$79 million. SME Banking Advisory projects accounted for 28% of total Access to Finance in terms of funding volume and 25% in terms of projects. IFC’s SME Banking Advisory projects cover all the 6 IFC regions. 54 projects are country-specific including 5 IDA-specific projects.</p>

			<p>IFC's investments and AS SME banking clients had an outstanding SME loan portfolio of 1.8 million in number and \$106 billion in volume as of December 2009. To measure its impact IFC's regional offices also collect data on the disbursements and NPL from its SME client financial institutions (Please see the results at 2010 Reach Data Analysis MSME Factsheets: http://www.ifc.org/ifcext/gfm.nsf/Content/SMEBanking)</p> <p>This is a Global Knowledge management & technical support program. Ongoing implementation is done by the regions. Impact is captured at the regional project level.</p>
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4.2 ASSESSMENT OF PROGRESS TOWARD MEETING DEVELOPMENT OBJECTIVES

What has been the progress toward meeting the development objectives so far? Please tick off as appropriate and **provide a brief rationale for the selection**

X	On or above targets – results can be seen for all objectives listed in item # 4.1
	Slightly below targets – results can be seen for some of objectives listed in item # 4.1
	Significantly below targets – results cannot be seen for any of the objectives listed in # 4.1

Brief Rationale:

For this reporting period, significant achievements have been accomplished to date as described in the above sections.

A. Output (immediate deliverables):

I. Technical support

Completed IT diagnostic for two Financial Institutions as part of more comprehensive IFC capacity building and investment projects.

- 1) IT Diagnostic in Vietnam: included recommendations on the improvement of the IT organizational structure, analysis of benefits of core banking upgrade, ability to provide single view of all IT problems at the Help Desk and the replacement of Direct Banking system. These improvements are critical to streamline the Institution's IT operation.
- 2) IT Diagnostic in Yemen: resulted in recommendations to replace core banking system of the financial institution. Recommendations helped management to understand the limitations of the current system and the benefits that could be achieved from a modern system. IT specialist also guided in best practices for selecting a vendor, negotiating purchase, and brief on how to set up a project office for new core banking system. As a result, the financial institution was able to understand the scope and process for changing their core banking system.

These IT Diagnostics will allow the respective financial institutions to improve their operations ultimately benefiting their SME clients.

II. Knowledge Management

- 1) SME Banking Knowledge Guide: A second issue was published including highlights from the global SME Finance Gap Assessment. The Guide was translated into Arabic, French, Spanish, Vietnamese and Russian. It serves as a critical tool for financial institutions around the world by providing practical examples and reference of best practices in SME banking operational models. ([http://www.ifc.org/ifcext/gfm.nsf/AttachmentsByTitle/SMEBankingGuide2010-E.pdf/\\$FILE/SMEBankingGuide2010-E.pdf](http://www.ifc.org/ifcext/gfm.nsf/AttachmentsByTitle/SMEBankingGuide2010-E.pdf/$FILE/SMEBankingGuide2010-E.pdf))
- 2) SME Banking Program Brochure: The Brochure was updated and published with the purpose of summarizing the gaps, challenges and opportunities of SME finance. ([http://www.ifc.org/ifcext/gfm.nsf/AttachmentsByTitle/SME-Brochure2010/\\$FILE/SME-Brochure2010.pdf](http://www.ifc.org/ifcext/gfm.nsf/AttachmentsByTitle/SME-Brochure2010/$FILE/SME-Brochure2010.pdf))

**Brief
Rationale
(cont'd):**

B. Outcomes (short-medium term results as a result of the output): FY10 – FY12

Results of the IT diagnostic have built on the work being done in projects in each of the countries.

- 1) In Vietnam the diagnostic has contributed to a potential IFC investment of USD\$300 million which ultimately aims to expand access to finance for SMEs through financial intermediaries. Key to IFC's involvement in Vietnam is strengthening the country's financial sector by promoting investor confidence by supporting, both financially and technically, local players looking to apply international best practices with regard to corporate governance and risk management. The proposed investment is expected to lead to future advisory projects, further improving access to finance for SMEs in Vietnam.
- 2) In Yemen the IT diagnostic has contributed to an SME banking risk management advisory service project which ultimately will allow the institution to expand operations and improve access to the under-served and un-banked segments of the Yemeni market. To date the project has conducted a series of workshops, training events and seminars targeted at ensuring capacity building of the institution's staff in light of changes in strategy. The institution also benefits from an IFC investment. Yemen is an IDA country where this will be the first advisory service project by the BAS program. The experiences and lessons learned will contribute toward the potential for replicability and effective implementation of IFC's mandate in Yemen.

C. Impacts (broad, long-term results as a result of outcomes): FY10/FY12 and going forward

- Helping to deepen the financial markets and stimulate competition in the SME banking sector.
- Generating employment through the resultant growth of SMEs.

5. RISKS & CHALLENGES

A. If applicable, provide status of follow-up areas from previous progress reports and possible conflict of interests.

Since the last progress report, the SME Banking Program has produced a series of tangible outputs following its recruitment of the SME Banking IT Specialist. The IT Specialist works to assess clients' systems, improve efficiency/streamline processes and optimize functionality through network and hardware configuration. As of this period two financial institutions in Vietnam and Yemen have received such assistance (as described in Part A-1 of this report).

B. Explain which implications, if any, changes in the economic/political/social environment has had in the implementation of the project.

C. Which major challenges, if any, do you foresee in the next 12 months?
How are these challenges going to be met?

6. EXIT STRATEGY AND REPLICABILITY

Please describe any progress in preparing for activity exit, building sustainability on institutional, financial, technical levels. If known, please also describe likelihood of replication across the WBG or outside.

Institutional	Capacity building at Institutions/Banks to create sustainability in the SME segment.
Financial	IFC invests in these institutions and they also leverage their own funds to provides loans to SMEs.
Technical	Provide technical support through the sharing of best practices and know-how to Banks so they can profitably provide services to SMEs in a sustainable manner.
Other	Knowledge Management leads to raising awareness and dissemination of best practices.

7. FINANCIAL INFORMATION

Numbers must be provided in Annex I.

7.1 BUDGET AND DISBURSEMENTS

A. Is the budget still realistic?

<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No
<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No

If no, please explain:

B. Are disbursements on schedule (as per original proposal – including as projected per fiscal year)?

<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No
<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No

If no, please explain:

7.2 ALLOCATION SPENT ON AFRICA, INCLUDING NORTHERN AFRICA DURING THE REPORTING PERIOD (ESTIMATE):

\$0

0%

7.3 COLLABORATION WITH NORWEGIAN PARTNERS AND NATIONAL CONSULTANTS

A. To what extent have you collaborated with Norwegian and local partners (individual consultants/firms/institutions)?

Fiscal Year	Names of Norwegian consultants/firms/institutions	Amount (USD)	Number of Local Consultants	Amounts (USD)
FY10	0			0
FY11	0			0

B. Are there any other opportunities for leveraging Norwegian expertise that you can foresee which you want the Secretariat to refer to the donor or to other task managers?

We continue to engage in new initiatives and welcome any Norwegian experts available who have suitable experience and expertise. We follow World Bank Group procurement guidelines and therefore evaluate proposals accordingly. We welcome Norwegian experts/firms to apply for any opportunities that may be available to work on the various initiatives supported by the SME Banking Program.

PART B: REQUEST FOR REFRESHED FUNDING IN FY12

For multiyear activities, please list the refreshed funding amount needed for FY12 (if different from the approved budget proposal, please explain change in detail below)

Amount Requested (USD)

0

The decision on your funding request will be based on implementation progress and donor preferences. Please provide any additional information that ought to be considered below:

NTF-PSI FINANCIAL PROGRESS REPORT FOR FREESTANDING ACTIVITIES

(Reporting Period: January 1- December 31, 2010)

TF Project Name.:	SME BANKING PROGRAM - BRIDGING THE SME FINANCE GAP
Trust Fund Number:	TF090950
Task Team Leader:	Ghada O. Teima
Managing Unit/Business Line:	8318/A2F
Grant start date/closing date:	09/21/2007-6/30/2011

A. Contributions

Contribution received from inception (insert inception date) to June 30, 2010	\$500,000	
Contribution received from July 1, 2010 - December 31, 2010	\$0	
Unreleased allocations from previous years	\$0	
Unreleased allocation from FY11	\$0	
Total allocation from inception to December 31, 2010		\$500,000

B. Disbursements

From inception (insert date) to June 30, 2010 (actual up to FY 11)	\$428,741	
From July 1, 2010 - December 31, 2010 (FY11 actual)	\$15,915	
Estimate for January 1, 2011 to June 30, 2011 (projected)	\$55,344	
Total disbursements from inception to June 30, 2011 (actual + projected)		\$500,000

C. Available balance

Expected balance available on June 30, 2011 (A-B)		\$0
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D. Committed, but undisbursed

Of the balance in C above, please estimate how much, if any, will remain committed but undisbursed by June 30, 2011		
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Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI) PROGRESS REPORT AND REQUEST FOR REFRESHED FUNDING

Activity Name	Doing Business: Opportunities for women, infrastructure and reform case studies
Trust Fund Number	TF093152
Task Team Leader	Svetlana Bagaudinova
Managing Unit/Business Line	GIADB
Grant closing date	October 1, 2011
Recipient country (ies)	Global
Total grant amount projected over life time of activity	\$750,000
Total grant amount approved since inception (incl. FY11)	\$750,000
Percentage disbursed of approved grant amount	66%

*This form is for Task Managers to report annually on progress of projects funded under the NTF-PSI, and request funding for the following fiscal year. Please answer all questions below. **The complete report will be shared with the Donor and posted on the NTF-PSI web page (www.worldbank.org/ntfpsi)**. Please also consider forwarding this report to others that may have an interest in the activity.*

For questions, please contact the NTF-PSI Secretariat (ntfpsi@worldbank.org, Heidi Stensland or Joshua Gallo)

PART A: PROGRESS REPORT FOR: January 1 - December 31, 2010

1. HIGHLIGHTS OF THE REPORTING PERIOD

Summarize key project highlights of the reporting period

Getting Electricity pilot indicators:

- A total of 176 economies have been surveyed, including 36 new economies that have been added during the last year. The results have been published in the Doing Business 2011 report.
- A draft academic paper was presented at the international conference on infrastructure economics and development in Toulouse and peer-reviewed.
- The Getting Electricity indicators were presented to USAID – Energy Reform Group and at the 26th PURC/World Bank International Training Program on utility regulation and strategy in Gainesville, Florida and during Doing Business 2011 dissemination events in Georgia, Azerbaijan, Rwanda, Cape Verde, Afghanistan, Boston (Kennedy School of Government) and Washington, DC.

New Reform matrix

- To illustrate how the regulatory environment as measured by Doing Business has changed within economies over time, this year’s report introduces a new measure. The DB change score provides a 5-year measure of how business regulations have changed in 174 economies. It reflects all changes in an economy’s business regulation as measured by the Doing Business indicators—such as a reduction in the time to start a business thanks to a one-stop shop or an increase in the strength of investor protection index thanks to new stock exchange rules that tighten disclosure requirements for related-party transactions. The findings are encouraging: in about 85% of the 174 economies, doing business is now easier for local firms.

Gender aspects in business regulation

- In partnership with the Women Business and the Law project, IFC and WB Gender teams, the Doing Business

team reviewed available gender data relevant for the Doing Business indicators and highlighted selective evidence/data points in the DB 2011 report.

- Gender database was publicly launched and is regularly updated and maintained. The project was presented at the USAID global conference for Economic Growth officers in order to align donor priorities in the Gender dimension

Doing Business Employing workers indicator

With the aim of measuring the balance between worker protection and efficient employment regulation that favors job creation, Doing Business has made a series of amendments to the methodology for the employing workers indicators over the past years, including in this year's report. In 2010 the team conducted 4 meetings with a consultative group—including labor lawyers, employer and employee representatives and experts from the International Labour Organization (ILO), the Organization for Economic Co-operation and Development (OECD), civil society and the private sector—to review the methodology and explore future areas of research. Because the consultative process and consequent changes to the methodology are not yet complete, this year's report does not present rankings of economies on the employing workers indicators or include the topic in the aggregate ranking on the ease of doing business. But it does present the data collected for the indicators.

Additional data collected last year on labor regulations are available on the Doing Business website. The changes so far in the methodology for the employing workers indicators recognize minimum levels of protection in line with relevant ILO conventions as well as excessive levels of regulation that may stifle job creation. Floors and ceilings in such areas as paid annual leave, working days per week and the minimum wage provide a framework for balancing worker protection against excessive restrictiveness in employment regulations.

2. OUTPUTS³

2.1 DETAILED REPORTING ON OUTPUTS

Please complete the below table on outputs.

OUTPUTS (short-term project deliverables)								
List of outputs (List all completed and expected outputs of the activity)		Indicators (Mention for each component the applicable indicators. i.e. amounts, quality, volume of use of the project's products etc. <u>Include in particular details on dissemination</u>)	Target groups (add names of applicable target groups under each column)				Status (comment on progress of the components, <i>if behind schedule</i> , or if project has been restructured, explain reason for delay, restructuring rationale and corrective actions if applicable)	Comments- Outputs must be forwarded to the Secretariat for sharing with the donor/externally. Please also include a link to any outputs available electronically (incl online, in IRIS, etc)
			WBG staff	Local partners/ stakeholders	Donor	Others		
1	Getting Electricity Indicators	-Major hurdles in regulating electricity distribution identified -Areas of potential reform identified -Academic publication reflect on bank view -Donor policy informed	WBG staff at large and regional energy specialist at the WB	Electricity regulators, electricity utilities, entrepreneurs	Major donors financing infrastructure project are being advised on the findings	Academia	On-going. Data collected for 176 out of 183 sample economies completed. The results are included in the Doing Business 2010 report. An academic paper based on the developed data set is expected to be finalized in 2011.	www.doingbusiness.org/downloads
2	New Reform matrix	- Donor policy informed	WBG staff at large	Governments, reform committees,	Donors can measure effectiveness of business regulatory reforms	In public domain	Completed, will be updated in DB 2012 report	www.doingbusiness.org/downloads
3	Gender aspects in business regulations and Gender database	- Academia uses the database and DB 11 gender analysis for analysis of regulatory hurdles faced by women-entrepreneurs	WBG staff at large GEM group Enterprise analysis department	Information about the database distributed to 8200 Doing Business local partners in 183	Donors use the date to identify priorities	The database and the DB 11 report are in public domain	Database is maintained and updated	www.doingbusiness.org/genderlawlibrary

³ For definitions of outputs, outcomes and impacts, see <http://go.worldbank.org/1HR22MLDY0>. Visit <http://go.worldbank.org/5SDDS6BZ80> for examples of project results chains

		<ul style="list-style-type: none"> - around the world Potential areas of reform to equalize rights of men and women identified - Governments reform laws that diminish women's rights 	DEC	countries		Academia		
4	Employing workers indicator	<ul style="list-style-type: none"> - Consensus building among the public and private sector stakeholders on the scope and use of the Employing Workers Indicator through a consultative process. - Academia reflects on issues related to flexibility vs. worker protection with regards to informality and jobs creation. 	Indicators suspended from the rankings until all issues are resolved by the working group	Local partners and Governments are advised not to use the indicator as a reforms proxy until the consultative process is completed	Major donors are briefed on the activities of the Working Group.	Academia uses the data and discussion to reflect on employment and informality issues	On-going/future activity. 4 Consultative group meetings took place during the reporting period. Expanded data published in the Doing Business 2011 report as an annex.	Employing workers indicator

2.2 ASSESSMENT of implementation proGress (outputs)

Please provide an assessment of the overall implementation progress of the activity. Please be as candid as possible and note that funding will not be withdrawn if the project is rated unsatisfactory or highly unsatisfactory.

V	Highly satisfactory – implementation exceeds or is fully in accordance with the original implementation plan or the formally revised plan.
	Satisfactory – implementation is in substantial compliance with the original/formally revised implementation plan.
	Unsatisfactory – implementation is not in compliance with the original/formally revised implementation plan. Remedial action has been agreed.
	Highly unsatisfactory – as in Unsatisfactory but remedial action has not been agreed.

3. OUTCOMES

Please complete the below table on outcomes.

OUTCOMES (intermediate results)				
List of outcomes		Indicators	Status and progress made in reporting period	Other Comments
1	Inform government policy, especially energy regulators and energy utilities	Governments and their agencies prioritize their regulatory activities to improve access to electricity	On-going/future	
2	Build WBG's and Client's analytical capacity	Major stakeholders reflect on the outputs of the project components.	The results are being disseminated at conferences and research events.	Over 20 dissemination events, including a peer-learning workshop in Georgia for 16 countries in the region, were held.
3	Inform/stimulate public debate	Media reports on the project component results	On-going/future.	DB 2011 generated over 6000 media articles worldwide.
4	Inform development community through wide dissemination and consultative process	Donor policies reflect report findings	On-going/future.	USAID is widely using DB indicators to set funding priorities in the area of business regulatory reforms.

4. IMPACTS

4.1 DETAILED REPORTING ON IMPACTS

Please complete the below table on impacts.

IMPACTS⁴ (broader results from program outcomes listed in # 3 above)			
List of development objectives		Indicators	Comments
1	Increase private sector development around the world	New Government policies and regulations adopted	Over 100 DB inspired reforms were documented for DB 2011 report.
2	Customer service at the utility in Hong Kong SAR (China) improved by introducing performance pledges that were inspired by the findings of the Getting Electricity report	Time to connect a business to electricity improved by improving working relationships with other public agencies	As result of the findings of the first Getting Electricity report published in 2009, the utility in Hong Kong SAR (China) formed a working group in May 2010 that developed performance pledges and improved working relations with other public agencies that lead to a reduction of time to connect a new customer.

4.2 ASSESSMENT OF PROGRESS TOWARD MEETING DEVELOPMENT OBJECTIVES

What has been the progress toward meeting the development objectives so far? Please tick off as appropriate and **provide a brief rationale for the selection**

V	On or above targets – results can be seen for all objectives listed in item # 4.1
	Slightly below targets – results can be seen for some of objectives listed in item # 4.1
	Significantly below targets – results cannot be seen for any of the objectives listed in # 4.1

Brief

Rationale: The project is well on schedule and within the scope.

⁴ Please also illustrate impacts that can be seen related to:

- (i) WBG private sector and infrastructure policy and operation
- (ii) Private sector and infrastructure policy and practice by country governments

See footnote 1 for link to definition of impact and examples of project results chains.

5. RISKS & CHALLENGES

A. If applicable, provide status of follow-up areas from previous progress reports and possible conflict of interests.

n/a

B. Explain which implications, if any, changes in the economic/political/social environment has had in the implementation of the project.

n/a

C. Which major challenges, if any, do you foresee in the next 12 months?
How are these challenges going to be met?

Getting reliable data for the Getting Electricity indicators in several Sub-Saharan Africa countries is proven to be very challenging, due to a low capacity. As previously addressed in the Caribbean region (6 small island states visited last year), periodic (once every 2 years) in- country data collection travel will mitigate the risk.

6. EXIT STRATEGY AND REPLICABILITY

Please describe any progress in preparing for activity exit, building sustainability on institutional, financial, technical levels. If known, please also describe likelihood of replication across the WBG or outside.

Institutional	Research and indicator development based on the Doing Business methodology has proven to be highly effective in informing new empirical research on impact of regulation on private sector growth, reform and policy design, and reform agenda-setting. The transparent nature of the approach makes the methodology easily replicable. Several initiatives, such as new indicators on housing finance and continuing regional Doing business studies, have proven that replication of the approach across the WBG is not only likely but has already begun (Investing across borders indicators, Agriculture indicators). The Getting Electricity indicator will be integrated in the main DB report and ranking after extensive consultations with academia and WBG Board are completed.
Financial	All activities supported by NTF are cofounded increasingly by either WBG core funds or other donor funds. Once an initial data collection for the entire sample of 183 economies is completed, updating the Getting Electricity indicators will be funded predominantly by the WBG core funds.
Technical	The methodology is data are public goods. Detailed notes, survey instruments, background papers and case studies are available on the DB website www.doingbusiness.org , making the project components readily available for governments, academia and private sector.
Other	

7. FINANCIAL INFORMATION

Numbers must be provided in Annex I.

7.1 BUDGET AND DISBURSEMENTS

A. Is the budget still realistic?

<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No
<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No

If no, please explain:

B. Are disbursements on schedule (as per original proposal – including as projected per fiscal year)?

<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No
<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No

If no, please explain:

7.2 ALLOCATION SPENT ON AFRICA, Including northern africa DURING THE REPORTING PERIOD (estimate):

60,000

\$

25

%

7.3 COLLABORATION WITH NORWEGIAN PARTNERS AND NATIONAL CONSULTANTS

A. To what extent have you collaborated with Norwegian and local partners (individual consultants/firms/institutions)?

Fiscal Year	Names of Norwegian consultants/firms/institutions	Amount (USD)	Number of Local Consultants	Amounts (USD)
FY10	n/a			
FY11	n/a			

B. Are there any other opportunities for leveraging Norwegian expertise that you can foresee which you want the Secretariat to refer to the donor or to other task managers?

In the fall of 2010 we have interviewed 2 Norwegian nationals during competitive process for GE positions advertised with GIADB, but they were not selected during panel interviews.

PART B: REQUEST FOR REFRESHED FUNDING IN FY12

For multiyear activities, please list the refreshed funding amount needed for FY12 (if different from the approved budget proposal, please explain change in detail below)

Amount Requested (USD) 0

NTF-PSI FINANCIAL PROGRESS REPORT FOR FREESTANDING ACTIVITIES			
(Reporting Period: January 1- December 31, 2010)			
TF Project Name.:	DOING BUSINESS: OPPORTUNITIES FOR WOMEN, INFRASTRUCTURE, AND REFORM CASE STUDIES		
Trust Fund Number:	TF093152		
Task Team Leader:	Svetlana Bagaudinova		
Managing Unit/Business Line:	GIADB, cc 8034		
Grant start date/closing date:	October 2008 to February 2012		
A. Contributions			
Contribution received from inception (insert inception date) to June 30, 2010		\$500,000	
Contribution received from July 1, 2010 - December 31, 2010		\$0	
Unreleased allocations from previous years		\$0	
Unreleased allocation from FY11		\$250,000	
Total allocation from inception to December 31, 2010			\$750,000
B. Disbursements			
From inception (insert date) to June 30, 2010 (actual up to FY 11)		\$258,115	
From July 1, 2010 - December 31, 2010 (FY11 actual)		\$101,232	
Estimate for January 1, 2011 to June 30, 2011 (projected)		\$290,000	
Total disbursements from inception to June 30, 2011 (actual + projected)			\$649,347
C. Available balance			
Expected balance available on June 30, 2011 (A-B)			\$100,653
D. Committed, but undisbursed			
Of the balance in C above, please estimate how much, if any, will remain committed but undisbursed by June 30, 2011			\$50,000

PROGRESS REPORT AND REQUEST FOR REFRESHED FUNDING

Activity Name	Amazonian integrated destination management development
Trust Fund Number	TF093035
Task Team Leader	Laurent Debroux
Managing Unit/Business Line	LCSUW
Grant closing date	September 20, 2011
Recipient country (ies)	Brazil, Colombia, Peru
Total grant amount projected over life time of activity	\$ 300 000
Total grant amount approved since inception (incl. FY11)	\$ 300 000
Percentage disbursed of approved grant amount	19.5 %

PART A: PROGRESS REPORT FOR: January 1 - December 31, 2010

1. HIGHLIGHTS OF THE REPORTING PERIOD

Summarize key project highlights of the reporting period

Following the Scoping exercise and the meetings leading to the creation of the Destination Management organization the need for a more refined classification of needed interventions and existing constraints was felt necessary by the stakeholders. More specific analysis of the municipalities and the tourism enabling environment was asked of consultant. This new initiative lead to a report that clearly identifies and classifies constraints and potential interventions needed for the region. following identifications of constraints and potential in the region:

1. Identification of Constraints and needed studies:

Main Constraints identified:

- **Institutional Weaknesses:** tourism is complex and requires coordination between multiple government agencies, private sector bodies, civil society organization and community stakeholders. To date essential support services for tourism such as planning, marketing, regulatory frameworks are missing in the region. Most municipalities do not have a local secretariat for tourism or any government official engaged and knowledgeable of the potential and environment needed for the development of tourism. The recently instituted Destination Management Organization (DMO) will need much capacity building technical assistance in order to insure the appropriate linkages and frameworks are in place to allow for and enabling tourism development environment in the region. Building the capacity of public institutions will allow client countries to manage tourism more effectively. Building the capacity of professional tourism associations will facilitate effective private sector development.
- **Low level of service in all 9 municipalities** – the government of Tabatinga and Benjamin Constant has invested in training of guides – despite training the service quality is much below desired level for similar destinations.
- **ITC:** In the region telecommunication is still a constraint for both fixed and mobile telephones. Access to internet is a huge impediment for tourism reservation systems since no broad band internet is available in the region.
- **Inadequate Access:** Need for higher quality and more competitive air access both to and within the region:
 - Air Transportation to the region is in the hands of one airline that does not provide daily flights to all

municipalities and practices very elevated ticketing cost (in average \$600.00) for a 40 min flight.

- The fluvial transportation is done by local association of water taxis/transport. The connectivity between municipalities is very inconsistent and the cost of transport is very elevated due to the high cost of fuel in the region.

- **Accommodations:** With the exception of Tabatinga and Benjamin constant the region is not served by an acceptable level or quantity of tourist level accommodation.
- **Private Sector linkages:** Private sector linkages involve the integration of tourism into other sectors of the economy. It is by strengthening these forward and backward linkages that tourism becomes a more effective vehicle for poverty alleviation, job creation and economic growth. The potential exist in identified products linking fishery and agribusiness to tourism however partnerships with relevant private and public stakeholders are needed to make these solutions competitive and viable for the sector. TA for the DMO will also focus on creating these potential linkages between the tourism actors and the local communities.

2. **Formal creation of the Destination Management Organization for the Alto Solimoes Region and TA.**

Establishment of DMO July 28th 2010: Meetings had been held in 2009 with the intent of setting up the Triple Destination Management Organization where stakeholders were identified as well as the potential structure for the DMO. Following these meetings the main stakeholders from the government of Tabatinga/Brazil who were in charge of moving forward the creation of the organization as well as setting up the Action plan of activities were moved out of the municipality and the process was stopped. The consultant was able to reengage the stakeholders in a meeting held in Tabatinga in May 2010 and in July 28th the Organization was formed and Action plan was established for 2010.

Second Meeting of Destination Management Organization in Leticia – Colombia September 9th to 11th 2010

Action items of the second meeting include: Preparation of the Annual Action plan year 11' for the DMO, build a databank of all the information of tourism service providers including all three countries. Brainstorming ideas for promotional initiatives to be discussed during next phase of project which includes marketing of the region. TA is an essential part of the DMO meetings, for this first meeting TA was provided to help DMO establish the structure of the organization as well as the actionable items for 2011.

Third Meeting of Destination Management Organization to take Place in Iquitos – Peru – February 2011.

- Issues to be discussed include: Formatting tourism routes in the triple frontier region, Production of an integrated tour guide (in electronic or print format) for the triple border region as AMAZONAS guide book. Negotiate legal issues related to tourism cross frontiers such as visas, transportation and tourism services cross borders). TA will focus on aiding with the technical issues of the agenda presented but as well in training the members of the DMO in identifying and finding resources to create private sector linkages with the local communities and indigenous entrepreneurs.

3. **Infrastructure constraints**

- a. **Water Taxi/transport :** The main infrastructure constraint identified in the scoping exercise and confirmed in the stakeholder meetings is the lack of available and reliable fluvial transport. A preliminary study was conducted of the actual situation of the port of Tabatinga and the transport available between Tabatinga and the other municipalities in the Alto Solimoes region. The next phase of the project will demand a more in depth study which will include as well alternatives for transportation between Brazil-Colombia-Peru as well as the legal implication related to this access (visas, permission for border crossing for transportation, services offered) TOR for this study is under preparation.
- b. **ICT:** An in depth studies of ICT solutions for the region will also be necessary to guide the development of tourism in the region. A TOR for this study is under preparation and will include innovative solutions for both telecommunications and internet access at these remote locations to allow for proper reservation and client communication with the tourism services available.

2. OUTPUTS

2.1 DETAILED REPORTING ON OUTPUTS

Please complete the below table on outputs.

OUTPUTS (short-term project deliverables)								
List of outputs (List all completed and expected outputs of the activity)		Indicators (Mention for each component the applicable indicators. i.e. amounts, quality, volume of use of the project's products etc. <u>Include in particular details on dissemination</u>)	Target groups (add <u>names</u> of applicable target groups under each column)				Status (comment on progress of the components, if behind schedule, or if project has been restructured, explain reason for delay, restructuring rationale and corrective actions if applicable)	Comments- Outputs must be forwarded to the Secretariat for sharing with the donor/externally. Please also include a link to any outputs available electronically (incl online, in IRIS, etc)
			WBG staff	Local partners/ stakeholders	Donor	Others		
1	Scoping Exercise for identifying potential tourism attractions and products. Assessment of technical assistance needs to train producers/local entrepreneurs to become market ready and sustainable	- Web-based inventory of products. - Design and ToRs for TA to improve indigenous tourism related products- Web-based inventory of products. - Design and ToRs for TA to improve indigenous tourism related products	Grant executing team	ASARTA and Triple Border Destination Network			This activity was concluded early 2010. An initial delay in hiring the consultants for the region were aggravated by the strong rain that fell in the region having made it impossible to access the destinations for several months in 2009. Once final report was received the need was identified by stakeholders for a more in depth analysis of constraints and infrastructural needs in the region. Second phase of study took much longer than expected due to limited availability of consultant. Scoping exercise has led to micro projects of indigenous related projects such as the Tikuna market to be integrated in to the Bank funded Alto Solimoes project.	Inventory of potential tourism attractions and infrastructure needs concluded in January 2010. Additional studies ordered in February 2010 and final site visits finalized in September 2010. Final report is now available.
2	Integration Destination Management – Set up	- Development of strategies endorsed by communities and		ASARTA and Triple Border			The first two meetings of the Integrated Legal institution of the Destination Management Network was concluded in July 28 th 2010 and	Initial Activities completed in September 2009.

	chamber of commerce/tourism and Integrated Amazonian Destination Management Network	municipalities.		Destination Network			includes members of the public and private sectors from Brazil, Colombia and Peru.	<p>Legal DMO Institution created on July 2010.(Tabatinga/Brazil)</p> <p>Second Meeting of DMO held in Leticia/Colombia on September 9th to 11th 2010.</p> <p>Third meeting to be held in Iquitos/Peru in February/March 2011.</p>
3	Technical assistance and training in responsible destination management	<ul style="list-style-type: none"> - Increase number of destination products on web-site - Increase in the number of SMEs that qualify as sustainable identified on web site as well as recognized by local government. 		ASARTA and Triple Border Destination Network			Setting up the Triple Border Destination Network has taken longer anticipated to issues involving the tourism secretariat in Brazil thus the DMO was only formally created in July 2010. Technical assistance training was conducted on September 9 th 2010. Next technical assistance is to coincide with next meeting of the DMO to be held in Iquitos Peru in February/March 2011.	<p>Training Conducted in September 9th 2011.</p> <p>Next training to occur in Feb/March 2011.</p>
4	Marketing Facility an effective system for monitoring and quantifying visits to local attraction and a system for promoting destination products, facilitating reservations and payment for international and national visitors.	<ul style="list-style-type: none"> - A Monitoring Facility to Compile data on destination products. - An increased number of destination products certified as socially and environmentally responsible. - Measured growth of destination products and incomes generated form products. 					<p>This activity has suffered a delay of almost 9 months due to delay in receiving the finalized report of the assets as well as the detailed inventory of constraints and potential in the regions.</p> <p>ToR are now being adapted to the reality revealed by the final report. Contract of consulting firm to create the Marketing Facility should happen late February. Consulting firm will be responsible for compiling data on destination products, based on sustainability criteria as well as create the platform for marketing of destination including sales and reservation of products as well as the intranet to serve as the linking tool between all SME's in the region.</p>	ToR ready Feb '11 Activities to be started in March '11.

2.2 ASSESSMENT OF IMPLEMENTATION PROGRESS (OUTPUTS)

Please provide an assessment of the overall implementation progress of the activity. Please be as candid as possible and note that funding will not be withdrawn if the project is rated unsatisfactory or highly unsatisfactory.

	Highly satisfactory – implementation exceeds or is fully in accordance with the original implementation plan or the formally revised plan.
	Satisfactory – implementation is in substantial compliance with the original/formally revised implementation plan.
X	Unsatisfactory – implementation is not in compliance with the original/formally revised implementation plan. Remedial action has been agreed.
	Highly unsatisfactory – as in Unsatisfactory but remedial action has not been agreed.

3. OUTCOMES

Please complete the below table on outcomes.

OUTCOMES (intermediate results)					
List of outcomes		Indicators	Status and progress made in reporting period	Other Comments	
1	Contribute to the growth of an environmentally and socially responsible tourism destination in the Amazon region.	Areas for developing responsibly managed destinations and attractions will be identified.	Areas for development, potential product development as well as infrastructure needed have been identified.		
2	Use of marketing tools to identify and enhance responsible destination products The use of the internet as a broad based tool for marketing and information sharing.	Products based on environmental conservation and responsible tourism will increase as will income from environmental services.	This Activity has suffered from a 9 month delay. Marketing Facility will be implemented of FY '11 when most of the activities will be implemented. Technical assistance for managing the marketing platform will continue as part of FY '11 and FY '12 activities		
3	Increase awareness for destination management in local governments through the preparation/orientation for creation of strategic development plans and investment program for key infrastructure.	Development plans specifically tailored around responsible destination management created and adopted in several communities in the Amazon region of each country.	Activities for FY '11 & FY '12		

4	Integration Destination Management – Set up chamber of commerce/tourism and Integrated Amazonian Destination Management Network	Development of strategies endorsed by communities and municipalities.	<p>Format to be used in destination management for Alto Solimoes communities will need to rely on ITC for sharing of information and managing the destination due to the massive distances and poor connectivity between the municipalities and the core region of Alto Solimoes/Benjamin Constant. This activity will be implemented in 2011 concomitant with the implementation of the marketing platform due to technological resources necessary to virtually connect these stakeholders.</p> <p>After the stall in establishing the Integrated Amazonian Destination Management in 2010, due the change in government in Brazil and difficulties to engage the Peruvian government in 2009, the official triple border integrated destination Management Network was legally established in July 2010, with members from the three countries. The second meeting took place on September 9th 2010, in Leticia Colombia. Next meeting will be held in Iquitos Peru in March 2011.</p>	Integrated Amazonia DMO formally established in July 2010,
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4. IMPACTS

4.1 DETAILED REPORTING ON IMPACTS

Please complete the below table on impacts.

IMPACTS (broader results from program outcomes listed in # 3 above)			
List of development objectives		Indicators	Comments
1	Stimulate broad-based economic growth through development of responsible destination management.	- Increased broad-based economic growth in municipalities as well as increased family incomes from activities related to providing services and products related to the sustainable tourism supply chain. - Municipal revenue increase from responsible tourism product's payment.	In Scoping exercise consultants will collect baseline data which will evaluate the currently available products and their level of compliance with sustainability standards. Activity to be completed by February '09.
2	Increase environmental and cultural development.	- Increased regional investments in destination management related activities and products in the Alto Solimões /Amazon region.	
3	Empower local governments and indigenous communities that have been threatened by, or excluded from, other development interests and activities.	- Increased investments in municipal infrastructure oriented toward destination management.	

4.2 ASSESSMENT OF PROGRESS TOWARD MEETING DEVELOPMENT OBJECTIVES

What has been the progress toward meeting the development objectives so far? Please tick off as appropriate and **provide a brief rationale for the selection**

	On or above targets – results can be seen for all objectives listed in item # 4.1
X	Slightly below targets – results can be seen for some of objectives listed in item # 4.1
	Significantly below targets – results cannot be seen for any of the objectives listed in # 4.1

Brief Rationale: Due to delays in finalizing scoping the grant implementation has suffered from substantial delays of almost 9 months, made even more problematic due to the change in local secretariat of tourism of Tabatinga who was leading the process of creating the DMO. These issues have been resolved and there is commitment of time and potential funds from part of the local stakeholders public and private to insure activities take place as per adjusted action plan.

5. RISKS & CHALLENGES

A. If applicable, provide status of follow-up areas from previous progress reports and possible conflict of interests.

None

B. Explain which implications, if any, changes in the economic/political/social environment has had in the implementation of the project.

None

C. Which major challenges, if any, do you foresee in the next 12 months?
How are these challenges going to be met?

The major challenges foreseeable for the next few months are guaranteeing the continuity of the Destination Management Organization which is the backbone of the institutional capacity for tourism development in the region. The two main activities that will still take place, implementation of the Marketing Facilities as well and the technical training depend on the strength of the organization that has been established. At State level the government of Amazonas in Brazil as well as the Government of Colombia have become very committed to tourism development in the Region. As of the establishment of the DMO the Peruvian government has also stepped up and given support to the initiative. Close monitoring of this initiative and meetings will be made by local consultant.

6. EXIT STRATEGY AND REPLICABILITY

Please describe any progress in preparing for activity exit, building sustainability on institutional, financial, technical levels. If known, please also describe likelihood of replication across the WBG or outside.

Institutional	As part of the exit strategy, the project team envisions a gradual transfer of the project in 2-3 years time to the destination management organization that will be responsible for driving some of the key destination-wide activities, including the web portal.
Financial	
Technical	The Financial costs of the web-site as well as the cost of maintaining the Triple Border Destination Network is expected to be covered by the revenue generated by the destination web-site as well as community managed booking agency run by ASARTA. Additional funding will be sought from mainstream tourism companies in the region – such as the major hotels – sponsoring the ‘website’ activities.
Other	It is likely that this project approach will be emulated across the LAC region, if the expected outcomes and impacts in Sustainable tourism development are achieved as described in the Logical Framework attached to the NTF-PSI application. Similar constraints in terms of infrastructure and marketing are present among many American countries and the success of these initiatives in the Amazon are very likely to be replicated in the region.

7. FINANCIAL INFORMATION

Numbers must be provided in Annex I.

7.1 BUDGET AND DISBURSEMENTS

A. Is the budget still realistic?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No	<p><i>If no, please explain:</i></p> <p><i>The grant implementation has suffered from substantial delays of almost 9 months due to the initial scoping exercise not being sufficiently in depth to address the very intricate issues identified in the region. Additionally change in the secretariat of tourism of Tabatinga made the process for establishing the Chamber of Commerce and Destination Management Organization come to a stall and the process had to be reinitiated from zero six months later. These issues have been resolved and there is clear involvement by local stakeholders public and private to insure the activities take place as per adjusted action plan.</i></p>
B. Are disbursements on schedule (as per original proposal – including as projected per fiscal year)?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	

7.2 ALLOCATION SPENT ON AFRICA, INCLUDING NORTHERN AFRICA DURING THE REPORTING PERIOD (ESTIMATE):

\$ 0 \$

0 %

7.3 COLLABORATION WITH NORWEGIAN PARTNERS AND NATIONAL CONSULTANTS

A. To what extent have you collaborated with Norwegian and local partners (individual consultants/firms/institutions)?

Fiscal Year	Names of Norwegian consultants/firms/institutions	Amount (USD)	Number of Local Consultants	Amounts (USD)
FY10	Not applicable	\$ 0	3	43,039.43
FY11	Not applicable	\$ 0		

B. Are there any other opportunities for leveraging Norwegian expertise that you can foresee which you want the Secretariat to refer to the donor or to other task managers?

With new and more in depth studies being necessary there might be the opportunity of identifying Norwegian expertise for the fluvial transport consultation.

PART B: REQUEST FOR REFRESHED FUNDING IN FY12

For multiyear activities, please list the refreshed funding amount needed for FY12 (if different from the approved budget proposal, please explain change in detail below)

Amount Requested (USD)

0

The decision on your funding request will be based on implementation progress and donor preferences. Please provide any additional information that ought to be considered below:

Activities planned for FY 10 activities such as technical assistance for responsible destination management are under way. The following phase of the grant is in large part dedicated to setting up the Marketing Facilities which is estimated at **US \$ 150 000**. The total amount of funds necessary for implementation of the Marketing facilities are in line with to the amount requested. Technical assistance and training in Responsible Destination Management is an essential part of the activities to be conducted in the following months and require an investment as budgeted of **US\$ 79 000**.

NTF-PSI FINANCIAL PROGRESS REPORT FOR FREESTANDING ACTIVITIES			
(Reporting Period: January 1- December 31, 2010)			
TF Project Name.:	Amazonian Integrated Destination Management Development		
Trust Fund Number:	TF 093035		
Task Team Leader:	Laurent Debroux		
Managing Unit/Business Line:	LCSUW		
Grant start date/closing date:	10/07/2008 to 09/30/2011		
A. Contributions			
	Contribution received from inception (insert inception date) to June 30, 2010	\$152,500	
	Contribution received from July 1, 2010 - December 31, 2010	\$0	
	Unreleased allocations from previous years		
	Unreleased allocation from FY11	\$147,500	
	Total allocation from inception to December 31, 2010		\$300,000
B. Disbursements			
	From inception (insert date) to June 30, 2010 (actual up to FY 11)	\$45,835	
	From July 1, 2010 - December 31, 2010 (FY11 actual)	\$12,446	
	Estimate for January 1, 2011 to June 30, 2011 (projected)	\$120,000	
	Total disbursements from inception to June 30, 2011 (actual + projected)		\$178,281
C. Available balance			
	Expected balance available on June 30, 2011 (A-B)		\$121,719
D. Committed, but undisbursed			
	Of the balance in C above, please estimate how much, if any, will remain committed but undisbursed by June 30, 2011		120000

Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI)

PROGRESS REPORT AND REQUEST FOR REFRESHED FUNDING

Project Name	PH- CC in coastal areas – a community based approach
Trust Fund Number	TF092836
Task Manager	Maya Gabriela Q. Villaluz
Managing Unit/Business Line	EASRE
Grant closing date	September 15, 2011
Recipient Country (ies)	Philippines
Total grant amount projected over life time of activity	\$ 330,000
Total grant amount approved since inception	\$ 330,000
Percentage disbursed of approved grant amount	53%

*This form is for Task Managers to report annually on progress of projects funded under the NTF-PSI, and request funding for the following fiscal year. Please answer all questions below. **The complete report will be shared with the Donor and posted on the NTF-PSI web page (www.worldbank.org/ntfpsi)**. Please also consider forwarding this report to others that may have an interest in the activity.*

For questions, please contact the NTF-PSI Secretariat (Technical Advisor, Heidi Stensland, ext 82026, or NTF-PSI Manager, Joshua Gallo, ext 81427)

PART A: PROGRESS REPORT FOR: January 1 - December 31, 2010

1. HIGHLIGHTS OF THE REPORTING PERIOD

Summarize key project highlights of the reporting period

As a follow-through of the accomplishments in 2009 and 2010 include (1) information/ education campaigns and capacity building events in community levels to plan and implement the appropriate adaptation measures based on their vulnerability assessment (2) integrating knowledge from the community in drawing a more holistic and acceptable scenario of climate change (3) guided process for community to craft their own climate adaptation strategies to address specific vulnerabilities in their area (barangays level).

A climate change adaptation process framework which was developed by the project was successfully piloted in three additional municipalities for a total of five recipient municipalities, namely Gubat, Sorsogon; Batuan, Masbate; Caramoan, Camarines Sur; Bantayan and Santa Fe, Cebu. The results of the application of the framework varied in the different municipalities, depending on the following essential elements - level of governance, community ownership, access to private and public financing, technical and capability and support from the national government agencies and networks between academe/schools, NGOs

Municipal and Barangay LGUs, as well as people's organizations (POs) established. The framework is six – fold, namely: 1) Stakeholder partnership building; 2) Vulnerability assessment; 3) CC communication campaign;; 4) Capacity building and policy setting for local CC/DRM adaptation strategy; 5) Development of local CC/DRM action plan and implementation; 6) Monitoring, evaluation and leveling up of the action plan. Policy instruments crafted in 2009 in the Provincial and Municipal levels were substantiated in 2010 where each Barangay drafted a policy on their own to support the implementation of their CCA priority projects.

Massive communication campaigns were conducted as part of the social mobilization process. A suite of communication tools were developed and rolled out to reach out to the various sectors of society, including the most vulnerable groups composed of the poorest of the poor, the uneducated, the fisherfolk, who mostly live in the hazard-prone areas along the coast. The campaign was effective in bringing in more people to cooperate in the CC program of the local government and also doubled up as a capacity building tool to enhance the capability of the key players who will develop and implement the adaptation strategy and action plan. Using the outputs of the 2009 and 2010 such as the CC film, videos and song, the achievement of the goals of 2010 activities were enhanced. These will be further enhanced in 2011 in all 5 municipalities to fully achieved the goals of the project.

The local governments expanded their policies to institutionalize their adaptation strategy and its implementation in their development plans. They are also in the process of building synergies with the various sectors of society to full achieve their CC strategic goal.

The key activities operationalized during this period were substantial since the climate change adaptation process framework helped the municipalities focus the mainstreaming of their adaptation strategy in their development plans. The process steps were iterative since the essential elements needed for the successful implementation of the framework vary for each municipality. The process steps were mostly achieved in this period in various degrees for each municipality with the exception of the last step which is the monitoring and evaluation part since the results of the bio-physical and socio-economic adaptation measures may take some time to manifest.

2. OUTPUTS

2.1 DETAILED REPORTING ON OUTPUTS

Please complete the below table on outputs.

OUTPUTS (short-term project deliverables)								
List of outputs		Indicators (Mention for each component the applicable indicators. i.e. amounts, quality, volume of use of the project's products etc. <u>Include in particular details on dissemination</u>)	Target groups (add names of applicable target groups under each column)				Status (comment on progress of the components, if <u>behind schedule</u> , or if project has been restructured, explain reason for delay, restructuring rationale and corrective actions if applicable)	Comments- please also include a link to any outputs available electronically (incl online, in IRIS, etc)
			WBG staff	Local partners/ stakeholders	Donor	Others		
1	Component 1: Policy and legislation ordinances (local laws) – meetings, seminars	Focused group discussions, meetings and seminars with community leaders and constituents; reports on policy and institutional assessments, discussions and agreements at the community level		Local govts & local communities in Batuan and Monreal, Masbate and Gubat, Sorsogon			In 2008 and 2009, Provincial and Municipal ordinance were passed adopting the pilot program in their areas. In 2010, ordinances were drafted to support the implementation of specific climate adaptation action plans. In addition to municipal ordinances, policies in the <i>Barangay</i> (smallest local government unit) level were also drafted as part of their respective CCA action plans	
2	Component 1: Policy and legislation ordinances (local laws) – climate change action plans	Provincial, Municipal and Barangay (Village) Laws and Action plans		Local govts & local communities in Batuan , Masbate, Gubat, Sorsogon, Caramoan, Camarines Sur,			The Municipal and <i>Barangay</i> (smallest local government unit) level local laws were adopted. Specific climate adaptation action plans are being integrated in their disaster risk management action plans and development plans. These are being deliberated since in 2010 the local government officials are newly appointed which necessitated the need to do another round of consultations.	
3	Component 2: Vulnerability	Vulnerability assessments conducted (on specific		Local govts & local			Findings of the Scientific Studies conducted in 2008 and 2009 were presented to the	

	assessment	climate change impacts) in communities in Gubat, Sorsogon, Batuan, Masbate, Caramoan, Camarines Sur, Bantayan and Santa Fe, Cebu..		communities in Batuan and Monreal, Masbate and Gubat, Sorsogon			stakeholders of the community in the municipal levels. Through workshops, these findings were enhanced and affirmed by integrating the community's indigenous/ local knowledge based on their experiences some 50, 40 or 30 years ago, up to the present. In 2010, these made the climate change scenarios and projects more acceptable to the community stakeholders. This acceptability is critical in obtaining their resolve to invest on and their cooperation to implement the identified priority adaptation measures.	
4	Component 3: Biophysical adaptation measures- community-level demonstration projects	Pilot adaptation measures		Local govt.s & local communities in Batuan and Monreal, Masbate and Gubat, Sorsogon			<p>In 2008 and 2009, adaptation measures were identified and designed based on a 'low-resolution' (province and municipality wide) vulnerability assessment. In 2010, these adaptation measures were implemented in a 'higher resolution' scale (barangays level). Further, through a guided process, prioritization of biophysical adaptation measures were based on a more holistic perspective, taking into consideration the historical, economic, and other local factors. For instance, establishment of seawalls was not given highest priority for populated coastal areas that were originally mangrove sites. For the simple reason that experienced coastal erosion and flooding problems are not necessarily caused by Climate change; rather, it is an inherent characteristic of the place. This shows the importance of indigenous historical knowledge of the community in identifying appropriate adaptation measures.</p> <p>Further, these specific identification measures were formulated by the communities themselves in a guided process. Thus, obtaining acceptance, support or cooperation from the community members is no longer a concern in the actual implementation stages.</p>	

							Using a guided process using a community-based 3-dimensional mapping, the following biophysical adaptation measures were established in the following municipalities: 1) Gubat, Sorsogon – coral reefs protection through the establishment of a marine protected area and a sea ranch 2) Batuan, Masbate – mangrove rehabilitation 3) Caramoan, Camarines Sur- coral reefs protection through the establishment of a marine protected area and mangrove rehabilitation 4) Bantayan, Cebu- coral reefs protection through the establishment of a marine protected area 5) Santa Fe, Cebu - coral reefs protection through the establishment of a marine protected area and a sea ranch	
5	Component 3: Biophysical adaptation measures –weather monitoring stations	Pilot adaptation measures		Local govt.s & local communities in Batuan, Masbate, Gubat, Sorsogon, Caramoan, Camarines Sur, Bantayan, Cebu			The project funded the installation of simple weather -monitoring stations in Gubat, Sorsogon, Batuan, Masbate and Caramoan, Camarines Sur. These stations transmit ICT data using mobile phones and are operated and managed by the local communities, as supervised by the local government units. The weather data is generated in real time and is easily accessible to anyone who can contact the stations’ mobile numbers.	
6	Component 4: Capacity building and partnership network- Documentary	One 1hour and 20 minutes documentary movie	PHL task teams for Infra./ DRM	General public; local governments; local communities especially in study areas; academe; NGOs	Norwegian govt.	Local and national govt. agencies involved in economic planning, environment and disaster mgt.	During the multi-sectoral and multi-disciplinary workshops, copies of the film were provided to target stakeholders such as schools, NGOs, business and private sector and the like.	
7	Component 4:	One 15-minute video	PHL	General	Norwegian	Local and	During the multi-sectoral and multi-	

	Capacity building and partnership network - Video on Climate change in local language (w/ English sub-titles)		task teams for Infra./ DRM	public; local governments; local communities especially in study areas; academe; NGOs	govt., Spanish govt.,	national govt. agencies involved in economic planning, environment and disaster mgt.	disciplinary workshops, copies of the film were provided to target stakeholders such as schools, NGOs, business and private sector and the like.	
8	Component 4: Capacity building and partnership network – Climate change song	One 60 sec. song		General public; local governments; local communities especially in study areas; academe; NGOs		Local and national govt. agencies involved in economic planning, environment and disaster mgt.	In the same manner as the videos, copies of the song were also distributed during the workshops.	
9	Component 4: Capacity building and partnership network – Showing of local Climate change videos	40 min. each video of the 3 project sites		General public; local governments; local communities especially in study areas; academe; NGOs		Local and national govt. agencies involved in economic planning, environment and disaster mgt.	Copies of the videos were distributed during the workshops.	
10	Component 4: Capacity building and partnership network – information and education materials	Popular reading materials such as storybooks, comic books, toolkits and guidebooks		General public; local governments; local communities especially in study areas; academe; NGOs		Local and national govt. agencies involved in economic planning, environment and disaster mgt	Copies of the information and education materials were disseminated to local and national government units, local communities, civil society organizations, schools, the media.	
11	Component 4: Capacity building and partnership network – climate change teams were created	5 climate change/DRM teams		Local governments; local communities especially in study areas; academe;			Also as an outcome of the workshop held in 2009 in the two Municipalities (Gubat, Sorsogon and Batuan, Masbate), partnership networks were formed between different sectors of the community such as LGU-Business-NGO, municipal LGU-Barangay LGU-NGO-Academe. These networks are	

				NGOs, POs			critical in the actual implementation of their CCA action plans. Additional trainings were held in the five Municipalities (Gubat, Sorsogon, Batuan, Masbate, Caramoan, Cam. Sur, Bantayan and Santa Fe, Cebu), partnership networks were formed between different sectors of the community such as LGU-Business-NGO, municipal LGU-Barangay LGU-NGO-Academe. These networks are critical in the actual implementation of their CCA action plans.	
12	Component 4: Capacity building and partnership network – training workshops	6 training workshops		Local governments; local communities especially in study areas; academe; NGOs, POs			In 2008, 2 workshops were conducted in municipalities on Basics of Climate change, relevant policies, early warning systems and the like. In early 2009, 2 more of the same workshops were conducted in 2 other sites. In late 2009, additional, 2 workshops were conducted as follow-through. This time, the design was geared towards building capacity for the community stakeholders to translate their knowledge gained from the previous workshops into action plans with resolve and commitment to implement the same immediately.	
13	Component 4: Capacity building and partnership network – Climate change game show	Two 1 hour game show		General public; local governments; local communities especially in study areas; academe; NGOs		National govt. agencies involved in economic planning, environment and disaster mgt.	In 2008, Provincial and Municipal ordinance were passed adopting the pilot program in their areas. In 2009, ordinances were drafted to support the implementation of specific climate adaptation action plans. In addition to municipal ordinances, policies in the <i>Barangay</i> (smallest local government unit) level were also drafted as part of their respective CCA action plans	

2.2 ASSESSMENT OF IMPLEMENTATION PROGRESS (OUTPUTS)

Please provide an assessment of the overall implementation progress of the activity. Please be as candid as possible and note that funding will not be withdrawn if the project is rated unsatisfactory or highly unsatisfactory.

X	Highly satisfactory – implementation exceeds or is fully in accordance with the original implementation plan or the formally revised plan.
	Satisfactory – implementation is in substantial compliance with the original/formally revised implementation plan.
	Unsatisfactory – implementation is not in compliance with the original/formally revised implementation plan. Remedial action has been agreed.
	Highly unsatisfactory – as in Unsatisfactory but remedial action has not been agreed.

3. OUTCOMES

Please complete the below table on outcomes.

OUTCOMES⁵ (intermediate results)				
List of outcomes		Indicators	Status and progress made in reporting period	Other Comments
1	Increased awareness of local communities and stakeholders on vulnerabilities specific to their respective locality	Priority action plans crafted by the communities to address these specific vulnerabilities.	All pilot barangays in the municipalities of Gubat, Sorsogon, Batuan, Masbate, Caramoan, Camarines Sur, Bantayan and Santa Fe, Cebu have crafted their individual action plans. These action plans are target specific at address more important CC vulnerabilities specific to their area. They have also formulated financial measures and drafted policy tools for the implementation of these projects on the ground.	
2	Increased participation in the community planning process	Community development plans prepared by local communities	Essentially all sectors in the community, from business, academe, NGOs and local fisherfolk/farmer’s organization were involved in the crafting of adaptation measures. Each sector committed to perform a specific within the overall CCA strategy of the community. For instance, barangays officials resolved to conduct a mangrove rehabilitation program while the schools provide support through the involvement of their students as universities provide appropriate technical knowledge for mangrove rehabilitation to succeed.	

⁵ Include also outcomes on collaboration between

- various units in the WBG

- the WBG and external stakeholders, including with Norwegian expertise

3	Policies addressing climate change are adopted	Climate change policy adopted by local governing councils	In 2008, a climate change adaptation framework has been adopted by the province of Sorsogon upon the initiative of the Governor. In 2009, these were brought down to the municipal and barangays levels.	
4	Increased capacity of local communities to plan and implement cost-effective CC adaptation and disaster management measures using community-driven devt. initiatives	Climate change adaptation and disaster risk management action plan and investments implemented by local communities	Local govts. have engaged in planning and budgeting for climate resilient infrastructure.	
5	Biophysical resiliency to climate change	Climate change adaptation measures adopted	The communities engaged in the re-enforcement of their coastal infrastructure through the transfer or dismantling of seaside structures that lead to beach erosion, the protection of the natural coastline through the establishment of marine protected areas, coral restoration, mangrove transplantation and rehabilitation.	
6	Economic resiliency to climate change	Provision of alternative livelihoods that are based on the payment for ecosystem services and the protection of the natural coastal ecosystems	The communities have been taught various techniques and technologies on how to develop ecosystem-based alternative livelihoods that promote the protection of the natural ecosystems such as eco-tourism, establishment of sea ranches that are adjacent to the marine protected areas.	

4. IMPACTS

4.1 DETAILED REPORTING ON IMPACTS

IMPACTS (broader results from program outcomes)		
List of development objectives	Indicators	Comments
1 Private investment in buildings and infrastructure that are CC resilient	Increase in Climate resilient private investments in the communities	As CC vulnerabilities and projected impacts become accepted by the community, their development strategies are likewise realigned. In the case of Gubat, local government has seen from a broader perspective a major need to transfer major settlement areas to a location that is less vulnerable to CC impacts as a long-term approach, rather than just investing on short-term adaptation strategies. This can be done by transferring attraction centers such as government and business centers to a new less vulnerable location as new settlements will follow. This is an important step to ensure future private investments for infrastructure will be more CC resilient.

2	Conserve biodiversity	Increase population and habitats of local flora and fauna	Common to all CCA/DRM action plans of coastal communities, establishment of marine protected areas are given high priority as an approach of conservation of coral reefs and sea grass beds and all its biota. This is a result of the realization of the importance of coral reefs (like mangroves) in reducing impacts of strong waves hitting their shores.
3	Establish economic interventions that encourage the payment for ecosystem services	Enhanced economic activities that promote the protection of natural ecosystems at the community level	The communities developed heightened interest in establishing and maintaining the climate change adaptation measures since they realized that they could earn a living as well as safeguard their wellbeing with the interventions that they planned and implemented in their localities.

4.2 ASSESSMENT OF PROGRESS TOWARD MEETING DEVELOPMENT OBJECTIVES

What has been the progress toward meeting the development objectives so far? Please tick of as appropriate and **provide a brief rationale for the selection**

X	On or above targets – results can be seen for all objectives listed in item # 4.1
	Slightly below targets – results can be seen for some of objectives listed in item # 4.1
	Significantly below targets – results cannot be seen for any of the objectives listed in # 4.1

Brief

Rationale: Outcomes of activities by the project, most certainly, have led to the achievement of the development objectives of the project in the pilot sites. The local government and other sectors have given the CC vulnerabilities utmost consideration in their development strategies. For instance, the officials of the five local governments have resolved to decongest their current highly vulnerable settlement centers by putting future investments in less vulnerable areas, such as in areas with higher elevation in consideration of the potential increase in sea level. Even ordinary fisherfolk who attended the workshop have resolved to initiate adaptation activities on their own by planning to save-up to be able to buy a piece of land in the higher and less vulnerable areas within the 5-10 year period.

Upon realization of the role of ecosystems in protecting human habitats, the communities have resolved to heighten their initiatives to protect and restore coral reefs and sea grass beds through marine protected area approach and mangrove ecosystem through mangrove reforestation. As an added outcome these strategies would certainly lead to the achievement of the development goals of conserving biodiversity particularly the three coastal ecosystems.

In fact, the project has gone beyond its target objectives since it has also demonstrated in the communities that economic resiliency aside from biophysical resiliency is an important ingredient in addressing climate change.

5. RISKS & CHALLENGES

A. If applicable, provide status of follow-up areas from previous progress reports and possible conflict of interests.

The follow up areas are ready for the next phase of the project and have been prepared for the continued implementation of the project.

B. Explain which implications, if any, changes in the economic/political/social environment has had in the implementation of the project.

Critical to the achievement of the goals of the project is the cooperation of the local government and the body politic. Since climate change is an issue that affects everyone, much so, the more predominant bottom-of-the pyramid segment, political support for the project is not a concern. Any politician who advocates on this agenda will certainly earn himself or herself credits from the voting population.

C. Which major challenges, if any, do you foresee in the next 12 months?
How are these challenges going to be met?

Since the interventions have already been put in place, the major challenge is the continuity of the activities to ensure the sustainability of the project. The team is confident that with the strong ownership and institutionalization of the CCA/DRM action plans, these activities will be pursued by the local communities.

Another major challenge is the onslaught of the harsh weather that may destroy the physical structures along the coast that are made of indigenous materials that the communities put in place. Since they have put up these structures in place, the team is confident that the communities will be able to re-construct these structures whenever necessary.

6. EXIT STRATEGY AND REPLICABILITY

Please describe any progress in preparing for activity exit, building sustainability on institutional, financial, technical levels. If known, please also describe likelihood of replication across the WBG or outside.

Institutional	<p>In 2008, climate change – disaster risk management (CC-DRM) committees at the barangay (village), municipal and provincial levels. In 2009, these committees met again and formulate adaptation strategies for implementation. Part of this is reviewing their investment plans to ensure that their infrastructure projects are climate resilient.</p> <p>The involvement of civil society organizations such as the peoples’ organizations and non-government organizations and the academe are of importance to ensure the establishment of a support mechanism to the local communities. Also the prospect of institutionalizing the climate change process framework which includes the vulnerability assessments, the biophysical adaptation measures, etc. can be an integral part of the annual planning and business processes of the national and local governments. This will ensure that decisions to be made in the future will be science- based, even after the project has ended.</p> <p>This climate change adaptation process framework is well documented and can easily be replicated in other local government units in the Philippines.</p>
Financial	<p>The activities during the entire implementation period were funded partly by the Municipal government units. The CCA projects crafted in the barangay level already have provisions for sourcing of funds, mainly from their internal revenue allotment. This will ensure the operations and maintenance of the CCA activities after the life of the project.</p> <p>This set-up is easily replicable since the financial model for the project is well-documented and can be easily disseminated to other local governments.</p>

Technical	<p>The 3-D modeling has been implemented through the involvement of engineering department of the Municipal government. Thus, they can already serve as resource persons that can be tapped by nearby municipalities whenever this process is replicated.</p> <p>The project activities and methodologies are likewise well documented and can be made available online for access by anyone who might be interested.</p> <p>The biophysical measures utilized science and local knowledge principles and practices that made the activities easier for the communities to adopt and implement</p>
Economic	<p>The economic activities that were promoted by the project have proved to be a powerful tool in building the communities' ownership to continue and expand the interventions initiated by the project.</p>

7. FINANCIAL INFORMATION

7.1 BUDGET AND DISBURSEMENTS

A. Is the budget still realistic?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<i>If no, please explain:</i>
B. Are disbursements on schedule (as per original proposal – including as projected <u>per fiscal year</u>)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<i>If no, please explain:</i> There was a delay in the release of funds, and the hiring of consultants, hence the delay in the disbursement of funds.

7.2 ALLOCATION SPENT ON AFRICA, INCLUDING NORTHERN AFRICA DURING THE REPORTING PERIOD (ESTIMATE):

 \$

 %

7.3 COLLABORATION WITH NORWEGIAN PARTNERS AND NATIONAL CONSULTANTS

A. To what extent have you collaborated with Norwegian and local partners (individual consultants/firms/institutions)?

Fiscal Year	Names of Norwegian consultants/firms/institutions	Amount (USD)	Number of Local Consultants	Amounts (USD)
FY09			1 non-government organization and 2 national consultants	\$50,491
FY10			1 non-government organization and 2 national consultants	\$62,009
FY11			2 non-government organizations and 4 national consultants	\$118,000

B. Are there any other opportunities for leveraging Norwegian expertise that you can foresee which you want the Secretariat to refer to the donor or to other task managers?

The project has initiated linkages with Norwegian research institutes and private companies to allow the government exchange ideas and experiences and seek further assistance in enhancing sustainable coastal resource management and help communities be economically resilient to climate change.

PART B: REQUEST FOR REFRESHED FUNDING IN FY12

For multiyear activities, please list the refreshed funding amount needed for FY12 (if different from the approved budget proposal, please explain change in detail below)

Amount Requested (USD)

0

The decision on your funding request will be based on implementation progress and donor preferences. Please provide any additional information that ought to be considered below:

The interventions implemented during the implementation of the project will serve as springboard for more climate change adaptation activities to be implemented on the ground after the project. Since the adaptation measures were successfully demonstrated in the pilot sites, the investments spent for the vulnerability assessments, the capacity building and information dissemination in will serve as best practice at the community-level that can be replicated by local governments in the whole country.

NTF-PSI FINANCIAL PROGRESS REPORT FOR FREESTANDING ACTIVITIES			
(Reporting Period: January 1- December 31, 2010)			
TF Project Name.:	PH-Climate Change in Coastal Areas - A Community Adaptation Approach		
Trust Fund Number:	TF092836		
Task Team Leader:	Maya Gabriela Villaluz		
Managing Unit/Business Line:	EASER		
Grant start date/closing date:	09Sep08-15Sep11		
A. Contributions			
Contribution received from inception (insert inception date) to June 30, 2010		\$177,500	
Contribution received from July 1, 2010 - December 31, 2010		\$77,500	
Unreleased allocations from previous years		\$0	
Unreleased allocation from FY11		\$75,000	
Total allocation from inception to December 31, 2010			\$330,000
B. Disbursements			
From inception (insert date) to June 30, 2010 (actual up to FY 10)		\$164,576	
From July 1, 2010 - December 31, 2010 (FY11 actual)		\$10,148	
Estimate for January 1, 2011 to June 30, 2011 (projected)		\$155,276	
Total disbursements from inception to June 30, 2011 (actual + projected)			\$330,000
C. Available balance			
Expected balance available on June 30, 2011 (A-B)			\$0
D. Committed, but undisbursed			
Of the balance in C above, please estimate how much, if any, will remain committed but undisbursed by June 30, 2011			0

Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI)
PROGRESS REPORT AND REQUEST FOR REFRESHED FUNDING

Project Name	Conflict Affected States in Africa (CASA) Initiative
Trust Fund Number	TF093860
Task Manager	Eva Bakonyi
Managing Unit/Business Line	PEP Africa
Grant closing date	June 30, 2013
Recipient Country (ies)	Sierra Leone; fragile & conflict affected states in sub-Saharan Africa
Total grant amount projected over life time of activity	USD 400,000. Further contributions from Norway are being provided to the multi-donor CASA trust fund (TF070993)
Total grant amount approved since inception	USD 400,000
Percentage disbursed of approved grant amount	97% of the grant has been disbursed, and a further 2.4 % has been contractually committed.

*This form is for Task Managers to report annually on progress of projects funded under the NTF-PSI, and request funding for the following fiscal year. Please answer all questions below. **The complete report will be shared with the Donor and posted on the NTF-PSI web page (www.worldbank.org/ntfpsi)**. Please also consider forwarding this report to others that may have an interest in the activity.*

For questions, please contact the NTF-PSI Secretariat (Technical Advisor, Heidi Stensland, ext 82026, or NTF-PSI Manager, Joshua Gallo, ext 81427)

PART A: PROGRESS REPORT FOR: January 1 - December 31, 2010

1. HIGHLIGHTS OF THE REPORTING PERIOD

Summarize key project highlights of the reporting period

Background note:

In June 2008 the International Finance Corporation (IFC) launched the multi-donor, \$ 25 million, five-year private sector development program in fragile and conflict-affected states in Africa, the Conflict-Affected States in Africa (CASA) initiative. The CASA initiative is an integrated, multi-donor, rapid-response approach to developing the private sector in conflict-affected African countries. CASA has been designed to provide both immediate and long term support and collaborates closely with other partners (governments, private sector, World Bank and other multilateral and bilateral donors). The program was piloted in the Democratic Republic of Congo (DRC), Liberia, Sierra Leone and the Central African Republic (CAR), and later added Burundi and Côte d'Ivoire. Other African countries that meet the World Bank Group's definition of being fragile or conflict-affected may be added in the future.

The CASA Initiative was set up to contribute to peace and stability in fragile and conflict-affected countries in Africa through private sector led economic growth. To achieve this, CASA has identified three core objectives:

- To design and implement integrated country strategies that take into consideration conflict analyses and that draw upon all the IFC Advisory Services business lines. The program focuses primarily on: improving the business environment; strengthening the competitiveness of small and medium enterprises and their support institutions;

rebuilding financial markets and institutions; and rehabilitation of infrastructure.

increasing private participation in the provision and

- To provide funding to programs to accelerate implementation of country strategies.
- To manage the knowledge gained from experiences and lessons learned by working in these conflict-affected countries and share them with IFC departments in other regions, within the WB Group and with other donors and stakeholders, thereby developing – and implementing - best practices.

In FY09, Norway allocated USD 400,000 from NTF-PSI to the Conflict-Affected States in Africa (CASA) Initiative. The CASA program decided to utilize these funds for the Sierra Leone Removing Administrative Barriers to Investment (RABI) program and its components. Under this program, IFC has been providing advice to the Government of Sierra Leone on appropriate actions to create a better business and investment climate in the country. Over the years, the RABI program has greatly contributed to the improvement of the investment climate in the country. It consists of the following components:

- **RABI phase II** (oversight and management, M&E) and Public Private Dialogue / Doing Business Reforms;
- **Tax**, to support the Sierra Leone National Revenue Authority and Ministry of Finance to improve tax policy as well as the administration of tax by simplifying the tax code, reducing compliance costs and widening the tax net;
- **Sierra Leone Investment and Export Promotion Agency**, to assist the agency in developing capacity and tools required to attract investment to Sierra Leone;
- **Tourism**, to increase investment and jobs in the tourism sector, which is a government priority;
- **Sierra Leone Business Forum**.

IFC also worked in close partnership with DFID on the RABI program and its components, and received significant financial support from them, over USD 3.26 million

The NTF-PSI funds have been used as follows:

- Tax \$ 352,117
- Tourism \$ 28,494
- Rabi II \$ 7,124
- SLIEPA \$ 3,188

Therefore, this report will focus on the Tax component.

Tax

The general objective of the Tax component is to support the SL National Revenue Authority and Ministry of Finance to improve the business enabling environment by

- Simplifying tax policy (Income tax law, GST law, incentives, subnational tax instruments) and processes to render the tax system more accessible to entrepreneurs, and easier to administer for tax authority;
- Reducing compliance costs through streamlined procedures and clearer laws (time and financial);
- Widening the tax net, spreading the tax burden;
- Facilitating formalization and job creation;
- Reducing avenues for corruption.

The specific objectives of the project is achieving the following:

- Reduction of time to pay taxes, as measured by Doing Business, by 10% in two years from the start of the project and 25% in five years;
- Reduction in informality as measured by the increase in the number of businesses registered for tax purposes by 20% in two years from the start of the project and by 40% in five years from starting the project;
- Increase in compliance as measured by an increase in the tax filers by 20% in two years from the start of the project and 40% in five years from the start of the project;
- Increase in tax collections from 10% of GDP to 12% of GDP by FY11.

For the period up to December 31, 2010, the NTF-PSI contribution was \$ 352.117. To put this into perspective, total

program expenditures from inception to December 31, 2010 stood at \$ 2,050,000.

SL Tax Highlights January-December 2010

- **Reform to the Tax Incentive Regime:**

Further consultations with the Ministry of Economy and Ministry of Finance were conducted on the framework of the Tax Incentives. Implementing Regulations for Investment Incentives and Administrative Mechanisms for Investment Incentives were drafted to prepare for the introduction of the Investment Incentives Law. The Ministry of Finance in its annual budget speech for 2011 presented a Revenue Management Bill. The objective of the bill is to remove all tax incentives and discretionary waivers that are outside of the scope of the law. The new bill provisions the Government to publish a statement of Tax Expenditure detailing tax exemptions, including the amount of revenue forgone, the beneficiaries and the specific tax provisions relating to these exemptions, effective from 2011. If enacted, this makes Sierra Leone only the fourth country in Africa to provide for such a process (others being, South Africa, Morocco & Lesotho). The bill and policies incorporate the recommendations and background papers drafted by consultants under the technical assistance provided by the project.

- **Taxpayer Outreach:**

The program continued to reach out to taxpayers and educate them about the tax system and ongoing reforms. As a part of this, 2010 Income Tax Return Campaign was conducted across the country, covering Freetown, and four regional centers- Bo, Kenema, Makeni, and Kono. There were over 1500 direct participants. Indirectly, mainly through SMS Text Campaign over 100,000 citizens of Sierra Leone were involved. This Campaign was critical for the NRA given that the rate of tax returns usually was very low. The campaign helped the NRA to re-engage with taxpayers and ordinary citizens about the importance of paying taxes and also conduct a training on proper compliance with Income Tax.

- **Public Private Dialogue:**

A Tax Working Group held its meetings on at least bi-weekly basis. This was a critical venue for communicating the key tax policy and administration reforms to the business community, and also for obtaining their feedback. The Tax Working Group, in partnership with the NRA, held a nationwide campaign covering Bo, Kenema, Makeni, Kono and Freetown to educate the public and private sector about the benefits of compliance with GST (General Sales Tax).

- **Reducing taxpayer compliance cost and Transparency:**

The official NRA website became operational and serves as an important tool for public awareness. The NRA was trained on updating the latest changes in the Finance Act 2010 into the Income Tax Act 2000, to be published by mid January 2011. This builds up the capacity of the NRA to update and publish the consolidate Income Tax Act 2000 in future on its own.

According to the Doing Business 2011 Paying Taxes Indicator, Sierra Leone jumped two places from 161 to 159 as a result of administrative reforms and introduction of GST.

- **Improvement of taxpayer compliance:**

The self-assessment principle introduced in 2009 showed results, with increased numbers of tax registrants and increased number of tax payers.

An assessment was conducted of the taxpayer account management system in the main offices of the NRA, including the district offices around Freetown. The main purpose of the exercise was to provide feedback to the NRA management on the rate of taxpayer compliance in filing, reporting, and paying taxes on time. The assessment study and recommendations were sent to the NRA management and follow-up policy measures are being developed.

According to the end of year report for 2010, the Ministry of Finance reported an increase of tax GDP ration to 13%, thus exceeding the targeted increase of revenue of 12%, provisioned by this project for 2011. According to the statement released by the Ministry of Finance the key factors for achieving this target are to be attributed to "support from tax payers, commitment of NRA workers, enforcement of tax laws and public education campaigns". Latest statistics from the NRA show that the total number of active taxpayers has increased by 27% between 2005 and 2010.

Tourism

The objective of the Tourism project is to contribute to the development of a new tourism investment pipeline worth \$10 million within five years of the inception of the project. In order to achieve this, as an intermediate outcome, the project also aims to improve regulatory framework for tourism investment, institutional framework for tourism investment

promotion, especially the investor facilitation process, within five years.

The NTF-PSI contribution to this component has so far (December 31, 2010) been \$ 28,494, on total expenditures of close to \$ 2 million.

Highlights SL Tourism January – December 2010

A report on how to improve access to land in Western Area, to catalyze the investment opportunities in tourism sector, was finalized and widely disseminated in a well-attended workshop in April 2010. The report marked a corner stone of the work on access to tourism land, as it summarizes all the policy recommendations to be taken forward.

A Sub-Lease and Concession Agreement between the Sierra Leone National Social Security and Insurance Trust of Sierra Leone and IDEA (the winning bidder) was signed on October 25, 2010. IDEA, with Hilton International as hotel operator, won the tender to introduce private sector participation to redevelop, operate and maintain the Cape Sierra Hotel providing a 200 key, international 4star standard hotel. IDEA, through its locally incorporated investment vehicle, expects to have the hotel operational by January 2012 after a two year construction period.

RABI phase II and PPD/Doing Business Reform Program

USD 7124 of NTF-PSI funds were used for the RABI phase II - PPD/Doing Business Reform component. Overall expenditures by this component were \$ 1.36 million.

Institutional support was provided to the SLBF, the Sierra Leone Business Forum. The RABI program supports the passage of a Credit Reference Act into law, and the development of a feasibility study for a credit registry. The project is implemented in close cooperation with the World Bank.

Sierra Leone Investment and Export Promotion Agency

The overall goal of the project is to assist SLIEPA to generate investments worth \$ 20 million in five years. The specific aims are to improve the institutional framework and implementation capacity for investment facilitation, as well as to improve the legal and regulatory framework that affects investments in strategic sectors (tree crops).

NTF-PSI contributed \$ 3188 on total expenditures of over \$ 1.6 million

Highlights SLIEPA January - December 2010

The agribusiness sector outreach strategies were officially launched at an event in Freetown in February 2010. Various reports and a communication strategy were drafted. The SLIEPA investor pipeline (incl. mining, agribusiness, fisheries, tourism, ICT and infrastructure) shows good progress since the November 2009 SL investor conference in London.

2. OUTPUTS

2.1 DETAILED REPORTING ON OUTPUTS

Given that the NTF-PSI funds have mainly been used by the SL Tax component, plus the issue of attribution of the limited NTF-PSI contributions to the results achieved by the other components, the Outputs and Outcomes tables focus solely on the Tax component.

OUTPUTS (short-term project deliverables)								
List of outputs		Indicators (Mention for each component the applicable indicators. i.e. amounts, quality, volume of use of the project's products etc. <u>Include in particular details on dissemination</u>)	Target groups (add names of applicable target groups under each column)				Status (comment on progress of the components, <u>if behind schedule</u> , or if project has been restructured, explain reason for delay, restructuring rationale and corrective actions if applicable)	Comments- please also include a link to any outputs available electronically (incl online, in IRIS, etc)
			WBG staff	Local partners/ stakeholders	Donor	Others		
1	Improving Tax Legal/Regulatory framework	Number of new laws etc drafted or contributed to the drafting		SL NRA and Ministry of Finance			4	
2	Improving Tax Law/Regulation Enforcement	Number of reports completed		SL NRA and Ministry of Finance			5	
3	Improving Tax Law/Regulation Enforcement	Number of workshop participants		SL NRA and Ministry of Finance			40 participants trained	
4	Reducing Tax compliance cost	Number of policies etc proposed for improvement etc		SL NRA and Ministry of Finance			4	
5	Reducing Tax compliance cost	Number of workshop participants		SL NRA and Ministry of Finance and general public			>3000	
6	Reducing Tax compliance cost	Number of reports completed		SL NRA and Ministry of Finance			5	

2.2 ASSESSMENT of implementation progress (outputs)

Please provide an assessment of the overall implementation progress of the activity. Please be as candid as possible and note that funding will not be withdrawn if the project is rated unsatisfactory or highly unsatisfactory.

	Highly satisfactory – implementation exceeds or is fully in accordance with the original implementation plan or the formally revised plan.
X	Satisfactory – implementation is in substantial compliance with the original/formally revised implementation plan.
	Unsatisfactory – implementation is not in compliance with the original/formally revised implementation plan. Remedial action has been agreed.
	Highly unsatisfactory – as in Unsatisfactory but remedial action has not been agreed.

3. OUTCOMES

Please complete the below table on outcomes.

OUTCOMES ⁶ (intermediate results)				
List of outcomes		Indicators	Status and progress made in reporting period	Other Comments
1	Reducing Tax compliance cost	Number of recommended laws etc implemented :2	completed	
2	Reducing Tax compliance cost	Implementation/improvement of taxpayer education system: 4	completed	
3	Improving Tax Legal/Regulatory framework	Implementation of an SME Tax Regime		
4	Improving Tax Law/regulation on enforcement	Implementation of practices to reduce Corruption	completed	
5	Reducing Tax compliance cost	Reduction in time it takes to file tax	From a baseline of 399, a reduction of 42 hrs was achieved	
6	Reducing Tax compliance cost	Implementation / improvements of mechanisms for filing tax returns	completed	

⁶ Include also outcomes on collaboration between

- various units in the WBG

- the WBG and external stakeholders, including with Norwegian expertise

4. IMPACTS

4.1 DETAILED REPORTING ON IMPACTS

Please complete the below table on impacts.

IMPACTS ⁷ (broader results from program outcomes)			
List of development objectives		Indicators	Comments
1	Private sector savings	Value of aggregate private sector savings from recommended changes (USD)	
2	Improved results in SME supporting services	Number of jobs	
3	Investor confidence in SL	Value of financing facilitated by advisory services (USD)	
4	Additional Tax revenue	Increase in Tax/GDP ratio	Rose from 12% to 13%, expect to achieve result 2 to 3 years after project completion
5	Improved taxpayer compliance	Increased number of tax registrants	>5600, expect to achieve result 2 to 3 years after project completion
6	Improved taxpayer compliance	Increased number of income tax filers	>33,000 from baseline of 24,000; expect to achieve result 2 to 3 years after project completion
7			
8			

4.2 ASSESSMENT OF PROGRESS TOWARD MEETING DEVELOPMENT OBJECTIVES

What has been the progress toward meeting the development objectives so far? Please tick of as appropriate and **provide a brief rationale for the selection**

X	On or above targets – results can be seen for all objectives listed in item # 4.1
	Slightly below targets – results can be seen for some of objectives listed in item # 4.1
	Significantly below targets – results cannot be seen for any of the objectives listed in # 4.1

Brief Rationale: Progress towards achieving the development targets has been according to plan. Impact indicators will be measured at project completion.

⁷ Please also illustrate impacts that can be seen related to:

- (iii) WBG private sector and infrastructure policy and operation
- (iv) Private sector and infrastructure policy and practice by country governments

5. RISKS & CHALLENGES

A. If applicable, provide status of follow-up areas from previous progress reports and possible conflict of interests.

N/A

B. Explain which implications, if any, changes in the economic/political/social environment has had in the implementation of the project.

As a post-conflict country, program implementation in Sierra Leone remains challenging. In addition, the government has limited capacity and cabinet reshuffles can cause further delays in program implementation. These are factors that have been taken into consideration when designing the program.

C. Which major challenges, if any, do you foresee in the next 12 months?
How are these challenges going to be met?

The Sierra Leone RABI phase 2 program has been extended to December 2010; the Tax component is set to close June 30, 2011.
During the reporting period, the next stage of the investment climate program has been designed.

6. EXIT STRATEGY AND REPLICABILITY

Please describe any progress in preparing for activity exit, building sustainability on institutional, financial, technical levels. If known, please also describe likelihood of replication across the WBG or outside.

Institutional	Progress is being made in supporting SLBF to become a self-sustainable organization.
Financial	
Technical	
Other	

7. FINANCIAL INFORMATION

7.1 BUDGET AND DISBURSEMENTS

A. Is the budget still realistic?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<i>If no, please explain:</i>
B. Are disbursements on schedule (as per original proposal – including as projected <u>per fiscal year</u>)?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<i>If no, please explain:</i>

7.2 ALLOCATION SPENT ON AFRICA, Including northern africa DURING THE REPORTING PERIOD (estimate):

106,314 \$

100 %

7.3 COLLABORATION WITH NORWEGIAN PARTNERS AND NATIONAL CONSULTANTS

B. To what extent have you collaborated with Norwegian and local partners (individual consultants/firms/institutions)?

Fiscal Year	Names of Norwegian consultants/firms/institutions	Amount (USD)	Number of Local Consultants	Amounts (USD)
FY09				
FY10				

B. Are there any other opportunities for leveraging Norwegian expertise that you can foresee which you want the Secretariat to refer to the donor or to other task managers?

PART B: REQUEST FOR REFRESHED FUNDING IN FY12

For multiyear activities, please list the refreshed funding amount needed for FY12 (if different from the approved budget proposal, please explain change in detail below)

Amount Requested (USD)

(For FY11, CASA has requested Norway to provide USD 2 million to its multi-donor trust fund, and \$ 1.5 million for FY12).

NTF-PSI FINANCIAL PROGRESS REPORT FOR FREESTANDING ACTIVITIES			
(Reporting Period: January 1- December 31, 2010)			
TF Project Name.:	Conflict Affectd States in Africa (CASA) Initiative		
Trust Fund Number:	TF093860		
Task Team Leader:	Eva Bakonyi		
Managing Unit/Business Line:	CAFAF - PEP Africa		
Grant start date/closing date:	30-Jun-13		
A. Contributions			
	Contribution received from inception (insert inception date) to June 30, 2010	\$400,000	
	Contribution received from July 1, 2010 - December 31, 2010	\$0	
	Unreleased allocations from previous years	\$0	
	Unreleased allocation from FY11	\$0	
	Total allocation from inception to December 31, 2010		\$400,000
B. Disbursements			
	From inception (insert date) to June 30, 2010 (actual up to FY 11)	\$386,676	
	From July 1, 2010 - December 31, 2010 (FY11 actual)	\$2,119	
	Estimate for January 1, 2011 to June 30, 2011 (projected)	\$5,600	
	Total disbursements from inception to June 30, 2011 (actual + projected)		\$394,395
C. Available balance			
	Expected balance available on June 30, 2011 (A-B)		\$5,605
D. Committed, but undisbursed			
	Of the balance in C above, please estimate how much, if any, will remain committed but undisbursed by June 30, 2011		0

Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI)
PROGRESS REPORT AND REQUEST FOR REFRESHED FUNDING

Activity Name	Global Trade Logistics Advisory Program
Trust Fund Number	TF098420 (successor of TF052864)
Task Team Leader	Uma Subramanian
Managing Unit/Business Line	CICRS
Grant closing date	June 30, 2013
Recipient country (ies)	Rwanda, Liberia, Burkina, Kenya, Burundi, Tanzania, Mali, Uganda, Malawi, Zambia, Mauritius, Colombia, Peru, Honduras, the Caribbean, S,Asia, Bangladesh, Nepal, Armenia ,S.E.Europe,
Total grant amount projected over life time of activity	\$ 1,500,000
Total grant amount approved since inception (incl. FY11)	\$ 500,000
Percentage disbursed of approved grant amount	11.2% (funds arrived at the end of the reporting period)

*This form is for Task Managers to report annually on progress of projects funded under the NTF-PSI, and request funding for the following fiscal year. Please answer all questions below. **The complete report will be shared with the Donor and posted on the NTF-PSI web page (www.worldbank.org/ntfpsi)**. Please also consider forwarding this report to others that may have an interest in the activity.*

For questions, please contact the NTF-PSI Secretariat (ntfpsi@worldbank.org, Heidi Stensland or Joshua Gallo)

PART A: PROGRESS REPORT FOR: January 1 - December 31, 2010

1. HIGHLIGHTS OF THE REPORTING PERIOD

Summarize key project highlights of the reporting period

Faster, leaner and more responsive supply chains are essential for businesses to survive and thrive in a competitive globalized world. To adequately compete in global markets, governments are eager to improve trade logistics services to create greater access to world markets and provide efficient, easy and accountable import and export procedures.

Trade logistics is a core theme for IFC's advisory program; covers a critical need of poor countries as reflected by client country demand. The Trade Logistics Program has been selected by IFC as a growth area in its suite of advisory services. The FIAS strategy for FY12-16 also have marked the program for scaling up significantly.

The project includes two components: (A) product development & knowledge management and (B) technical support for trade reforms in partnership with DBRA and World Bank Group.

The Trade Logistics KM and Product Development project has been highly successful in establishing the Trade Logistics product as a key advisory program of the Investment Climate business line. The product was launched in November, 2007. Since program launch the NTF has supported the program on both components mentioned above.

Current status:

The child TF 052864 was closed in Oct 2010. The current child TF under NTF PSI covers an extension of the same set of activities under the Trade Logistics program.

This report summarizes activities between September 2007 and October 2010 (until when TF052678 was closed). It also describes activities undertaken between October 2010 (when the new child Trust Fund under NTF PSI was initiated) until June 2011, and also outlines activities in a preliminary way for the remaining 2 years in the new cycle. .

Activities during September 2007- Oct 2010

The KM and product development activities effectively supported the successful implementation of the four Trade Logistics pilots in Liberia, Rwanda, Colombia and Burkina Faso ; as well as the steady increase of the Trade Logistics projects from 2 in January 2008 to 11 in November 2010 that have generated notable outcomes.

Over 87 outcomes recorded between Nov 2007 and Dec 2010 in 11 countries.

New projects have started in for example Nepal, Bangladesh, Zambia, Peru, Honduras, Mali, Kenya, Malawi etc. Regional programs have been initiated in the Caribbean and S. Asia. Another regional program is being initiated in S.E. Europe that has tremendous potential for growth.

The Trade Logistics team was able to successfully design knowledge management (KM) activities that included a mix of international best practice case studies, SmartLessons, Deep Dive training workshops for staff, and international conferences that focused on practitioners. As the trade logistics product has scaled up and expanded to more regions, the IFC regional teams have found these outputs to be extremely valuable guidance in implementing projects. Additionally, our team's experience in trade logistics operations in different countries since 2007 inform the KM and product development through bringing up operational issues and KM tools needed for standardizing and replicating the product. The program was also focused on a strong M&E framework to ensure that our deliverables were evaluated objectively.

This program with support from NTF directly supported several knowledge management outputs and outcomes since Sept including -

- 4 In Practice Notes (case studies)
- 3 international conferences including 1 joint conference with the US Dept. of Commerce;

Over 250 participants attended the 3 conferences with a high level of participant satisfaction (refer documents in Idesk).

- 2 Deep dive training programs (in Africa and LAC);

Over 50 WBG staff attended the two deep dives (refer documents in idesk).

- Rapid response action plans (Armenia, Honduras, Guatemala, Montenegro, Albania, Cameroon, Kazakhstan, Yemen, etc);
- 11 Smart Lessons cases;
- 4 diagnostic studies in Kazakhstan, EAC, South Asia and South East Europe

- Detailed border assessment of 6 border crossings in the EAC;
- 1 Best practice training guide for Customs inspections officers
- Standardized Trade Logistics indicators for M&E jointly with the M&E team.

Activities during October 2010- June 2011:

The following highlights were recorded for this period:

- Green Supply Chains Workshop: The Trade Logistics Product hosted a workshop on December 13, 2010 on Green Supply Chains. As the new Investment Climate (IC) strategy is being developed, climate change will play an important role in Investment Climate products. This workshop was an early attempt to gauge how the trade logistics team could incorporate “green concept” into its suite of services. The bulk of trade logistics efficiencies have focused on how to reduce slack around the supply chain i.e. how to be lean by

reducing transaction costs that firms face in cross border trade. The workshop helped the team explore how supply chains could be lean and green. The workshop was attended by over 35 IFC and WB staff that work on PSD, transportation, port infrastructure, climate change, and different regions from the IFC and IBRD operational teams. The team is now distilling findings from the workshop and is working on follow up activities.

- Impact Assessment Framework: As part of the Investment Climate department's impact assessment work, a preliminary model to project ex ante impact of trade logistics reforms on private sector cost savings through reduction in fees and charges as well as exports has been prepared.
- Technical assistance for the Colombia Trade Logistics project resulting in 4 reforms between July 2010 and Dec 2010. These include:
 1. Customs establishing qualifications for Customs Brokers, Freight Forwarders and Warehouses to control money laundering and assess risks.
 2. In addition, the Government of Colombia issued a Resolution 8571 of 2010 which requires customs brokers, freight forwarders and warehouses to assess clients' risks.
 3. Customs' electronic management system, the MUISCA system was improved and traders can now electronically submit the Andean Declaration of Value through the system.
 4. Furthermore, improvement in the MUISCA system that allows traders to do advanced filing of information prior to ship arrival.
- Assessment of the risk management system in each of the 4 ports of Colombia – Cartagena, Santa Marta, Barranquilla, and Buena Ventura ports -that were share with senior policy makers in Colombia as well as port authorities through a policy Workshop in December 2010.
- Rapid Assessment Toolkit: Work on the Rapid Assessment Toolkit has been ongoing and will be available as a first draft to the product support group by June 2011.
- Web based knowledge platform: Work is underway to organize a web based knowledge management platform to enable the product support group to interact online and share knowledge and information over interactive software. A consultant is being recruited to create the technical design of the platform.
- Trade Logistics Literature Review: A preliminary review of literature has been completed on examining impacts of trade logistics reforms on economic indicators such as exports, growth, productivity and investment.
- The team will be organizing a Deep Dive training for WBG staff on April 6 and 7, 2011 to coincide with the WBG Financial & Private Sector Development Week 2011. The training will focus on an internal one day training session in Washington DC, followed by a field trip to the Baltimore port to see border clearance action.
- Research paper: The research paper presents an analysis of the effect of total export time on export performance of countries. Our basic research question is the following: after controlling for other factors, how much of the variance across countries in export performance may be attributed to variance in total export time.

Envisaged activities between July 2011- June 2013:

- The team plans to host a Peer to Peer Learning event in Barcelona, Spain later in 2011. The event will bring together a set of government counterparts that are engaged in trade logistics reform efforts and global experts to share best practices and reform experiences. The peer to peer learning will also expose participants to Barcelona Ports, Customs, and technical agency authorities.

- The team will develop a video film (short) that captures stories about the process of reforms from various trade logistics projects around the world. The candidate country for the video will be selected from 1 or more of the following: Rwanda, Burkina Faso, Mali, Liberia, or Colombia. The video will be finalized by December 2011.
- To complement the video, a separate evaluation of selected projects for measuring on the ground impact will be undertaken in FY11- FY12.
- The team will finalize a Rwanda logistics study in December 2011. Issues that will be covered in the study include (i) integrated regional trade and supply chains with production networks across countries in the region; (ii) Enhancement/development of intermodal transport infrastructure i.e. going beyond road transport (trucking) which is the primary mode now; (iii) increasing sophistication of firms in East Africa and the realization of producers of the importance of lean inventory management and therefore the need for just-in-time logistics; (iv) the need to switch from price based transport competition to that based on value added services; (v) the need for supply chain and food security.
- The team is initiating work on examining governance/ corruption issues in the framework of Trade Logistics work. It may be piloted in one of our client countries, possibly Liberia.
- Between FY12- FY13, the team will launch 2-4 practice notes or case studies covering best practices from client countries that have achieved reforms in trade logistics.
- In FY12 and FY13, the team will organize one or two Deep Dives, possibly in Istanbul or S. Asia to facilitate participation of clients from the Middle East and North Africa, S. Asia, Europe and Central Asia and Africa. It is envisioned that about 30-50 participants will attend each of the events.
- The team will host at least one International Conference with around 100 participants on key themes in trade logistics projects and emerging themes such as logistics and green supply chains.
- Technical Support for implementation of projects in 8-10 countries
- Six to eight In Country workshops related to projects
- Peer to peer learning events

2. OUTPUTS

2.1 DETAILED REPORTING ON OUTPUTS

Please complete the below table on outputs.

OUTPUTS (short-term project deliverables)							
List of outputs <i>(List all completed and expected outputs of the activity)</i>	Indicators <i>(Mention for each component the applicable indicators. i.e. amounts, quality, volume of use of the project's products etc. Include in particular details on dissemination)</i>	Target groups <i>(add names of applicable target groups under each column)</i>				Status <i>(comment on progress of the components, if behind schedule, or if project has been restructured, explain reason for delay, restructuring rationale and corrective actions if applicable)</i>	Comments- <i>Outputs must be forwarded to the Secretariat for sharing with the donor/externally. Please also include a link to any outputs available electronically (incl online, in IRIS, etc)</i>
		WBG staff	Local partners/ stakeholders	Donor	Others		
Sep 2007- Sep 2010							
Standardized Trade Logistics reform M & E Framework	Indicators framework available for IFC technical staff.	IFC	Through projects			3-4 versions already refined. Further changes expected as Program scope changes and expands	
2 Highly rated Deep Dive training programs (in Mombasa May 2009 and Cartagena May 2010) .	Presentations on the web. Over 40 participants in each program. Highly rated	IFC WB	Client counterparts				
Four practice notes: •“Reforming Customs Clearance in Pakistan”, •“Ghana leads West Africa in transit reform”, •“Developing a single window to facilitate trade in Senegal” and •“Managing risk in	Policy Notes. Available in the public domain through the web	WB IFC	Country stakeholders				

	New Zealand Customs”.							
	Best practice risk training guide for customs inspections officers: outlining global best practices	Report.	WB IFC	Government counterparts in client countries				
	International Conference “Moving products from firms and farms: Themes in Trade Logistics” in June 2010 in Washington DC. Included presentations from policy makers in Norway and Colombia, and practitioner experts	Over 100 participants. Expert speakers from Norwegian govt., UPS, Government of Colombia, E-Open, Maersk, etc	WB IFC	IaDB US Dept of Commerce US Trade department	Norway			
	Joint conference organized with the US Department of Commerce in Lima, Peru “Supporting our Free Trade Agreements: Improving Efficiency and Modernizing Border Clearance” on July 14-15 2009	Participants from multiple agencies of Peruvian government and private sector	IFC	Peru US Department of Commerce				
	Conference "Building Competitive Trade Logistics for Global Markets" in May 2008 in Washington DC	Over 100 participants.	WB IFC	US Dept of Commerce US Trade department				
	As part of technical support 4 diagnostic reports: Kazakhstan,	Reports. Available on request	WB IFC	Relevant governments			Many of the scoping studies as well as the rapid response memos (see above) have led to full-fledged trade logistics advisory	

	EAC, South Asia, South East Europe						projects in many countries including Armenia, Honduras, Peru, Kenya, Mali and Burkina Faso, as well as a regional project in South Asia	
	Action Plans, reports and memos (Yemen, Kazakhstan, Armenia, Malawi, Honduras, Guatemala, Montenegro, Cameroon, and Albania)	Reports, policy notes. Available on request	WB IFC	Governments, private sector				
	Detailed border assessment of 6 border crossings in the EAC;	Reports. Available on request. Has been circulated to key donors and development partners	WB IFC		Trade Mark East Africa			
	From two special Smart Lessons Competition on Trade Logistics in 2008 and 2010 we have compiled 11 smart-lessons case studies – available on web	Case studies on web. Available in public domain.	WB IFC	All	IaDB			
	Oct 2010- June 2013							
1	Workshop: Green Supply Chains	35 participants attended, 16 evaluation respondents demonstrated high satisfaction with the workshop	35 participants from IBRD /IFC				The component has been completed.	
2	Assessment of the risk management system in each of the 4 ports of Colombia	Reports with government for finalization	IFC	Government of Colombia	Spain Norway			
3	Impact Assessment Framework	Creation of model to assess ex ante impact of	IFC, IBRD	Client country stakeholders	Relevant donors	Organizations	The work is in progress	

		trade logistics reforms			working on TL	working on M & E		
4	Rapid Assessment Toolkit	Toolkit to help WBG staff and others to design TL projects	IFC and IBRD	Countries launching TL projects	Relevant donors working on TL		First draft being written	
5	Web Based Knowledge Platform	Interactive web platform to strengthen knowledge sharing on TL	IFC and IBRD		Relevant donors working on TL		Work ongoing	
6	Trade Logistics Literature Review	Review of impacts of TL reforms	IFC and IBRD		Relevant donors working on TL		Review already drafted. Currently being finalized	
7	Film on TL projects	Film that captures impact of selected TL projects	WBG	Client Countries	All donors	Global Community working on trade	Recruitment of Producer of Film ongoing	
8	Rwanda Logistics Study	Assessment of logistics systems and services in Rwanda	IFC IBRD	Client Country	Donors working on Trade Logistics		Study launched in march 2011	
9	Evaluation of selected projects for impacts	In depth evaluation to establish reform impacts	IFC	Client country counterparts	Donors involved in trade logistics			
10	Research paper to measure impact on trade of reduced transactions time	Econometric model to trade effect on exports of reduced time to trade	IFC WB	All	All			
11	Peer to Peer learning event in Barcelona.		IFC WB	Barcelona port and customs	Spain/Catalonia			
12	Initiate work on governance and corruption issues and pilot the initiative	As part of GAC II we'll initiate work on governance measurement and pilot intervention	IFC WB	global	Norway \, other donors			
13	2-4 additional In Practice Notes	Will go on the web	IFC WB	Global	Global			
14	One or two deep Dives in regions to follow up on Advanced training		IFC	Selected client counterparts				
15	At least one International		IFC WB		All interested donors			

	Conference		IMF					
16	Technical support for implementation of projects in 8-10 countries		IFC WB	Relevant client counterparts				
17	6-8 workshops in countries related to projects		IFC WB					
18	Additional Peer to Peer learning events							
19	One to two deep dives programs for technical staff							

2.2 ASSESSMENT of implementation progress (outputs)

Please provide an assessment of the overall implementation progress of the activity. Please be as candid as possible and note that funding will not be withdrawn if the project is rated unsatisfactory or highly unsatisfactory.

x	Highly satisfactory – implementation exceeds or is fully in accordance with the original implementation plan or the formally revised plan.
	Satisfactory – implementation is in substantial compliance with the original/formally revised implementation plan.
	Unsatisfactory – implementation is not in compliance with the original/formally revised implementation plan. Remedial action has been agreed.
	Highly unsatisfactory – as in Unsatisfactory but remedial action has not been agreed.

3. OUTCOMES

Please complete the below table on outcomes.

OUTCOMES (intermediate results)				
List of outcomes		Indicators	Status and progress made in reporting period	Other Comments
1	Reforms in country projects	Administrative and regulatory improvements and associated simplified processes leading to: <ul style="list-style-type: none"> ▪ Reduced time to export ▪ Reduced time to import ▪ Reduced costs for some processes Target: 12 – 15 improvements		

2	Further expansion of Program in the 5 regions- Africa, Latin America and Caribbean, Middle East and N. Africa, S. Asia, E. Europe	Expand to cover 8-10 countries between 2011- 2013		
3a	Customs establishes qualifications for Customs Brokers, Freight Forwarders and Warehouses to control money laundering and assess risks.	Number of entities that implemented recommended changes.	Complete	
3b	The Government of Colombia issued a Resolution 8571 of 2010 which requires customs brokers, freight forwarders and warehouses to assess clients' risks.	Implementation or improvement of risk targeting strategies related to trade logistics	Complete	
3c	Customs' electronic management system, the MUISCA system was improved and traders can now electronically submit the Andean Declaration of Value through the system.	Implementation or improvement of electronic submission of documents related to trade logistics.	Complete	
3d	Improvement in the MUISCA system that allows traders to do advanced filing of information prior to ship arrival.	Number of entities that implemented recommended changes.	Complete	

4. IMPACTS

4.1 DETAILED REPORTING ON IMPACTS

IMPACTS (broader results from program outcomes listed in # 3 above)			
List of development objectives		Indicators	Comments
1	Longer term impacts would include increased trade, private investment and	Export growth rate (Exports as a % of GDP) Private investment in tradeable sectors	Too early to report on impacts at this stage of implementation.

ultimately more productive jobs that help reduce poverty	Private investment in logistics services	
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4.2 ASSESSMENT OF PROGRESS TOWARD MEETING DEVELOPMENT OBJECTIVES

What has been the progress toward meeting the development objectives so far? Please tick off as appropriate and **provide a brief rationale for the selection**

X	On or above targets – results can be seen for all objectives listed in item # 4.1
	Slightly below targets – results can be seen for some of objectives listed in item # 4.1
	Significantly below targets – results cannot be seen for any of the objectives listed in # 4.1

Brief Rationale: The Program has delivered on a number of areas both for K m as well as project implementation. This is on target with the timeline envisioned for deliverables.

5. RISKS & CHALLENGES

A. If applicable, provide status of follow-up areas from previous progress reports and possible conflict of interests.

No conflicts of interests are reported

B. Explain which implications, if any, changes in the economic/political/social environment has had in the implementation of the project.

None

C. Which major challenges, if any, do you foresee in the next 12 months?
How are these challenges going to be met?

No major challenges are foreseen to date.

6. EXIT STRATEGY AND REPLICABILITY

Please describe any progress in preparing for activity exit, building sustainability on institutional, financial, technical levels. If known, please also describe likelihood of replication across the WBG or outside.

Institutional	Part of the product development objective is to conduct activities that will generate set of tools and knowledge management support activities that allow us to leverage best practices, standardize processes and systems and create benchmarks for successfully implementation support. The Green Supply Chains workshop is an early attempt to start identifying what products can be incorporated into the trade logistics overall product. The ongoing KM products that will be finalized in the next four months will also serve to expand the suite of services and strengthen the product’s offering according to client needs. The Government in Colombia has been the forefront in championing reforms which will ensure sustainability in the long run.
Financial	In addition, the team is exploring partnerships with IFC investment units that are interested in coordinating on the climate change agenda, particularly those units that are interested in investing in green solutions with logistics providers such as UPS, DHL, etc. The Government in Colombia is a co-financier of the Colombia Trade logistics project.
Technical	The governance work in the area of Trade Logistics will be an important technical extension of the program. The Green Supply Chains workshop introduced new technical concepts for introducing mechanisms to make supply chains leaner and greener and identification of tools to measure how to assess “green impact” of goods. These new ideas are currently being explored by the team. The Logistics Study in Rwanda and the activities to strengthen monitoring and evaluation underway will serve to deepen technical competence of the staff and other relevant actors working in Trade Logistics.
Other	

7. FINANCIAL INFORMATION

7.1 BUDGET AND DISBURSEMENTS

A. Is the budget still realistic?

<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No
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If no, please explain:

B. Are disbursements on schedule (as per original proposal – including as projected per fiscal year)?

<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No
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If no, please explain:

7.2 ALLOCATION SPENT ON AFRICA, Including northern africa DURING THE REPORTING PERIOD (estimate):

\$

%

7.3 COLLABORATION WITH NORWEGIAN PARTNERS AND NATIONAL CONSULTANTS

A. To what extent have you collaborated with Norwegian and local partners (individual consultants/firms/institutions)?

Fiscal Year	<u>Names of Norwegian consultants/firms/institutions</u>	Amount (USD)	Number of Local Consultants	Amounts (USD)
FY10				
FY11				

B. Are there any other opportunities for leveraging Norwegian expertise that you can foresee which you want the Secretariat to refer to the donor or to other task managers?

We are seeking to involve Norwegian expertise- a secondment position from Norway is in the process of being finalized. In addition we would like guidance on Norwegian expertise from consultancy firms and think tanks on projects. For Knowledge Management activities, we would like to involve institutions that can share best practices such as the Scandinavian Institute for Maritime Law at the University of Oslo, the Oslo Port Authority, and the Norwegian Ports Federation.

PART B: REQUEST FOR REFRESHED FUNDING IN FY12

For multiyear activities, please list the refreshed funding amount needed for FY12 (if different from the approved budget proposal, please explain change in detail below)

Amount Requested (USD)

NTF-PSI FINANCIAL PROGRESS REPORT FOR FREESTANDING ACTIVITIES			
(Reporting Period: January 1- December 31, 2010)			
TF Project Name.:	Trade Logistics Advisory Program		
Trust Fund Number:	TF098420		
Task Team Leader:	Uma Subramanian		
Managing Unit/Business Line:	CICRS / IC BL		
Grant start date/closing date:	19-Oct-10		
A. Contributions			
Contribution received from inception (insert inception date) to June 30, 2010		\$0	
Contribution received from July 1, 2010 - December 31, 2010		\$0	
Unreleased allocations from previous years		\$0	
Unreleased allocation from FY11		\$500,000	
Total allocation from inception to December 31, 2010			\$500,000
B. Disbursements			
From inception (insert date) to June 30, 2010 (actual up to FY 11)		\$0	
From July 1, 2010 - December 31, 2010 (FY11 actual)		\$0	
Estimate for January 1, 2011 to June 30, 2011 (projected)		\$200,000	
Total disbursements from inception to June 30, 2011 (actual + projected)			\$200,000
C. Available balance			
Expected balance available on June 30, 2011 (A-B)			\$300,000
D. Committed, but undisbursed			
Of the balance in C above, please estimate how much, if any, will remain committed but undisbursed by June 30, 2011			-

Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI)
PROGRESS REPORT AND REQUEST FOR REFRESHED FUNDING
(Freestanding Activities)

Project Name	IFC-Private Equity Clean Energy (IFC internal project name is PE Africa Climate Change Investment Support (PEACCHIS))
Trust Fund Number	TF093874
Task Manager	Cecilia Bjerborn
Managing Unit/Business Line	Environmental and Social Sustainability Business Line
Grant closing date	30 June 2011
Recipient Countries	Countries in sub-Saharan Africa and selected North African countries
Total grant amount projected over life time of activity	\$1,665,709
Total grant amount approved since inception	\$1,665,709
Percentage disbursed of approved grant amount	1%

*This form is for Task Managers to report annually on progress of projects funded under the NTF-PSI, and request funding for the following fiscal year. Please answer all questions below. **The complete report will be shared with the Donor and posted on the NTF-PSI web page (www.worldbank.org/ntfpsi)**. Please also consider forwarding this report to others that may have an interest in the activity.*

For questions, please contact the NTF-PSI Secretariat (Technical Advisor, Heidi Stensland, ext 82026, or NTF-PSI Manager, Joshua Gallo, ext 81427)

PART A: PROGRESS REPORT FOR: January 1 - December 31, 2010

1. HIGHLIGHTS OF THE REPORTING PERIOD

Overall: After a delayed start, the project is now delivering results. Six Private Equity (PE) funds have so far confirmed collaboration under the project and some of the output targets are expected to be exceeded as a result of strong interest from the PE industry. Deliverables are on track based on the first six months of the work plan. The project start date and end date will need to be revised to reflect the 18-month delay between when project funding was disbursed and when the project started. The project manager moved from Washington to Nairobi in order to be closer to project stakeholders and fast track project implementation. These timeline updates will be made in time for the next progress report in consultation with the donor.

The main achievements for this reporting period are discussed below:

1. Six Eligible and Interested Funds Have Been Identified

The target to provide support to 6 fund managers and six eligible funds have already indicated interest. Marketing material (electronic version of brochure is attached) has been developed and initially sent to 22 eligible IFC invested private equity (PE) funds in sub-Saharan Africa. Follow up meetings has so far been held with six of those 22 funds and all six have confirmed that they would like to sign a Cooperation Agreement to receive support under the PEACCHIS project: Brait (HQ Johannesburg), I&P Fund (QH Antananarivo), AFIG (Dakar), ECP (HQ Washington DC), Citadel (HQ Cairo) and Tuninvest (HQ Tunis). These Cooperation Agreements are expected to be signed by June 2011.

2. A Pipeline of Clean Energy Projects Exists:

An *initial* pipeline of five cleaner production projects have been identified under the six funds, including companies in food processing, general manufacturing and construction and real estate. In addition, one of the PE funds has requested help with developing a renewable energy investment strategy for its new fund.. Once the Cooperation Agreements have been signed with the PE funds, specialist energy consultants will be deployed to review the portfolios in further detail and implement clean energy projects over the project lifetime as per the targets.

3. A contract has been signed with Emerging Market Private Equity Association (EMPEA) to jointly develop Sustainable Investing (including clean energy) PE case studies in Africa.

EMPEA has been hired by the project to develop clean energy case studies and collect baseline as well as M&E data on the projects supported under the IFC-Private Equity Clean Energy project A case study and reporting template has been developed to enable collection of data on GHG savings, improved business and fund performance and other relevant indicators. This aggregate data will be posted on the IFC FI portal, the ES Toolkit website, and other relevant forums to communicate the benefits generated both to business and climate change as a result of the improvements made.

4. The Sustainable Private Equity Investing in sub-Saharan Africa Baseline has been established

A survey of more than 140 PE fund managers and institutional investors in South Africa, Kenya and Nigeria was completed in Nov 2010. The final report will be launched in Feb 2011 and contains baseline data for how much PE capital was classified as “sustainability branded” (including clean energy) as of Dec 2010. This is the first survey of its kind and will act as the baseline against which the project’s progress will be monitored

5. Development of Private Equity Sustainability Guidelines

Initial discussions have been held with the investor networks including the UN Principles for Responsible Investing in South Africa, as well as selected PE fund managers, about developing regional sustainability guidelines for Private Equity. It was proposed that such guidelines would target PE fund managers as well as investee companies and investors. These guidelines would identify relevant environmental and social issues and be implemented using IFC’s Environmental and Social Management Toolkit for PE Funds.

2. OUTPUTS

2.1 DETAILED REPORTING ON OUTPUTS

Please complete the below table on outputs.

OUTPUTS (short-term project deliverables)								
List of outputs	Indicators <i>(Mention for each component the applicable indicators. i.e. amounts, quality, volume of use of the project's products etc. Include in particular details on dissemination)</i>	Target groups <i>(add names of applicable target groups under each column)</i>				Status <i>(comment on progress of the components, if behind schedule, or if project has been restructured, explain reason for delay, restructuring rationale and corrective actions if applicable)</i>	Comments- please also include a link to any outputs available electronically (incl online, in IRIS, etc)	
		WBG staff	Local partners/ stakeholders	Donor	Others			
1	Support provided to PE funds to assess clean energy projects	i) Cooperation agreements signed between IFC and PE fund managers ii) Energy audits conducted at investee companies iii) Tools and templates developed with / distributed to LPs Relevant IFC standard indicator: Number of entities receiving advisory services		PE fund managers, investee companies, investors (Limited Partners), industry associations			<p>Expected output targets for the entire project (same as in previous donor report): Direct target: 29 entities supported in total: i.e. at least six fund managers receiving support under signed Cooperation Agreements, 18 Cleaner Production projects implemented by investee companies, and five Limited Partners are investing using new fund structures and/or Limited Partnership Agreements (LPAs). Target by replication: 72 entities implementing clean energy improvements (12 fund managers and 60 investee companies globally within two years post completion).</p> <p>Output targets achieved during the reporting period: i) Cooperation Agreements has been drafted for six PE funds and are expected to be signed by June 2011. Thus the estimated total project target of six fund managers supported (directly) is expected to be exceeded during the lifetime of the project. ii) An initial pipeline of five companies suitable for energy audits in Q1 2011 has been identified. Note: The Cooperation Agreements have to be signed with the PE funds before the full</p>	Project marketing material is attached (filename IFC Sustainable PE brochure.pdf).

						<p>energy audits/improvement projects can be carried out with the companies.</p> <p>iii) Discussions were initiated with the investor network UN PRI in South Africa, selected PE fund managers and industry associations about developing region specific sustainability guidelines for Private Equity (tools and templates). Additional tools to develop include due diligence questionnaires and term sheets that systematically integrates sustainability factors (including clean energy) into the investment decision making process.</p> <p>Reason for delay in meeting targets: As described in the previous reporting period, due to a longer than expected preparation phase, the project had a delayed start of approximately 18 months.</p> <p>Proposed action: An 18 month extension from the current Trust Fund end date is requested. Attached is a revised timeline that has shifted the implementation forward by 18 months. The minimum output, outcome and impact targets as originally agreed, will be met.</p>	<p>Updated project implementation schedule is attached. Filename: Clean energy implementation schedule_revised 2011.xls</p>
2	Evidence of loans disbursed to companies/SMEs for energy related improvement projects	Number of projects receiving funding (relevant IFC indicator: Number of entities accessing financing)		Investee companies		<p>Expected output targets for the entire project (same as in previous donor report): 18 companies/SMEs accessing debt financing from <u>local commercial banks</u>. I.e. the SME financing will not be provided directly from the PEACCHIS project, but will be provided from local commercial banks with whom IFC is implementing an energy efficiency lending program. Barclays was the first bank to sign on to this program.</p> <p>Output targets achieved during the reporting period: So far, five potential companies have been identified for energy audits in Q1 2011. Loans will be disbursed in the coming reporting period as the energy efficiency audits are completed and opportunities identified.</p> <p>Reason for delay in meeting targets: Same as above.</p> <p>Proposed action: Same as above.</p>	

3	<p>Knowledge products e.g. PE tool/ financial products/ workshops /seminars market assessment reports (i.e. sector / market / E&S analysis)</p>	<p>i) Reports made publicly available after implementation of projects with individual companies and funds.</p> <p>ii) Number of knowledge products generated and distributed to the PE industry</p> <p>Relevant IFC standard indicator: Number of reports (assessments, surveys, manuals) completed)</p>		<p>PE fund managers, investee companies, investors (Limited Partners), industry associations and investor networks</p>			<p>Expected output targets for the entire project (same as in previous donor report): In total six publicly available reports/tools:</p> <ol style="list-style-type: none"> 1) A business case study report 2) A market survey of sustainability and clean energy investment practices in the private equity industry 3) A report with a risk/incentive framework for the renewable energy sectors in sub-Saharan Africa, relevant to PE investors. 4) Two different proposed renewable energy fund concepts 5) One new Limited Partnership Agreement (LPA) model or alternatively due diligence (DD) questionnaire that integrates sustainable investing requirements 6) IFC hosted web-portal with dedicated resource section for PE funds. <p>Output targets achieved during the reporting period:</p> <p>The first two of the six reports and knowledge products are currently in progress, to be completed by May 2011. The remaining four reports/tools would be completed over the extended project timeline of 18 months. Progress on the reports to date is as follows:</p> <ol style="list-style-type: none"> 1) Business case study report: A project has started between IFC and the Emerging Market Private Equity Association (EMPEA) to jointly develop sustainability case studies (including clean energy) from PE funds in Africa. The completion date for this project is May 2011. The case studies will be widely distributed at the largest conferences for emerging market private equity globally, hosted by IFC and EMPEA in 2011. 2) Market survey: A survey of over 140 PE fund managers' and Limited Partners' sustainability practice (including clean energy) was completed in November 2010. The report will be launched in Feb 2011. This provides the Monitoring and Evaluation (M&E) baseline data for the Clean Energy project. The expectation is that the survey will be repeated after two years to monitor progress and impact in the market. 3) Report on renewable energy sectors: A global parallel IFC report aiming to establish a risk/incentive framework for the renewable energy sector will be completed by June 2011. PEACCHIS will produce a similar report covering sub-Saharan Africa. This will build on lessons learnt from the global project and will also collaborate with similar efforts by the World Bank. 	

						<p>The project is expected to commence in July 2011.</p> <p>4) Renewable energy fund concepts will be proposed when the sector report above is completed.</p> <p>5) LPA templates and DD questionnaires will be developed as part of efforts to establish regional sustainability guidelines for the PE industry. Conversations have already started with regional PE funds and institutional investors. Collaboration to develop these tools and guidelines will be confirmed during Q1 2011.</p> <p>6) The IFC global web portal for Financial Intermediaries is scheduled to launch in March 2011. The Africa sub-portal launch date is June 2011. This is a parallel IFC project that will be widely promoted to Financial Intermediaries globally and regionally. All PEACCHIS material will be posted on this web-portal.</p> <p>Reason for delay in meeting targets: The knowledge products will be based on the practical experience, tools and guidelines developed during the course of the PEACCHIS project. As such they will be completed during the last six months of the project, as per the timeline.</p>	
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2.2 ASSESSMENT OF IMPLEMENTATION PROGRESS (OUTPUTS)

Please provide an assessment of the overall implementation progress of the activity. Please be as candid as possible and note that funding will not be withdrawn if the project is rated unsatisfactory or highly unsatisfactory.

	Highly satisfactory – implementation exceeds or is fully in accordance with the original implementation plan or the formally revised plan.
	Satisfactory – implementation is in substantial compliance with the original/formally revised implementation plan.
<i>x</i>	Unsatisfactory – implementation is not in compliance with the original/formally revised implementation plan. Remedial action has been agreed.
	Highly unsatisfactory – as in Unsatisfactory but remedial action has not been agreed.

NOTE: If the proposed implementation schedule attached is satisfactory to the donor, this could constitute remedial action as required in the “unsatisfactory” assessment category above.

3. OUTCOMES

Please complete the below table on outcomes.

OUTCOMES (intermediate results)				
List of outcomes		Indicators	Status and progress made in reporting period	Other Comments
1	Strengthen the fund managers' capacity to evaluate clean and renewable energy risks and opportunities in its portfolio companies in emerging markets	(i) Processes and systems in place to evaluate ESG issues (ii) Use of ES Tool/signing up to standards	Expected outcome targets: The project will support at least 6 fund managers to implement systems at fund level integrating sustainability/ESG factors (including clean energy) throughout the investment process. This will include training on the IFC developed E&S risk and opportunities assessment tool for PE funds. Progress: The target for ESG systems in place with PE funds is expected to be exceeded as six fund managers have already confirmed collaboration during the first six months of project implementation.	
2	Increase investment flow from partner funds	(i) Volume of parallel investments by investee companies into energy related improvement projects	Expected outcome targets: \$800,000 in parallel financing from 18 investee companies towards energy efficiency improvement projects. Progress: This outcome target is expected to be achieved by the end of the project.	
3	Promote the replication of clean and renewable energy projects by other private equity fund management companies	(i) Number of private equity funds replicating E&S improvements in their respective portfolio companies	Expected outcome targets: 72 entities in SSA and globally are expected to implement similar energy projects and practices based on the demonstration examples and tools/templates developed under this project (12 fund managers and 60 investee companies globally within two years post completion). Progress: There will be an additional M&E period of one year post project completion to monitor replication targets (donor reporting will continue during this period). Monitoring activities will include a repeat survey of PE fund managers and investors and their clean energy and renewable energy related investment practices.	

4. IMPACTS

4.1 DETAILED REPORTING ON IMPACTS

Please complete the below table on impacts.

IMPACTS (broader results from program outcomes)			
List of development objectives		Indicators	Comments
1	Investment facilitated into renewable and clean energy in Africa	i) Value of investment facilitated in clean and renewable energy (loans and equity)	Expected impact target: \$26m mobilized into clean energy and renewable energy projects and sectors. Expected to be achieved within one year post project completion.
2	GHG emissions avoided as a result of the project (direct and through replication)	i) Reduction in greenhouse gas emissions, as measured in tons ii)Energy saved	Expected impact target: 200,000 ton CO2 avoided (direct and through replication) as a result of improved energy efficiency processes and practices at investee companies and funds. (Please note that the potential Greenhouse Gas (GHG) emissions avoided from the \$26million investments mobilized into the renewable energy industry have not been estimated in advance. The data will however be captured and reported throughout the project).
3	Improved business performance of companies/ SMEs	i) Improved financial performance of companies and overall portfolios (EBDTA, ROE).	Expected impact targets: i)Value of aggregate private sector savings from recommended changes \$9million / year (i.e. \$500,000 in cost savings per year for 18 participating companies) ii)Number of entities reporting improved performance (e.g. improvement in productivity, operations, loan terms, valuations) facilitated by advisory services: 80% of funds/companies implementing recommendations to report improved performance. Expected to be achieved within 1 year post project completion.

4.2 ASSESSMENT OF PROGRESS TOWARD MEETING DEVELOPMENT OBJECTIVES

What has been the progress toward meeting the development objectives so far? Please tick of as appropriate and **provide a brief rationale for the selection**

	On or above targets – results can be seen for all objectives listed in item # 4.1
x	Slightly below targets – results can be seen for some of objectives listed in item # 4.1
	Significantly below targets – results cannot be seen for any of the objectives listed in # 4.1

Brief

Rationale:

Progress towards meeting development objectives:

Project implementation 18 months later than planned. The project started in July 2010 after a very detailed market assessment phase. . Diligent preparation is now paying off and the project has achieved what it planned to within six months of the project start.

5. RISKS & CHALLENGES

A. If applicable, provide status of follow-up areas from previous progress reports and possible conflict of interests.

-This is the first progress report so there is no follow up from previous reports.
-No conflict of interest has been identified.

B. Explain which implications, if any, changes in the economic/political/social environment has had in the implementation of the project.

-The project's delayed start meant that it started as the markets were starting to recover from the global crisis. This has helped manage the impact of the crisis. During the midst of the crisis, PE funds were reluctant to take on new initiatives such as clean energy improvements. As markets are recovering, the PE funds' appetite to take on new strategies to improve sustainability (such as clean energy). The global financial crisis also demonstrated the importance of a more comprehensive risk analysis, beyond narrow financial indicators. For example, governance, preparedness for climate change and other environmental and social challenges are increasingly seen as relevant risk factors to consider..

-Some countries took steps to increase incentives for clean energy investment which thus increased the relevance of PEACCHIS to the PE industry. Examples include:

- (i) Implementation of feed-in-tariffs in Kenya, Uganda and South Africa.
- (ii) Plans to implement an energy management regulation in Kenya. This regulation will indicate energy consumption benchmarks per sector and make it mandatory for companies to meet those benchmarks over time.
- (iii) There was continued increased media coverage in Kenyan newspapers on the impacts of climate change.
- (iv) In addition, markets experienced increased or fluctuating energy prices, which further strengthened the case for energy efficiency and renewable energy (to increase cost savings and energy access).

C. Which major challenges, if any, do you foresee in the next 12 months?
How are these challenges going to be met?

New Risks Identified:

1. Lack of qualified local Cleaner Production consultants: There are not many energy auditors and other sustainability experts working with FIs available in the African market. Bringing in international consultants is costly and will have a negative effect on the cost-benefit analysis of any Cleaner Production projects proposed.

Mitigant: PEACCHIS will continue to collaborate with parallel IFC projects that are building the capacity of sustainability consultants in the region to enable them to work with Financial Intermediaries.

Progress on Mitigating Risks Identified during PDS Approval:

1. The PEACCHIS project will help to identify improvement opportunities in portfolio companies. However, financing to those projects will need to be sourced from commercial banks

Mitigant: Close collaboration between the IFC teams managing the PEACCHIS project and the parallel project focusing on capacity building of local banks in Energy Efficiency lending will facilitate long-term market-based solutions for financing such projects.

2. There is still a limited pipeline of RE opportunities in Sub-Saharan Africa. In particular, PE funds in the region do not possess in house capacity to develop the pipeline.

Mitigant: A key part of the project is to develop activities that will build the ability of PE Managers to actively search for RE opportunities.

3. IFC Advisory services will not be provided to PE clients who are not in compliance with E&S requirements as set down in the investment agreements

Mitigant: The risk has been mitigated by coordination between the Team Leader and the IFC E&S due diligence specialist

in the region. The E&S specialist had first cleared the list of 22 fund managers that received information about PEACCHIS. They all had an Environmental and Social Risk Rating (ESRR) of 1–2 or 3. In the case of an ESRR 3, the non-compliance was seen to be minor and go-ahead was given by the E&S specialist.

6. EXIT STRATEGY AND REPLICABILITY

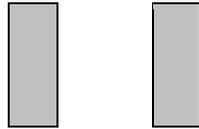
Please describe any progress in preparing for activity exit, building sustainability on institutional, financial, technical levels. If known, please also describe likelihood of replication across the WBG or outside.

Institutional	A project evaluation will be conducted 12 months into the implementation phase, to measure success and also evaluate the feasibility of roll-out in other regions outside of sub-Saharan Africa. Further fundraising efforts will be on-going based on the demonstrated success of the project and will be sought from government donors, IFC, as well as market based financing mechanisms that involve the Limited Partners and the PE fund managers themselves. The aim will be to establish a self-sustained delivery and knowledge network to support clean energy private equity investment. Local and regional industry associations and investor networks in combination with web-based tools will be leveraged with the aim to build a local support infrastructure for PE clean energy investment.
Financial	By collaborating with an IFC program that aims to build capacity in the local financial markets to finance such projects (rather than provision of grants/reimbursable grants from IFC advisory service projects), the project will work to establish appropriate long-term solutions for financing for clean energy improvement projects with PE investee companies.
Technical	The project is strongly focused on leveraging the mechanisms that exist in the PE industry and to work throughout the investment chain to incorporate sustainability into the investment process. These “mechanisms” include industry standards, templates and questionnaires that are used by fund managers and investors when making investment decisions. Examples are the Limited Partnership Agreement, the Due Diligence Questionnaire, and various fund structures appropriate for clean and renewable energy investments. Sustainability considerations will be incorporated with the aim to achieve replication throughout the industry. Knowledge and technical expertise is required by consulting firms, industry associations in particular. This expertise will be built as part of the project. In addition, significant efforts will be made to ensure wide dissemination of business case information etc to fund managers and other stakeholders in sub-Saharan Africa and globally.
Other	

7. FINANCIAL INFORMATION

7.1 BUDGET AND DISBURSEMENTS

A. Is the budget still realistic?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No	<i>If no, please explain:</i> Project implementation started in July 2010. This is a delay of approximately 18 months due to a diligent preparation phase. However as implementation started, the project has delivered on all targets set for the first six months and it is expected that the targets will be achieved, and the budget spent, within the 18 month extension period. Expenses of up to \$400,000 are projected in the coming six months to cover the cost of the following deliverables (as per the revised action plan/timeline): <ul style="list-style-type: none"> • At least six Cooperation agreements signed and 5 in-house training sessions on the ES Toolkit • At least 10 resource efficiency audits carried out with companies • Two business case studies completed • Renewable energy sector research for PE initiated • Collaboration initiated with minimum two regional institutional investors
B. Are disbursements on schedule (as per original proposal – including as projected <u>per fiscal year</u>)?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	



to develop regional tools & standards.
As described in the previous donor report, IFC financed the scoping and preparation phase by \$70,000.

7.2 ALLOCATION SPENT ON AFRICA, INCLUDING NORTHERN AFRICA DURING THE REPORTING PERIOD (ESTIMATE):

\$82,000

100%

7.3 COLLABORATION WITH NORWEGIAN PARTNERS AND NATIONAL CONSULTANTS

A. To what extent have you collaborated with Norwegian and local partners (individual consultants/firms/institutions)?

Fiscal Year	Names of Norwegian consultants/firms/institutions	Amount (USD)	Number of Local Consultants	Amounts (USD)
FY10				
FY11				

B. Are there any other opportunities for leveraging Norwegian expertise that you can foresee which you want the Secretariat to refer to the donor or to other task managers?

There will be a demand for “cleaner production” consultants. I.e. specialists on energy efficiency, water and waste management, typically in manufacturing sectors, agribusiness as well as real estate and construction. Suggestions of Norwegian consultants would be welcomed. The Request for Proposals will be advertised widely and Norwegian consultants are welcome to submit.

Proposed new implementation schedule:

Implementation schedule	Project implementation												Project monitoring																	
	FY10						FY11						FY12						FY13											
	D	J	F	M	A	M	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
1. Clean Energy improvements in existing PE portfolios																														
LP/GP sustainability survey in Kenya, Nigeria and South Africa																														
Reach out to fund managers with information about project																														
Selection of E&S consultants and sign contracts																														
Finalize AS agreements and conduct SI reviews with at least 6 compliant GPs																														
Conduct 30 resource efficiency audits																														
Monitor & support implementation of 18 CP projects																														
2. Enable investment in Renewable Energy industry sectors / funds																														
Launch RFP and conduct research on RE sectors in CAF																														
Developing RE fund concepts																														
3. Dissemination, Replication, M&E																														
Development of LPA model/guidelines																														
Establish case study reporting framework and ongoing data collection. Disseminate to 100% of GPs in CAF																														
Project evaluation (repeat Doing SI survey) & feasibility of replication in other regions.																														
Project start/end date =																														

PART B: REQUEST FOR REFRESHED FUNDING IN FY12

For multiyear activities, please list the refreshed funding amount needed for FY12 (if different from the approved budget proposal, please explain change in detail below)

Amount Requested (USD)

N/A (\$0)

NTF-PSI FINANCIAL PROGRESS REPORT FOR FREESTANDING ACTIVITIES			
(Reporting Period: January 1- December 31, 2010)			
TF Project Name.:	IFC-Private Equity Clean Energy (IFC internal project name is PE Africa Climate Change Investment Support (PEACCHIS))		
Trust Fund Number:	TF093874		
Task Team Leader:	Cecilia Bjerborn		
Managing Unit/Business Line:	Environmental and Social Sustainability Business Line		
Grant start date/closing date:	30-Jun-11		
A. Contributions			
	Contribution received from inception (FY09) to June 30, 2010	\$1,665,709	
	Contribution received from July 1, 2010 - December 31, 2010	\$0	
	Unreleased allocations from previous years	\$0	
	Unreleased allocation from FY11	\$0	
	Total allocation from inception to December 31, 2010		\$1,665,709
B. Disbursements			
	From inception (FY09) to June 30, 2010 (actual up to FY 11)	\$0	
	From July 1, 2010 - December 31, 2010 (FY11 actual)	\$82,000	
	Estimate for January 1, 2011 to June 30, 2011 (projected)	\$400,000	
	Total disbursements from inception to June 30, 2011 (actual + projected)		\$482,000
C. Available balance			
	Expected balance available on June 30, 2011 (A-B)		\$1,183,709
D. Committed, but undisbursed			
	Of the balance in C above, please estimate how much, if any, will remain committed but undisbursed by June 30, 2011		\$1,183,709

Annex II: Complete Infrastructure Reports

- Modernizing Hydropower (TF092144) (page 134)
- Mitigation and adaptation to climate change impacts at city levels (TF097270) (page 145)
- Assessment of GHG intensity of core development activities (TF091582) (page 153)
- Lighting Africa – web portal (TF090598) (page 161)
- Adaptation to climate change in coastal cities of North Africa (TF093136) (page 174)
- Infrastructure and small scale PSD for coastal cities of Honduras and Nicaragua (TF093075) (page 186)
- Model to develop the domestic gas market in Yemen (TF092841) (page 195)
- IFC Climate change risk studies (TF093064) (page 203)
- Economic growth and deforestation in the Congo Basin (TF096510) (page 214)
- Bosnia Herzegovina integrated water energy development study (TF095054) (page 220)

Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI)

PROGRESS REPORT AND REQUEST FOR REFRESHED FUNDING

(Freestanding Activities)

Project Name	Modernizing Hydropower
Trust Fund Number	TF092144
Task Manager	Daryl Fields - Elena Correa
Managing Unit/Business Line	ETWWA - SDV
Grant closing date	March 31, 2011
Recipient Country (ies)	Global
Total grant amount projected over life time of activity	\$ 330 000
Total grant amount approved since inception	\$ 330 000
Percentage disbursed of approved grant amount	74%

*This form is for Task Managers to report annually on progress of projects funded under the NTF-PSI, and request funding for the following fiscal year. Please answer all questions below. **The complete report will be shared with the Donor and posted on the NTF-PSI web page (www.worldbank.org/ntfpsi)**. Please also consider forwarding this report to others that may have an interest in the activity.*

For questions, please contact the NTF-PSI Secretariat (Technical Advisor, Heidi Stensland, ext 82026, or NTF-PSI Manager, Joshua Gallo, ext 81427)

PART A: PROGRESS REPORT FOR: January 1 - December 31, 2010

1. HIGHLIGHTS OF THE REPORTING PERIOD

Summarize key project highlights of the reporting period

This project is made up of two parts. The first part covers the carbon credits for hydropower; the second addresses benefits-sharing.

Carbon credits and emissions from reservoirs

All analytical activities and all but one dissemination activities for this project have been completed. Specifically, the consultants' deliverables have been consolidated into a guidance note that is more readily accessible and reader-friendly for operations staff. It has been peer reviewed internally and two dissemination events completed with both internal and external professionals: a half-day workshop, followed by a short version for video-conference to accommodate the availability of external presenters and connections with Pakistan, Bangladesh, India and Nepal (in addition to a webcast that was available for a wider audience). The Guidance (Water Working) Note is currently in the final stages of approval, after which it will be published.

The benefit sharing initiative

The overall objective of this work program is to enable the mainstreaming of an operational framework for benefits-sharing to enhance the development benefits of water infrastructure projects, with a specific focus on hydropower infrastructure.

This activity is been implemented through a partnership between the Water Unit and the Social Development Department, and comprises the following activities:

- (i) *A Literature Review* on the state of the art of benefit sharing mechanisms (at a conceptual and methodological level) and a meeting of experts to present and discuss the findings, (completed on May, 2009 and published and disseminated in May 2010; funded by the Social Development Department)
- (ii) *A technical workshop* on benefit sharing mechanisms and experiences, (conducted on June 2008, and the proceedings were published and disseminated in May 2010; funded by Social Development Department)
- (iii) *Global Case Studies* to identify innovations and good practices (under implementation); and
- (iv) *Discussion Notes on benefit sharing* to guide the application of these mechanisms in hydropower projects with emphasis on enhancing development benefits to local communities.

The main activities developed during January 1st – December 31st 2010 were the following:

1. Selecting and hiring the consulting firm to conduct the global case studies. The firm SWECO Norge A.S. was selected and hired in May 2010.
2. Case studies were selected by the consulting firm with the approval of the Bank. The cases are:
 - Colombia. La Miel Hydropower Project
 - Costa Rica. Angostura Hydropower Project.
 - Lao PDR. Nam Theun 2.
 - Nepal. Khimti Hydropower Project
 - Lesotho Highland Water Project---
 - Norway. The Glommen and Lågen basin/experience

The consulting firm is currently implementing these studies and conducting the field work.

The final report will describe current and good practice in sharing benefits, as well as lessons on enhancing the overall development impact of hydropower projects.

3. Five concept notes were prepared by the consulting firm. The first two have been discussed internally with a multi-disciplinary group from environment, legal, social development, hydropower and water. Discussion sessions will be scheduled for the remaining three notes.
 - A working definition of enhancing and sharing development benefits
 - Benefit sharing mechanisms
 - Social and environmental aspects across scales
 - Economics of benefits-sharing
 - Policy, institutions and governance.

2. OUTPUTS

2.1 DETAILED REPORTING ON OUTPUTS

Please complete the below table on outputs.

OUTPUTS (short-term project deliverables)								
List of outputs		Indicators (Mention for each component the applicable indicators. i.e. amounts, quality, volume of use of the project's products etc. <u>Include in particular details on dissemination</u>)	Target groups (add names of applicable target groups under each column)				Status (comment on progress of the components, <u>if behind schedule</u> , or if project has been restructured, explain reason for delay, restructuring rationale and corrective actions if applicable)	Comments
			WBG staff	Local partners/ stakeholders	Donor	Others		
1	Revised methodology for emissions from reservoirs	<ul style="list-style-type: none"> Completion of joint report on suggested revision to CDM methodology, integrating comments of international experts Submission of report to CDM regulatory body 	Environmental specialists; EnergyTTLs; Safeguards staff; Hydropower planners	Project proponents; Central, state and local governments ; NGO/CSOs	MDBs	Hydropower Sustainability Assessment Forum; CDM regulatory body	<p>Completed: Analytical reports submitted by IHA will be followed up with submission of the report to the UNFCCC Executive Board after a sufficient sample and diversity of sites has been assessed. The IHA will forward the report to the Executive Board of the Clean Development mechanism (CDM), a body of the UN Framework Convention on Climate Change (UNFCCC), who will consider issuing guidance on the existing methodology for grid-connected electricity. This approach is preferred over formal submission of a new methodology, which avoids time-consuming procedures and, hopefully, will lead to quicker application.</p> <p>The reports will need to be supplemented with pilot measures, which are undertaken by members of the IHA and falls outside the scope of this grant funding. The World Bank is planning to support this activity by implementing pilot measurements in regions like Africa where the IHA have no ongoing studies. This work will be funded separately from this project.</p>	

2	Guidance note on assessing greenhouse gas emissions from hydropower reservoirs	<ul style="list-style-type: none"> • Completion of guidance note • Integration into WB climate screen for hydropower projects • Dissemination through: <ul style="list-style-type: none"> ○ Environment, Hydropower, Water and Climate change thematic groups (direct, websites) ○ Direct to hydropower TTLS and environment team members ○ 1 international conference ○ 2 WB training events • Submission to Hydropower Sustainability Assessment Protocol 	As above	As above	As above	As above	<ul style="list-style-type: none"> • Guidance note completed, with a decision meeting held on June 3, 2010. • Outstanding: The Guidance Note will be published as a Water Working note, part of a series of WB water technical notes. The Water Working Note is in final stages of approvals, after which it will be published, disseminated and posted on the water website. • Completed. A note on Conceptual Framework for Risk Assessment Tools for Screening Multipurpose Hydropower Projects for Climate Risks was submitted in Nov 2009 to the Bank-wide reporting on managing climate change • Completed: HydroVision 2010 conference on Charlotte, North Carolina in July 2010: IHA hosted a pre-conference workshop ("Hydro Greenhouse Gas Briefing" event) to empower managers and decision makers by sharing a logical path forward for the sector. A copy of the UNESCO/IHA GHG Measurement Guidelines for Freshwater Reservoirs was included with participation in the course. • Completed: A half-day workshop was held, followed by a short version for video-conference (VC) to accommodate the availability of external presenters. The workshop in Washington (November 9, 2010) had 26 registered participants in addition to an external audience from IDB, IHA and EdF, The shorter VC (November 10, 2010) provided a summary to the field staff (connections to India, Pakistan, Bangladesh and Nepal in addition to a webcast that was available for a wider audience). • Completed: The IHA Sustainability Protocol treats climate change as a cross-cutting issue. However, the parties) revising the Protocol (a multi-stakeholder group including industry, NGOs, national governments and IFIs concluded that the protocol would not require 	
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							assessment of greenhouse gas emissions from reservoirs in this 2010 version of the Protocol because there is no established methodology as yet to do this; it is anticipated that in the future when a methodology is determined that it could be built into the Protocol. This methodology will build on the analysis and follow-on pilots from this study.	
3	Compendium of case studies on benefit-sharing	<ol style="list-style-type: none"> 1. Completion of case study report 2. Dissemination through: <ul style="list-style-type: none"> • WB thematic groups on hydropower and social development for infrastructure • 2 international conferences • 4 WB events (BBLs, Energy and Water Weeks, hydropower training sessions) • Workshop of international experts • Posting on internal and external hydropower websites 3. Peer review and sharing with Oxfam International 4. Integration with Hydropower Sustainability Assessment Protocol 	Social development specialists; Energy and Water TTLs; Safeguards staff; Hydropower planners	Project proponents; Central, state and local governments ; NGO/CSOs	MDBs	Hydropower Sustainability Assessment Forum	<ul style="list-style-type: none"> • The project is conducted properly under the schedule revised in early 2010. • Responsibilities for the project have been shifted to involve the Social Development Department in co-leading the activities, in part to address the staffing issues and to better mainstream the results. • The project is progressing satisfactorily as described in Part A 1: an inception report was completed, case studies are underway in the field • This topic, termed “Project Benefits” was included as a criterion in the Hydropower Sustainability Protocol. The criterion “addresses the additional benefits that can arise from a hydropower project, and the sharing of benefits beyond one-time compensation payments or resettlement support for project affected communities. The intent is that opportunities for additional benefits and benefit sharing are evaluated and implemented, in dialogue with affected communities, so that benefits are delivered to communities affected by the project”. 	
4	Concept Notes on benefit sharing	<ul style="list-style-type: none"> • Preparation and dissemination of five Discussion Notes on benefit sharing topics 	As above	As above	As above	As above	<ul style="list-style-type: none"> • Five discussion notes have been completed, two of which have been discussed with interested professionals internally. 	

2.2 ASSESSMENT OF IMPLEMENTATION PROGRESS (OUTPUTS)

	Highly satisfactory – implementation exceeds or is fully in accordance with the original implementation plan or the formally revised plan.
XX	Satisfactory – implementation is in substantial compliance with the original/formally revised implementation plan.

3. OUTCOMES

Please complete the below table on outcomes.

OUTCOMES ¹ (intermediate results)				
List of outcomes		Indicators	Status and progress made in reporting period	Other Comments
1	More pragmatic approach to benefits-sharing	<ul style="list-style-type: none"> Increased application of benefits-sharing to hydropower project; tracked as part of implementation of Hydropower Business Plan (e.g., % PADs with mechanisms for enhancing development benefits to local communities) More systematic and rigorous approach to benefits-sharing, covering range of monetary and non-monetary mechanisms Identifiable contribution to SAR NTLA and NBI 	<ul style="list-style-type: none"> Increased awareness about the potentials and challenges of incorporating benefit sharing mechanism in hydropower projects by Bank's task team leaders and project team members. Discussion notes have provided an important and substantive opportunity to shape key concepts with operations staff. The Hydropower Sustainability Assessment Forum has included benefits-sharing as an explicit topic in the Protocol. (Note: the Hydropower Sustainability Assessment Forum is a multi-stakeholder group that is updating and refining the International Hydropower Association's Hydropower Sustainability Assessment Protocol. Co-funded by Norway, the revised protocol is expected to be adopted by the IHA, and to eventually become a guiding principle for IHA members. It will also be used as a learning tool for a variety of project proponents, governments and stakeholders in hydropower projects) 	

¹ Include also outcomes on collaboration between

- various units in the WBG

- the WBG and external stakeholders, including with Norwegian expertise

2	Improved assessment of emissions from reservoirs	<ul style="list-style-type: none"> • Revised methodology for assessment emissions from reservoirs, including decision support tool • Identified gaps in understanding of and scientific evidence for emissions, and long term approach to addressing gaps • Integration into Hydropower Sustainability Assessment Protocol 	<ul style="list-style-type: none"> • Revised methodology, entitled Proposal for CDM Methodology Revision, is now documented and will be submitted according to CDM schedule This will be undertaken in partnership with the IHA who will forward the report to the Executive Board of the Clean Development mechanism (CDM), a body of the UN Framework Convention on Climate Change (UNFCCC), who will consider issuing guidance on the existing methodology for grid-connected electricity. This approach is preferred over formal submission of a new methodology, which avoids time-consuming procedures and, hopefully, will lead to quicker application. • The reports identified a need for pilot measures, which are being undertaken by members of the IHA. The World Bank is planning to support this activity by implementing pilot measurements in regions like Africa where the IHA have no ongoing studies, thereby embedding the analysis into operational work. This work will be funded separately from this project.. 	
3	Input to Bank tools and strategy on climate change	<ul style="list-style-type: none"> • Integration into climate screening tool for hydropower • Integration into environmental assessments, to be used in project preparation and project screening by WB teams 	<ul style="list-style-type: none"> • A note on Conceptual Framework for Risk Assessment Tools for Screening Multipurpose Hydropower Projects for climate Risks was submitted in Nov 2009 to the Bank-wide reporting on managing climate change 	
4	Increased awareness and familiarity with carbon credits	Embedded in other elements	<ul style="list-style-type: none"> • Embedded in other activities 	

4. IMPACTS

4.1 DETAILED REPORTING ON IMPACTS

IMPACTS (broader results from program outcomes)			
	List of development objectives	Indicators	Comments
1	Enhanced development and poverty impact, and stakeholder participation in hydropower investments	<ul style="list-style-type: none"> Increased awareness of benefits-sharing and practical integration into project design Contribution of hydropower projects to development objectives, including but not limited to energy security 	<ul style="list-style-type: none"> Increased awareness of benefits-sharing is evidenced by the request to include a more robust internal consultation process as part of the consultants work. Final impacts will be realized after the publication and dissemination of the case and concept notes.
2	Improved risk assessment for climate change aspects of hydropower reservoirs	<ul style="list-style-type: none"> Regular risk assessments by project teams Formal inclusion in global documents on good practice 	<ul style="list-style-type: none"> Results have been integrated into Bank climate change screening tool and a field manual for data collection has been delivered. A guidance note has been completed, reviewed and is awaiting final approvals prior to publication. A follow-on task will implement measurement pilots in the field based on the methodology established under the grant Greenhouse gases have been incorporated into the draft revision to the Hydropower Sustainability Assessment Protocol which will be considered for adoption by the IHA Board and available to other stakeholders.
3	Science-based assessment of carbon credits for hydropower projects	<ul style="list-style-type: none"> Response of CDM regulatory body to modified methodology Ongoing program to address gaps in evidence Increased access to carbon revenues for developers, enhancing financial evaluations and lending renewable credibility 	<ul style="list-style-type: none"> Program to address gaps in evidence and has been drafted and requests made of the Bank for further financial support for this implementation Evidence of impact on other development objectives (e.g., response of CDM body) will take time

4.2 ASSESSMENT OF PROGRESS TOWARD MEETING DEVELOPMENT OBJECTIVES

XX	On or above targets – results can be seen for all objectives listed in item # 4.1
	Slightly below targets – results can be seen for some of objectives listed in item # 4.1
	Significantly below targets – results cannot be seen for any of the objectives listed in # 4.1

Brief

Rationale:

The greenhouse gases work has been completed and outputs on or above targets (e.g., incorporated in Bank-wide climate screening tool). Although delayed, outcomes for the benefits-sharing work are likely to exceed expectations based on (i) broader attention internally (e.g., legal, safeguards), greater involvement of the consultant through R&D, and explicit inclusion of benefits-sharing in the Hydropower Sustainability Assessment protocol.

5. RISKS & CHALLENGES

A. If applicable, provide status of follow-up areas from previous progress reports and possible conflict of interests.

B. Explain which implications, if any, changes in the economic/political/social environment has had in the implementation of the project.

C. Which major challenges, if any, do you foresee in the next 12 months?
How are these challenges going to be met?

Benefit sharing. The results of the case studies could raise some concerns with the governments. This has led to some governments not approving participation in the case studies (for which alternatives were found). The team is planning to discuss the draft reports with the governments and Bank's countries offices in order to clarify doubts and concerns and avoid any delayed in their publication and dissemination.

6. EXIT STRATEGY AND REPLICABILITY

Please describe any progress in preparing for activity exit, building sustainability on institutional, financial, technical levels. If known, please also describe likelihood of replication across the WBG or outside.

Institutional	The Bank is active in river basin management, hydropower policy and new hydropower projects in several countries including Nepal, India; Vietnam, Ethiopia, DRC, Senegal, Niger, through energy and water activities. These are generally long term engagements, enabling a programmatic approach to exit and replicability. Consequently, the results of both studies should find direct applicability in the short term.
Financial	
Technical	
Other	As global studies, both are expected to have high replicability. The Hydropower Sustainability Assessment Forum (co-funded by Norway) provides an effective mechanism for disseminating both study products to a global audience, including members of the hydropower industry.

7. FINANCIAL INFORMATION

7.1 BUDGET AND DISBURSEMENTS

A. Is the budget still realistic?

XX	Yes		No
	Yes	XX	No

If no, please explain:

B. Are disbursements on schedule (as per original proposal)?

If no, please explain: Disbursements will be completed as determine in the last progress report, on March 31st

7.2 ALLOCATION SPENT ON AFRICA, INCLUDING NORTHERN AFRICA DURING THE REPORTING PERIOD (ESTIMATE):

\$

%

7.3 COLLABORATION WITH NORWEGIAN PARTNERS AND NATIONAL CONSULTANTS

A. To what extent have you collaborated with Norwegian and local partners (individual consultants/firms/institutions)?

Fiscal Year	Names of Norwegian consultants/firms/institutions	Amount (USD)	Number of Local Consultants	Amounts (USD)
FY08	Atli Harby	See note 1		
FY09	One Norwegian firm has been short-listed for the benefits-sharing work; selection will be by international competitive procurement		To be determined based on selected consultant and case studies	
FY10	Sweco Norge A.S. was selected as the benefits-sharing consultant, based on its superior pragmatic approach to the topic.		Proposal lists nine core team members individuals	\$190,000 (including US\$31,000 from the Social Development Department)

Note 1: Cannot be specified as Mr. Harby's involvement is part of a larger commitment to the partnership with IHA and UNESCO.

B. Are there any other opportunities for leveraging Norwegian expertise that you can foresee which you want the Secretariat to refer to the donor or to other task managers?

Partnership with ICH will be discussed once the benefit-sharing case studies are in draft form.

PART B: REQUEST FOR REFRESHED FUNDING IN FY12

For multiyear activities, please list the refreshed funding amount needed for FY12 (if different from the approved budget proposal, please explain change in detail below)

Amount Requested (USD)

The decision on your funding request will be based on implementation progress and donor preferences. Please provide any additional information that ought to be considered below:

NTF-PSI FINANCIAL PROGRESS REPORT FOR FREESTANDING ACTIVITIES			
(Reporting Period: January 1- December 31, 2010)			
TF Project Name.:	MODERNIZING HYDROPOWER		
Trust Fund Number:	TF092144		
Task Team Leader:	Elena Correa		
Managing Unit/Business Line:	SDV		
Grant start date/closing date:	May 13, 2008/March 31, 2011		
A. Contributions			
Contribution received from inception May 13, 2008 to June 30, 2010		\$285,000	
Contribution received from July 1, 2010 - December 31, 2010		\$45,000	
Unreleased allocations from previous years		\$0	
Unreleased allocation from FY11		\$0	
Total allocation from inception to December 31, 2010		\$330,000	\$330,000
B. Disbursements			
From inception May 13, 2008 to June 30, 2010 (actual up to FY 11)		\$206,500	
From July 1, 2010 - December 31, 2010 (FY11 actual)		\$38,000	
Estimate for January 1, 2011 to June 30, 2011 (projected)		\$85,500	
Total disbursements from inception to June 30, 2011 (actual + projected)		\$330,000	\$330,000
C. Available balance			
Expected balance available on June 30, 2011 (A-B)			\$0
D. Committed, but undisbursed			
Of the balance in C above, please estimate how much, if any, will remain committed but undisbursed by June 30, 2011			0

Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI)

PROGRESS REPORT AND REQUEST FOR REFRESHED FUNDING

(Freestanding Activities)

Activity Name	Mitigation and adaptation to climate change impacts at city levels – Phase II: Coastal Adaptation to Climate Change in Lagos, Nigeria, & Cotonou, Benin
Trust Fund Number	TF097270
Task Team Leader	Raffaello Cervigni
Managing Unit/Business Line	AFTEN
Grant closing date	30 June 2011
Recipient country (ies)	Nigeria
Total grant amount projected over life time of activity	\$150,000
Total grant amount approved since inception (incl. FY11)	\$150,000
Percentage disbursed of approved grant amount	0% (\$0 disbursed \$14,000 committed)

*This form is for Task Managers to report annually on progress of projects funded under the NTF-PSI, and request funding for the following fiscal year. Please answer all questions below. **The complete report will be shared with the Donor and posted on the NTF-PSI web page (www.worldbank.org/ntfpsi)**. Please also consider forwarding this report to others that may have an interest in the activity.*

For questions, please contact the NTF-PSI Secretariat (ntfpsi@worldbank.org, Heidi Stensland or Joshua Gallo)

PART A: PROGRESS REPORT FOR: January 1 - December 31, 2010**1. HIGHLIGHTS OF THE REPORTING PERIOD**

Summarize key project highlights of the reporting period

The concept note for the overall Nigeria Climate Change Assessment work was agreed with counterparts and finalized. Comprehensive terms of reference were drafted for the Lagos study, and a full competitive procurement process was begun to for consultants to undertake the work. Team is in the final stage of the procurement process and the consulting firm is expected to be on board mid-February, following re-issuance of the tender due to last minute withdrawal of the team selected. In the meantime, an individual consultant has been hired for preparatory climate analysis review. A mission to Nigeria is planned for mid-February 2011 to update on progress and discuss the initial results of the climate analyses.

Regarding the Cotonou study, Bank staff leading the work has been evacuated out of the Cote d'Ivoire country office due to the recent political turmoil. As a result, it has been decided to focus the activity on Lagos and to drop the Cotonou component.

2. OUTPUTS²

2.1 DETAILED REPORTING ON OUTPUTS

Please complete the below table on outputs.

OUTPUTS (short-term project deliverables)								
List of outputs (List all completed and expected outputs of the activity)	Indicators (Mention for each component the applicable indicators. i.e. amounts, quality, volume of use of the project's products etc. Include in particular details on dissemination)	Target groups (add names of applicable target groups under each column)				Status (comment on progress of the components, if behind schedule, or if project has been restructured, explain reason for delay, restructuring rationale and corrective actions if applicable)	Estimated delivery time	
		WBG staff	Local partners/ stakeholders	Donor	Others			
1	Preparatory climate analysis review	Approach paper	AFTSD, ENV, ETW, SDV, SAR., AFR, WBI, DEC	Lagos State Government (LSG), Federal Government (FGN), local universities & NGOs	AfDB, USAID, DFID, CIDA, UNDP, UNIDO	International & local consultants	The preparatory climate analysis review has been completed and an approach paper has been submitted	Completed
2	Report on climate risk analysis with policy notes	Complete report distributed in hard copy & CDs	AFTSD, ENV, ETW, SDV, SAR., AFR, WBI, DEC	Lagos State Government (LSG), Federal Government (FGN), local universities & NGOs	AfDB, USAID, DFID, CIDA, UNDP, UNIDO	International & local consultants	Concept note and TORs have been prepared and agreed upon with counterparts in the Federal and State government	August 2011
3	Summary findings for policy-makers	Distribution of brief & attractive document	AFTSD, ENV, ETW, SDV, SAR., AFR, WBI, DEC	Lagos State Government (LSG), Federal Government (FGN), local universities & NGOs	AfDB, USAID, DFID, CIDA, UNDP, UNIDO	International & local consultants	Concept note and TORs have been prepared and agreed upon with counterparts in the Federal and State government	August 2011
4	1 st interim country workshop	Completion of meeting (c. 30 people)	CMU	FGN, LSG, parliamentarians, uni., NGO	AfDB, USAID, DFID, CIDA, UNDP, UNIDO	International & local consultants Media	Procurement process for consulting firm has almost been completed and selected firm is expected to be on board in mid-February. A mission to Nigeria is planned for mid-March 2011 to discuss	March 2011

² For definitions of outputs, outcomes and impacts, see <http://go.worldbank.org/1HR22MLDY0>. Visit <http://go.worldbank.org/5SDDS6BZ80> for examples of project results chains

							progress of the work with the government	
5	2 nd interim country workshop	Completion of meeting (c. 50 people)	CMU	FGN, LSG, parliamentarians, uni., NGO	AfDB, USAID, DFID, CIDA, UNDP, UNIDO	International & local consultants Media	Procurement process for consulting firm has almost been completed and selected firm is expected to be on board in mid-February. A mission to Nigeria is planned for mid-March 2011 to discuss	April 2011
6	Final workshop	Completion of meeting (c. 150 people)	CMU	FGN, LSG, parliamentarians, uni., NGO	AfDB, USAID, DFID, CIDA, UNDP, UNIDO	International & local consultants Media	Procurement process for consulting firm has almost been completed and selected firm is expected to be on board in mid-February. A mission to Nigeria is planned for mid-March 2011 to discuss	August 2011

2.2 ASSESSMENT OF IMPLEMENTATION PROGRESS (OUTPUTS)

Please provide an assessment of the overall implementation progress of the activity. Please be as candid as possible and note that funding will not be withdrawn if the project is rated unsatisfactory or highly unsatisfactory.

	Highly satisfactory – implementation exceeds or is fully in accordance with the original implementation plan or the formally revised plan.
X – Problems with the firm procurement process have slowed overall progress, but remedial action has been taken by re-issuing the RFP, and splitting out some of the work to an individual consultants for a quicker start. Moreover, an individual consultant has been hired for preparatory climate analysis review.	Satisfactory – implementation is in substantial compliance with the original/formally revised implementation plan.
	Unsatisfactory – implementation is not in compliance with the original/formally revised implementation plan. Remedial action has been agreed.
	Highly unsatisfactory – as in Unsatisfactory but remedial action has not been agreed.

3. OUTCOMES

Please complete the below table on outcomes.

OUTCOMES³ (intermediate results)				
List of outcomes		Indicators	Status and progress made in reporting period	Other Comments
1	Development of a methodology to assess the long-term impact of climate change on coastal cities, including impacts assessments and cost-benefit analysis of adaptation options	Requests from clients for replication of approach and methodology in other cities	Has begun with the discussion of the concept note, the development of detailed TORs, a detailed preparation work and the hiring of an individual consultant for an analysis of historical climate and development of future climate scenario	
2	Increased understanding of climate related risks and urban adaptation	Analysis shared in major international forum	Has begun with the hiring of an individual consultant for preparatory climate analysis review.	

³ Outcomes: Uptake, adoption and use of project outputs by the project beneficiaries. Outcomes can be defined at various levels depending on the circumstances (e.g. CAS and project levels).

4 IMPACTS

4.1 DETAILED REPORTING ON IMPACTS

Please complete the below table on impacts.

IMPACTS⁴ (broader results from program outcomes listed in # 3 above)			
List of development objectives		Indicators	Comments
1	Enhanced flood protection in the Lagos Metropolitan Area	Use of knowledge generated in the study for the design of climate-resilient development plans and investments within Lagos Metropolitan Area	Has begun with the discussion of the concept note, the development of detailed TOR, and discussion with the Lagos State government of the use of the findings of the work to inform city development plans

4.2 ASSESSMENT OF PROGRESS TOWARD MEETING DEVELOPMENT OBJECTIVES

What has been the progress toward meeting the development objectives so far? Please tick off as appropriate and **provide a brief rationale for the selection**

	On or above targets – results can be seen for all objectives listed in item # 4.1
X	Slightly below targets – results can be seen for some of objectives listed in item # 4.1
	Significantly below targets – results cannot be seen for any of the objectives listed in # 4.1

Brief

Rationale:

Progress is slower than expected, but still in line with intended approach.

⁴ Please also illustrate impacts that can be seen related to:

- (i) WBG private sector and infrastructure policy and operation
- (ii) Private sector and infrastructure policy and practice by country governments

See footnote 1 for link to definition of impact and examples of project results chains.

5. RISKS & CHALLENGES

A. If applicable, provide status of follow-up areas from previous progress reports and possible conflict of interests.

N/A

B. Explain which implications, if any, changes in the economic/political/social environment has had in the implementation of the project.

Changes in the top political leadership in Nigeria delayed some of the discussions in 2010, but support for this work remains strong.

C. Which major challenges, if any, do you foresee in the next 12 months?
How are these challenges going to be met?

Ensuring rapid mobilization of consultants and timely provision of data. Will maintain focus of task team to ensure procurement processes are completed as soon as possible, and engagement with counterparts remains strong. Key climate data has already been provided through developing close contacts and regular follow up with counterparts.

6. EXIT STRATEGY AND REPLICABILITY

Please describe any progress in preparing for activity exit, building sustainability on institutional, financial, technical levels. If known, please also describe likelihood of replication across the WBG or outside.

Institutional	Increased knowledge and cooperation amongst counterparts: Discussions of concept note and TOR already increasing familiarity with key issues.
Financial	Development of follow-on projects: CMU remains committed to a Climate Change operation in Nigeria based on the findings of the analytical work.
Technical	Partnering with local consultants: This has been included in the RFP for consultants.
Other	Provide analytical model for use elsewhere: Awaiting mobilization of consultants.

7. FINANCIAL INFORMATION

Numbers must be provided in Annex I.

7.1 BUDGET AND DISBURSEMENTS

A. Is the budget still realistic?

Yes No

If no, please explain: Budget is very tight, but additional resources have been sought elsewhere.

B. Are disbursements on schedule (as per original proposal – including as projected per fiscal year)?

Yes No

If no, please explain: Disbursements are delayed in line with overall progress due to procurement difficulties, as discussed above.

7.2 ALLOCATION SPENT ON AFRICA, THE REPORTING PERIOD (ESTIMATE):

INCLUDING NORTHERN AFRICA DURING

0 to date \$

100 %

7.3 COLLABORATION WITH NORWEGIAN PARTNERS AND NATIONAL CONSULTANTS

A. To what extent have you collaborated with Norwegian and local partners (individual consultants/firms/institutions)?

Fiscal Year	Names of Norwegian consultants/firms/institutions	Amount (USD)	Number of Local Consultants	Amounts (USD)
FY10	None involved in first round tender		Request for proposal suggested consultants to include local partners in their proposals.	
FY11	No Norwegian firms submitted proposals in 2 nd round tender.		All short-listed proposals have included local partners.	

B. Are there any other opportunities for leveraging Norwegian expertise that you can foresee which you want the Secretariat to refer to the donor or to other task managers?

No to date – will update as results of studies provided.

PART B: REQUEST FOR REFRESHED FUNDING IN FY12

For multiyear activities, please list the refreshed funding amount needed for FY12 (if different from the approved budget proposal, please explain change in detail below)

Amount Requested (USD)

The decision on your funding request will be based on implementation progress and donor preferences. Please provide any additional information that ought to be considered below:

NTF-PSI FINANCIAL PROGRESS REPORT FOR FREESTANDING ACTIVITIES			
(Reporting Period: January 1- December 31, 2010)			
TF Project Name.:	Mitigation and adaptation to climate change impacts at city level - phase II		
Trust Fund Number:	TF097270		
Task Team Leader:	Raffaello Cervigni		
Managing Unit/Business Line:	AFTEN		
Grant start date/closing date:	30-Jun-11		
A. Contributions			
	Contribution received from inception to June 30, 2010		\$0
	Contribution received from July 1, 2010 - December 31, 2010	\$150,000	
	Unreleased allocations from previous years	\$0	
	Unreleased allocation from FY11	\$0	
	Total allocation from inception to December 31, 2010		\$150,000
B. Disbursements			
	From inception to June 30, 2010 (actual up to FY 11)	\$0	
	From July 1, 2010 - December 31, 2010 (FY11 actual)	\$0	
	Estimate for January 1, 2011 to June 30, 2011 (projected)	\$150,000	
	Total disbursements from inception to June 30, 2011 (actual + projected)		\$150,000
C. Available balance			
	Expected balance available on June 30, 2011 (A-B)		\$0
D. Committed, but undisbursed			
	Of the balance in C above, please estimate how much, if any, will remain committed but undisbursed by June 30, 2011		0

Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI)
PROGRESS REPORT AND REQUEST FOR REFRESHED FUNDING
(Freestanding Activities)

Activity Name	Pilot Program for Assessment of Greenhouse Gas Intensity of Core Development Activities
Trust Fund Number	TF091582
Task Team Leader	Sameer Akbar
Managing Unit/Business Line	ENV
Grant closing date	June 30, 2011
Recipient country (ies)	India, China, DRC, Sierra Leone, Morocco
Total grant amount projected over life time of activity	\$400,000
Total grant amount approved since inception (incl. FY11)	\$400,000
Percentage disbursed of approved grant amount	61%

*This form is for Task Managers to report annually on progress of projects funded under the NTF-PSI, and request funding for the following fiscal year. Please answer all questions below. **The complete report will be shared with the Donor and posted on the NTF-PSI web page (www.worldbank.org/ntfpsi)**. Please also consider forwarding this report to others that may have an interest in the activity.*

For questions, please contact the NTF-PSI Secretariat (ntfpsi@worldbank.org, Heidi Stensland or Joshua Gallo)

PART A: PROGRESS REPORT FOR: January 1 - December 31, 2010

1. HIGHLIGHTS OF THE REPORTING PERIOD

Summarize key project highlights of the reporting period

Currently a number of pilots are being undertaken in collaboration between anchor units and the regions, and coordinated by the Environment Climate Change Team. NTF resources have proved vital in these pilots in leveraging interest and resources and facilitating a dialogue between sector experts and practitioners.

▶ Forestry

- The Carbon Assessment Tool for Afforestation and Reforestation (CAT-AR) was tested through a systematic comparison with other tools on a sample of five AR projects in different regions. Findings (that confirmed adequate performance of CAT-AR) are being disseminated to anchor and regional forestry experts.
- Discussion is on-going with regional teams and the IFC Advisory Services Sustainable Forestry Program around both CAT-AR and CAT-SFM (Sustainable Forest Management), with potential for more project case studies and learning-by-doing as well as further improvements in user-friendliness, including guidelines for application.
- There are three on-going pilots with support from the NTF-PSI, stimulating new methodological and quantitative work around GHG accounting across the entire spectrum of forestry and agriculture

activities:

- In India a GHG analysis of the Andhra Pradesh Community Forest Management Project is being carried-out with extensive measurement field campaign to assess carbon pools across the plots of land covered by the project.
- In Morocco the pilot GHG analysis aspires to test existing methodologies to quantify the net carbon footprint of natural resources management options and undertake an initial analysis of potentials and opportunities for mitigation in those areas.
- In Sierra Leone the pilot study evaluates GHG emissions from deforestation of coastal biomes through historical land use change analysis.

▶ Energy

- Methodologies and tools have been developed for measuring net GHG emissions from transmission and distribution (T&D) electricity projects. These methodologies have been built on existing sources such as the Clean Development Mechanism (CDM). The methodology developed was tested in three pilot projects of the WB portfolio. The first project is an interconnector for the Ethiopia and Kenya power systems. The second project pretends to scale-up energy access in Kenya. The third project aims to rehabilitate the power distribution system in Brazil.
- A study on GHG emissions from off-grid electricity projects has been produced. The study, which analyzed emissions in three projects in Mexico, Burkina Faso, and Ethiopia, concluded that the data required to perform carbon analysis from World Bank projects is already being collected for project economic analyses.
- A review of existing guidelines, methodologies, and associated tools has been done for grid connected power projects.

▶ Transport

- Methodologies and tools have been developed based on the experience under Clean Technology Funds (CTF), Global Environment Facility (GEF), and Carbon Finance. Examples of these are the “Guidelines for calculating GHG benefits of CTF investments in transport sector” for the CTF, “Ex-ante assessment of GHG emissions from transport projects” from GEF, and a transport activity measurement toolkit to simplify the collection and processing of on-road transport activity data.
- NTF-funded pilots have been focusing on railway transport projects in China (ongoing; life-cycle analysis from urban rail project) and Democratic Republic of Congo. The latter project focuses exclusively on material inputs and maintenance from a rail rehabilitation project. The project has produced a user-friendly, spreadsheet-based tool (currently undergoing internal review) to estimate embedded CO₂eq "content" in road and rail projects in Africa. This tool examines material and labor inputs associated with transport infrastructure, and estimates CO₂ emissions associated with those inputs. The tool does not only look at up-front inputs, but also expected inputs associated with maintenance activities over a user-specified time horizon, representative of an infrastructure investment cycle. One key feature of the tool is that it is deliberately intended not to be comprehensive; rather, the tool assists the user in determining which inputs are relatively more important than others. The tool can be used to help understand a key component of a project's overall carbon footprint.
- There are other on-going initiatives in India and East Asia (separately financed) linked to this work. The first pilot deals with emissions from a road construction and rehabilitation project in EAP, while the second pilot analyses emissions from a dedicated freight corridor project in India.

2. OUTPUTS⁵

2.1 DETAILED REPORTING ON OUTPUTS

Please complete the below table on outputs.

OUTPUTS (short-term project deliverables)								
List of outputs (List all completed and expected outputs of the activity)	Indicators (Mention for each component the applicable indicators. i.e. amounts, quality, volume of use of the project's products etc. <u>Include in particular details on dissemination</u>)	Target groups (add <u>names</u> of applicable target groups under each column)				Status (comment on progress of the components, if behind schedule, or if project has been restructured, explain reason for delay, restructuring rationale and corrective actions if applicable)	Comments- Outputs must be forwarded to the Secretariat for sharing with the donor/externally. Please also include a link to any outputs available electronically (incl online, in IRIS, etc)	
		WBG staff	Local partners/ stakeholders	Donor	Others			
1	GHG analysis methodology and tools for energy sector projects	Excel based tools / calculators developed for certain kinds of off- grid and grid- connected energy / power projects.	Energy sector staff	Client country staff from energy and environment sectors	In-country donors working on energy sector	Non-government agencies	On-schedule. Work has picked up in close collaboration with staff from the energy sector. The methodologies for transmission & distribution projects have been tested in three projects. A review of existing guidelines, methodologies and tools has been done for grid connected projects.	
2	GHG analysis methodology and tools for forestry projects	Excel based tools / calculators developed for afforestation / reforestation (A/R) and sustainable land management projects.	Forestry staff	Client country staff from forestry and environment sectors	In-country donors working on forestry sector	Non-government agencies	On-schedule. Two forestry tools have been developed based on carbon finance methodologies. Discussion is on-going with regional teams and the IFC Advisory Services Sustainable Forestry Program around potential pilots while three NTF-PSI funded pilots offer, in some cases, potential for application.	
3	GHG analysis methodology and	Review of existing methodologies	Transport	Client country staff from	In-country donors	Non-government	On-schedule. The developed methodologies and tools are being tested in	

⁵ For definitions of outputs, outcomes and impacts, see <http://go.worldbank.org/1HR22MLDY0>. Visit <http://go.worldbank.org/5SDDS6BZ80> for examples of project results chains

tools for transport sector projects	undertaken.	sector staff	transport and environment sectors	working on transport sector	ment agencies	two pilot projects. Findings, tools, and methodologies expected by the end of January 2011.	
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2.2 ASSESSMENT OF IMPLEMENTATION PROGRESS (OUTPUTS)

Please provide an assessment of the overall implementation progress of the activity. Please be as candid as possible and note that funding will not be withdrawn if the project is rated unsatisfactory or highly unsatisfactory.

	Highly satisfactory – implementation exceeds or is fully in accordance with the original implementation plan or the formally revised plan.
X	Satisfactory – implementation is in substantial compliance with the original/formally revised implementation plan.
	Unsatisfactory – implementation is not in compliance with the original/formally revised implementation plan. Remedial action has been agreed.
	Highly unsatisfactory – as in Unsatisfactory but remedial action has not been agreed.

Description

The implementation progress of the planned activities during FY10 has been satisfactory. Increasing interest from Senior Management, as well as sector experts and practitioners, at the World Bank has been accompanied by preliminary outcomes of pilot projects, reviews from existing tools and methodologies, and close collaboration with the MFI working group. The main challenge still remains the identification/development of the most appropriate methodology for estimating emissions from World Bank operations in the energy, forestry, and transport sectors. Yet, the activities that were undertaken during FY10 have helped World Bank staff portray more clearly the challenges and opportunities associated with the application of existing methodologies in the World Bank context. With this high degree of support from Senior Management at the World Bank, strong collaboration across MFIs, and considerable efforts from World Bank staff, it is expected that the pace of implementation will remain steady in the coming reporting period. To conclude, the World Bank staff believes that tools and methodologies for carbon assessment in World Bank energy, transport, and forestry projects can be made available by the end of the funding period.

3. OUTCOMES

Please complete the below table on outcomes.

OUTCOMES ⁶ (intermediate results)				
List of outcomes		Indicators	Status and progress made in reporting period	Other Comments
1	Client to better manage GHG risks through credible and transparent approaches to	Methodologies developed, vetted, and shared transparently.	Methodologies for forestry, energy and transport sector projects have been developed and vetted by WB sector experts. These methodologies are being tested by regional pilots.	The larger MDB and donor community has been kept informed of the progress through participation

⁶ Outcomes: Uptake, adoption and use of project outputs by the project beneficiaries. Outcomes can be defined at various levels depending on the circumstances (e.g. CAS and project levels).

quantifying and reporting GHG emissions associated with development projects.			in joint meetings on this subject.
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4. IMPACTS

4.1 DETAILED REPORTING ON IMPACTS

Please complete the below table on impacts.

IMPACTS⁷ (broader results from program outcomes listed in # 3 above)			
	List of development objectives	Indicators	Comments
1	This activity will help, through a program of strong analytical work and training, provide the basis for priority countries to choose lower carbon pathways among development project options.	New analytical tools will be developed for assessing GHG impacts, and benchmarking performance within key sectors and across countries. Staff capacity for GHG assessments within WB, clients, and development partner agencies will be enhanced.	The efforts on developing methodologies and tools are extended to regional task teams to undertake GHG analysis of projects in the energy, forestry, and transport sectors. There are currently ten projects in the Africa, South America, East- and South Asia regions which act as pilots for undertaking GHG analysis.

4.2 ASSESSMENT OF PROGRESS TOWARD MEETING DEVELOPMENT OBJECTIVES

What has been the progress toward meeting the development objectives so far? Please tick off as appropriate and **provide a brief rationale for the selection**

	On or above targets – results can be seen for all objectives listed in item # 4.1
X	Slightly below targets – results can be seen for some of objectives listed in item # 4.1
	Significantly below targets – results cannot be seen for any of the objectives listed in # 4.1

Brief Rationale: Refer to text in Section 2.2

⁷ Please also illustrate impacts that can be seen related to:

- (iii) WBG private sector and infrastructure policy and operation
- (iv) Private sector and infrastructure policy and practice by country governments

See footnote 1 for link to definition of impact and examples of project results chains.

5. RISKS & CHALLENGES

A. If applicable, provide status of follow-up areas from previous progress reports and possible conflict of interests.

a) Not Applicable

B. Explain which implications, if any, changes in the economic/political/social environment has had in the implementation of the project.

Not Applicable

C. Which major challenges, if any, do you foresee in the next 12 months?
How are these challenges going to be met?

The major challenges remain methodological and data availability issues. Meeting these challenges will require significant discussion and buy-in from sector experts, close collaboration with other members from the MFI working group, and regional and client cooperation for piloting of tools and establishing their reliability in real projects.

6. EXIT STRATEGY AND REPLICABILITY

Please describe any progress in preparing for activity exit, building sustainability on institutional, financial, technical levels. If known, please also describe likelihood of replication across the WBG or outside.

Institutional	Within the WBG, the IFC has already gone “public” with its efforts at project level GHG analysis.
Financial	The on-going pilots demonstrate that the regions see NTF funding as catalytic for undertaking their own initiatives. Hence, the NTF funds have on average leveraged the same amount of funds from the region (i.e. \$200,000). In addition, there are recent GHG analysis efforts in transport and energy sectors that are not funded by NTF, but being closely coordinated with the NTF funded pilots.
Technical	A number of regional units in the World Bank have shown interest in undertaking GHG analysis of their projects at the design or preparation stage. This is fostering sharing of technical information and facilitating climate mainstreaming and capacity building.
Other	

7. FINANCIAL INFORMATION

Numbers must be provided in Annex I.

7.1 BUDGET AND DISBURSEMENTS

A. Is the budget still realistic?

Yes No

If no, please explain:

B. Are disbursements on schedule (as per original proposal – including as projected per fiscal year)?

Yes No

It took longer than expected to some regional pilots to initiate work activities. However, these pilot projects will be completed by June 30, 2011.

7.2 ALLOCATION SPENT ON AFRICA, INCLUDING NORTHERN AFRICA DURING THE REPORTING PERIOD (ESTIMATE):

60,000

\$

48

%

7.3 COLLABORATION WITH NORWEGIAN PARTNERS AND NATIONAL CONSULTANTS

A. To what extent have you collaborated with Norwegian and local partners (individual consultants/firms/institutions)?

Fiscal Year	Names of Norwegian consultants/firms/institutions	Amount (USD)	Number of Local Consultants	Amounts (USD)
FY10			1	17,979.55
FY11			3	49,654.02

B. Are there any other opportunities for leveraging Norwegian expertise that you can foresee which you want the Secretariat to refer to the donor or to other task managers?

Yes, we would be interested in assistance towards locating Norwegian experts who will participate in the review and refinement of the tools, pilots, and resulting guidance.

PART B: REQUEST FOR REFRESHED FUNDING IN FY12

For multiyear activities, please list the refreshed funding amount needed for FY12 (if different from the approved budget proposal, please explain change in detail below)

Amount Requested (USD)

Not Applicable

The decision on your funding request will be based on implementation progress and donor preferences. Please provide any additional information that ought to be considered below:

NTF-PSI FINANCIAL PROGRESS REPORT FOR FREESTANDING ACTIVITIES			
(Reporting Period: January 1- December 31, 2010)			
TF Project Name.:	Pilot Program for Assessment of Greenhouse Gas Intensity of Core Development Activities		
Trust Fund Number:	TF091582		
Task Team Leader:	Sameer Akbar		
Managing Unit/Business Line:	ENV		
Grant start date/closing date:	July 1st, 2008 to June 30, 2011		
A. Contributions			
	Contribution received from inception (insert inception date) to June 30, 2010	\$400,000	
	Contribution received from July 1, 2010 - December 31, 2010	\$0	
	Unreleased allocations from previous years	\$0	
	Unreleased allocation from FY11	\$0	
	Total allocation from inception to December 31, 2010		\$400,000
B. Disbursements			
	From inception (insert date) to June 30, 2010 (actual up to FY 11)	\$177,772	
	From July 1, 2010 - December 31, 2010 (FY11 actual)	\$67,252	
	Estimate for January 1, 2011 to June 30, 2011 (projected)	\$154,976	
	Total disbursements from inception to June 30, 2011 (actual + projected)		\$400,000
C. Available balance			
	Expected balance available on June 30, 2011 (A-B)		\$0
D. Committed, but undisbursed			
	Of the balance in C above, please estimate how much, if any, will remain committed but undisbursed by June 30, 2011		0

Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI)

PROGRESS REPORT AND REQUEST FOR REFRESHED FUNDING

(Freestanding Activities)

Activity Name	Lighting Africa – Web portal
Trust Fund Number	TF090598
Task Team Leader	Patrick Avato
Managing Unit/Business Line	Environmental and Social Sustainability Business Line
Grant closing date	June 30, 2011
Recipient country (ies)	Africa
Total grant amount projected over life time of activity	\$ 434,643.00
Total grant amount approved since inception (incl. FY11)	\$ 434,643.00
Percentage disbursed of approved grant amount	73%

*This form is for Task Managers to report annually on progress of projects funded under the NTF-PSI, and request funding for the following fiscal year. Please answer all questions below. **The complete report will be shared with the Donor and posted on the NTF-PSI web page (www.worldbank.org/ntfpsi)**. Please also consider forwarding this report to others that may have an interest in the activity.*

For questions, please contact the NTF-PSI Secretariat (ntfpsi@worldbank.org, Heidi Stensland or Joshua Gallo)

PART A: PROGRESS REPORT FOR: January 1 - December 31, 2010**1. HIGHLIGHTS OF THE REPORTING PERIOD**

Summarize key project highlights of the reporting period

Lighting Africa's website is a tool that supports the implementation of all aspects of the program. Acting as the program's main interface with the off-grid lighting community, the website: (i) is a central knowledge hub to aggregate industry players; (ii) fosters the formation of B2B linkages; (iii) distributes market insights that will enhance the quality of business plans and support the extension of distribution networks ; (iv) supports knowledge sharing and information dissemination; and (v) fosters collaboration and open innovation across the industry that will contribute to better value and prices to consumers- all of which are needed to lower market entry barriers and reduce market entry costs for emerging manufacturers and distributors, and in the longer term to build a competitive market with multiple players.

Key highlights for the reporting period (January 1, 2010- December 31, 2010) include:

1) **Website Growth.** The website (<http://lightingafrica.org>) contains a substantial database of "Lighting Africa Members," voluntary program participants from a large range of organizations, dominated by the off-grid lighting industry, but also including the public sector, academia, financiers, consumer representatives, and others. Since its launch in September 2007, the website has attracted 1,499 organizations and 2,408 individual members. Compared to the last reporting period (1/1/09- 12/31/09), 542 new organizations have registered on the website, an increase of 57%. The

continued growth in membership from the last reporting period indicates that there is growing interest in Lighting Africa's services and that the site's tools and features are providing value to companies and other stakeholders interested in the business opportunity and development impact improved lighting offers.

2) **Growth in Visitor behavior.** Visitor behavior statistics continue to demonstrate that the website is succeeding in both retaining its existing users and attracting new visitors, a tribute to strong program advertising, the availability of unique and highly valued online resources and increasing market momentum. During this reporting period, more than half of the web visitors were first time visitors (54%) - a good indication of our ability to bring new users to the site. Our existing user population returned to the site often as well, and the site now attracts approximately 48,882 visits (hits) per month. This represents an increase of 443% over the last period (9,000 site visits per month were reported for 2009). Next to a continuously improving website, we attribute this spectacular growth to the launch of a number of new publications in the last year that received significant traction also in the international news media (incl. The New York Times, The Economist, Reuters etc.). While on the site, our users are viewing multiple pages, reaching 227,342 page views per month over the last 6 months. As compared to 37,000 page views reported last year, this period witnessed a 514% increase in page views. Since the site first launched, the site has now accumulated 2,637,408 total page views.

3) **Increased Business Opportunities.** The Business Opportunities Forum is Lighting Africa's online discussion forum. It was designed to facilitate B2B networking (e.g. supports companies to exchange information, post and receive business leads and form local and global partnerships across the supply chain). Typical posts include buyers looking to purchase products, companies seeking partners and product developers seeking technical solutions. The number of business opportunity posts increased by 52% this period, accruing a total of 964 posts (636 posts were reported at the culmination of the 2009 reporting period).

4) **New Site Developments.** The biggest site amendment during this period was the launch of a new section of the website devoted to supporting the implementation of Lighting Africa conferences. This new website section was used to facilitate the 2010 Lighting Africa Business Conference and Trade Fair. In addition to this upgrade, no new features were added to the existing website during this period and focus was on content creation and management. The Lighting Africa website was first upgraded to adopt a content management system (CMS) platform to build capacity for social media exchange in December of 2008. The upgrade was successful in attracting new users and the website witnessed significant growth since its launch. The website is now in the midst of a second major overhaul (information architecture and content) to better cater for the needs of its dynamically growing audience, integrate the look and feel with the updated overall branding of the program, and take advantage of new technological developments in social media website design and construction.

The primary purpose of the redesign is to:

- Shift the focus of the website from an activity/component-based focus to a stakeholder-centered site that is able to provide targeted information to an increasing range of specific stakeholder groups (e.g. including manufacturers, distributors, consumers, financial institutions, governments, and development partners)
- Align the look and feel of the website with the overall branding of Lighting Africa Program
- Promote high quality and reliable off-grid lighting products across the value chain and counter the penetration of substandard products in the market
- Reconfigure and update the members database to include only legitimate users and increase security measures to enable pre-screening of all user-generated content
- Increase the usability of the site, the ease of navigation, and the relevance and usefulness of site information

OUTPUTS
(short-term project deliverables)

List of outputs (List all completed and expected outputs of the activity)	Indicators (Mention for each component the applicable indicators. i.e. amounts, quality, volume of use of the project's products etc. <u>Include in particular details on dissemination</u>)	Target groups (add names of applicable target groups under each column)				Status (comment on progress of the components, <u>if behind schedule</u> , or if project has been restructured, explain reason for delay, restructuring rationale and corrective actions if applicable)	Comments- Outputs must be forwarded to the Secretariat for sharing with the donor/externally. Please also include a link to any outputs available electronically (incl online, in IRIS, etc)
		WBG staff	Local partners/ stakeholders	Donor	Others		
1 B2B Network Expansion	Business Opportunities Forum Expanded & Upgraded	Integrated World Bank/IFC Team	Small & Medium Enterprises (SMEs) in Africa, International Lighting Industry (including international lighting companies, local African distributors, microfinance organizations, etc.)			On track: The business opportunities forum posts grew by 52% this period over the last period. The feature was maintained daily (primarily to eliminate the large volume of inappropriate postings) and no upgrades to the forum were made during this period.	See additional comments under "risks" section and proposed measures to deal with security risks.
2 Implementation of Product's Awards Competition	Number of Product Submissions	Integrated World Bank/IFC Team	SMEs in Africa, International Lighting Industry			Completed: 24 submissions were received, resulting in 6 award winners representing 7 products (see outcome 6 for further detail on results of competition implementation)	The Product's Award Competition was completed with the announcement of award winners at the 2010 Lighting Africa Conference & Trade Show, held in Nairobi, Kenya, in May of 2010.
3 Launch of Improved Social Networking Features	Number of new website tools/materials launched to facilitate social networking, knowledge creation, and partnership formation	Integrated World Bank/IFC Team	SMEs in Africa, International Lighting Industry			On track: The biggest site amendment during this period was the launch of a new section of the website devoted to supporting the implementation of Lighting Africa conferences. This new website section was used to facilitate the 2010 Lighting Africa Business Conference and Trade Fair. In addition, Twitter and Facebook presences were developed, which have helped in increasing website traffic.	The new website will include an array of new features including a restructuring of the site architecture by user-type, an improved resources library, 2 new private access sections for specific member groups to collaborate and promote knowledge exchange, an improved business partners feature, more rapid and targeted navigation capability, etc.

4	Retain and attract membership to site	Number of site visits (“hits”) per month	Integrated World Bank/IFC Team	SMEs in Africa, International off-grid lighting industry			On track (exceeding expectation): There was a 443% increase in website hits this period over the last period.	Last period we reported approximately 9,000 hits per month over the reporting period. Over the last 6 months we have achieved an average of 48, 882 hits per month (a 443 % increase). The rate of hits also increased throughout the annual reporting period; there was a 48% increase from the first half of the reporting period (33,000 hits) to the second (48,882 hits). New publications that were widely featured in the international News Media certainly contributed to this growth.
5	Attract users to site to interact with the website and review the many available program outputs (e.g. market research reports, information and opportunities around product quality assurance, etc.)	Number of page views per month	Integrated World Bank/IFC Team	SMEs in Africa, International off-grid lighting industry.			On track (exceeding expectation): There was a 514% increase in website hits this period over the last period.	Last period we reported approximately 37,000 pages viewed per month over the reporting period. Over the last 6 months we are now witnessing an average of 227,342 page views per month (a 514 % increase). The rate of page views per month also increased throughout the annual reporting period; there were 175,000 page views per month during the first 6 months of the period and 227,342 page views per month by the end of the period.
6	Attract new users to join the Lighting Africa program via creation of online user account	Percentage of visits that are new visits (first time users)	Integrated World Bank/IFC Team	SMEs in Africa, International off-grid lighting industry.			On track: During the reporting period slightly more than half (54%) of visits came from first time viewers of the site	Retaining and attracting new membership is contingent on Lighting Africa’s ability to generate site content that is dynamic, timely, relevant and responsive to changing market conditions and evolving industry needs. This will continue to be a top priority for the web portal going forward.

2.2 ASSESSMENT OF IMPLEMENTATION PROGRESS (OUTPUTS)

Please provide an assessment of the overall implementation progress of the activity. Please be as candid as possible and note that funding will not be withdrawn if the project is rated unsatisfactory or highly unsatisfactory.

X	Highly satisfactory – implementation exceeds or is fully in accordance with the original implementation plan or the formally revised plan.
	Satisfactory – implementation is in substantial compliance with the original/formally revised implementation plan.

3. OUTCOMES

OUTCOMES (intermediate results)				
List of outcomes		Indicators	Status and progress made in reporting period	Other Comments
1	Companies improved product designs or business models based on Lighting Africa materials accessed from the website	Number of companies that improved product designs or business models	On track: In a survey of conference participants at the Lighting Africa 2010 Business Conference and Trade Fair, 19 companies attested to using Lighting Africa materials downloaded from the website to inform their product designs or business models	
2	Facilitate B2B North-South networking and partnership building through online social networking tools	Number of business opportunity posts	On track: The business opportunities posts have witnessed a 52% increase this period as compared to the last period.	Posts now total 964 posts, up 326 posts since the last reporting period.
3	Active cooperation between IFC and World Bank	Number of joint IFC and WB publications made available to the public on the LA website	On track: 9 additional reports were completed and made available for download during this reporting period, to add to the 20 mentioned in prior periods.	The new report additions this period include: -The completion of the market research reports for five countries (Kenya, Ghana, Ethiopia, Tanzania, Zambia) -The Lighting Africa Annual Report - The market trends report, “Solar Lighting for the Base of the Pyramid” - A research report: “Productivity Increases of Off-Grid Lighting: A Case Study of the Poultry Sector”

4	Launch of Improved Social Networking Features/site upgrades resulted in increased knowledge and business participation in off-grid lighting markets/sector	Number of people registered through the LA website for Lighting Africa hosted conferences, events, and workshops and number of business posts/exchanges in business opportunities forum	On track: A combined total of 940 actions including people registering for the LA 2010 conference via the website plus new business postings were tallied during this reporting period.	Next reporting period, we will be able to create new indicators to improve tracking of the outcomes of the new upgrades/features launched. For example, one new outcome indicator will be “number of reports/publications downloaded” and thus we will be able to better track user behavior and document increased knowledge. We also will be able to identify which specific fields of knowledge have increased the most because we will be able to associate the download of specific materials with different user types (e.g. manufacturers, consumers, development partners, etc).
5	Distribution of modern off-grid lighting products in Africa	Value of Financing facilitated through the website	Unchanged: To date, 13.6 million dollars has been facilitated by the LA program. No new financing facilitated this period.	Financing was facilitated for the implementation of the Development Marketplace Grant competition
6	Facilitation of Lighting Africa 2010 Business Conference and Trade Fair (Nairobi, Kenya)	Number of Conference Registrants	On track: 614 paying participants attended the Lighting Africa 2010 Business Conference and Trade Fair and were supported by the website (see comments)	The website was the primary vehicle for the implementation of the conference, providing both pre-conference support and logistics (e.g. registration, accommodations, agenda dissemination) and post-conference support (dissemination of conference presentations, press releases and stories, etc).
7	Facilitation of Lighting Africa 2010 Product’s Award’s Competition	Number of Award Winners supported via online communications	On track: Of the 24 product award competition entries received, 6 winners were identified and supported by the website (see comments)	The website was the primary vehicle for the implementation of the awards competition (e.g. via access to online entry forms, competition guidelines and other competition materials and instructions). After the award winners were selected, the website served as the main communications channel to announce and promote the award winners (e.g. via online dissemination of press releases and electronic promotion). The winners

				are now receiving direct business support from the program as Lighting Africa “Associates” and are featured prominently across the website (e.g. high real estate areas on the homepage and their own private access collaboration space).
8	B2B Network Growth (Creation of online industry consortium to support market development)	Number of current organization accounts	On track: 1499 organizations are registered in the website database. As compared to the last period, this marks a 57% increase, up from 957 organizations previously reported.	A “current” organization is defined as an organization account that is presently in existence (organization data is updated monthly). This indicator measures the total number of organization accounts of both new and existing members at the end of each reporting period.
9	Expand membership (Grow online industry consortium to support market development)	Number of active member (individual user) accounts	On track: As of the end of this reporting period, 2,408 active users are registered on the website. Note: When compared to last period (2,435 members reported), it appears that the membership has decreased. However this is not the case. See note in comments block explaining the rationale behind this apparent decrease in membership. In actuality, 61 new accounts have been generated in the second half of the reporting period and that we are likely under reporting during this period.	NOTE: the current number of member accounts was derived for this period from the newsletter subscriber list rather than the full membership database because the magnitude of false accounts generated by illegitimate users (spam) impeded our confidence in the accuracy of our data. A substantial effort was made to remove as many false entries as possible through daily deletion of illegitimate users but there are still a substantial number of erroneous accounts, hence the decision to use the newsletter subscription database as a proxy for individual members for this period. The reconfiguration of the database in the new website upgrade will alleviate this by pre-screening all new users and thus provide us with a precise number for the next reporting cycle.

4. IMPACTS

4.1 DETAILED REPORTING ON IMPACTS

Please complete the below table on impacts.

IMPACTS⁸ (broader results from program outcomes listed in # 3 above)			
List of development objectives		Indicators	Comments
1	Develop tools that facilitate the replication of Lighting Africa in other countries and by other entities	Number of entities adopting sustainable practices through replication	Number of entities adopting Lighting Africa tools and methodologies + number of countries and companies involved in replication of business models
2	Substitute hazardous, expensive and inefficient kerosene lanterns with modern CFL or LED – based lighting products	Number of people positively affected with increased access to modern lighting products Target: 2.5 million by 2012	Our baseline study research indicates that a typical product is used by an average of 5 people
3	Educate consumers about off-grid lighting products and product quality issues	Number of consumers with improved awareness and knowledge of modern lighting products	Number of consumers with improved awareness and knowledge of modern lighting products. Target over life of project: 200,000
4	Reductions in monthly expenditures for lighting by substituting fuel-based lanterns with renewable energy based products	Value of aggregate private sector savings from recommended charges	Average of savings in lighting expenditures over lifetime of product times modern energy products entering market
5	Reduce greenhouse gas emissions from kerosene lanterns	Green house gas emissions avoided directly in metric tons/year Target: 1.564 million tons over project lifetime	This is represented by converting the products sales volume into an amount of average green house gas emissions savings from the displacement of kerosene lamp. A methodology to determine this calculation recently passed the CDM board
<p>Comment: indicators 1-4 will be the impacts of the Lighting Africa project as a whole and are dependent also on the outputs from project components funded by other donors. The business to business website component of the project which is financed by the Norwegian contribution will complement and reinforce the other project components and thereby contribute to these development impacts.</p>			

⁸ Please also illustrate impacts that can be seen related to:

- (v) WBG private sector and infrastructure policy and operation
- (vi) Private sector and infrastructure policy and practice by country governments

See footnote 1 for link to definition of impact and examples of project results chains.

4.2 ASSESSMENT OF PROGRESS TOWARD MEETING

DEVELOPMENT OBJECTIVES

What has been the progress toward meeting the development objectives so far? Please tick off as appropriate and **provide a brief rationale for the selection**

X	On or above targets – results can be seen for all objectives listed in item # 4.1
	Slightly below targets – results can be seen for some of objectives listed in item # 4.1
	Significantly below targets – results cannot be seen for any of the objectives listed in # 4.1

Brief Rationale:

The project is on or above targets with all performance categories above.

The results table demonstrates that all planned results have been achieved and in most cases exceeded. The period under review showed an improvement in every metric used to track the performance of the website; the number of registered members and organizations, site visits (hits), pages viewed per month, postings by users, and other metrics increased significantly from the last period to this period. These increases are a testament to strong progress made on program implementation across the many different program activities during the period and increasing market mobilization and penetration .

During the period under review, the website played a significant role in advancing the overall Lighting Africa program, most notably through:

- The promotion and circulation of key market intelligence released during this period including:
 - Lighting Africa’s landmark market trends report - “Solar Lighting for the Base of the Pyramid- Overview of an Emerging Market”
 - Productivity Increases of Off-Grid Lighting: A Case Study of the Poultry Sector”
- The facilitation of the 2010 Business Conference and Trade Fair, including all pre-conference logistics (e.g. conference announcement/Save-the-date, registration & lodging logistics, publishing of conference agenda) and post conference communications (e.g. publication of press releases, provision of conference presentations and other materials, etc).
- The facilitation of the Lighting Africa 2010 Product Award’s competition, including competition announcement dissemination, collection of competition entry forms and product submission instructions, dissemination of winner’s announcement and subsequent advertising and product promotion
- The promotion of other Lighting Africa publications including Technical Briefing Notes, the Annual Report, and the periodic newsletter, etc.
- The posting of current news/events and external publications to keep the off-grid lighting sector aware of latest happenings and relevant research
- The distribution of a survey conducted to gather insights from the industry to inform the development of the Technical Briefing Notes series
- Promoting and synergizing with the program’s other new online social media platforms- Twitter & Facebook- to support Lighting Africa members to stay connected with the latest program updates and engage with the program via other modern social media channels.

The procurement in retaining a new web firm to undertake the website upgrade redesign work suffered some delays during the beginning of the period. Despite these early delays the project has made up lost time over the last several months and is in a good standing to meet its proposed target of launching the new website early next period. In part, this quick catch up has been supported by the transfer of site management to the field office in Nairobi. In addition, the upgrade will allow an even greater level of control and security over user-generated content creation as well as tagging features that will reduce some of the manual data input and move the site towards less intensive content population demands and daily management responsibilities.

Overall, all performance categories are on track. The Lighting Africa website has undergone the most substantial growth during this reporting period of all reporting periods since the site launched in 2007. The site has increased its usefulness, value, and the number of interactions with the members has greatly improved.

5. RISKS & CHALLENGES

- A. If applicable, provide status of follow-up areas from previous progress reports and possible conflict of interests.

As the website continues to serve as a key tool of the program, key risks remain.

Last period we articulated the need to ensure that the website continues to serve as a key tool of the program, based on its ability to i) retain current members and support the addition of new members to the growing online business community, ii) to upgrade the website as needed keeping in step with the evolution of programmatic activity, and iii) to move the website towards a self-sustaining web platform that is eventually driven and managed independently, which serves to represent and support industry interests.

The following summarizes how we have worked to meet these objectives during this period:

In the past we have increased the social media aspect of the site and worked to make the site more dynamic. Complementing this approach, a key aspect of the website redesign project has been to focus on increasing usability—namely by reorganizing content per Lighting Africa’s different target audiences (manufacturers and distributors, donors, etc). This will help our users access the specific content that is of direct interest to them with one click, rather than having to dig through multiple layers to find what they were looking for. Multiple outreach activities also play a key role in drawing new users to the site and keeping existing users interested in returning regularly. The website will continue to support the broader Lighting Africa project for the duration of the project timeline. At that point, the program website will no longer exist in its current form but some contents and features (e.g. quality assurance information, access to business opportunities) will likely be migrated to the International Off-Grid Lighting Association to take ownership for managing on behalf of the industry.

New risk: Website security issues (inappropriate user content generation, spam, etc).

The website has witnessed a continued increase in the number of user-generated spam and unfiltered and inappropriate content generation during this period. The main target of this false and inappropriate content is the Business Opportunities Forum, a highly visible feature (populating on the homepage and an interior page) that was initially designed to support B2B interaction and facilitate business networking, especially between manufacturers and distributors. Presently a staff member deletes as many false user accounts and inappropriate business opportunities posts by hand each day and has been able to keep the situation under control. The new design of the website will incorporate a new feature that will enable pre-screening of all user-generated content by the Lighting Africa team prior to going live. This system will add a much greater level of security to the site. Significant attention has been placed on the installment of new security features (including anti-spam filters, moderator-based system for uploading user-generated contents) to mitigate this risk.

- B. Explain which implications, if any, changes in the economic/political/social environment has had in the implementation of the project.

Analogous with prior reporting periods, and despite the severity of the global financial crisis, we do not have direct indications that market development for off-grid lighting in Africa is being negatively impacted. In fact, the development of this market appears to be largely unscathed by changes in the economic/political social environment; As a result of a combination of lagging grid growth, rising kerosene costs, falling Solar Portable Lighting (SPL) prices, and the mobile charging opportunity modern lighting devices provides, even in the most conservative “base case” scenarios annual sales growth over the next 5 years is expected to be 40-50%. At that rate, the market will grow to nearly 6 million SPL-owning households and SMEs in 2015 from ~600k today, with 2015 sales to new African households and SMEs averaging 1.5 million units annually (“Solar Lighting for the Base of the Pyramid – Overview of an Emerging Market” p58).

That stated, we do acknowledge that there may be unanticipated medium term effects (e.g. importers having difficult accessing trade finance), which may contribute to slow market development (less products available in the marketplace). In the event that this is the case, Lighting Africa is prepared to remedy the situation by leveraging IFC’s trade finance facilities and other financial support mechanisms at its disposal.

C. Which major challenges, if any, do you foresee in the next 12 months?
How are these challenges going to be met?

The biggest challenges in the upcoming months are to facilitate a successful website migration to the new design structure. This challenge will be reduced by the new local web management team in Africa and by the improved design and usability of the new site.

Other key next steps that will support our ability to meet this challenge:

- We will be administering new analytical functionality on the website (numbers of downloads of various reports, etc) in order to improve user behavior tracking (e.g usefulness of various materials/publications).
- We will provide direct support to select participants of the new private-access spaces to begin implementation of these new sections of the website.
- After the soft launch in February 2011, begin work on phase two of the website, including migrating the Lighting Africa 2010 Conference website materials, revamping the resources section and develop the database to support it, translating the major sections of the website to priority languages (e.g. French), and other activities.

6. EXIT STRATEGY AND REPLICABILITY

Please describe any progress in preparing for activity exit, building sustainability on institutional, financial, technical levels. If known, please also describe likelihood of replication across the WBG or outside.

Institutional	The website has succeeded in creating a growing virtual business community. Through the interactive features of the site, the program is able to derive direct feedback from the industry, which it uses to shape program activities to respond to industry needs. With the recent formation of the International Off-Grid Lighting Stakeholder’s Association the website now has an institutional home to transfer some of its key contents and features at the culmination of the broader Lighting Africa Project.
Financial	See response to letter “B” from previous section (Risks and Challenges). In addition, the fact that 614 individuals were ready to pay for the Lighting Africa conference indicates a willingness to pay for the services we are providing. As part of Lighting Africa an international industry association is currently being launched, to which it is envisaged to license the website and other related IP in the future – thus ensuring sustainability of the services after IFC exits the program.
Technical	As the website moves towards a self-sustaining tool, where content is less program-generated and more user-generated, the website will increasingly becoming and instrument for the industry, which will eventually reduce the need for management from the program and enable the International Off-Grid Lighting Stakeholder’s Association to take ownership over key website contents and features most relevant for continued market acceleration. The successful transfer of website management to a local African team comprised of external technical web consultants and in-house web content managers is the first major step towards this goal.
Other	

7. FINANCIAL INFORMATION

Numbers must be provided in Annex I.

7.1 BUDGET AND DISBURSEMENTS

<p>A. Is the budget still realistic?</p>	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No	<p><i>If no, please explain:</i></p>
<p>B. Are disbursements on schedule (as per original proposal – including as projected <u>per fiscal year</u>)?</p>	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No	<p><i>If no, please explain:</i></p>

7.2 ALLOCATION SPENT ON AFRICA, THE REPORTING PERIOD (ESTIMATE):

INCLUDING NORTHERN AFRICA DURING

100,394 \$

100 %

7.3 COLLABORATION WITH NORWEGIAN PARTNERS AND NATIONAL CONSULTANTS

A. To what extent have you collaborated with Norwegian and local partners (individual consultants/firms/institutions)?

Fiscal Year	Names of Norwegian consultants/firms/institutions	Amount (USD)	Number of Local Consultants	Amounts (USD)
FY10				
FY11				

B. Are there any other opportunities for leveraging Norwegian expertise that you can foresee which you want the Secretariat to refer to the donor or to other task managers?

As expressed in prior reporting periods, numerous opportunities continue to arise for Norwegian energy companies (e.g. small-hydro developers, solar companies etc.) and consultants to engage with Lighting Africa around various opportunities to enter off-grid lighting markets in Africa.

The main point of contact for these opportunities is Patrick Avato, Global Program Manager- Lighting Africa: pavato@ifc.org

PART B: REQUEST FOR REFRESHED FUNDING IN FY12

For multiyear activities, please list the refreshed funding amount needed for FY12 (if different from the approved budget proposal, please explain change in detail below)

Amount Requested (USD) 0.0

The decision on your funding request will be based on implementation progress and donor preferences. Please provide any additional information that ought to be considered below:

NTF-PSI FINANCIAL PROGRESS REPORT FOR FREESTANDING ACTIVITIES			
(Reporting Period: January 1- December 31, 2010)			
TF Project Name.:	Lighting Africa Web Portal		
Trust Fund Number:	TF090598		
Task Team Leader:	Patrick Avato		
Managing Unit/Business Line:	CSBCE		
Grant start date/closing date:	07-01-07 to 06-30-2011		
A. Contributions			
	Contribution received from inception July 1, 2007 to June 30, 2010	\$384,643	
	Contribution received from July 1, 2010 - December 31, 2010	\$0	
	Unreleased allocations from previous years	\$50,000	
	Unreleased allocation from FY11	\$0	
	Total allocation from inception to December 31, 2010		\$434,643
B. Disbursements			
	From inception July 1, 2007 to June 30, 2010 (actual up to FY 11)	\$218,161	
	From July 1, 2010 - December 31, 2010 (FY11 actual)	\$98,575	
	Estimate for January 1, 2011 to June 30, 2011 (projected)	\$117,907	
	Total disbursements from inception to June 30, 2011 (actual + projected)		\$434,643
C. Available balance			
	Expected balance available on June 30, 2011 (A-B)		<u>\$0</u>
D. Committed, but undisbursed			
	Of the balance in C above, please estimate how much, if any, will remain committed but undisbursed by June 30, 2011		<u> </u>

Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI)

PROGRESS REPORT AND REQUEST FOR REFRESHED FUNDING

(Freestanding Activities)

Activity Name	Adaptation to climate change in coastal cities of North Africa
Trust Fund Number	TF 093136
Task Team Leader	Anthony G. Bigio
Managing Unit/Business Line	MNSSD
Grant closing date	June 30, 2011
Recipient country (ies)	Egypt, Morocco, Tunisia
Total grant amount projected over life time of activity	\$ 350,000
Total grant amount approved since inception (incl. FY11)	\$ 350,000
Percentage disbursed of approved grant amount	45%

*This form is for Task Managers to report annually on progress of projects funded under the NTF-PSI, and request funding for the following fiscal year. Please answer all questions below. **The complete report will be shared with the Donor and posted on the NTF-PSI web page (www.worldbank.org/ntfpsi)**. Please also consider forwarding this report to others that may have an interest in the activity.*

For questions, please contact the NTF-PSI Secretariat (ntfpsi@worldbank.org, Heidi Stensland or Joshua Gallo)

PART A: PROGRESS REPORT FOR: January 1 - December 31, 2010**1. HIGHLIGHTS OF THE REPORTING PERIOD**

The study greatly advanced during the reporting period, with the technical work conducted by the consulting consortium in consultation with local and national counterparts, as well as six workshop (two per country) organized by the World Bank and key national counterparts, where the preliminary results of the Phase One (urban risk assessments) and of the Phase Two (resilience and adaptation action plans) were presented and discussed.

By end of 2010, the very comprehensive Phase One reports, covering the cities of Alexandria, Casablanca and Tunis, as well as the urban development project of the Bouregreg Valley in Morocco, were completed. These include detailed assessments of the following main risks facing these urban areas: (i) ground instability and seismicity; (ii) tsunamis and marine submersion; (iii) coastal erosion and storm surges; (iv) urban flooding; and (v) water scarcity. Those were identified at the present situation and at the 2030 horizon. The phase 1 of the study demonstrates that the four urban areas are currently subject to high levels of risks, which require the establishment of appropriate policies and the implementation of investments. It also shows that climate change will exacerbate these risks, and thus make these actions even more necessary.

The Consortium led by Egis BCEOM International that has been contracted to carry out the study has been interacting technically with national and local agencies in order to complete such assessments, while the World Bank team maintains an

advisory and coordinating role with respect to the local and national counterparts, and coordinates the implementation of the study.

PHASE ONE: MAIN TECHNICAL FINDINGS (See attached the summary tables of vulnerabilities per urban area)

1. Alexandria:

- According to the work carried out, the main vulnerabilities of **Alexandria** are related to coastal erosion and marine submersion, which will increase by 2030 on account of sea-level rise, and to the state of marine defenses of the extensive urban and peri-urban areas which are located below sea-level. In addition, land subsidence is present in some parts of the city, and water scarcity will likely be a concern by 2030. The study has enabled the quantification and localizing of such risks, via urban vulnerability maps, and also provides an economic valuation of the potential losses from the cumulative risks 2010-2030, the Net Present Value of which is estimated at 10 Billion EGP (\$1.72 billion). The portion of potential losses directly linked to climate change is estimated to be around 18% of total cost.
- The Arab Academy for Science, Technology and Maritime Transportation, a research and training institution with its main campus in Alexandria, has been contributing resources in kind for the implementation of the study. The international consultants and the Arab Academy worked in close collaboration with a number of Egyptian institutions, most notably the Alexandria Governorate, the Egyptian Environmental Affairs Agency, the General Organization of Physical Planning, and others. Moreover, the Alexandria study benefited from the support of the European Space Agency, which financed the services of a specialized company, Altamira, to carry out the investigation of land subsidence.

2. Tunis:

- The main vulnerabilities of **Tunis** are related to flooding, storms and coastal erosion, and seismic risks. Climate risks will increase by 2030 on account of sea-level rise. In addition, severe land subsidence is present in some central parts of the city. The study has enabled the quantification and localizing of such risks, via urban vulnerability maps, and also provides an economic valuation of the potential losses from the cumulative risks 2010-2030, the Net Present Value of which is estimated at 1.5 Billion TD (\$1.05 billion), or 8% of the current GDP of Greater Tunis. The portion of potential losses directly linked to climate change is estimated to be around 20% of total cost.

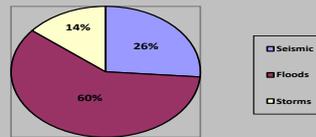


Figure 1: Percentages of potential losses 2010-2030 according to the main risks in Tunis

- The international consultants have been interacting with a number of Tunisian institutions, primarily the Ministry of Environment, the Ministry of Spatial Planning, the Tunis Urban Agency, the Coastal Protection Agency, the National Water and Sanitation Agency, and the National Meteorological Institute. The Tunis part of the study benefited from the support of the European Space Agency, which financed the services of a specialized company, Tele-Rilevamento Europa (TRE), to carry out the investigation of land subsidence.

3. Casablanca and Bouregreg Valley (Morocco):

- The main vulnerabilities of **Casablanca** are related to flooding and coastal erosion. Climate risks will increase by 2030 especially relating to water scarcity, and on the other hand when accounting fast urban growth and sea-level rise. The study has enabled the quantification and localizing of such risks, via urban vulnerability maps, and also provides a first economic valuation. The same vulnerabilities were identified for the **Bouregreg Valley**, but the current level of risk is minimal due to the lack of urbanization. On the other hand, on the 2030 horizon, flooding risks will become important due to the

planned development. For both sites, Seismic risks are considered moderate, while tsunami risks are considered negligible.

- The Net Present Value of the potential losses 2010-2030 for these sites indicates a cost of around 11 Billion DH (\$1.39 billion), or 7% of the current GDP of Greater Casablanca and Bouregreg Valley.

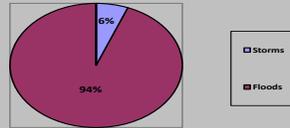


Figure 2: Percentages of potential losses 2010-2030 according to the main risks in Casablanca and Bouregreg Valley

- The international consultants have been interacting with a number of Moroccan institutions, primarily the Wilaya of Casablanca, the Ministry of Environment, the Bouregreg Agency, Météo Maroc (which has provided the detailed climate change down-scaling for all of the urban sites in the study), the Casablanca water and sanitation company Lydec, the Bouregreg watershed management authority, and the Casablanca Urban Agency.

PHASE ONE: NATIONAL CONSULTATION WORKSHOPS

Three consultation workshops took place in **Tunis** (May 18, 2010), **Alexandria** (June 15-16, 2010), and **Casablanca** (June 22-23, 2010) to: a) present the preliminary results of the urban vulnerability assessments, produced by the Egis BCEOM consulting consortium; b) receive the comments and clarifications of the relevant Egyptian, Tunisian, and Moroccan national and local stakeholders; and c) engage the stakeholders in the reflection and priority-setting for the second phase of the study, which consists of the preparation of Adaptation and Resilience Action Plans.

1. The events were jointly organized with the Marseille Center for Mediterranean Integration (CMI), the Arab Academy for Science, Technology and Maritime Transport (for the Egypt workshop), the Tunisian Ministry of Environment and Sustainable Development (for the Tunis workshop), and the Moroccan Secretary of State in charge of Water and Environment along with the Casablanca Governorate (for the Casablanca workshop).
2. The three events were attended by more than 60 participants each, representatives of key local and national institutions, and had a large echo in the local media, attracting attention on issues of urban risk and resilience.
3. The workshops included working groups that focused on three areas: (i) Urban Planning, (ii) Infrastructure, and (iii) Institutional preparedness, which will be the themes of the Adaptation and Resilience Action Plans.
4. Detailed summaries of the presentations made at the workshop and of the discussions held were prepared jointly with the national counterparts and disseminated to all participants as well as made available on the dedicated website of the Marseille Center for Mediterranean Integration (CMI).

PHASE TWO: ADAPTATION AND RESILIENCE ACTION PLANS AND NATIONAL CONSULTATIONS

The second phase of the study is being conducted within the same institutional collaborative framework, and in strong collaboration with the key national institutions and counterparts. The objective is the preparation of **Adaptation and Resilience Action Plans** consisting of specific recommendations to improve of local urban planning and urban management, the implementation of coastal protection infrastructure, and the improvement of the natural disaster risk surveillance and emergency response systems at the local level.

By the end of the review period, the key building blocks of the Adaptation and Resilience Action Plans had been prepared,

and they were presented to and discussed with local and national counterparts via technical meetings and **national one-day consultations** (Alexandria, Dec. 14, Rabat Dec 16, and Tunis, Dec 21) . Each was attended by about 30 participants.

- **Methodology:** Actions are presented in the form of templates, which has the advantage of being synthetic (1-2 pages), repetitive, comprehensive, and facilitate presentation (uniform for all fields of study), the organization (numbering of sheets, organized by area of activity and field), and formulating an action program. Localized actions are accompanied by maps and technical illustrations in GIS format. The infrastructure components will be economically valued, and the related costs compared to the cumulative potential losses that have been already calculated. The actions are classified into three categories:
 - (i) **Urban Planning:** the three cities are preparing or renewing their urban planning documents, thus the importance of enforcing regulatory and land-use aspects as to building on water-fronts, as well as to control urban sprawl to avoid construction on wetlands or risk sensitive areas, is being addressed. The new master plans should take into account Natural Disasters and Climate Change considerations.
 - (ii) **Infrastructure:** there is a high necessity for “shoreline management plans” to be elaborated in a participatory manner, and for regulatory protection of the coast-line against abuses. Coastal erosion and submersion risks illustrated by the study should be taken into account. In addition, significant investments are needed in all urban sites to protect them further against slow-onset as well as catastrophic events, such as flooding.
 - (iii) **Institutional Preparedness:** The strengths and weaknesses of each institution involved in disaster risk reduction and climate change adaptation will be addressed. Capacity building measures will be included in the Adaptation and Resilience Action Plans, to improve the ability to respond to emergencies of the urban departments. This will require a mobilization of additional human, technical and financial resources.

The Adaptation and Resilience Action Plans for the four urban locations will be completed by end of February, submitted for further suggestions and integration to the local and national counterparts, and finalized by April 1st.

PHASE TWO: REGIONAL WORKSHOP

The Action Plans will be presented in the context of a Regional Workshop, which has the following objectives: (i) to allow representatives from the three cities (Tunis, Casablanca, and Alexandria), and the Bouregreg Valley project site to discuss the final Adaptation and Resilience Action Plans, benefiting from regional exchanges and interactions in the presence of international experts and consultants; and b) to allow representatives of other cities and countries from the Southern Mediterranean (e.g. Algeria, Lebanon, Jordan, Syria) to be directly exposed to the methodology and results of the study in order to replicate it where needed. This event is scheduled to take place on **May 30-31** at the CMI, Marseille Center for Mediterranean Integration. This will be the final event of the regional study which will be at that point complete.

STUDY DISSEMINATION

- a) The preliminary results of the regional study were presented and discussed at a panel of the **Understanding Risk** conference, which was organized by the World Bank, GFDRR and other partners in June 2010.
- b) More detailed results of the regional study were also presented at the **Deltas in time of Climate Change** conference which took place in Rotterdam in September 2010.
- c) A BBL presentation of the phase 1 results was made at the World Bank HQ in November 2010, where preliminary summaries of the Phase 1 report were made available. About 80 people attended the event.
- d) An internal MENA Region meeting was held in January 2011 to discuss the opportunities to translate the study’s recommendations into lending operations and technical assistance at the request of the Governments.
- e) Materials from the study and information about the results are available on line on the Center for Mediterranean Integration’s website, which is supporting the dissemination efforts: <http://www.cmi.org>

- f) The consultants maintain the study's website, with uploaded technical report as they become available, including English, French and Arabic executive summaries: <http://www.egisbceominternational.com/pbm/>
- g) A communication strategy has been designed for further dissemination to the key audiences of the main outcomes of the study. An 8-page project brochure is being written and designed, and a permanent web-page on the study is being developed as part of the MENA Arab World Initiative web presence.

2. OUTPUTS⁹

2.1 DETAILED REPORTING ON OUTPUTS

Please complete the below table on outputs.

OUTPUTS (short-term project deliverables)								
List of outputs (List all completed and expected outputs of the activity)	Indicators (Mention for each component the applicable indicators. i.e. amounts, quality, volume of use of the project's products etc. <u>Include in particular details on dissemination</u>)	Target groups (add <u>names</u> of applicable target groups under each column)				Status (comment on progress of the components, if behind schedule, or if project has been restructured, explain reason for delay, restructuring rationale and corrective actions if applicable)	Comments- Outputs must be forwarded to the Secretariat for sharing with the donor/externally. Please also include a link to any outputs available electronically (incl online, in IRIS, etc)	
		WBG staff	Local partners/ stakeholders	Donor	Others			
1	Tender, selection and contracting of international consultants	Contract signed, and minutes of the meetings circulated internally	MNSSD , FEU, MNAPR				The consultant was selected after a competitive bidding process which started in January 2009	June 09
2	Memorandum of Understanding between the WB and the AA	A MoU was signed between the WB and the AA	MNSSD	AA			The MoU was signed between the WB and the AA	July 09
3	Launching mission with the Consulting firm	Aide-mémoires have been circulated to national and local authorities	MNSSD	National and local authorities			The team undertook missions to the three countries, and introduced the selected consultant firm to National counterparts, and different technical authorities	June - July 09
4	Agreements with national institutions for their participation in the technical work	Exchange of letters with Bank management	MNSSD	National and local authorities			The team assists and follows up with the selected Consultant in establishing working relationships with counterparts to carry out the technical work	June - July 09
5	First regional	The project was presented	MNSSD	National and	World Bank,		This event brought together the	June 09

⁹ For definitions of outputs, outcomes and impacts, see <http://go.worldbank.org/1HR22MLDY0>. Visit <http://go.worldbank.org/5SDDS6BZ80> for examples of project results chains

	workshop on cities and climate change in the Mediterranean	in a special session in the event. A web-site is being created for the event.	WBI	local authorities	ISTED, City of Marseille, CDC		representatives of the participating cities as well as those of other Mediterranean cities.	
6	Inception report – detailing the study methodology	Inception report issued and circulated to national and local authorities	MNSSD	National and local authorities			Issued in September 09, further detailing the study methodology	September 09
7	Supervision missions Nov – Dec 09	Aide-mémoires have been circulated to national and local authorities	MNSSD	National and local authorities			The team undertook mission to the three countries, to ensure the ease of information flow.	November – December 09
8	Phase 1 progress report	Internal report, to update WB team on the study progress	MNSSD	WB team			Report issued which indicates the advances made in the analytical work and the expected time-line for the up-coming work	December 2009
9	Phase 1 National Dissemination workshops in Tunis, Casablanca and Alexandria	More than 60 people attended each event. Workshop summaries circulated to national and local authorities.	MNSSD FEUR CMI	National and local authorities	Representatives from donor agencies, ISDR	NGOs, media	These events brought together different national and regional stakeholders involved in the elaboration of the study, as well as the representatives of other development and donor agencies engaged in the areas of climate change and natural disasters.	May and June 2010
10	Phase 1 Reports assessing the vulnerability of the four sites to climate change and natural disasters	Phase 1 Report delivered to counterparts and circulated in December 2010 and available on web-site	MNSSD FEUR	National and local authorities			Three phase 1 reports describe in details the vulnerability of the four sites to climate change and natural disasters. The first versions were discussed and disseminated during the May/June workshops. Final report was delivered to clients in Dec 2010.	December 2010
11	Phase 2 draft Reports for Alexandria, Tunis, Casablanca and the Bouregreg Valley	The building blocks of the Adaptation and Resilience Action Plans were developed in response to the key urban risks of each site.	MNSSD FEUR	National and local authorities			The Adaptation and Resilience Action Plans focus on: a) urban planning and urban management, b) the implementation of coastal and flooding protection infrastructure, and c) the local surveillance and emergency response systems.	December 2010
12	Phase 2 dissemination and consultations Alexandria, Rabat and Tunis	Power-point presentations circulated. About 30 people attended each event.	MNSSD FEUR	National and local authorities			One-day consultations were held in the three countries with representatives of the local and national institutions responsible for the implementation of the actions envisaged under the Action Plans	December 2010
13	Phase 2 Final Reports	Reports will be circulated to counterparts and once finalized made available on website.	MNSSD FEUR	National and local authorities			The consultants incorporating comments from stakeholders. A technical review by the Bank and a second round of comments from counterparts expected prior to completion of the Final Phase 2 Reports.	Delivery expected April 1 st , 2011
14	Final Study Report	In addition to the consultants' report a Bank	MNSSD FEUR	National and local			The Final Report will summarize the main results from both Phase 1 and 2 and	Delivery expected May 27 th , 2011

		report will be produced for internal approval		authorities			provide the key messages on the outcomes of the regional study.	
15	Regional Workshop	Study materials will be widely circulated prior and after the event	MNSSD FEUUR	National and local authorities	Donor representatives	CMI, media	The regional workshop will allow for the presentation and discussion of the outcomes of the study and for exchanges	Planned for May 30-31, 2011

2.2 ASSESSMENT OF IMPLEMENTATION PROGRESS (OUTPUTS)

Please provide an assessment of the overall implementation progress of the activity. Please be as candid as possible and note that funding will not be withdrawn if the project is rated unsatisfactory or highly unsatisfactory.

	Highly satisfactory – implementation exceeds or is fully in accordance with the original implementation plan or the formally revised plan.
XXXXXX	Satisfactory – implementation is in substantial compliance with the original/formally revised implementation plan.
	Unsatisfactory – implementation is not in compliance with the original/formally revised implementation plan. Remedial action has been agreed.
	Highly unsatisfactory – as in Unsatisfactory but remedial action has not been agreed.

3. OUTCOMES

Please complete the below table on outcomes.

OUTCOMES ¹⁰ (intermediate results)					
List of outcomes		Indicators	Status and progress made in reporting period	Other Comments	
1	The identification of investment scenarios to implement the adaptation action plans via public and private sector involvement	Interest of national and city authorities to integrate the recommended actions in their public investment plans. Creation of opportunity for private sector participation in infrastructure.	Preliminary linkages between this study and other Bank-supported initiatives in these cities and countries have been established in the water, urban, environment and climate change operations.		

¹⁰ Outcomes: Uptake, adoption and use of project outputs by the project beneficiaries. Outcomes can be defined at various levels depending on the circumstances (e.g. CAS and project levels).

4. IMPACTS

4.1 DETAILED REPORTING ON IMPACTS

Please complete the below table on impacts.

IMPACTS¹¹ (broader results from program outcomes listed in # 3 above)			
List of development objectives		Indicators	Comments
1	Increase resilience and adaptation to climate change and natural disasters of selected coastal cities of North Africa, via comprehensive assessments of urban risk and the preparation of adaptation and resilience action plans aiming at policy responses, public investments and private sector engagement in infrastructure.	Selected cities provided with guidance on increased vulnerability, and with specific proposals to address the challenges with relevant investment plans	These urban areas are facing the following main risks (i) ground instability and seismicity; (ii) tsunamis and marine submersion; (iii) coastal erosion and storm surges; (iv) urban flooding; and (v) water scarcity. Those were identified at the present situation and at the 2030 horizon. Climate change will exacerbate these risks, and thus make adaptation and resilience actions even more necessary.

4.2 ASSESSMENT OF PROGRESS TOWARD MEETING DEVELOPMENT OBJECTIVES

What has been the progress toward meeting the development objectives so far? Please tick off as appropriate and **provide a brief rationale for the selection**

XXXX	On or above targets – results can be seen for all objectives listed in item # 4.1
	Slightly below targets – results can be seen for some of objectives listed in item # 4.1
	Significantly below targets – results cannot be seen for any of the objectives listed in # 4.1

Brief

Rationale:

The regional study has so far identified in detail the urban risk, and established its economic value. Counterparts are expressing additional interest to (i) integrate the results of the study into their medium term Master Plans, (ii) prepare for infrastructure investments in coastal zone protection and flood management; and (iii) reinforce the institutional and regulatory mechanisms to manage adaptation and resilience. In addition, the study has triggered the interest of other local and national governments in the Mediterranean to address urban risk in coastal cities adopting the methodology of the regional study.

¹¹ Please also illustrate impacts that can be seen related to:

(vii) WBG private sector and infrastructure policy and operation

(viii) Private sector and infrastructure policy and practice by country governments

See footnote 1 for link to definition of impact and examples of project results chains.

5. RISKS & CHALLENGES

- A. If applicable, provide status of follow-up areas from previous progress reports and possible conflict of interests.

- B. Explain which implications, if any, changes in the economic/political/social environment has had in the implementation of the project.

The recent events in Tunisia and Egypt (January and February 2011) have caused the postponement of the Regional Workshop from February to May. Consequently the consultations with the national and local stakeholders on the draft Action Plans will be conducted long-distance and the event will come at the conclusion of the regional study.

- C. Which major challenges, if any, do you foresee in the next 12 months?
How are these challenges going to be met?

The primary challenges are related to the likely changes at the management level of the responsible agencies in Tunisia and Egypt on account of the political upheaval. We expect the regional workshop at the end of May to offer the opportunity of involving the new key counterparts. The dissemination of the results of the study in the countries of the region and at local level will not get the attention expected on account of the political upheaval which is currently taking place in the region.

A. EXIT STRATEGY AND REPLICABILITY

Please describe any progress in preparing for activity exit, building sustainability on institutional, financial, technical levels. If known, please also describe likelihood of replication across the WBG or outside.

Institutional	As the activity is clearly identified, there is a clear understanding with the counterparts that it will come to a close with the delivery of the outputs of the second phase.
Financial	The replicability of the activity in other cities of the region will depend on the success of the activity, on the level of demand for similar work, and on the mobilization of related funding. Interest is already shown from our Moroccan counterparts to replicate the study methodology to other vulnerable coastal cities.
Technical	Technical sustainability has been obtained via the involvement of local technical agencies in the work for the vulnerability assessment and the preparation of the adaptation and resilience action plans. Thanks to the study, technical experts from the Meteorological institutes in Morocco, Tunisia, and Egypt have collaborated to downscale global climate scenarios into regional scenarios.
Other	The study has also increased the capacity of the Arab Academy for Science, Technology and Maritime Transportation to conduct this kind of work. This corresponds well to its regional mandate, which is also supported by the Bank and by GFDRR. Collaboration with the European Space Agency is on-going. The Marseille Center for Mediterranean Integration intends to promote regional follow-up to this work.

7. FINANCIAL INFORMATION

7.1 BUDGET AND DISBURSEMENTS

A. Is the budget still realistic?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No	<i>If no, please explain:</i>
B. Are disbursements on schedule (as per original proposal – including as projected per fiscal year)?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	

7.2 ALLOCATION SPENT ON AFRICA, INCLUDING NORTHERN AFRICA DURING THE REPORTING PERIOD (ESTIMATE):

85,630.39 \$

100% %

7.3 COLLABORATION WITH NORWEGIAN PARTNERS AND NATIONAL CONSULTANTS

A. To what extent have you collaborated with Norwegian and local partners (individual consultants/firms/institutions)?

Fiscal Year	Names of Norwegian consultants/firms/institutions	Amount (USD)	Number of Local Consultants	Amounts (USD)
FY10			Arab Academy for Science, Technology and Maritime Transportation (Egypt)	100,000 (in kind contribution)
			Morocco Meteorological Agency (Meteo-Maroc)	(50,000) Subcontractors
			SIRUS consultants (Tunisia)	(25,000) subcontractors
FY11			Arab Academy for Science, Technology and Maritime Transportation (Egypt)	100,000 (in kind contribution)
			SIRUS consultants (Tunisia)	(25,000) subcontractors

B. Are there any other opportunities for leveraging Norwegian expertise that you can foresee which you want the Secretariat to refer to the donor or to other task managers?

It should be noted that no Norwegian consulting firm has submitted an Expression of Interest for the study, or participated in a consortium of companies submitting an Expression of Interest.

PART B: REQUEST FOR REFRESHED FUNDING IN FY12

For multiyear activities, please list the refreshed funding amount needed for FY12 (if different from the approved budget proposal, please explain change in detail below)

Amount Requested (USD) 0\$

NTF-PSI FINANCIAL PROGRESS REPORT FOR FREESTANDING ACTIVITIES			
(Reporting Period: January 1- December 31, 2010)			
TF Project Name.:	Adapting to climate change in coastal cities of North Africa		
Trust Fund Number:	TF093136		
Task Team Leader:	Anthony G. Bigio		
Managing Unit/Business Line:	MNSSD		
Grant start date/closing date:	30-Jun-11		
A. Contributions			
	Contribution received from inception (insert inception date) to June 30, 2010	\$350,000	
	Contribution received from July 1, 2010 - December 31, 2010	\$0	
	Unreleased allocations from previous years	\$0	
	Unreleased allocation from FY11	\$0	
	Total allocation from inception to December 31, 2010		\$350,000
B. Disbursements			
	From inception (insert date) to June 30, 2010 (actual up to FY 11)	\$88,456	
	From July 1, 2010 - December 31, 2010 (FY11 actual)	\$69,895	
	Estimate for January 1, 2011 to June 30, 2011 (projected)	\$191,649	
	Total disbursements from inception to June 30, 2011 (actual + projected)		\$350,000
C. Available balance			
	Expected balance available on June 30, 2011 (A-B)		\$0
D. Committed, but undisbursed			
	Of the balance in C above, please estimate how much, if any, will remain committed but undisbursed by June 30, 2011		0

Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI)

PROGRESS REPORT AND REQUEST FOR REFRESHED FUNDING

(Freestanding Activities)

Activity Name	Infrastructure and small scale PSD for coastal cities of Honduras and Nicaragua
Trust Fund Number	TF093075
Task Team Leader	Dante Ariel Mossi Reyes
Managing Unit/Business Line	AFCW1
Grant closing date	September 14 th , 2011
Recipient country (ies)	Honduras and Nicaragua
Total grant amount projected over life time of activity	\$450,000
Total grant amount approved since inception (incl. FY11)	\$450,000
Percentage disbursed of approved grant amount	91%

PART A: PROGRESS REPORT FOR: January 1 - December 31, 2010**1. HIGHLIGHTS OF THE REPORTING PERIOD**

Summarize key project highlights of the reporting period

Development for Honduras

National Level: -A decree is being prepared to create the National Telecommunications Funds to provide sustainable funding to provide connectivity to schools from a national tax on telecommunications. A tax is being created to fund initiatives, such as the library with internet connectivity in remote Puerto Lempira, to provide funds to initiatives that create local knowledge that costs \$50,000.

National Level: A feasibility study was prepared and launched to create an interactive telephone directory for Small and Medium Enterprises, in particular those that have a mobile phone as their only mean. A private sector consortium has started to launch the initiative based on the report provided by the team of consultants.

National Level: A feasibility study to use banana fibers to be mixed with cotton, as a way to generate employment from the banana plants that are currently left as garbage. A textiles expert was hired to pursue research on the potential use of the discarded banana plants, to be used as an additive to cotton textiles. The research was conducted in the Textiles Institute of North Carolina State University and a higher level institute in Costa Rica. More tests are needed to find a commercial process of extracting the fibers.

La Ceiba. The communities of the city of La Ceiba in Honduras identified their access road as a priority. This road is blocked by flooding during the rainy season, isolating the city from the rest of the country, and it is congested as it is, which makes traffic very heavy within the city. Thus local consultants were hired to activate a toll road project, which started by socializing the initial project development, which was deemed too expensive

by the Central Government, so, the consultants identified options with a sustainable funding mechanism from the municipality. The studies have yielded three separate products:

(a) **A decree from the National Congress authorizing the municipality of La Ceiba to seek a partner to develop a Private Public Partnership (PPP) for the development of its road network**, including the denominated project Calle 8, by allowing to create tolls that would help the municipality develop this project and all of its road infrastructure. The project has now the support from IFC Advisory Services to complete the transaction;

(b) **a blueprint of the new waterfront of the city**, the creation of a safe recreational area in the heart of the city, which includes environmental mitigation measures to deal with waste water by replanting mangroves. The project is being carried out by the local community with funding from the World Bank financed project Barrio Ciudad;

(c) **A decree has been introduced by the local authorities to seek more PPPs to operate their municipal ports**. This scheme moves away from the centralized scheme that the country has. The decree is being debated in Congress, and consultants are hired to help authorities disseminate information and the feasibility studies prepared for that end, and

(d) **A decree has been prepared at the request of the municipality of La Ceiba to create Call Center legislation** that would generate employment for the mostly bilingual youth. Also, consultants are hired to help disseminate the information of the feasibility studies that would inform the authorities in Congress in a better manner.

Bay Islands. Three reports were prepared at the request of the municipal authorities. First a **diagnostic of their legal framework, denominated ZOLITUR**, which is being finalized to be introduced to Congress to obtain the sustainability of the interventions. Secondly, a study of the solid waste management was prepared, and so the potential PPP for the main hospital in the island of Roatan. The feasibility studies have increased the interest to reform the legal framework to provide for those financial resources, estimated at \$20 mll a year. There was a report on microenterprises, but the report was inconclusive as to determine which intervention could be prepared without the financial sustainability of ZOLITUR.

Guanaja. A feasibility study was prepared to add wind energy to the island's electric company which is willing to become a partner with the municipal government.

Puerto Lempira. Two reports were ready, the use of solar energy for public illumination and the creation of a library with internet connectivity, the investment required has not become available, and thus the importance of developing the legislation to fund these type of intervention.

Puerto Cortés. A sports complex was designed in a high crime incidence neighborhood, as requested by the Municipality, which is now being constructed with financing from the World Bank financed Project Barrio Ciudad.

San Pedro Sula, Choloma, Omoa and La Ceiba. The municipality of Puerto Cortes developed a local initiative to insure citizens' access to emergency services, such as police, ambulance, firemen, traffic police, among other agencies, given the high incidence of crime. The model relies on a local tax that funds the call center that manages emergency services. This system is independent of the national and local budget and managed locally. The model was implemented for San Pedro Sula, Choloma and Omoa, with other donor funding, thanks to the report financed under this grant.

2. OUTPUTS

2.1 DETAILED REPORTING ON OUTPUTS

OUTPUTS (short-term project deliverables)								
List of outputs (List all completed and expected outputs of the activity)		Indicators (Mention for each component the applicable indicators. i.e. amounts, quality, volume of use of the project's products etc. <u>Include in particular details on dissemination</u>)	Target groups (add <u>names</u> of applicable target groups under each column)				Status (comment on progress of the components, if behind schedule, or if project has been restructured, explain reason for delay, restructuring rationale and corrective actions if applicable)	Comments- Outputs must be forwarded to the Secretariat for sharing with the donor/externally. Please also include a link to any outputs available electronically (incl online, in IRIS, etc)
			WBG staff	Local partners/ stakeholders	Donor	Others		
1	Local Development Plans	A Municipal development plan has been updated	SDN staff and Country Office local specialists in both Honduras and Nicaragua	Municipalities have developed municipal plans which include the mayors from the cities of influence in both Nicaragua and Honduras	A meeting with all related donors was held and missions are jointly whenever possible	Civil Society organizations and central government agencies are briefed	The diagnostics carried out validated some of the key actions highlighted in municipal development plans. It provided underpinnings to already identified actions in municipal plans, and thanks to the dissemination events, local experiences are being shared.	The latest output is that the different islands decided to join forces to look for a regional development plan as indicated in the report of the Bay Islands. <small>http://wbdocs.worldbank.org/wbdocs/viewer/docViewer/index.jsp?objectId=090224808066464&respositoryId=WBDocs&standalone=true&#</small>
2	Infrastructure Feasibility Studies	Private sector participation allows for infrastructure development		City mayors	Conversations with donors were inconclusive due to the sustainability issue		Infrastructure needs in the coastal cities have not been prioritized by Government, thus alternative funding mechanisms have been sought, such as the use of PPPs, and the creation of special legislation to create special funds that could provide financial support to these initiatives.	On going. The most evident outcome is the decree for the city of La Ceiba to proceed with its roads PPP <small>http://wbln0037.worldbank.org/852572430067B82D/DOC_VIEWER?ReadForm&I4_KEY=F053DD50257606848525</small>

								6BCE0060F6EFE4DDAD71BA0D7E0 F852574E400294AB7&I4_UNID=3307 3EA61BAA82D6852578070061481C&
3	Identification and Rating of Tourism Assets	Web-based inventory of products Existing and potential tourism products identified and rated according to sustainability standards.	SDN staff and Country Office local specialists in both	Local chambers of commerce		Tourism Institutes of Honduras and Nicaragua	A market research was carried out on tourism flows, and community based tourism opportunities were identified. Also, a national directory for small informal companies was designed to help out map these assets.	Already in the pipeline to develop the directory by a commercial bank, it awaits legislation on call centers to launch it.
4	Destination Management Plans	The tourism offer is expanded to the Mosquito Coast.	Honduras and Nicaragua	Local tourism		Tourism Institutes of Honduras and Nicaragua	Materials have been prepared for the Ministry of Tourism. Also, an evaluation for tourism was made to the Pico Bonito National Park. The directory of tourism attractions is awaiting the launch of the virtual directory.	A report was prepared for the local Garifuna people of Tela. http://wbln0037.worldbank.org/852572430067B82D/DOC_VIEWER?ReadForm&I4_KEY=F053DD502576068485256BCE0060F6EFC82315EPB55AF538852574AD0065CF87&I4_UNID=8EC09F2949646AD58525782A005A10B3&
5	Local business development plans	Local business are able to advertise in national and international webpages		Local chambers of commerce			Strengthening of local tourism chambers are being assisted by lawyers. Also initiatives to control the crime ridden areas at the local level will be consolidated and fully designed.	Still to be finalized once the directory of coastal towns, people and SMEs goes public.

2.2 ASSESSMENT OF IMPLEMENTATION PROGRESS (OUTPUTS)

Please provide an assessment of the overall implementation progress of the activity. Please be as candid as possible and note that funding will not be withdrawn if the project is rated unsatisfactory or highly unsatisfactory.

	Highly satisfactory – implementation exceeds or is fully in accordance with the original implementation plan or the formally revised plan.
S	Satisfactory – implementation is in substantial compliance with the original/formally revised implementation plan.
	Unsatisfactory – implementation is not in compliance with the original/formally revised implementation plan. Remedial action has been agreed.
	Highly unsatisfactory – as in Unsatisfactory but remedial action has not been agreed.

3. OUTCOMES

Please complete the below table on outcomes.

OUTCOMES¹² (intermediate results)				
List of outcomes		Indicators	Status and progress made in reporting period	Other Comments
1	Local Development Plans	Local Plans are updated	National and international consultants were hired. They specialized in: solid waste management, ports, telecommunications and energy; in addition of national staff for legal advice and of citizen safety initiatives.	There are two additional set of consultants to be hired, a financial expert and web developers.
2	Infrastructure Investments	Infrastructure Designs of priority works are complete	Designs are complete for a park in a high risk neighborhood in Puerto Cortes, the urban improvement of the beachfront of La Ceiba, the Consultations are on the way with World Bank transport team, IFC and other stakeholders. A process to carry out private public partnerships for road maintenance and urban upgrading is in La Ceiba. Also, the solar powered public illumination system was finalized and awaiting for legal reforms for the Telecommunications Development Fund to come online.	This activity is under way and the construction of the solar project will be subject to funding from one of the initiatives being prepared in Congress.
3	Local business development	Workshop with Local Chamber of Commerce has taken place	Many workshops were held with different municipalities to find out innovative solutions to problems of access to hospitals, roads, parks (urban and rural), ports, etc.	

¹² Outcomes: Uptake, adoption and use of project outputs by the project beneficiaries. Outcomes can be defined at various levels depending on the circumstances (e.g. CAS and project levels).

4. IMPACTS

4.1 DETAILED REPORTING ON IMPACTS

IMPACTS (broader results from program outcomes listed in # 3 above)			
	List of development objectives	Indicators	Comments
1	Enhance Infrastructure delivery to the poor	Infrastructure needs are identified and lending planned for implementation of infrastructure with private sector.	During the discussions of infrastructure design, ample consultation were held with local stakeholders, in processes that the municipalities now follow in every activity they are engage, in particular those related to infrastructure.
2	Contribute to an improved investment climate in SME through development of Destination Management Plans.	Development plans tailored around responsible tourism and disaster mitigation. Development strategies endorsed by communities and municipalities.	The creation of database of businesses in Honduras and Nicaragua is a challenge since there are physically much dispersed, and usually with access to mobile telephony only. Thus the idea of a virtual directory, including a call center, that list SMEs with their own mobile phone, is seen as one of the tools to reach this outcome, and once the Call Center law is approved, already a group of private sector firms are ready to launch.
3	Improvement in small business management.	Infrastructure needs are identified and lending planned for implementation of infrastructure with private sector.	The municipalities came forward looking for expert comments on how to deal with some of their solid waste management issues, or road or port access, and the grant provided that timely advice, and support to move forward.
4	Growth in the responsible tourism sector which can contribute to broad based economic growth and environmental conservation.	The enhanced physical and social environment will better meet the needs of visitors and lead to greater economic and social benefits for the native populations	The dissemination of projects included an environmental awareness, that in once case, required an Environmental Analysis, delivered on January 2011.
5	Contribute to the maintenance of local livelihoods as well as providing new opportunities for poverty reduction through supporting small, local businesses and tour operators.	Local businesses and incomes will stabilize and be less impacted by disaster.	Sustainability of planned actions were provided, and advice on how to inform the tourist with prices of local transport (water taxis for example) were thought, and the access to information will be critical to diminish even further the consequences of natural disaster in such delicate environment.

4.2 ASSESSMENT OF PROGRESS TOWARD MEETING DEVELOPMENT OBJECTIVES

What has been the progress toward meeting the development objectives so far? Please tick off as appropriate and **provide a brief rationale for the selection**

X	On or above targets – results can be seen for all objectives listed in item # 4.1
	Slightly below targets – results can be seen for some of objectives listed in item # 4.1
	Significantly below targets – results cannot be seen for any of the objectives listed in # 4.1

Brief Rationale:	The access of the World Bank to different stakeholders, made the implementation of the activities flow easily and possibly reach the objective of having very modern and accountable municipalities financing their own infrastructure.
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5. RISKS & CHALLENGES

A. If applicable, provide status of follow-up areas from previous progress reports and possible conflict of interests.

Grant implementation accelerated in 2010 once a new government was in place in particular, because of their commitment to decentralization. The report regretfully cannot include all the interventions carried out, with many professionals of recognized credibility, but it was one very important year to conclude pending activities, and observing the scaling up of those ideas in other areas of the country, and in different sectors. There is no conflict of interest in any of the activities carried out from funds from this grant.

B. Explain which implications, if any, changes in the economic/political/social environment has had in the implementation of the project.

The grant has open the possibilities to municipal governments on the actions they can take, such as, safety, toll road development, ports, solid waste management, financial and governance reforms, and international support from institutions such as IFC.

C. Which major challenges, if any, do you foresee in the next 12 months?
How are these challenges going to be met?

The remaining risk is to complete the legal reforms that found consensus at the local level, which also have the support of the national government, but it is Congress that approves or not, these reforms. The team is confident that Congress will deliver these important initiatives that would allow municipalities to move forward. That is why three level consultants were hire to help the local governments go to Congress and explain the importance of their initiatives.

6. EXIT STRATEGY AND REPLICABILITY

Please describe any progress in preparing for activity exit, building sustainability on institutional, financial, technical levels. If known, please also describe likelihood of replication across the WBG or outside.

Institutional	In 2010 the local governments requested help to make legal reforms that would help them attain sustainability, and five pieces of legislation were prepared, and one has been approved so far. All these reforms seek to give more autonomy to local government on their decision of infrastructure.
Financial	The legal reforms have been developed on the base of the creation of special use trust funds managed by the local community. One of these efforts was taken as a model by one municipality that received support from IFC.
Technical	The legal reforms look to provide financial independence to the municipalities to carry out their more sophisticated plans for development, including the strengthening with experts in topics that are complex for a coastal community
Other	The communication strategy of the grant always acknowledges the fund donor, and the importance of the solidarity of a country far away from Honduras and Nicaragua.

7. FINANCIAL INFORMATION

Numbers must be provided in Annex I.

7.1 BUDGET AND DISBURSEMENTS

A. Is the budget still realistic?

Yes

No

If no, please explain:

B. Are disbursements on schedule (as per original proposal – including as projected per fiscal year)?

Yes No

If no, please explain: The disbursement were affected by the political crisis in 2010, but quickly accelerated, thus the Grant is closing ahead of time.

7.2 ALLOCATION SPENT ON AFRICA, INCLUDING NORTHERN AFRICA DURING THE REPORTING PERIOD (ESTIMATE):

None \$0

None %0

7.3 COLLABORATION WITH NORWEGIAN PARTNERS AND NATIONAL CONSULTANTS

A. To what extent have you collaborated with Norwegian and local partners (individual consultants/firms/institutions)?

Fiscal Year	Names of Norwegian consultants/firms/institutions	Amount (USD)	Number of Local Consultants	Amounts (USD)
FY10	Not applicable	0.00	11	93,003
FY11	Not applicable	0.00	21	109,545

B. Are there any other opportunities for leveraging Norwegian expertise that you can foresee which you want the Secretariat to refer to the donor or to other task managers?

Not anymore.

PART B: REQUEST FOR REFRESHED FUNDING IN FY12

For multiyear activities, please list the refreshed funding amount needed for FY12 (if different from the approved budget proposal, please explain change in detail below)

Amount Requested (USD)

0.00

The decision on your funding request will be based on implementation progress and donor preferences. Please provide any additional information that ought to be considered below:

The grant has reached its maturity, and 2011 is the year of consolidating the legal reforms and training, which are the best mechanism to find sustainability of the actions financed from this grant.

NTF-PSI FINANCIAL PROGRESS REPORT FOR FREESTANDING ACTIVITIES			
(Reporting Period: January 1- December 31, 2010)			
TF Project Name.:	Infrastructure and small scale PSD for coastal cities of Honduras and Nicaragua		
Trust Fund Number:	TF093075		
Task Team Leader:	Dante Ariel Mossi Reyes		
Managing Unit/Business Line:	AFCW1		
Grant start date/closing date:	September 15th, 2008 - September 14, 2011		
A. Contributions			
	Contribution received from inception (insert inception date) to June 30, 2010	\$350,000	
	Contribution received from July 1, 2010 - December 31, 2010	\$100,000	
	Unreleased allocations from previous years	\$0	
	Unreleased allocation from FY11	\$0	
	Total allocation from inception to December 31, 2010		\$450,000
B. Disbursements			
	From inception (insert date) to June 30, 2010 (actual up to FY 11)	\$262,448	
	From July 1, 2010 - December 31, 2010 (FY11 actual)	\$131,701	
	Estimate for January 1, 2011 to June 30, 2011 (projected)	\$55,852	
	Total disbursements from inception to June 30, 2011 (actual + projected)		\$450,000
C. Available balance			
	Expected balance available on June 30, 2011 (A-B)		<u>\$0</u>
D. Committed, but undisbursed			
	Of the balance in C above, please estimate how much, if any, will remain committed but undisbursed by June 30, 2011		<u>0</u>

Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI)
PROGRESS REPORT AND REQUEST FOR REFRESHED FUNDING

Activity Name	Model to develop the domestic gas market in Yemen
Trust Fund Number	TF092841
Task Team Leader	Pierre Audinet
Managing Unit/Business Line	MNSEG
Grant closing date	April 2011
Recipient country (ies)	Yemen
Total grant amount projected over life time of activity	USD 500,000
Total grant amount approved since inception (incl. FY11)	USD 500,000
Percentage disbursed of approved grant amount	62 %

*This form is for Task Managers to report annually on progress of projects funded under the NTF-PSI, and request funding for the following fiscal year. Please answer all questions below. **The complete report will be shared with the Donor and posted on the NTF-PSI web page (www.worldbank.org/ntfpsi)**. Please also consider forwarding this report to others that may have an interest in the activity.*

For questions, please contact the NTF-PSI Secretariat (ntfpsi@worldbank.org, Heidi Stensland or Joshua Gallo)

PART A: PROGRESS REPORT FOR: January 1 - December 31, 2010

1. HIGHLIGHTS OF THE REPORTING PERIOD

Summarize key project highlights of the reporting period

Authorization to extend the closing date of the trust funded activity was granted to enable the team to work towards implementation of Yemen Gas to Power Program. The deadline has thereby been postponed from April 30, 2010 to April 30, 2011. Given the challenges related to the implementation of the program, at a time of increasing security concern in Yemen, the team might have to request additional delays for task completion.

A decision meeting was organized on January 20, 2010 to review the two trust funded activities, i.e. Yemen: Models to develop the gas to Power Market report and the Near term implementation strategy (NTIS). During the meeting - chaired by David Craig, Country Director for Yemen at the World Bank – the decision were made to transmit these two work to the Government of Yemen with a cover letter from the World Bank Country Director, David Craig to the Prime Minister. The cover letter:

- (i) Explained the World Bank's position on how to follow up on the recommendations proposed in the reports.*
- (ii) Seek the Government's endorsement of the NTIS and other specific prerequisite deemed indispensable to enable implementation of the Gas-to-Power Program and for further Bank engagement. These include progress in the certification of natural gas reserves in specific oil / gas production blocks, as well as progress on broader electricity sector reforms.*
- (iii) Reiterate the challenges posed by continued coordination constraints between the different stake holders in the gas/power sector.*

Following the transmission of this official correspondence, a mission was organized from April 24th to May 5, 2010 to

discuss the details of the NTIS with the government. During the mission, the team was requested to develop an alternative model NTIS analysis which eliminates 396 MW Marib 3 combined cycle gas turbine (CCGT) and replaces it with power generation a 600 MW CCGT in Mabbar. The objective being to increase electricity production, and security of electricity production by moving electricity generation closer to the primary load source (i.e. Sana'a).

The revised NTIS was sent to Government of Yemen on August 16th, 2010 with a cover letter from the Country Manager for the World Bank in Yemen, Bengt Ateng articulating major implications related to the replacement of Marib 3 by Mabbar and the urgent need to:

- (i) Certify, confirm commercial viability and allocate gas reserves to be used for electric generation. At a minimum, this should include the Block 5 and S2 reserves that in addition to the Block 18 allocation can be used to fuel the NTIS.*
- (ii) Begin project development to confirm or modify the Program Concepts upon which the chosen NTIS Program is based.*
- (iii) Appoint a project oversight group (i.e. Project General Secretariat or Management Unit) that will accept responsibility for coordinating the project work performed by the line Ministries.*

Implementation of these recommendations is still pending.

Finally a policy note has just been prepared to highlight keys issues and opportunities in the oil and gas sector. The note has been prepared at the request of the Country Director, for the President and the friends of Yemen with the objective of jumpstarting the program of reforms needed to enhance the contribution of oil and gas to the economy. The policy note in its draft final version.

2. OUTPUTS

2.1 DETAILED REPORTING ON OUTPUTS

Please complete the below table on outputs.

OUTPUTS (short-term project deliverables)								
List of outputs <i>(List all completed and expected outputs of the activity)</i>		Indicators <i>(Mention for each component the applicable indicators. i.e. amounts, quality, volume of use of the project's products etc. Include in particular details on dissemination)</i>	Target groups <i>(add names of applicable target groups under each column)</i>				Status <i>(comment on progress of the components, if behind schedule, or if project has been restructured, explain reason for delay, restructuring rationale and corrective actions if applicable)</i>	Comments- <i>Outputs must be forwarded to the Secretariat for sharing with the donor/externally. Please also include a link to any outputs available electronically (incl online, in IRIS, etc)</i>
			WBG staff	Local partners/ stakeholders	Donor	Others		
1	Model Contracts	Final model contracts produced		MOPIC, Ministry of Electricity Ministry of Oil and Minerals, Yemen Gas Company, Public Electricity Company	Multilateral development Banks and bilateral donors (Saudi Fund, Arab Fund, etc.)		<p>A first Near Term Implementation Strategy (NTIS 1) was produced under the previous implementation period. It built on a report financed by PIAF ("Yemen: Models to Develop the Gas-to-Power Market"), with the objective to develop an investment plan to implement a strategy meant at powering the entire market by domestic gas. Yet, it became apparent since then that available gas was not sufficient to justify the investments. NTIS 1 was therefore meant at maximizing power generation output through the use of known, available gas supplies. It allows for the matching of 1,365 Megawatts of power generation in the "Marib Complex" and 110 Megawatts the "Hadramawt Project" with known gas reserves that are capable of fueling the generation for its 25 year useful life.</p> <p>A revised Near Term Strategy (NTIS 2) was produced under this implementation</p>	<p>The design of the Near Term Implementation Strategy and its revised version are essential step to clarify the needed and feasible steps to move forward the gas-to-power program in Yemen, due to recurring uncertainties on the level of gas reserves as well as stronger growth of electricity demand than originally anticipated.</p> <p>The NTIS defines a cooperative process that requires a high</p>

						<p>period. The government of Yemen was concerned about putting all of the power generation in Marib given the fact that the area is not very secure and the Marib Tribes create significant problems for the existing Marib plant. The Minister of Electricity therefore asked the World bank to revamp the NTIS to reduce power generation in Marib and install power generation in Mabbar along with the necessary gas pipeline. The Mabbar Scenario makes the requested changes which results in an increase in MWs of power generation and a resulting increase in the gas necessary to fuel the generation for its 25 year useful life. NTIS 2 has not been yet formally approved by the government yet but is stated by the Prime Minister's strategy as a key reference for future development of the sector.</p> <p>Given the tremendous challenges associated with the future development of the oil and gas sector in Yemen, the World Bank country director requested the design of a policy note summarizing the sectors issues, and opportunities to overcome them. The draft final policy note has just been submitted for internal circulation. It is meant to be addressed to the President and friend of Yemen in order to boost implementation of the much needed sector reform.</p>	<p>degree of coordination across multiple stakeholders, including multiple donors to secure large capital investment. A Gas Committee was set in place by the government of Yemen to ensure proper implementation of NTIS.</p>
2	Regulatory Arrangements	Regulation by contract clearly defined		MOPIC, MOE, MOOM, YGC, PEC		<p>The approach to the objectives of this activity has been modified and accordingly this specific output was dropped</p>	

2.2 ASSESSMENT of implementation progress (outputs)

Please provide an assessment of the overall implementation progress of the activity. Please be as candid as possible and note that funding will not be withdrawn if the project is rated unsatisfactory or highly unsatisfactory.

	Highly satisfactory – implementation exceeds or is fully in accordance with the original implementation plan or the formally revised plan.
	Satisfactory – implementation is in substantial compliance with the original/formally revised implementation plan.
X	Unsatisfactory – implementation is not in compliance with the original/formally revised implementation plan. Remedial action has been agreed.
	Highly unsatisfactory – as in Unsatisfactory but remedial action has not been agreed.

The project is encountering implementation issues. While the design of the analytical part of the work was carried out satisfactorily despite a difficult environment, further progress now needs high level decisions to be done. Some of the decisions are uneasy as it appears that Yemen has significantly less near term gas reserve than what initially envisaged by the government, and this, in turn, translate into problematic over commitments of scarce gas resource to domestic power market and international LNG market. The remedy involves certifying reserves so as to allocate near term gas reserves optimally. The difficulty pertaining to the decision to carry out the certification, while parliamentary elections are scheduled this year, is that it would probably confirm that gas is not available in the amount originally envisioned and thereby be disappointing for voters. Giving the importance of gas development in Yemen, the Country Director of the World Bank has decided to write to the president and friends of Yemen, to offer support in implementing the gas certification and other recommendations. With this support, the team is confident that implementation would go back on track.

3. OUTCOMES

OUTCOMES (intermediate results)				
List of outcomes		Indicators	Status and progress made in reporting period	Other Comments
1	Reduce delays in negotiating terms of natural gas sales to the power sector	Terms of gas sales to power sector agreed upon	The revised NTIS sets forth the details of a doing strategy to increase significantly power production and connection in Yemen in the near term. The government has contracted Kuwait energy to process with the certification of some of its reserves. Work is underway.	
2	Regulatory risks are adequately mitigated in order to mobilize private investment	Structure of gas market (definition of participants, pricing and cost recovery mechanisms in place)	The GOY is considering the option proposed by consultants to set up well identified companies to develop the two infrastructure (gas distribution to the Marib plants, power plant) operating on cost recovery principles.	

4. IMPACTS

4.1 DETAILED REPORTING ON IMPACTS

Please complete the below table on impacts.

IMPACTS (broader results from program outcomes listed in # 3 above)			
List of development objectives		Indicators	Comments
1	Contribute to a sustainable gas market in Yemen	(i) Certify Yemen’s Gas Reserve (ii) Obtain High Energy Committee (HEC) approval of NTIS concepts (iii) Form project team (iv) Develop the project concept (v) Obtain final project plan approval	The team is currently preparing a paper meant at raising awareness on the importance of these issues. The note will be addressed by the Country Director of the world bank in Yemen to the President of Yemen, and the friends of Yemen in order to accelerate implementation.,

4.2 ASSESSMENT OF PROGRESS TOWARD MEETING DEVELOPMENT OBJECTIVES

What has been the progress toward meeting the development objectives so far? Please tick off as appropriate and **provide a brief rationale for the selection**

	On or above targets – results can be seen for all objectives listed in item # 4.1
X	Slightly below targets – results can be seen for some of objectives listed in item # 4.1
	Significantly below targets – results cannot be seen for any of the objectives listed in # 4.1

Brief

Rationale: Progress towards meeting the development objectives is slightly below target due to the implementation challenges described above.

5. RISKS & CHALLENGES

A. If applicable, provide status of follow-up areas from previous progress reports and possible conflict of interests.

The primary risk is the lack of coordination between the Ministry of Electricity and the Ministry of Oil and Minerals. Lack of operational and legal expertise within the government tends to slowdown decisions making process, delaying implementation of gas development decisions. The work of the advisor hired through the NTF-PSI greatly facilitated communication and decision-making between the various players. Further support will be needed to ensure implementation.

B. Explain which implications, if any, changes in the economic/political/social environment has had in the implementation of the project.

The lack of leadership in the oil and gas sector was obvious. The Ministry of Oil and Minerals has been removed from government.

C. Which major challenges, if any, do you foresee in the next 12 months?
How are these challenges going to be met?

The team proposes that the advisor hired using NTF-PSI funds continues his work. However, progress of the technical assistance is first and foremost conditioned to a formal endorsement of the NTIS steps proposed by the Government at the highest level, to ensure subsequent progress and ownership of the Gas-to-Power Program. Moreover, the security situation has raised significant concerns in the past few weeks, and could lead to disruptions in implementation.

6. EXIT STRATEGY AND REPLICABILITY

Please describe any progress in preparing for activity exit, building sustainability on institutional, financial, technical levels. If known, please also describe likelihood of replication across the WBG or outside.

Institutional	Further steps of the technical assistance are now conditioned to the formal endorsement of the NTIS by the Government.
Financial	The economic, financial and PPP models financed under the PPIAF outline options for the GOY to follow in developing its gas market. These models are key to designing an incentive framework conducive for investment, while developing a market structure that does not hamper incentives for upstream (exploration of gas which could be sold in part to the domestic market) and for future investments downstream (pipeline). The models have been completed and will be presented to the Government.
Technical	The NTIS presents both the technical and institutional steps to implement the Gas-to-Power Program in Yemen. Next steps will involve financing of a development plan that includes several significant technical activities to design the various components of the NTIS (gas gathering and processing facilities, power plants).
Other	

7. FINANCIAL INFORMATION

7.1 BUDGET AND DISBURSEMENTS

A. Is the budget still realistic?

Yes No

If no, please explain:

B. Are disbursements on schedule (as per original proposal – including as projected per fiscal year)?

Yes No

If no, please explain: delays due to challenges faced in implementation.

7.2 ALLOCATION SPENT ON AFRICA, Including northern africa DURING THE REPORTING PERIOD (estimate):

\$

%

7.3 COLLABORATION WITH NORWEGIAN PARTNERS AND NATIONAL CONSULTANTS

A. To what extent have you collaborated with Norwegian and local partners (individual consultants/firms/institutions)?

Fiscal Year	Names of Norwegian consultants/firms/institutions	Amount (USD)	Number of Local Consultants	Amounts (USD)
FY10				
FY11				

B. Are there any other opportunities for leveraging Norwegian expertise that you can foresee which you want the Secretariat to refer to the donor or to other task managers?

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PART B: REQUEST FOR REFRESHED FUNDING IN FY12

For multiyear activities, please list the refreshed funding amount needed for FY12 (if different from the approved budget proposal, please explain change in detail below)

Amount Requested (USD)

0

NTF-PSI FINANCIAL PROGRESS REPORT FOR FREESTANDING ACTIVITIES			
(Reporting Period: January 1- December 31, 2010)			
TF Project Name.:	Model to Develop Gas Market in Yemen		
Trust Fund Number:	TF092841		
Task Team Leader:	Pierre Audinet		
Managing Unit/Business Line:	MNSSD		
Grant start date/closing date:	9/16/2008 - 4/30/2011		
A. Contributions			
	Contribution received from inception (insert inception date) to June 30, 2010	\$250,000	
	Contribution received from July 1, 2010 - December 31, 2010	\$250,000	
	Unreleased allocations from previous years		
	Unreleased allocation from FY11		
	Total allocation from inception to December 31, 2010		\$500,000
B. Disbursements			
	From inception (insert date) to April 30, 2011 (actual up to FY 11)	\$294,261	
	From July 1, 2010 - December 31, 2010 (FY11 actual)	\$3,524	
	Estimate for January 1, 2011 to April 30, 2011 (projected)	\$13,500	
	Total disbursements from inception to April 2011 (actual + projected)		\$311,285
C. Available balance			
	Expected balance available on April 30, 2011 (A-B)		\$188,715
D. Committed, but undisbursed			
	Of the balance in C above, please estimate how much, if any, will remain committed but undisbursed by April 30, 2011		

Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI)

PROGRESS REPORT AND REQUEST FOR REFRESHED FUNDING

(Freestanding Activities)

Activity Name	IFC CEC NTF-PSI Climate Change (climate risk, infrastructure case studies)
Trust Fund Number	TF093064
Task Team Leader	Vladimir Stenek
Managing Unit/Business Line	Environmental and Social Sustainability Business Line
Grant closing date	June 30,2012
Recipient country (ies)	World region
Total grant amount projected over life time of activity	\$500,000
Total grant amount approved since inception (incl. FY11)	\$500,000
Percentage disbursed of approved grant amount	24%

PART A: PROGRESS REPORT FOR: January 1 - December 31, 2010**1. HIGHLIGHTS OF THE REPORTING PERIOD**

Summarize key project highlights of the reporting period

Background of IFC's Climate Risk and Adaptation Pilot Program: The overall goal of the Program is to develop approaches to assess financial and E&S risks and opportunities resulting from the physical impacts of climate change that could affect the private sector, and to evaluate appropriate adaptation responses. An emphasis is placed on engaging national and international stakeholders, including private and public sectors, academia, research institutions and NGOs in the elaboration of the studies, and on later dissemination of results among these groups. Where applicable, the program also addresses the larger role of private sector adaptation opportunities and their relation to public sector initiatives. So far, several climate risk case studies and related publications were launched (for more information on the Program, see www.ifc.org/ifcext/climatebusiness.nsf/Content/AssessingClimateRisks , the publications can be downloaded from [www.ifc.org/ifcext/sustainability.nsf/AttachmentsByTitle/p_climatRiskAndBusiness/\\$FILE/IFC_ClimateRiskandBusiness.pdf](http://www.ifc.org/ifcext/sustainability.nsf/AttachmentsByTitle/p_climatRiskAndBusiness/$FILE/IFC_ClimateRiskandBusiness.pdf) and [www.ifc.org/ifcext/sustainability.nsf/AttachmentsByTitle/p_ClimateRiskandFIsFullreport/\\$FILE/IFCClimate_RiskandFIs_FullReport.pdf](http://www.ifc.org/ifcext/sustainability.nsf/AttachmentsByTitle/p_ClimateRiskandFIsFullreport/$FILE/IFCClimate_RiskandFIs_FullReport.pdf)), and their findings disseminated among the private and public stakeholders at various events. The sectors and projects analyzed so far included a run of river hydropower project in Nepal, manufacturing in Pakistan, agribusiness in Ghana, and financial institutions. Going forward, additional sectors and issues related to climate risk and private sector are to be assessed and their results published, including the forthcoming port sector study.

NTF PSI is financing activities that are components of the larger Program, namely studies that contribute to the overall goal. The first study –currently in completion- is the Kafue Gorge Lower hydropower project in Zambia. The reporting focuses on this study and the activities completed during the period. The Kafue River Basin plays a central role in Zambia's economy with most of the nation's agricultural, mining, and industrial, activities and approximately 50% of Zambia's total population concentrated within the basin area. The majority of Zambia's power supply is provided through hydropower operations along the two primary rivers, the Zambezi and the Kafue. Zambia's reliance on hydropower to meet current and future electricity demand faces various, including increased economic development leading to growing demand for water for other uses; the potential for increased water needs to address conservation goals in light of the potential impact of climate change and climate variability on water supply and evaporation; and increase power demands requiring additional water for hydropower. Conservation needs include non-consumptive, timed releases to support the Kafue Flats; other uses include water demands for irrigation (primary volume), domestic use, mining, and industry. Many stakeholders within government and the public and private

sectors appreciate the need to better understand the timing and extent of supply-demand tensions related to water, with meaningful financial and technical resources being dedicated to better evaluating the complexity of the challenges and identifying possible solutions. In the light of the planned construction of a new hydropower scheme with significant capacity on the Kafue river, this study analyses of the implications of climate change to the project. Recognizing the multiple levels of water use in the basin, and impacts of climate change that may be manifested on various activities, the study is taking a basin wide approach, analyzing also indirect risks and impacts.

During the reporting period the following activities took place:

- selection of global circulation models and the outputs, as well as their downscaled results,
- completion of the construction of the hydrological flow modeling (HMS) for the catchment
- weather generator (WXGEN) modeling. The generator model was included to provide information on possible development of extreme events, as well as to test what are the limitations and advantages of using this tool for informing in water resources climate impacts.
- development of additional scenarios for water use in the catchment
- construction of the reservoir and energy model (Res-Sim)
- development of the financial model (RETScreen)
- analyses of impacts and risks related to KGL HP and the area of concern, including:
 - o water flows
 - o energy and financial impacts
 - o drought, flood, (climate related) diseases, landslides, wildfires, and agriculture related risks
- elaboration of the draft report
- peer review process

One of important objectives of the work is to enable local stakeholders and groups in either replicating the process in the catchment (using different assumptions that may arise in the future), in other basins using the same methodology, or/and taking the outputs of the models for further analyses relevant to other sectors (e.g. biodiversity needs in the catchment). Part of the objective was accomplished by the purposeful choice of modeling software that is well tested and in the public domain, i.e. freely available over the internet (as all the models are). The other part of the objective will be fulfilled by making available outputs of the models. Lastly, the dissemination is planned to include workshops that address more technical parts of the study.

It is important to note, once again that, on the one hand, climate risk analyses of this type, in general, are pilot programs that test – sometimes for the first time- approaches and possibilities related to climate change impacts. On the other hand, given the systematic challenges, each individual study structures multidisciplinary approaches and models, and may involve external stakeholder group input. Some of the challenges that the work presents range from not being able to foresee the availability, extent, or the completeness of the baseline data (e.g. Met. information), which may be particularly symptomatic of some regions where the studies take place, to more complex issues related to modeling and integration / correct interpretation of the outputs, and to dependence on the external inputs whose timing is usually outside of the team’s control. These challenges cause longer time leads for completion of specific steps, particularly in the markedly sequential structure of the models.

Given the complexities described above and the multidisciplinary approach, a more formal peer review process (currently at its completion) included invitation to experts from different fields to comment on the methodology and results contained in the draft report. The peer reviewers included the World Bank’s Water and Climate Change Specialist, Energy Specialist, Lead Climate Change Specialist, Zambian power company’s experts, and IFC’s energy and investment expert. The preliminary comments gave validation of the approach undertaken (e.g. “Overall the selection of issues and approaches to those issues is thoroughly professional and aligned with best –practice – as it is understood at present.”, or characterize the work as an “important contribution to the literature on energy, water and climate change.”).

Aside of the stated objectives for the uses and impacts of the study, an important use of the findings will be immediately after the production of the final report and in the context of Zambia’s Pilot Program for Climate Resilience (PPCR, www.climateinvestmentfunds.org/cif/ppcr), a joint initiative between Gov. of Zambia, World Bank, African Development Bank, IFC, and a number of local and international representatives of the public sector and civil society, whose objectives are increasing climate resilience of the country. The report will serve to reinforce strategic allocation of priority initiatives for adaptation at the national level.

2. OUTPUTS¹³

2.1 DETAILED REPORTING ON OUTPUTS

Please complete the below table on outputs.

OUTPUTS (short-term project deliverables)							
List of outputs (List all completed and expected outputs of the activity)	Indicators (Mention for each component the applicable indicators. i.e. amounts, quality, volume of use of the project's products etc. <u>Include in particular details on dissemination</u>)	Target groups (add <u>names</u> of applicable target groups under each column)				Status (comment on progress of the components, <i>if behind schedule</i> , or if project has been restructured, explain reason for delay, restructuring rationale and corrective actions if applicable)	Comments- Outputs must be forwarded to the Secretariat for sharing with the donor/externally. Please also include a link to any outputs available electronically (incl online, in IRIS, etc)
		WBG staff	Local partners/ stakeholders	Donor	Others		
1 First case study, Kafue Gorge Lower (KGL, Zambia) The below lists both process and involved outputs: KGL site visit, data collection, presentations and meetings	Completion of site visit, data collection and meetings	WBG Lusaka water resource specialists	Organizations and their departments – related to climate impacts and project issues- from Zambia and Southern Africa (see prev. report).			Completed Meetings and information exchange with 17 organizations and their departments –related to climate impacts and project issues- from Zambia and Southern Africa (see prev. report). 10 of the meetings included presentations to the stakeholders about general climate risks and impacts to the private sector and specific project	

¹³ For definitions of outputs, outcomes and impacts, see <http://go.worldbank.org/1HR22MLDY0>. Visit <http://go.worldbank.org/5SDDS6BZ80> for examples of project results chains

							related risks.	
2	Models and scenarios for water catchment	Completion of elaboration of HEC Models	WBG and IFC specialists, peer reviewers, fin. and risk modelers				Based on the input from the data that included Zambia MET office, and climate change models, hydrologic models of the catchment were elaborated.	
3	Financial model	Completion of elaboration of RETScreen Financial model	WBG and IFC specialists, peer reviewers, fin. and risk modelers				The financial model for the effects of the impacts of climate change was constructed, basing the assumptions on the outputs of the hydrological model and financial assumptions used in the project design.	
4	Risk Impact Analysis	Completion of identification of risks, analyses	WBG and IFC specialists, peer reviewers, fin. and risk modelers				A qualitative and, where possible, quantitative analysis of risks –other than direct hydrological- to the project. These included the risks of flood, drought, landslide, disease and wildfires.	
5	Draft final report of the Kafue Gorge Lower Climate Risk Case Study	Completion of elaboration of 1 report	WBG and IFC specialists, peer reviewers	ZESCO peer reviewers			The modeling and other analyses' results of the study, compiled in draft version for peer review.	Draft report will be modified to include the peer review comments.
6	Peer review process of the draft final report	Number of external and internal reviewers	WBG and IFC specialists, peer reviewers	ZESCO peer reviewers			At the end of the reporting period, the peer review process was in its mid phase.	(Completed Feb. 2011)

6	Final report of the Kafue Gorge Lower Climate Risk Case Study	Completion of 1 final report	WBG and IFC HP and water specialists	ZESCO, Univ. of Zambia, PPCR Program	HP related interested parties	HP developers	At the end of the reporting period, the final report that addressed preliminary comments and suggestions from the review process was taking place.	
7	Second case study	Completion of second case study					<p>From previous report: “In ’09, discussions with another large infrastructure client related to the elaboration of a case study were initiated. The client perceives the benefit of such a study, particularly given the project’s sensitivity to climatic events; however, due to the concerns described in 5C the terms are still being discussed and refined with the company’s legal team.”</p> <p>In’10 the discussions continued, culminating with a meeting held with the client at their location. Despite prior confirmation of the intent to proceed with the study, and the perceived benefits, the company decided not to proceed with the work. No TF resources –only IFC- were used in the process. At the moment, a climate risk and adaptation study to be financed in part by the TF is being initiated.</p>	

2.2 ASSESSMENT OF IMPLEMENTATION PROGRESS (OUTPUTS)

Please provide an assessment of the overall implementation progress of the activity. Please be as candid as possible and note that funding will not be withdrawn if the project is rated unsatisfactory or highly unsatisfactory.

	Highly satisfactory – implementation exceeds or is fully in accordance with the original implementation plan or the formally revised plan.
x	Satisfactory – implementation is in substantial compliance with the original/formally revised implementation plan.
	Unsatisfactory – implementation is not in compliance with the original/formally revised implementation plan. Remedial action has been agreed.
	Highly unsatisfactory – as in Unsatisfactory but remedial action has not been agreed.

3. OUTCOMES

Please complete the below table on outcomes.

OUTCOMES¹⁴ (intermediate results)				
List of outcomes		Indicators	Status and progress made in reporting period	Other Comments
1	Increased involvement of IFC and WB experts on joint climate related work	Coordination of studies and information related to KGL and developed jointly or separately by IFC and WB	Participation of WB's SSA Water and Energy nexus in the revision of the project's underlying data and methodology; coordination of information with WB's specialists working on the studies: Impact of Climate Variability and Change on Economic Growth and Poverty in Zambia; Zambezi River Basin Study; Water and Climate Change: Understanding the Risks and Making Climate-Smart Investment Decisions; as well as baseline data elaborated by or for WB (e.g. Met related data; GCM data Kafue Catchment with Kafue Run of and Basin yields in 2030 and 2050 for the wettest driest and middle GCM for Africa Region). Peer review process of the KGL study that included 4 WB experts. Preliminary results were shared with WB's Zambia PPCR lead .	Prior to the completion of the study the findings are shared through internal consultations and processes. The results of the study –the report, technical annexes and information- will be available on IFC's website, along with previous studies' publications (please see above for the web address).
2	Consultations with Zambia's public and private stakeholders, academia and NGOs	Information and materials exchange	Aside of the presentations mentioned above, the information identified and collected included 30 year daily Met data for project specific stations; Report On The Multi-Disciplinary Study Of The Impact Of The 2007/08 Floods In The Southern Province; local health data; IUCN's unpublished Zambia climate risk and adaptation studies; Zambezi GIS maps, etc.	Similarly, the results will be disseminated among the national stakeholders for whom the results may be relevant for their work and planning (e.g. Dep. of Water Affairs, Climate Change Facilitation Unit, Met Office, U. of Zambia).

¹⁴ Outcomes: Uptake, adoption and use of project outputs by the project beneficiaries. Outcomes can be defined at various levels depending on the circumstances (e.g. CAS and project levels).

4. IMPACTS

4.1 DETAILED REPORTING ON IMPACTS

Please complete the below table on impacts.

IMPACTS (broader results from program outcomes listed in # 3 above)			
List of development objectives		Indicators	Comments
1	Increased climate resilience of the assessed investment projects	Studies' conclusions informing on potential risks and adaptive responses	Given the characteristics of the problems assessed by the study –climate change and adaptation- and the objectives, the impacts will occur in different timeframes after the conclusion of the study and its dissemination, and at different levels, depending on the stakeholder. The first impacts to occur – awareness of climate risks- are expected to happen immediately after the findings dissemination, while others, such as implementation of long-term planning adaptation responses, may occur several years after the release of the work. On another level, change in behavior on wider scales and in different institutional environments –in this case long-term planning related to water resources at the national or regional level- is often difficult to attribute solely to one specific event, as it is more often a confluence of several factors. Nevertheless, the follow-up will aim to determine the influence of this work even at these levels.
2	Increased climate resilience of elements beyond project's operational boundaries	Studies' conclusions assessing and informing on potential risks and adaptive responses of project related areas	(Please see above)

4.2 ASSESSMENT OF PROGRESS TOWARD MEETING DEVELOPMENT OBJECTIVES

What has been the progress toward meeting the development objectives so far? Please tick off as appropriate and **provide a brief rationale for the selection**

	On or above targets – results can be seen for all objectives listed in item # 4.1
x	Slightly below targets – results can be seen for some of objectives listed in item # 4.1
	Significantly below targets – results cannot be seen for any of the objectives listed in # 4.1

Brief Rationale: The elaboration of the studies is slower than expected, due to the reasons described in 5C.

5. RISKS & CHALLENGES

- A. If applicable, provide status of follow-up areas from previous progress reports and possible conflict of interests.

n/a

- B. Explain which implications, if any, changes in the economic/political/social environment has had in the implementation of the project.

ZESCO, Zambian electricity company had requested of WB and IFC to structure the KGL project for a possible public tender. In Q3 of 2010, it was announced that the KGL will be developed and financed directly by a third party. However, this fact did not change the scope, objectives or outputs of the study. ZESCO is one of the study's peer reviewers.

Previous reporting: implications may still be valid for the future ("Changes in the economic environment or financial moment of a specific project, particularly in the times of global crisis, may shift the prioritization of the initiation or elaboration of one of these studies, or the overall implementation of a particular investment.")

- C. Which major challenges, if any, do you foresee in the next 12 months?
How are these challenges going to be met?

No major challenges foreseen for the completion of the KGL study. However, the challenges outlined in previous reporting (below) as well as in 5B still hold for future studies.

The approach of the studies is that of bottom up, analyzing climate impacts and adaptation options on real sector projects. As such, the studies may encounter challenges characteristic to operations in real sector projects, which may have implications for project sponsors' prioritization. Additionally, the studies rely on cooperation and information exchange with a number of private and public stakeholders and consequently are dependent on these. Finally, the existence of much of the underlying baseline data, esp. related to climate change and particularly in LDC is uncertain. Therefore, a number of changes in economic, political and social environment may influence the elaboration, and the rate of elaboration, of these.

At the project and client level, two of the so far most significant concerns are related to the elaboration of the study and confidentiality and the use of results. The first concern relates to how essential information for the elaboration of the studies that is considered highly sensitive (e.g. financial models, operational data) will be used and kept by IFC: whether releasing that information could influence any decision of IFC's investment department related to the project, and how will the confidentiality be kept over time.

The second concern is about the use of results and other sensitive questions, such as what results will be made public and how (particularly relevant for publicly traded companies, but sensitive for most).

These questions prompted a number of consultations with IFC's legal advisors on envisioning the outcomes that, given the relevance of the studies, would be the most beneficial for IFC's and clients' goals and private sector development in general. As a result, internal measures were set up, such as the possibility information barriers, which would address the main clients' concerns and allow for the elaboration of the studies.

Nevertheless, these concerns have caused delays in initiation of other studies under this TF, as well as delays in publication of a report of a similar study funded by IFC. Although the described measures are put in place, it is foreseen that some case studies may need to address additional concerns set by the client companies, and these will be addressed in a case by case basis.

6. EXIT STRATEGY AND REPLICABILITY

Please describe any progress in preparing for activity exit, building sustainability on institutional, financial, technical levels. If known, please also describe likelihood of replication across the WBG or outside.

Institutional	The results and models of the study are relevant for all of the catchment studied –one of the most important in the country- and will serve as a base for related climate impact analyses by local institutions. Additionally, dissemination of infrastructure climate risk assessments based on case studies and aimed at various HP development stakeholder groups. Possibility of replication of parts of, or entire approach in future infrastructure projects.
Financial	
Technical	
Other	

7. FINANCIAL INFORMATION

7.1 BUDGET AND DISBURSEMENTS

A. Is the budget still realistic?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<i>If no, please explain:</i>
B. Are disbursements on schedule (as per original proposal – including as projected <u>per fiscal year</u>)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<i>Please see above for the explanation about the reasons for slower than expected disbursement rate.</i>

7.2 ALLOCATION SPENT ON AFRICA, INCLUDING NORTHERN AFRICA DURING THE REPORTING PERIOD (ESTIMATE):

119,033

\$

100

%

7.3 COLLABORATION WITH NORWEGIAN PARTNERS AND NATIONAL CONSULTANTS

A. To what extent have you collaborated with Norwegian and local partners (individual consultants/firms/institutions)?

Fiscal Year	Names of Norwegian consultants/firms/institutions	Amount (USD)	Number of Local Consultants	Amounts (USD)
FY10	n/a			
FY11	n/a		Local consultants were hired by the implementing consulting firm. The following local institutions were involved in the elaboration of the project (consultations, information and data exchange, and similar): Center for Energy, Environment, and Economics of Zambia (CEEEZ) Department of Water Affairs Environmental Council of Zambia International Union for the Conservation of Nature, Zambia Kafue District Health Clinic	

	Ministry of Agriculture and Cooperatives Ministry of Tourism, Environment and Natural Resources, Climate Change Facilitation Unit Office of Public Private Partnership Initiatives UN Development Programme, Lusaka University of Zambia Zambezi River Authority Zambia Meteorological Department Zambia Wildlife Authority ZESCO
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B. Are there any other opportunities for leveraging Norwegian expertise that you can foresee which you want the Secretariat to refer to the donor or to other task managers?

Given the involvement of Norwegian institutions in HP development (e.g. Statkraft, Norad, SNPower), and possible usefulness of learning about the methodologies developed in KGL HP climate risk assessments that could be relevant for similar projects these institutions are developing, it would be appreciated to facilitate contacts with experts in these institutions that may be interested in the work.

PART B: REQUEST FOR REFRESHED FUNDING IN FY12

For multiyear activities, please list the refreshed funding amount needed for FY12 (if different from the approved budget proposal, please explain change in detail below)

Amount Requested (USD)

0

The decision on your funding request will be based on implementation progress and donor preferences. Please provide any additional information that ought to be considered below:

NTF-PSI FINANCIAL PROGRESS REPORT FOR FREESTANDING ACTIVITIES			
(Reporting Period: January 1- December 31, 2010)			
TF Project Name.:	IFC CEC NTF-PSI Climate Change (climate risk, infrastructure case studies)		
Trust Fund Number:	TF093064		
Task Team Leader:	Vladimir Stenek		
Managing Unit/Business Line:	Environmental and Social Sustainability Business Line		
Grant start date/closing date:	June 30,2012		
A. Contributions			
	Contribution received from inception May 1, 2009 to June 30, 2010	\$500,000	
	Contribution received from July 1, 2010 - December 31, 2010	\$0	
	Unreleased allocations from previous years	\$0	
	Unreleased allocation from FY11	\$0	
	Total allocation from inception to December 31, 2010	\$0	\$500,000
B. Disbursements			
	From inception May 1, 2009 to June 30, 2010 (actual up to FY 11)	\$0	
	From July 1, 2010 - December 31, 2010 (FY11 actual)	\$57,000	
	Estimate for January 1, 2011 to June 30, 2011 (projected)	\$75,287	
	Total disbursements from inception to June 30, 2011 (actual + projected)		\$132,287
C. Available balance			
	Expected balance available on June 30, 2011 (A-B)		\$367,713
D. Committed, but undisbursed			
	Of the balance in C above, please estimate how much, if any, will remain committed but undisbursed by June 30, 2011		\$200,000

Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI)
PROGRESS REPORT AND REQUEST FOR REFRESHED FUNDING

Activity Name	Economic Growth and Deforestation in the Congo Basin
Trust Fund Number	TF096510
Task Team Leader	Carole Megevand
Managing Unit/Business Line	AFTEN
Grant closing date	April 29, 2011
Recipient country (ies)	Congo Basin countries, including: CAR, Cameroun, Gabon, Eq. Guinea, Republic of Congo and DRC.
Total grant amount projected over life time of activity	200,000
Total grant amount approved since inception (incl. FY11)	193,043. 63
Percentage disbursed of approved grant amount	Zero (however 47 percent is committed)

PART A: PROGRESS REPORT FOR: January 1 - December 31, 2010

1. HIGHLIGHTS OF THE REPORTING PERIOD

Summarize key project highlights of the reporting period

The regional study on "Economic Growth & Deforestation trends in the Congo Basin" has been conducted over the past 18 months and is about to be completed (reports under finalization). A spatial, partial equilibrium model has been established - CONGO Biom-: it mainly consists in the downscaling of the Global model GLOBIOM with the inclusion of Congo basin-specific parameters. **The NTFPSI resources, jointly with PROFOR resources, have financed the elaboration of the Congo Basin-specific model.**

During the same period, numerous workshops have been organized in the sub-region as one of the main objectives of the activity was to sensitize and train local official to modeling exercises. In 2010, the third workshop of a series of 3 was organized in Douala (June 2010) and covered the following aspects: (i) Presentation of the final results of the IIASA Model as well as sectoral studies (Agriculture, Mining and Energy) and (ii) Training on the GLOBIOM/CONGOBIOM tool. (The two previous workshops were organized in Kinshasa, January 2009 (Output: "Note de Cadrage" defining the road map for the study) and that in Douala, November 2009 (Presentation of the preliminary results of the model elaborated by IIASA (International Institute for Applied System Analysis) and training on the GLOBIOM tool). **These workshops were financed by resources other than the NTFPSI resources.**

In order to complement and better illustrate the results of the modeling tools, and as per the countries' request, some sectoral studies have been conducted (Agriculture, Mining, Energy). These studies are under finalization. Sector-specific reports will be prepared as well as a consolidated one (ESW product). Once the reports are available, it is planned that they will be widely disseminated both at the national, regional and international levels. **It is planned to use the NTFPSI resources to finalize the preparation of the reports as well as the dissemination of the reports.**

2. OUTPUTS

2.1 DETAILED REPORTING ON OUTPUTS

Please complete the below table on outputs.

OUTPUTS (short-term project deliverables)								
List of outputs <i>(List all completed and expected outputs of the activity)</i>		Indicators <i>(Mention for each component the applicable indicators. i.e. amounts, quality, volume of use of the project's products etc. Include in particular details on dissemination)</i>	Target groups <i>(add names of applicable target groups under each column)</i>				Status <i>(comment on progress of the components, if behind schedule, or if project has been restructured, explain reason for delay, restructuring rationale and corrective actions if applicable)</i>	Comments- <i>Outputs must be forwarded to the Secretariat for sharing with the donor/externally. Please also include a link to any outputs available electronically (incl online, in IRIS, etc)</i>
			WBG staff	Local partners/ stakeholders	Donor	Others		
1	Congo Basin-specific modeling tool	CONGO-Biom available and ready to be used by the national experts. Training sessions (2) organized (Nov. 09 and June 10)		National REDD Coordination in the Congo Basin			Implemented. The CONGO-Biom model is available, but here is an immense need for training to allow national experts to use the Model.	
2	Policy Notes available for policy makers to better define their position for the debates on REDD in the UNFCCC.	Briefing Notes prepared and widely disseminated during Cop-15 in Copenhagen (500 copies (French and English) and posted on COMIFAC web site.		Congo Basin policy makers	Donors involved in the Congo Basin on REDD	Groups involved in REDD debates local and international levels	Briefing Notes prepared and disseminated during the CoP-15 in Copenhagen. All the donors involved in the Congo Basin on REDD have expressed high interest in the study Other Briefing notes to be prepared based on completed reports	
3	Report on "Economic Growth & Deforestation in the Congo Basin" (1	Reports prepared and disseminated (see "status" column for dissemination details)	WB Staff (spec. AFR	Congo Basin policy makers	donors involved in the Congo Basin on REDD	Groups involved in REDD	<u>Finalization of the reports:</u> Sectoral reports have been prepared for: Agriculture, Mining and Transport. NTF-PSI resources will be used to	

	consolidated report + sectoral reports on Agriculture, Mining, Energy and Transport)		sectoral experts)			debate at the local and international levels	<p>(i) finalize the sectoral reports and (ii) prepare the sectoral report on Energy.</p> <p>Consolidated report is in draft and will be finalized (once all the sectoral reports are completed). NTF-PSI resources will be used to finalize the consolidated report.</p> <p><u>Dissemination of the reports:</u> A dissemination strategy has been set up and targets both regional and international arena. Beyond reports and Briefing, communication tools (such as short films) will be prepared to help sensitize the different groups. Dissemination strategy will be articulated around: (i) BBL (and other WB events) will be organized (ii) Regional workshops (or side-event of regional events) will be organized in the Congo Basin region to sensitize decision-makers on potential trade-offs between sectors and the role of REDD mechanism (iii) Presentation of the outputs of the study at the international level (as part of the international discussions on REDD).</p>	
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2.2 ASSESSMENT of implementation progress (outputs)

Please provide an assessment of the overall implementation progress of the activity. Please be as candid as possible and note that funding will not be withdrawn if the project is rated unsatisfactory or highly unsatisfactory.

	Highly satisfactory – implementation exceeds or is fully in accordance with the original implementation plan or the formally revised plan.
X	Satisfactory – implementation is in substantial compliance with the original/formally revised implementation plan.
	Unsatisfactory – implementation is not in compliance with the original/formally revised implementation plan. Remedial action has been agreed.
	Highly unsatisfactory – as in Unsatisfactory but remedial action has not been agreed.

3. OUTCOMES

Please complete the below table on outcomes.

OUTCOMES (intermediate results)				
List of outcomes		Indicators	Status and progress made in reporting period	Other Comments
1	Potential impacts of various sectors, such as Agriculture, Transport, Energy and Mining, on forest cover are assessed.	National REDD Strategies reflects the impact of sectors on forest covers.	The R-Pin and R-PP of the Congo Basin countries clearly highlight the multi-sectorality of REDD (Agriculture, Energy, Infrastructure, ...).	While the capacities on modeling is very low in the Congo Basin (see below), the exercise has been critical to allow national experts to understand the inter-connection of REDD with other sectors such as Agriculture, Energy and Infrastructure.
2	Congo Basin countries use modeling tools to prepare their REDD strategy	Use of CONGO-Biom for the elaboration of the National REDD strategy	National Experts (2 per country) have been trained on CONGO-Biom and an interface is available on internet.	Capacities are very low and much more time will be needed to ensure a good ownership of this instrument at the CongoBasin countries.

4. IMPACTS

IMPACTS (broader results from program outcomes listed in # 3 above)			
List of development objectives		Indicators	Comments
1	Congo Basin countries better understand the multi-sectoral nature of REDD	The REDD Strategy developed by the Congo Basin countries reflects the cross-sectorality nature of REDD.	Congo Basin countries see the REDD mechanism as an incentive tool to support Sustainable Development, helping to reconcile the different sectoral development strategies.
2	Congo Basin countries use modeling tool to simulate different scenarios on Deforestation.	The Congo Basin countries have fruitfully used the CONGO-Biom model to prepare their REDD Strategy and related reference scenarios.	However, it is worth noting that, despite the great interest from the national experts, it will take a long time before they have the necessary capacity to use the modeling tool by themselves. Assistance from the Modeling Research Center will still be necessary for the next few years.

4.2 ASSESSMENT OF PROGRESS TOWARD MEETING DEVELOPMENT OBJECTIVES

What has been the progress toward meeting the development objectives so far? Please tick off as appropriate and provide a brief rationale for the selection

	On or above targets – results can be seen for all objectives listed in item # 4.1
X	Slightly below targets – results can be seen for some of objectives listed in item # 4.1

Brief Rationale: Some activities have been delayed and initial time frame could not be met

5. RISKS & CHALLENGES

A. If applicable, provide status of follow-up areas from previous progress reports and possible conflict of interests.

Not applicable

B. Explain which implications, if any, changes in the economic/political/social environment has had in the implementation of the project.

Not applicable

C. Which major challenges, if any, do you foresee in the next 12 months?
How are these challenges going to be met?

While in Cancun, REDD+ concept has been collectively recognized as a major pillar in the future CC regime, 2011 will be a critical year in the rule-making of this new mechanism. It is key that the lessons drawn from this exercise “Economic Growth and Deforestation in the Congo Basin” could feed the rule-making process. A large dissemination of the results should be done.

6. EXIT STRATEGY AND REPLICABILITY

Please describe any progress in preparing for activity exit, building sustainability on institutional, financial, technical levels. If known, please also describe likelihood of replication across the WBG or outside.

Institutional	The Congo Basin countries have all been selected by the FCPF to prepare their Readiness to REDD. As part of this support, a focus is given to the preparation of the National REDD Strategy. The outputs of the modeling exercise will directly feed this strategy.
Financial	
Technical	The Modeling Research Center has secured additional funds to continue working with the Congo Basin countries on the modeling tool, and to reinforce capacities. Partnerships are under discussion with IFPRI, which is interested to build on our work.
Other	

7. FINANCIAL INFORMATION

7.1 BUDGET AND DISBURSEMENTS

A. Is the budget still realistic?

Yes No

B. Are disbursements on schedule (as per original proposal – including as projected per fiscal year)?

Yes No

If no, please explain:

If no, please explain: some delays are mainly due to fact that the activities to be financed by the MTFPSI (finalization of the sectoral studies, consolidation of the reports) were conditioned by other activities that were delayed.

7.2 ALLOCATION SPENT ON AFRICA, Including northern africa DURING THE REPORTING PERIOD (estimate):

- \$

100 %

No disbursement occurred in CY2010 however, commitments for CY2010 were: 90.440

7.3 COLLABORATION WITH NORWEGIAN PARTNERS AND NATIONAL CONSULTANTS

A. To what extent have you collaborated with Norwegian and local partners (individual consultants/firms/institutions)?

Fiscal Year	Names of Norwegian consultants/firms/institutions	Amount (USD)	Number of Local Consultants	Amounts (USD)
FY10	-		National Experts were recruited in the different Congo Basin countries	Other financing resources
FY11				

B. Are there any other opportunities for leveraging Norwegian expertise that you can foresee which you want the Secretariat to refer to the donor or to other task managers?

PART B: REQUEST FOR REFRESHED FUNDING IN FY12

For multiyear activities, please list the refreshed funding amount needed for FY12 (if different from the approved budget proposal, please explain change in detail below)

Amount Requested (USD)

NTF-PSI FINANCIAL PROGRESS REPORT FOR FREESTANDING ACTIVITIES (Reporting Period: January 1- December 31, 2010)			
TF Project Name.:	Economic growth & Deforestation in the Congo Basin		
Trust Fund Number:	TF096510		
Task Team Leader:	Carole Megevand		
Managing Unit/Business Line:	AFTEN		
Grant start date/closing date:	29-Apr-11		
A. Contributions			
	Contribution received from inception (insert inception date) to June 30, 2010	\$193,044	
	Contribution received from July 1, 2010 - December 31, 2010		
	Unreleased allocations from previous years		
	Unreleased allocation from FY11		
	Total allocation from inception to December 31, 2010		\$193,044
B. Disbursements			
	From inception (insert date) to June 30, 2010 (actual up to FY 11)	\$0	
	From July 1, 2010 - December 31, 2010 (FY11 actual)	\$0	
	Estimate for January 1, 2011 to June 30, 2011 (projected)	\$150,000	
	Total disbursements from inception to June 30, 2011 (actual + projected)		\$150,000
C. Available balance			
	Expected balance available on June 30, 2011 (A-B)		\$43,044
D. Committed, but undisbursed			
	Of the balance in C above, please estimate how much, if any, will remain committed but undisbursed by June 30, 2011	\$43,044	

Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI)

PROGRESS REPORT AND REQUEST FOR REFRESHED FUNDING

Activity Name	Bosnia Herzegovina Integrated Water-Energy Development Study
Trust Fund Number	TF095054 – ACTV
Task Team Leader	Pieter David Meerbach
Managing Unit/Business Line	8378 (ECSSD), transferred from 7188 (ETWES)
Grant closing date	June 30, 2011
Recipient country (ies)	Bosnia and Herzegovina
Total grant amount projected over life time of activity	US\$ 416,427.00
Total grant amount approved since inception (incl. FY11)	US\$ 416,427.00
Percentage disbursed of approved grant amount	17% (US\$ 70,693)

PART A: PROGRESS REPORT FOR: January 1 - December 31, 2010

1. HIGHLIGHTS OF THE REPORTING PERIOD

The objective of this TF funded activity is to pilot for the Vrbas river in Bosnia and Herzegovina (BiH) an overarching plan for multi-purpose water resource development using the river basin as the basin for planning, and to provide pre-investment analytical support. Over the course of 2010, the task team finalized the TOR for the study in consultations with the core counterparts in BiH. Expression of Interest (EOI) for the study was posted through the World Bank on May 3rd, 2010 with a closing date of the 17th of May, 2010. The World Bank received over 20 EOIs and a short list of six firms were invited to submit a proposal on July 7th, 2010. Proposals were delivered on the 6th of September. On the 18th of November the World Bank contracted COWI AS of Norway and confirmed the selection with the government and selected ministries of Bosnia and Herzegovina. As a result almost all funds available under the TF are now committed, with the remaining funds kept in reserve for travel costs associated with supervision of the grant and for possible minor variations in the scope of the study. In addition, the study is supported with an allocation of US\$ 95,000 from the Water Partnership Program.

In order to conduct the activity in line with Bank standards and procedures, an Economic and Sector Work (ESW) review meeting for was held on December 13, 2010, chaired by the Country Director for BiH, to discuss the concept note for the ESW as well as consult expert review of the technical approach of the study. The meeting endorsed the concept note, but highlighted that the timeline for the study was very tight, and that the quality of the study would be enhanced by extending the timeline with 6 months, and by including a round of internal peer review of interim deliverables for quality enhancement. Other topics that were raised was the importance of incorporating climate change considerations in the ESW and the value-added of further enhancing the dialogue on the study with other development partners in the region.

COWI AS mobilized on November 22, and the World Bank task team and the Steering Committee representing the key government stakeholders in BiH participated in the study inception workshop organized by COWI AS of Norway on December 14, 2010. The outcomes of the meeting confirmed the importance and timeliness of the study for the further development of the water sector in the basin but also stressed the need for additional time for the completion of the work at good quality. Therefore, the task team flags the need for a time extension of the TF by six months until December 31, 2011.

To strengthen the analysis of the impact of climate change on the river basin, the TF partially funds an analysis of General Circulation Model prediction for the region, done by Exeter University in the UK. The information provided from that analysis will provide additional support for COWI AS to use in the analysis of water resources in the Vrbas and in the hydropower study.

2. OUTPUTS¹⁵

2.1 DETAILED REPORTING ON OUTPUTS

OUTPUTS (short-term project deliverables)								
List of outputs (List all completed and expected outputs of the activity)	Indicators (Mention for each component the applicable indicators. i.e. amounts, quality, volume of use of the project's products etc. <u>Include in particular details on dissemination</u>)	Target groups (add names of applicable target groups under each column)				Status (comment on progress of the components, if behind schedule, or if project has been restructured, explain reason for delay, restructuring rationale and corrective actions if applicable)	Comments- Outputs must be forwarded to the Secretariat for sharing with the donor/externally. Please also include a link to any outputs available electronically (incl online, in IRIS, etc)	
		WBG staff	Local partners/ stakeholders	Donor	Others			
1	Study Inception Report and workshop	Inception Report, for review and dissemination with BiH counterparts.	Sector and CMU Staff	State and Entity Government in BiH			Inception workshop with 20 participants was conducted on December 14, 2010. Draft final was delivered January 31, 2011, approved and reviewed final draft will be completed February 28, 2011	Internal working document, to be forwarded to secretariat and discussed with BiH counterparts. This will not be available electronically only internally.
2	Hydropower Development Study Report	Report Delivered to Sector Staff, CMU (in October, 2011 and will be available online for public consultation	Sector and CMU Staff (10 people)	State and Entity Government in BiH (15 representatives)	Development partners (3 partner agencies)	Civil society in BiH (5 civil society organizations, to be identified in public consultation plan.	Not Yet Completed, due October, 2011	A draft will be available for public consultation, a final draft will available online (an address is not yet determined)
3	Terms of Reference for Hydropower Project	Delivered to specific Staff and CMU staff and BiH counterparts for review and dissemination when	Sector and CMU Staff	State and Entity Government in BiH (15	Development partners (3 partner		Not yet Completed, due November, 2011	This TOR will be used for future projects that are determined throughout this study

¹⁵ For definitions of outputs, outcomes and impacts, see <http://go.worldbank.org/1HR22MLDY0>. Visit <http://go.worldbank.org/5SDDS6BZ80> for examples of project results chains

		appropriate, this TOR is due November, 2011.	(10 people)	representatives)	agencies)			and by the government of BiH
4	Public Consultation Plan and Report	Plan due March, 2011 and draft report due September, 2011 with the final draft to follow for sector and CMU staff and BiH counterparts to be available online at an address yet to be determined	Sector and CMU Staff	State and Entity Government in BiH	Development Partners		Not yet Completed, the plan is due in March, 2011 and the report in September, 2011	This report will be used for consultation with the public on pressing issues with water resources and hydropower implementation. The report will be available online at the time of finalization
5	Module 1. Water Resource Management Report	This report will be delivered to sector and CMU staff and BiH counterparts and will be available for public consultations when the final report is available online at an address yet to be determined.	Sector and CMU Staff (10 people)	State and Entity Government in BiH (15 representatives)	Development partners (3 partner agencies)	Civil society in BiH (5 civil society organizations, to be identified in public consultation plan.	Not yet completed. Draft for public consultation beginning October 2011, final beginning November 2011	This draft will be available for public consultation, final available online and will be the used as a platform for the government to write a new Basis for the Vrbas River basin.
6	Integrated Water Management Development Report	This report will be delivered to sector and CMU staff and BiH counterparts and will be available for public consultations when the final report is available online at an address yet to be determined.	Sector and CMU Staff (10 people)	State and Entity Government in BiH (15 representatives)	Development partners (3 partner agencies)	Civil society in BiH (5 civil society organizations, to be identified in public consultation plan.	Not yet completed. Draft report due September, 2011 with Final due in November, 2011	This Report will assist the government of BiH in writing the new Water Basis for the Vrbas River Basin. The report will be available online at an address yet to be determined.
7	Climate Scenario Report	This Report will be delivered to Sector and CMU staff and BiH counterparts and will be available online at an address yet to be determined. This is due by April 30, 2011	Sector and CMU Staff (10 people)	State and Entity Government in BiH (15 representatives)			Not yet completed. Final Report by April 30, 2011	This report will provide scenarios of future climate variability based on analysis within the Vrbas River Basin and will be used in further development of other reports in this study.

2.2 ASSESSMENT OF IMPLEMENTATION PROGRESS (OUTPUTS)

Please provide an assessment of the overall implementation progress of the activity. Please be as candid as possible and note that funding will not be withdrawn if the project is rated unsatisfactory or highly unsatisfactory.

	Highly satisfactory – implementation exceeds or is fully in accordance with the original implementation plan or the formally revised plan.
X	Satisfactory – implementation is in substantial compliance with the original/formally revised implementation plan.
	Unsatisfactory – implementation is not in compliance with the original/formally revised implementation plan. Remedial action has been agreed.
	Highly unsatisfactory – as in Unsatisfactory but remedial action has not been agreed.

3. OUTCOMES

Please complete the below table on outcomes.

OUTCOMES¹⁶ (intermediate results)				
List of outcomes		Indicators	Status and progress made in reporting period	Other Comments
1	The outcome is to pilot an overarching plan for multi-purpose water resources development in the Vrbas river, using the river basin as the basis for planning.	Overarching river basin management plan reviewed through a process of public consultations, and used by the State and Entity Governments in BiH as the main input in the Vrbas river basin management and investment planning. The reports and documents that are applicable will be available online for government entity use, public use and sector and CMU staff use.	The outcome has not been achieved yet, but the consultants have been procured and are through the inception phase of the study. The inception report has been submitted and final dates of the major outputs have been detailed. Continuation of the study is ongoing and reviews of the inception report and further development of the study are progressing steadily.	

¹⁶ Outcomes: Uptake, adoption and use of project outputs by the project beneficiaries. Outcomes can be defined at various levels depending on the circumstances (e.g. CAS and project levels).

4. IMPACTS

4.1 DETAILED REPORTING ON IMPACTS

Please complete the below table on impacts.

IMPACTS¹⁷ (broader results from program outcomes listed in # 3 above)			
List of development objectives		Indicators	Comments
1	To pilot for the Vrbas river an overarching plan for multi-purpose water resource development using the river basin as the basin for planning and to provide the related pre-investment support.	Overarching river basin management plant	The Consultants have been procured and the study is being done with experts putting in strong commitment for completion of the study by December, 2011.

4.2 ASSESSMENT OF PROGRESS TOWARD MEETING DEVELOPMENT OBJECTIVES

What has been the progress toward meeting the development objectives so far? Please tick off as appropriate and **provide a brief rationale for the selection**

	On or above targets – results can be seen for all objectives listed in item # 4.1
X	Slightly below targets – results can be seen for some of objectives listed in item # 4.1
	Significantly below targets – results cannot be seen for any of the objectives listed in # 4.1

Brief

Rationale:

The study has been fully committed and is well underway for completion, although by a revised deadline of December 31, 2011.

¹⁷ Please also illustrate impacts that can be seen related to:

- (ix) WBG private sector and infrastructure policy and operation
- (x) Private sector and infrastructure policy and practice by country governments

See footnote 1 for link to definition of impact and examples of project results chains.

5. RISKS & CHALLENGES

A. If applicable, provide status of follow-up areas from previous progress reports and possible conflict of interests.

No potential conflicts of interests for the Bank were identified, as the TF funded activity focus only broader water management issues and on small and medium hydropower investments. The focus of the TOR is similar, and hence the risk for conflict of interest is low.

B. Explain which implications, if any, changes in the economic/political/social environment has had in the implementation of the project.

There were significant changes in the Water Law. These changes were taking into account in the Terms of Reference for the study and will follow the laws that govern the two entity states in BiH, which also follow the objectives under the EU Framework.

C. Which major challenges, if any, do you foresee in the next 12 months?
How are these challenges going to be met?

The major challenges will be in the ability of the consultants to obtain adequate data and coordinate the study implementation with the myriad of groups, institutions, and government entities in order to maintain the cooperation for a completion of the study. The World Bank task team is pro-actively working with the Steering Group of the BiH authorities to facilitate a smooth cooperation.

6. EXIT STRATEGY AND REPLICABILITY

Please describe any progress in preparing for activity exit, building sustainability on institutional, financial, technical levels. If known, please also describe likelihood of replication across the WBG or outside.

Institutional	Sustainability on the institutional level will be fostered by allowing for joint supervision of the study by both the government Steering Committee and the World Bank task team.
Financial	Government has some resources to perform additional studies and investments, if recommended through the study funded under this Trust Fund.
Technical	Technical sustainability hinges on the implementation team of this study including national institutions. The consultant has mobilized a strong technical team including strong local team members.
Other	

7. FINANCIAL INFORMATION

7.1 BUDGET AND DISBURSEMENTS

A. Is the budget still realistic?

<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No
<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No

B. Are disbursements on schedule (as per original proposal – including as projected per fiscal year)?

If no, please explain:

The start of the study was delayed, the procurement process for the consultants had unexpected hindrances but the study is now fully on track to meet all objectives against a revised timeline of the stud and the TF funds have been committed..

7.2 ALLOCATION SPENT ON AFRICA, INCLUDING (ESTIMATE):

NORTHERN AFRICA DURING THE REPORTING PERIOD

7.3 COLLABORATION WITH NORWEGIAN PARTNERS AND NATIONAL CONSULTANTS

A. To what extent have you collaborated with Norwegian and local partners (individual consultants/firms/institutions)?

Fiscal Year	Names of Norwegian consultants/firms/institutions	Amount (USD)	Number of Local Consultants	Amounts (USD)
FY11	COWI AS of Norway	US\$ 40,000		

B. Are there any other opportunities for leveraging Norwegian expertise that you can foresee which you want the Secretariat to refer to the donor or to other task managers?

The study is being implemented by COWI AS of Norway

PART B: REQUEST FOR REFRESHED FUNDING IN FY12

Amount Requested (USD)

The decision on your funding request will be based on implementation progress and donor preferences. Please provide any additional information that ought to be considered below:

There is a very significant buy-in from the Government for this study, and the World Bank has made a strong commitment to Government that the study will be implemented. The study is likely to provide all the main information to update the Water Management Basis of the Vrbas river, and hence will be very important for the planning and development of future investments in the sector in the river basin.

NTF-PSI FINANCIAL PROGRESS REPORT FOR FREESTANDING ACTIVITIES (Reporting Period: January 1- December 31, 2010)			
TF Project Name.:	Bosnia Herzegovina Integrated Water-Energy Development Study		
Trust Fund Number:	TF095054		
Task Team Leader:	Pieter David Meerbach		
Managing Unit/Business Line:	8378 (ECSSD)		
Grant start date/closing date:	August 17, 2009/June 30, 2011		
A. Contributions			
Contribution received from inception (insert inception date) to June 30, 2010		\$416,427	
Contribution received from July 1, 2010 - December 31, 2010		\$0	
Unreleased allocations from previous years		\$0	
Unreleased allocation from FY11		\$0	
Total allocation from inception to December 31, 2010			\$416,427
B. Disbursements			
From inception (insert date) to June 30, 2010 (actual up to FY 11)		\$10,480	
From July 1, 2010 - December 31, 2010 (FY11 actual)		\$60,210	
Estimate for January 1, 2011 to June 30, 2011 (projected)		\$145,737	
Total disbursements from inception to June 30, 2011 (actual + projected)			\$216,427
C. Available balance			
Expected balance available on June 30, 2011 (A-B)			\$200,000
D. Committed, but undisbursed			
Of the balance in C above, please estimate how much, if any, will remain committed but undisbursed by June 30, 2011			\$200,000

Modernizing Hydropower

- A Presentation of a NTF-PSI funded Hydropower Activity

A Video Conference
between Norway and
The World Bank Group

Tuesday
12 October 2010
15:00—16:00
(Norway time)

This is the first in a
series of
Video Conferences to
scale up dissemination
of NTF-PSI
funded activities

This purpose of this event is to present key findings and progress of two studies :

(i) A Greenhouse Gas Emissions (GHG) study related to reservoirs. With focus on a practitioners note, this component should give a good sense of the contribution of the projects to on-the-ground operations.

(ii) A Benefits-sharing and hydropower study. Key interim deliverables, including the inception report undertaken by SWECO will be presented.

Agenda:

- **15:00:** Welcome by Joshua Gallo, Program Manager, NTF-PSI
- **15:10:** Introduction to “Modernizing Hydropower”, Daryl Fields, Senior Water Resources Specialist, The World Bank
- **15:15:** The GHG study (practitioners note), Oeyvind Lier, Senior Hydropower Specialist, The World Bank
- **15:25:** The Benefits-sharing study, Elena Correa, Sr Social Dev. Specialist The World Bank and representative from SWECO, Norway
- **15:40:** Q & A, moderated by Petter Nore, Director, Energy Dep, Norad
- **15:55:** Wrap up by Petter Nore, Director, Energy Dep, Norad (tbc)

For details contact:

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Visit www.worldbank.org/ntfpsi for information on the NTF-PSI

Green House Gas Intensity in Core Development Activities



A Video Conference
between Norway and
The World Bank Group

**Thursday
18 November
2010
15:00—16:00
(Norway time)**

This is the second in
a series of
video conferences to
scale up dissemination
of NTF-PSI
funded activities

This purpose of this event is to present status, issues and challenges related to the NTF-PSI funded assessment of Green House Gas intensity in core development activities

Agenda:

- 15:00 Introduction by James Warren Evans (Director, Environment Dept.)
The context to GHG Analysis at the World Bank especially in light of the World Bank Group's Strategic Framework on Development and Climate Change, approved in November 2008.
- 15:10 **GHG analysis of development projects across MDBs/FIs by Sameer Akbar (Sr. Environmental Specialist, Environment Dept.)**
An overview of the scope of GHG analysis by major Multi-lateral Development Banks and International Financial Institutions in relation to work pursued by the World Bank
- 15:20 **GHG analysis at the World Bank by Sameer Akbar, supported by Philippe Ambrosi and Federico Querio (Environment Dept.)**
An overview of the on-going GHG analysis efforts (with NTF-PSI support) at the World Bank focusing on energy, transport, and forestry sectors, highlighting the issues and challenges involved
- 15:35 Q & A moderated by Hans Olav Ibrekk (Policy Director, Norad)
- 15:55 Wrap up by Hans Olav Ibrekk

ViewPoints

VOL. 1 ISSUE 1

DECEMBER 2010

Climate Change Risks and Private Sector Participation in Infrastructure (PPI): Policy Options

By Maria Vagliasindi¹

The additional investment needs for climate change mitigation are high. Mitigation costs in developing countries are projected to range from \$140 to 175 billion (2005\$) per year by 2030. For adaptation the most comparable estimates are the medium-term figures produced by the United Nations Framework Convention on Climate Change (UNFCCC) and the World Bank, which range from \$30 billion to \$100 billion.² The reasons for incorporating climate change into investment choices both from regulatory and contractual perspectives are obvious in a few key infrastructure sectors, such as the energy and transport sectors. Not only are additional investments required, but they can also help considerably in improving efficiency. In the energy sector, while the shift to an energy mix that brings about emission reductions requires additional investment estimated at US\$ 10.5 trillion between 2010–2030 (World Energy Outlook, IEA 2009), improved energy efficiency will also deliver cost savings of over US\$ 2.5 trillion over the same period.³

Global annual economic losses resulting from extreme weather events and natural disasters can also be extremely high. According to the NOAA National Climatic Data Center, as of end of 2009 there have been 94 weather disasters in the United States alone, each worth at least US\$ 1 billion in damage since 1980.⁴ All together, these 94 events cost over US\$ 700 billion, and claimed over 22,300 lives, just in the United States. Global figures are much higher. According to estimates by the European Commission the cost of all the potential cumulative global damage from climate change would be EUR 74 trillion at today's value if effective action is not taken.

Although richer countries are not immune from disasters, developing countries face more challenging climate change conditions, such as higher means and variability of rainfalls. This in turn affects growth and poverty, as the case of Sub Saharan Africa powerfully shows. Where the climate variability index is high, droughts are more frequent. Familiar cases stand out, such as the Greater Horn

BOX 1 The Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI)

The NTF-PSI provides grant resources for World Bank Group activities aimed at mainstreaming the investment climate, providing technical assistance in areas related to governance and infrastructure services for the poor, and promoting structured cooperation on petroleum sector governance issues. The fund is intended to help develop World Bank Group and client country capacity, promote inclusion of cross-cutting issues into World Bank and the International Finance Corporation's operations, and to foster cooperation among different units in the World Bank Group, United Nations, Norwegian institutions and other external agencies and groups. Half of the funds are earmarked for Africa. Progress and priorities are discussed and agreed upon at meetings in Norway and Washington every year. Visit www.worldbank.org/ntfps for further details.

1. This viewpoint note summarizes the preliminary results of an ongoing policy oriented research work program aimed at improving knowledge on the links between energy reforms and climate change, led by Maria Vagliasindi, Lead Economist, The World Bank, Sustainable Development Network, Energy Anchor. It also heavily draws from a Background Paper, "Climate Change Risks, Regulation and Private Participation in Infrastructure (PPI)" (2010) by Maria Vagliasindi that was prepared for the World Bank's World Development Report 2010 "Developing in a Changing Climate". The author would like to thank Marianne Fay, Antonio Estache, Dan Biller, Joshua Gallo, Luis Guasch, Clive Harris, Mustafa Zakir Hussain, Lucio Monari, John Nash, Vladimir Stenek, and Jordan Schwartz for excellent advice and comments throughout the preparation of this work program.
2. World Bank (2009) World Development Report 2010 "Developing in a Changing Climate". World Bank.
3. IEA (2008) World Energy Outlook, IEA, Paris.
4. NOAA's National Climatic Data Center "1980–2005 Billion Dollar US Weather Disasters", www.ncdc.noaa.gov/oa/reports/billionz2009.html. The National Climatic Data Center is a division of the National Oceanic and Atmospheric Administration of the U.S. Department of Commerce.

BOX 2 Impact of Climate Change and Vulnerability of Water Infrastructure Systems

A \$200,000 NTF-PSI grant supported the examination of methodologies to assess the vulnerability of water infrastructure systems to climate change and hydrologic variability. Adaptation is critical in the water sector and is particularly challenging in developing countries because of increased exposure to climate impacts compared to most developed countries; restricted capital and technological capacities; and limited access to credit and international markets. Understanding infrastructure systems' vulnerability will help better identify and implement appropriate adaptation measures.

The results from the research financed with this grant have been presented at several key events such as Stockholm Water Week and published in key reports such as the flagship report on *"Water and Climate Change: Understanding the Risks and Making Climate Smart Investment Decisions"*. The reports have been well received and generated a significant level of interest and requests for additional information from various stakeholders including the private sector. The data and methodologies used in the report are being used in new studies and strategic documents such as World Bank country water resources strategies as well as in specific non-lending and lending projects such as the Zambezi infrastructure diagnostics and the Kafue Gorge Lower project. Data developed in the course of this project will also be available on the World Bank Climate Portal, thereby increasing the reach of this study and awareness to the issues.

of Africa, where drought has spawned famine in Ethiopia. Sadoff (2006) found that considering the effects of water variability reduced projected rates of economic growth by 38% per year and increased projected poverty rates by 25% over a twelve year period.⁵ In addition, many infrastructure systems in developing countries are already operating close to their capacity limits, which makes them more vulnerable to additional loads and hazards.

Despite the risks associated with the changing climate, empirical evidence suggests that the private sector is not taking into account the new challenges presented by climate change. Most companies perceive climate change as an opportunity rather than a risk and many do not report risks, despite the fact that climate risks can affect nearly any company. Businesses are at risk not only from the physical impacts of climate change but also from potential regulatory and policy changes, as well as reputational and legal risks.⁶

ROLE OF Private participation in addressing climate change challenges

Budgetary and efficiency constraints are generally used as good arguments to further develop

public-private partnership schemes to meet the additional investment needs required by climate change. Below is a more balanced assessment of the potential benefits and difficulties of private sector involvement in infrastructure services based on experience cumulated by the World Bank, the Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI) and other organizations over the last few decades:

- **Financial and budgetary constraints:** The overall cost of capital for publicly owned utilities typically appears to be significantly lower than that for private utilities as governments can borrow on more favourable terms than private companies. The lower cost of capital for publicly owned utilities however is an illusion resulting from the implicit transfer of risk to the taxpayer. The true cost of capital for publicly owned utilities will usually be no less than the equivalent cost for private utilities. Furthermore, the most recent literature (Engel et al., 2008) claims that PPIs are unlikely to significantly relieve the public budget constraint.⁷ Under a PPP, the government saves on investments early on in the relationship, but these savings are offset one-for-one by ceding revenue flows to the private sector.
- **Efficiency constraints:** The majority of contracts with private sector participation have led to substantial improvements in operational efficiency and in the quality or coverage of services. Better management of existing assets can also reduce the amount of investment required to sustain or extend services. Such gains however, could sometimes come at the expense of social goals, such as universal access to services at affordable prices. In the context of climate change, private participation by improving management can help increase energy efficiency.
- **Innovation:** In the context of climate change, there is a potential tradeoff between innovative efforts to cut costs and those to increase quality. The existing literature (pioneered by Hart et al., 1997) has studied this trade-off and concluded that private ownership leads to excessive incentives to invest in cost reduction and to moderate incentives to improve qual-

5. Sadoff, Claudia (2006) "Can Water Undermine Growth? Evidence from Ethiopia", *Agriculture and Rural Development*, Issue 18.

6. Calvert and Ceres (2007), *Climate Risk Disclosure by the S&P 500*, Ceres, Boston, US.

7. Engel, E., Fischer, R. and A. Galetovic (2008) "The Basic Public Finance of Public-Private Partnerships", Department of Economics Working Paper n. 35, Yale University.

ity.⁸ Under private ownership, efforts devoted to cost reduction are often too high while efforts devoted to quality innovation are too low. While the empirical evidence is mixed, some studies find that the public sector performs better in terms of quality enhancement and innovation, particularly when this does not immediately translate in improvement in profitability.

In light of the uncertainty created by climate change risks, private participation in infrastructure may bring more or less benefits. A more balanced assessment of the role of the public and private sector emerges as criteria such as access to finance, efficiency and innovation are considered, as summarized in Table 1. These criteria can be of paramount importance in the context of climate change and a looming financial crisis.

Public institutions (including national governments) and the official mechanisms under UNFCCC are likely to remain the key sources of finance for climate change mitigation and adaptation. Private driven mechanisms, including carbon markets have been growing, but the absence of continuity after 2012 and the uncertainty of carbon prices represent major challenges that can hinder long term investment by the private sector.

Policy implications and Options

The timing and credibility of policies linked to climate change will impact investment decisions. The closer in time a company is to a change in policy, the greater the policy risk will be, and the greater the impact on investment decisions. Climate policy risks may be reduced if a policy is set over a sufficiently long timescale into the future. There also needs to be credibility that the policy will not be changed during this period. Policy credibility is not entirely within the control of individual national governments. If similar actions are not committed to by other countries, then there will always be a risk of backtracking on the grounds of maintaining competitiveness.

Among the various types of policy instruments available to address climate change, quantity vs. price regulation is still a debated issue.

	Financial	Efficiency	Equity	Innovation
PPPs	 Due to increased cost of capital	 Evidence on improvement in operational efficiency	 Operational efficiency can be at the expenses of social goals	
SOE	 Implicit subsidies must also be considered	 SOE are less responsive to incentives to reduce cost and increase profits	 Social goals are generally at the expenses of profits	 Quality enhancing innovation may be undertaken even in the absence of immediate returns

Source: Author elaboration.

Whether it is more efficient to achieve emission reductions by specifying the quantity of emissions to be reduced (such as in an emissions trading scheme) or by specifying the price of emission reductions with an emissions tax is still debated. Bosetti *et al.* (2008) revisit this issue introducing uncertainty and conclude that whereas the presence of uncertainty abatement costs drives risk averse individual to prefer the price instrument, the randomness of climate damages introduces a counteracting impact.⁹

More complex tradeoffs between environmental and other goals, namely access and affordability, emerge for developing countries. The new focus on the impact of rising prices on vulnerable customers combined with the need to take into account climate change obligations provides the sector policy maker and the regulator with an important opportunity to have a significant impact on the key issues of our time. A tendering process for investments, for example, could help electricity companies find new savings to assist the most vulnerable consumers. It could also consider changes needed to encourage new techniques that help reduce emissions and reward contract designs that emphasize energy efficiency. New regulatory incentives and framework may also be required.¹⁰

While a new financing architecture is emerging, as a result of the Copenhagen Accord, which

8. Hart, O., Shleifer, A., and R. Vishny, (1997). 'The Proper Scope of Government: Theory and Application to Prisons', *Quarterly Journal of Economics*, vol. 112, 1127–1161.
9. Bosetti, V.; Golub, A.; Markandya, A., Massetti, E. and M. Tavoni (2008) "Abatement Cost Uncertainty and Policy Instrument Selection under a Stringent Climate Policy. A Dynamic Analysis", *Eni Nota di Lavoro* 15.
10. Pollitt, M. (2008) "The Future of Electricity and Gas Regulation", EPRG working paper, n. 8/11, University of Cambridge, Cambridge, UK.

BOX 3 IFC Climate Risk, Infrastructure Case Studies

This project is part of the IFC Adaptation Studies Program initiated by the IFC's Climate Change Unit in December 2007 and whose objective is to assess the risks posed by climate change to private sector investments. The intention of this project is to develop a series of pilot studies to produce a comprehensive understanding of risks, methods and adaptation options specific to the private sector in order to increase climate resilience and contribute to more sustainable development. To date, six studies have been undertaken as part of this program, one of which is being financed by NTF-PSI.

The initial study funded by NTF-PSI is the Kafue Gorge Lower (KGL) Climate Risk Study. The focus of this study is the climate risk analysis of the hydropower project Kafue Gorge Lower in Zambia. KGL is a 600–750+ MW hydropower project based in the Kafue River Basin and is expected to be the second largest power project in the country. The project team used a science-based approach and tools to model potential climate change impacts on the KGL project. The study includes climate change modeling, hydrology, hydrodynamic and energy modeling and financial analysis. It analyses direct and indirect impacts of climate change to identify opportunities and priorities for adaptation. Dissemination of the study's results will be an important part of the program.

formed the basis of further negotiations in Cancun (Mexico), international organizations, such as the World Bank Group can help developing countries take maximum advantage of existing instruments. Such instruments include the Global Environment Facility (GEF), carbon funds associated with the Clean Development Mechanism and Joint Implementation, the Carbon Partnership Facility for emission purchase agreements beyond 2012, and the Climate Investment Funds (CIF).¹¹

To address climate change risks, re-evaluating and updating designs would be necessary. Given climate change uncertainties and impacts, infrastructure professionals should re-evaluate, develop, and regularly update design standards for infrastructure as well as construction and maintenance practices. This will require a broad-based research and testing program and a substantial implementation effort. Opportunities for adaptation are limited once a facility has been built or renovated, particularly for large and long lived infrastructure, unless engineers build in the potential to make subsequent changes. Addressing climate change will also require reevaluation, development, and regular updating of standards that guide infrastructure design.

Adapting to collective climate hazards requires cross-sectoral coordination. Various com-

ponents in a built environment will be exposed to different types of climate hazards, and will have different degrees of exposure. Those components with similar exposure in a given geographic area can be grouped in a system. Affected stakeholders, generally from a different sector, will therefore have to coordinate efforts in planning appropriate adaptation measures and responses within that system. NTF-PSI and other international organizations can play a very important role in fostering regional and cross-sectoral cooperation.

A critical part of adaptation policy will also be to put in place efficient mechanisms for the allocation of resources; for example, a mechanism to decide on the allocation of water between the three/four major categories of users: energy, agriculture, industry, households (and perhaps biodiversity). In Sub Saharan Africa and South and Eastern Europe, part of the adaptation challenge will be to develop a regional energy pool to permit the export of energy from regions with a vast, untapped hydro potential to others. In Southern Europe and North Africa, water rights are being bought from farmers by cities.

Climate change adaptation strategies should take into consideration the timeframe of planned activities. Operational and maintenance decisions are easier to adapt to climate change and their adaptation can be incremental in light of actual or observed climate changes. Decisions about new infrastructure or major capacity additions involve the longest time frame because they will shape land use and development patterns for years to come, and thus may require consideration of climate change projections that extend into the second half of the century. There are three categories of adaptation that could warrant immediate action: *i*) projects in which it is cheaper to make adjustments earlier, such as changes in planning regulations; *ii*) adaptive actions that have immediate benefits, for example projects that deal with the effects of climate variability or health projects that have impacts outside of adaptation; and *iii*) projects that lock in lasting benefits, for example by preventing long-term damage to ecosystems.

11. The largest under the CIF umbrella is the Clean Technology Fund (CTF), which will finance demonstration, deployment, and transfer of low-carbon technologies with a significant potential for long-term GHG emissions savings and that meet country development objectives. Another fund under the CIF umbrella is the Scaling Up Renewable Energy Program for Low Income Countries (SREP).

ANNEX V: PORTFOLIO MONITORING TABLE AS OF DECEMBER 31, 2010
(in \$'000)

Serial No.	Activity	VPU	FY	Trust Fund No.	Task Manager	Original Closing Date	Current Closing Date	Funds Allocated Prior to FY11 A	Total Allocated in FY11 B	Total Allocation from inception C=A+B	As of December 31, 2010				
											Cumulative Funds Rec'd by Project D	Cumulative Disburse up to and inc FY10 E	Disbursements FY11 F	Commitments FY11 G	Available Balance D-(E+F+G)
PROGRAM COORDINATION															
	Secretariat	SDN	03	TF051490	J. Gallo PPIAF	9/30/2005	12/31/2013	1,000.0	250.0	1,250.0	1,250.0	992.0	88.6	0.0	169.5
	Dissemination Activities	SDN	10	TF096834	J. Gallo PPIAF	6/30/2011	6/30/2011	40.0	0.0	40.0	40.0	28.4	-15.9	1.7	25.8
INVESTMENT CLIMATE AND GOVERNANCE															
IC-4.7	SME Banking Program: Bridging the SME finance gap	IFC	08	TF090950	G. Teima CGFIB	12/31/2009	6/30/2011	500.0	0.0	500.0	500.0	428.7	16.0	8.9	46.4
IC-4.9	Doing Business: Opportunities for women, infr. and reform case studies	FPD	09	TF093152	S. Bagaudinova FPDB	10/1/2010	10/1/2011	500.0	250.0	750.0	500.0	258.1	101.2	60.9	79.8
IC-5.0	Amazonian integrated destination mgmt dev.	LAC	09	TF093035	L. Debroux LCSAR	9/30/2011	9/30/2011	240.0	60.0	300.0	152.5	45.9	12.4	0.1	94.1
IC-5.1	PH- CC in coastal areas-a community based approach	EAS	09	TF092836	M. Villaluz EASRE	9/15/2011	9/15/2011	255.0	75.0	330.0	255.0	164.6	10.1	71.2	9.0
IC-5.2	CASA	IFC	09	TF093860	E. Bakonyi CAFAF	6/30/2010	6/30/2013	400.0	0.0	400.0	400.0	386.7	2.1	3.9	7.3
IC-5.3	Trade Logistics Advisory Program 2	IFC	11	TF098420	U. Subramanian CICRS	12/31/2013	8/31/2013	191.2	500.0	691.2	191.2	0.0	55.9	63.9	71.4
IC-5.4	IFC-Private Equity Clean Energy	IFC	09	TF093874	K. C. Dlamini CAFAF	12/30/2010	6/30/2011	1,665.7	0.0	1,665.7	1,665.7	0.0	21.3	92.4	1,552.0
INFRASTRUCTURE SERVICES TO THE POOR															
IN-4.4	Water Infr. and Hydropower: Modernizing a critical resource	SDN	08	TF092144	E. Correa SDV	6/30/2009	3/31/2011	330.0	0.0	330.0	330.0	206.5	38.0	57.0	28.5
IN-4.6	Preparing for climate change in Asian and African costal cities	SDN	08	TF097270	R. Cervigni AFTEN	6/30/2011	6/30/2011	150.0	0.0	150.0	150.0	0.0	0.0	14.0	136.0
IN-4.7	Ass. of GHG intensity of core dev. Act. In energy and transport sectors	SDN	08	TF091582	S. Akbar ENV	6/30/2010	6/30/2011	400.0	0.0	400.0	400.0	177.8	67.2	67.4	87.6
IN-4.8	Lighting Africa- Web Portal	IFC	08	TF090598	P. Avato CESSE	6/30/2009	6/30/2011	484.6	0.0	484.6	384.6	218.2	98.6	34.5	33.4
IN-5.1	Adaptation to CC in coastal cities of North Africa	MENA	09	TF093136	A. Bigio MNSSD	10/31/2010	6/30/2011	350.0	0.0	350.0	350.0	88.5	69.9	164.1	27.5
IN-5.3	Inf and small scale PSD for coastal cities of Honduras and Nicaragua	LAC	09	TF093075	D. M. Reyes LCCHN	9/14/2011	9/14/2011	350.0	100.0	450.0	450.0	262.5	131.7	14.4	41.5
IN-5.4	Model to develop the domestic gas market in Yemen	MENA	09	TF092841	P. Audinet MNSSD	9/18/2009	4/30/2011	500.0	0.0	500.0	500.0	290.7	3.6	13.5	192.2
IN-5.7	IFC CES NTF-PSI CC (climate risk, infrastructure case studies)	IFC	09	TF093064	V. Stenek CESCL	6/30/2010	6/9/2012	500.0	0.0	500.0	500.0	57.3	56.4	43.7	342.5
IN-5.8	Economic growth and deforestation in the Congo Basin	AFR	10	TF096510	C. Megevand AFTEN	4/29/2011	12/31/2011	193.0	0.0	193.0	193.0	0.0	0.0	0.0	193.0
IN-5.9	ESMAP-Bosnia Project	SDN	09	TF095054	P. Meerbach ECSS1	6/30/2010	12/31/2011	416.4	0.0	416.4	416.4	0.0	70.7	297.9	47.9
PETROLEUM GOVERNANCE INITIATIVE (PGI)															
PGI-1.1	PGI	SDN	07	TF057534	R. M. Lesnick COCPO	6/30/2008	6/30/2013	6,756.1	857.5	7,613.6	7,613.6	4,797.9	594.5	443.1	1,778.1
PGI-1.2	EI-TAF	SDN	09	TF071265	M. Stanley COCPO	12/30/2012	12/30/2012	3,059.8	0.0	3,059.8	3,059.8	3,059.8	0.0	0.0	0.0

ANNEX V: PORTFOLIO MONITORING TABLE AS OF DECEMBER 31, 2010
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											Cumulative Funds Rec'd by Project D	Cumulative Disburse up to and inc FY10 E	Disbursements FY11 F	Commitments FY11 G	Available Balance D-(E+F+G)

ONGOING GLOBAL ACTIVITIES SET UP WITH FREESTANDING ACCOUNTS (to be phased out)															
GP-1.5	Africa Water Resources Mgt Initiative (AWRMI)	AFR	03	TF052004	S. Mcmillan AFTWR	6/30/2005	6/30/2011	2,550.0	0.0	2,550.0	2,375.0	1,430.3	71.4	65.5	807.8

LEGALLY CLOSED/CANCELLED PROJECTS															
IC-1.1	Financial Bank/FINADEV	IFC	03	TF051990	L. Vaillancourt CSMFN	6/30/2004	5/11/2006 LCLS	450.0	0.0	450.0	434.8	434.8	0.0	0.0	0.0
IC-1.2	First Micro-Finance Bank of Afghanistan	IFC	03	TF051991	P. Stein CGFIB	6/30/2006	12/31/2006 LCLS	550.0	0.0	550.0	550.0	549.6	0.0	0.0	0.4
IC-1.3	Institutional Capacity Bldg of SME Bank in Tanzania (EXIM)	IFC	03	TF051992	K. Hiramoto CTATF	12/31/2003	3/31/2006 LCLS	200.0	0.0	200.0	200.0	178.8	0.0	0.0	0.0
IC-1.4	Investment Climate & Capacity Bldg for Small Business Dev	PSD	03	TF051994	A. Mikhev CSMFP	6/30/2005	12/31/2006 LCLS	400.0	0.0	400.0	400.0	394.6	0.0	0.0	0.0
IC-1.5	Global Credit Bureau Program	IFC	03	TF051995	N. Mylenko CTATF	6/30/2004	6/30/2006 LCLS	300.0	0.0	300.0	284.4	284.5	0.0	0.0	0.0
IC-1.6	Bldg Capacity for Extractive Industries	SDN	03	TF051996	C. Andrews COCPD	6/30/2005	6/30/2007 LCLS	504.0	0.0	504.0	503.1	503.1	0.0	0.0	0.0
IC-1.7	Improving the Investment Climate in Rural Areas	SDN	03	TF051997	R. Kloeppinger-TodARD	6/30/2004	4/30/2007 LCLS	660.0	0.0	660.0	650.2	650.1	0.0	0.0	0.0
IC-1.8	Investment Climate Assessments	PSD	03	TF051998	A. Gonzalez FPDEA	6/30/2004	6/30/2007 LCLS	900.0	0.0	900.0	891.3	891.2	0.0	0.0	0.0
IC-1.9	Pilot Rural Communities and Global Markets Linkages	AFR	03	TF051999	M. Manalo AFTPS	6/30/2004		0.0	0.0						0.0
IC-2.1	Post Conflict Support for Angola: Enterprise Bank	IFC	04	TF052861	F. Rashid CGFP1	12/31/2004	12/31/2006 LCLS	325.0	0.0	325.0	325.0	325.0	0.0	0.0	0.0
IC-2.2	Establishment of Pan-African Municipal Finance Company	IFC	04	TF052862	A. Perez CMFDR	12/31/2004	11/29/2005 LCLS	200.0	0.0	200.0	193.8	193.8	0.0	0.0	0.0
IC-2.3	Africa Red Tape Reduction Program	IFC	04	TF052863	H. Gosal CSMSP	10/31/2005	7/31/2006 LCLS	150.0	0.0	150.0	90.5	53.0	0.0	0.0	0.0
IC-2.4	Products, Markets and Investment Climate: the Costs of Logistics Constraints	FPD	04	TF052864	U. Subramaniam CICFA	12/31/2005	6/30/2010	1,161.8	0.0	1,161.8	1,161.8	963.7	198.1	0.0	0.0
IC-3.1	Capacity Bldg in Urban Transport in SSA	WBI	05	TF054397	P. Nounba Um WBIFP	6/30/2005	6/30/2006 LCLS	125.0	0.0	125.0	122.7	122.7	0.0	0.0	0.0
IC-3.2	Entrepreneurship-A Topic in Doing Business in 2007	PSD	05	TF054467	M. Johns CICMA	9/30/2006	9/30/2006 LCLS	300.0	0.0	300.0	300.0	300.0	0.0	0.0	0.0
IC-3.3	Land Rights-A Topic in Doing Business in 2006	FPD	05	TF054684	S. Bagaudinova FPDDB	6/30/2006	6/30/2008 LCLS	235.0	0.0	235.0	235.0	242.2	0.8	0.0	-8.0
IC-3.4	Privatization in SSA	IFC	05	TF054341	S. Kikeri PSDPO	6/30/2006	10/31/2006 LCLS	300.0	0.0	300.0	300.0	300.0	0.0	0.0	0.0
IC-4.1	Chad-Enterprise Center	IFC	06	TF056194	C.F. Kante CSMLK	6/30/2006	6/30/2010 LCLS	800.0	0.0	800.0	600.0	450.5	1.2	0.1	148.2
IC-4.2	Global Rollout of IC Survey	IFC	06	TF055887	J. Meza FPDEA	12/31/2008	12/31/2009 LCLS	400.0	0.0	400.0	400.0	400.0	0.0	0.0	0.0
IC-4.3	*Africa Region Global Rollout of IC Survey	AFR	06	TF057723	G. Iarossi AFTPS	12/31/2008	12/31/2008 LCLS	800.0	0.0	800.0	800.0	800.0	0.0	0.0	0.0
IC-4.4	Reducing Informality	IFC	06	TF055868	R. Ramalho FPDDB	10/31/2007	12/31/2009 LCLS	250.0	0.0	250.0	250.0	250.0	0.0	0.0	0.0
IC-4.5	Framework for Private and CC financed wind power in Morocco	MNSSD	08	TF090839	S. Pariente-David MNSSD	9/27/2008	4/15/2009 LCLS	300.0	0.0	300.0	222.7	222.7	0.0	0.0	0.0
IC-4.6	Targeted capacity bldg for avoided deforestation, reforestation and sustainable lang mgmt in Africa	SDN	08	TF091349	E. Baradoudy ENVCF	12/1/2008	12/31/2010	430.0	0.0	430.0	430.0	233.7	1.6	137.4	57.3
IC-4.8	Vietnam Sustainable Hydropower	EAP	08	TF090683	R. Spencer EASTE	2/28/2009	9/30/2009 LCLS	320.0	0.0	320.0	287.6	287.6	0.0	0.0	0.0
IN-1.1	Inf Service Delivery in the Context of Decentralization	EAP	03	TF052000	A. Dasgupta EASUR	6/30/2004	12/27/2005 LCLS	275.0	0.0	275.0	198.9	198.9	0.0	0.0	0.0
IN-1.2	Decentralization in the MNA Region	MNA	03	TF052001	S. Karam MNSIF	6/30/2004	11/15/2005 LCLS	250.0	0.0	250.0	239.5	239.6	0.0	0.0	0.0
IN-1.3	Mobilizing Municipal Govts & Private Enterprises to Reduce Poverty in Cities	SDN	03	TF052002	C. Kessides TUDUR	6/30/2004	4/21/2006 LCLS	350.0	0.0	350.0	316.9	316.9	0.0	0.0	0.0
IN-1.4	Private Sector in Rural Water Supply in Africa	AFR	03	TF052017	P. Cross AFTU2	6/30/2005	6/30/2006 LCLS	200.0	0.0	200.0	170.5	170.4	0.0	0.0	0.0
IN-1.5	Improving Rural Livelihoods	LCR	03	TF051989	S. Brushett	12/30/2004	3/30/2006	300.0	0.0	300.0	209.5	209.6	0.0	0.0	0.0

ANNEX V: PORTFOLIO MONITORING TABLE AS OF DECEMBER 31, 2010

(in \$'000)

Serial No.	Activity	VPU	FY	Trust Fund No.	Task Manager	Original Closing Date	Current Closing Date	Funds Allocated Prior to FY11 A	Total Allocated in FY11 B	Total Allocation from inception C=A+B	As of December 31, 2010				
											Cumulative Funds Rec'd by Project D	Cumulative Disburse up to and inc FY10 E	Disburse-ments FY11 F	Commit-ments FY11 G	Available Balance D-(E+F+G)
	through Inf Services to the Poor (Latin America)				LCSFP		LCLS								
IN-2.1	Trade Logistics and Facilitation Initiative	SDN	04	TF052865	M. Juhel TUDTR	6/30/2004	12/31/2005	75.0	0.0	75.0	70.9	70.9	0.0	0.0	0.0
IN-2.2	Improving Decisions in Water, Sanitation & Health	SDN	04	TF052866	P. Kolsky EWDWS	12/31/2005	12/31/2006	120.0	0.0	120.0	120.0	52.1	0.0	0.0	0.0
IN-2.3	Ensuring Effective Accountability in Tripartnerships to Enhance Delivery of WS Services in Poor Communities	SDN	04	TF052867	M. van Ginneken EWDWS	4/30/2005	6/30/2006	180.0	0.0	180.0	174.9	174.9	0.0	0.0	0.0
IN-2.4	Poverty & Social Impact of PSI Portfolio in Sub-Saharan Africa	AFR	04	TF052868	Q. Wodon AFTPM	6/30/2006	6/30/2007	389.0	0.0	389.0	389.0	385.1	0.0	0.0	0.0
IN-3.1	Dev. Impact Evaluation of Infrastructure Projects	SDN	05	TF054315	J. Baker TUDDR	12/31/2007	12/31/2007	475.0	0.0	475.0	422.1	422.1	0.0	0.0	0.0
IN-3.2	Petroleum Revenue Mgmt & Sector Governance (Angola)	SDN	05	TF054433	C.McPherson COCPO	6/30/2006	6/30/2006	125.0	0.0	125.0	124.5	124.5	0.0	0.0	0.0
IN-3.3	Extractive Industries Transparency Initiative (Weisser)	SDN	05	TF054785	C.McPherson COCPO	6/30/2005	4/21/2006	55.7	0.0	55.7	53.0	53.1	0.0	0.0	0.0
IN-4.1	Infrastructure Services Prices Database	SDN	06	TF055984	K. O'Sullivan EWDEN	9/30/2006	9/30/2006	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IN-4.2	Mainstreaming Carbon Finance Renewable Egv Dev in Africa	AFR	06	TF056091	A. Sarkar ETWES	6/29/2007	7/30/2008	262.0	0.0	262.0	250.3	250.3	0.0	0.0	0.0
IN-4.3	Hanoi Urban Transport Program	EAP	06	TF055888	S. Mehndiratta EASTR	6/30/2006	6/30/2007	100.0	0.0	100.0	95.7	95.7	0.0	0.0	0.0
IN-4.5	EAP Cities Clim. Alliance Ntwk: Mitig. and Adapt to CC Imp at City Levels	SDN	08	TF091089	P. Pillai ENV	3/31/2009	9/30/2010	350.0	0.0	350.0	350.0	334.9	15.0	0.0	0.1
IN-4.9	The SME sustainable opportunities initiative	IFC	08	TF090965	E. Marshall CESSI	6/30/2009	12/31/2010	250.0	0.0	250.0	250.0	250.0	0.0	0.0	0.0
IN-5.0	CC and Water Resources in Africa	AFR	08	TF090961	N. Harshadeep SASDN	9/24/2009	6/30/2010	500.0	0.0	500.0	485.2	433.3	51.9	0.0	0.0
IN-5.2	Incl. CC imp., adapt. and vulnerability in Brazil's transport investment progr.	LAC	09	TF092853	A. Meyer LCSTR	8/28/2010	8/28/2010	70.0	130.0	200.0	0.0	0.0	0.0	0.0	0.0
IN-5.5	Dev of a strategic framework for PPP in Egypt's pumps sector	MNA	09	TF093466	A. Azad MNSSD	5/31/2010	5/31/2010	350.0	150.0	500.0	0.0	0.0	0.0	0.0	0.0
IN-5.6	Imp. of CC and vulnerability of water infrastructure systems	SDN	09	TF093053	M. Jacobsen ETWWA	9/1/2009	4/1/2010	200.0	0.0	200.0	197.7	189.4	8.3	0.0	0.0
GP-1	Engage the Private Sector in Energy Delivery (ESMAP)	SDN	03	TF052057 TF020184	A. Armar ETWES	12/31/2004	9/30/2010	5,950.0	0.0	5,950.0	5,950.0	5,950.0	0.0	0.0	0.0
GP-1.1	Sustainable Financial Markets Facility (SFMF)	IFC	03	TF050768	R. Shilpa CESSB	6/30/2007	12/31/1999	1,000.0	0.0	1,000.0	880.0	880.0	0.0	0.0	0.0
GP-1.2	Corporate Citizenship Facility (CCF)	IFC	03	TF050767	H. Sammari CESSR	6/30/2007	12/31/1999	900.0	0.0	900.0	750.0	750.0	0.0	0.0	0.0
GP-1.3	Environmental Opportunities Facility (EOF)	IFC	03	TF050760	C. Figueroa CESTC	6/30/2007	12/31/1999	1,200.0	0.0	1,200.0	990.0	990.0	0.0	0.0	0.0
GP-1.4	Global Gas Flaring Reduction Public-Private Partnership	SDN	03	TF050028 TF050954	B. Svensson COCPO	12/31/2003	6/30/2010	2,300.0	0.0	2,300.0	2,430.0	2,430.0	0.0	0.0	0.0
GP-1.6	ATMS/AMSCO *	IFC	03	TF051993	I. Akpofure CAFAF	12/31/2005	6/30/2007	750.0	0.0	750.0	750.0	750.0	0.0	0.0	0.0
GP-1.7	Foreign Investment Advisory Services (FIAS)	IFC	03	(TF050464) TF070810	T. Davenport CICFA	12/31/1999	12/31/1999	2,925.0	0.0	2,925.0	2,925.0	2,925.0	0.0	0.0	0.0
GP-1.8	African Project Development Facility (APDF)	IFC	03	TF023632	B. Chidzero CSMAF	6/30/2005	6/30/2005	2,071.8	0.0	2,071.8	2,071.8	2,071.8	0.0	0.0	0.0
	PEP Africa	IFC	06	TF055446 TF071101	E. Bakonyi CAFAF	6/30/2010	6/30/2010	4,400.0	0.0	4,400.0	4,400.0	4,400.0	0.0	0.0	0.0
GP-1.9	Water and Sanitation Program (WSP)	SDN	03	TF051698 TF070962	J. So ETWWP	6/30/2007	6/30/2010	7,859.3	0.0	7,859.3	7,859.3	7,859.3	0.0	0.0	0.0
GP-2.0	Public-Private Infrastructure Advisory Facility (PPIAF)	SDN	03	TF023361	J. Shukla PPIAF	6/30/2002	6/30/2007	2,100.0	0.0	2,100.0	2,100.0	2,100.0	0.0	0.0	0.0
GP-3.1	Global Corporate Governance Forum (CGGF)	IFC	05	TF055293 (TF051787)	P. Armstrong CCGGF	6/30/2007	6/30/2010	1,500.0	0.0	1,500.0	1,500.0	1,500.0	0.0	0.0	0.0
GP-3.2	Sub-Saharan Africa Transport Policy (SSATP) DPL1	AFR	05	TF054344	Z. Samara AFTR	12/31/2007	6/30/2009	1,600.0	0.0	1,600.0	1,600.0	1,598.3	0.0	0.0	1.7
GP-3.3	Sub-Saharan Africa Transport Policy (SSATP) DPL2	AFR	09	TF070961	Z. Samara AFTR	6/30/2013	6/30/2013	286.0	300.0	586.0	586.0	436.0	150.0	0.0	0.0
GP-3.4	Sustainability Business Innovator	IFC	08	TF070815	H. Sammari CESSR	6/30/2011	6/30/2011	2,880.0	0.0	2,880.0	2,880.0	2,880.0	0.0	0.0	0.0
GP-3.5	WSP Norway Fragile States	SDN	09	TF093545	W. Gichuri	06/31/2010	11/30/2010	494.2	0.0	494.2	494.2	8.7	485.4	0.0	0.1
GP-3.6	CASA Multidonor	IFC	10	TF070993	Eva Bakonyi CAFAF	6/30/2013	6/30/2013	2,000.0	0.0	2,000.0	1,500.0	1,500.0	0.0	0.0	0.0
CE-1.2	IFC-Mining and Energy in Sub-Saharan Africa	IFC	09	TF093875	P. Avato CESSE	6/10/2010	6/10/2010	832.9	0.0	832.9	0.0	0.0	0.0	0.0	0.0
CE-1.3	IFC MENA-Clean production facility	IFC	09	-	-	-	-	1,249.3	0.0	1,249.3	0.0	0.0	0.0	0.0	0.0

Red=cancelled
LCLS = legally closed.

Annex IV:

Financial reports of global, multidonor programs (completed and in the process of being phased out)

- Africa Water Resources Management Initiative (TF052004) (page 237)
- Sub Saharan Africa Transport Program (TF070961) (page 245)
- WSP-Norway Africa Fragile Environment (TF093545) (page 247)

**Norwegian Trust Fund for Private Sector and Infrastructure (TF052004)
Africa Water Resources Management Initiative**

Annual Progress Report: January 1, 2010 - December 31, 2010

Scope of AWRMI Activities:

The AWRMI multi-donor program provides important support to governments to better manage water resources across all sectors. It has been effective in promoting a sustainable water agenda in Sub-Saharan Africa and encouraging regional cooperation.

Southern & East African Activities

- 1) **Project Name:**
The Zambezi River Basin – A Multi-Sector Investment Opportunity Analysis

AWRMI funds: US\$ 5,112.31 expensed during this reporting period

Status: Completed

Since project start in February 2008, the Zambezi River Basin Multi-Sector Investment Opportunities Analysis (MSIOA) was developed and successfully completed by December 2010.

Objectives:

The overall objective of the study was to illustrate the benefits of cooperation among the riparian countries in the Zambezi River Basin through a multi-sectoral economic evaluation of water resources development, management options and scenarios—from both national and basin-wide perspectives. Specifically, the analysis has the following three objectives:

- 1) Identify and prioritize potential investments and make an initial assessment of the social and environmental implications of options;
- 2) Assess the benefits of cooperative and joint investments¹ over unilateral development for the riparian countries individually and the region as a whole.
- 3) Assess the sectoral water requirements and the cross-sectoral impacts of the use of water in each sector on other sectors.

Brief description of activities:

2010 represented the completion phase of the Project. Below is a short timeline of key project milestones and activities since the beginning in December 2008.

December 2008	The draft Zambezi MSIOA Inception Report was presented by the consultant consortium of the BRI (France) and Niras (Denmark).
May 2009	The Preliminary Zambezi MSIOA Report was delivered with the first results from a hydrological and economic modeling exercise of the entire Zambezi River Basin. These models produce a set of development scenarios, illustrating best options for cooperation and investments that benefit all the riparian countries – particularly in the sectors of irrigation and hydropower.
July 2009	A regional consultation workshop was organized in Gaborone, Botswana to

¹ Co-operative development is where two or more riparian countries cooperate on the development of shared resources through the sharing of information, trade, etc (e.g. cooperation on the management of Kariba and Cahora Bassa Dams) and joint development is where two or more countries jointly invest in a single project (e.g. Zimbabwe and Zambia on the Kariba)

	consult key representatives from the eight riparian countries.
Sep to Dec 2009	Following the main recommendations from the regional workshop, national consultation workshops were held in all eight riparian countries between. The Objectives were to validate the data and engage a broader set of stakeholders at country level. The issues raised by participants at the workshops, together with extensive comments from stakeholders were since incorporated in the Draft Final Zambezi MSIOA.
June 2010	The key findings of the Zambezi MSIOA were finalized and broad dissemination and dialogue begun.
September 2010	To strengthen the presentation of the Zambezi MSIOA, the report was type-set, proofread and published. The primary recipients of the Final Report included key stakeholders in counterpart line-ministries in all riparian countries. It was thereafter shared with cooperating partners, the SADC Water Division and agencies affiliated with ZAMCOM. The study was also presented during the World Water Week in Sweden to reach a broader audience.
November 2010	The report was shared at donor meetings in Norway and Denmark, and broad based dissemination continued to research institutes, sector related ministries and departments in riparian countries and the southern Africa region.
December 2010	The Report was published on the Bank's external web:

http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/0,,contentMDK:2278578~pagePK:146736~piPK:226340~theSitePK:258644,00.html?cid=3001_2

The Final Report "The Zambezi River Basin – A Multi-Sector Investment Opportunities Analysis" is divided into four volumes:

Volume 1. Summary Report (also provided in Portuguese)

Summarizes the study to provide a quick overview of the methodology, models, key findings and next steps.

Volume 2. Basin Development Scenarios

Provides a detailed explanation and results of all of the 28 scenarios.

Volume 3. State of the Basin

Illustrates comprehensive analysis of the water using sectors (including hydropower, irrigation, wetlands, tourism etc) in the Basin.

Volume 4. Modeling, Analysis and Input Data

Details analysis of the models applied, the data used and indicative results of scoping phase of the research.

The key findings of the study are:

- The Zambezi River Basin presents ample opportunities for sustainable, cooperative investment.
- With improved cooperation and coordination, the Basin's existing hydropower facilities could increase the regions output of firm electricity by seven percent, adding \$585 million in value over 30 years, with no major infrastructure investment.
- The Southern Africa Power Pool (SAPP) plan to expand generation capacity in the region, which requires investment of \$10.7 billion over 15 years, is adequate to meet most of the region's projected demand for electricity and replace other non-renewable sources of energy.
- Effective transnational coordination of planned hydropower plants operation and dispatching could potentially increase the supply of firm electricity in the region by as much as 23 percent.
- Although implementation of all current national irrigation projects would expand access to irrigated land by 184 percent, it would also reduce the region's capacity to produce electricity by 21 percent if no new generation capacity were brought online.
- If the proposed national irrigation projects were implemented alongside the current SAPP plans to expand generation, the region's capacity for uninterrupted electricity would fall by about eight percent.
- A more detailed study of how climate change and non-irrigation water use might affect sectors other than hydropower.

Linkage to WB operations:

WBG is extensively involved in all of the Zambezi riparian countries in most sectors including major water user sectors, such as hydropower, agriculture, industry, and urban and rural development. The majority of these efforts are directly linked to the waters of the Zambezi River and/or its tributaries. Yet virtually all World Bank Group projects are undertaken from a single sector and single country perspective. The experience of the World Bank Group clearly indicates the significant advantages to be gained from co-operative and joint development¹ of international water resources and the opportunities lost when unilateral action is taken. Given emphasis on regional integration agenda in Africa, this study offers opportunities to advance the basin work into a viable study.

Building on the platform created by the ZACPRO, dialogue on technical and institutional cooperation in the Basin is intended to be strengthened with the Zambezi MSIOA's focus on development potential in key growth sectors, such as irrigation and hydropower. The Bank's unit for Water Resources Management as since completion of the report embarked on creating a strategy for engagement at sub-basin, country-cluster level so as to best address the needs and opportunities revealed by the study.

Furthermore, different departments within the Bank are collaborating at sub-basin level and across sectors, and together with other international organizations, so as to better serve the country clients and better contribute to common development goals - especially the Millennium Development Goals. For example, a US\$100 million APL project is currently under preparation to support the Government of Malawi for the development of the Lake Malawi/Nyasa/Niassa sub-basin of the Zambezi River Basin. Forty thousand hectares of irrigation project would be developed to support market and food security in southern Malawi. This project is being prepared in collaboration with IFC and the African Development Bank.

2) Project Name: Zambezi Management Policy Dialogue

AWRMI funds: US\$14,189.29 expensed during the reporting period

Status: Ongoing.

Objectives:

Building on the platform of dialogue and technical insight gained from the Zambezi River Multi-Sector Investment Opportunities Analysis elaborated above, the Bank has been pursuing a policy dialogue to encourage investments into cooperative development of hydropower generation and irrigated agriculture development in the river basin. The policy dialogue entails particular focus into these two growth sectors but with due consideration to development of other water users and in line with the Revised Protocol on Shared Waters in Southern Africa and the pending Zambezi Watercourse Commission (ZAMCOM).

Linkage to WB operations:

The policy dialogue will be guided by the eight riparian development priorities and the Bank's program for support at national level (Country Partnership Strategies). With consideration to the potential of regional growth and the trans-boundary nature of the investment potentials, the dialogue is also informed by the Banks Regional Integration Assistance Strategy.

The Bank is pursuing investment operations in water resources management in many of the riparian countries and is actively engaged in supporting transfer of knowledge and dialogue with institutions such as the Southern Africa Development Community, the Southern Africa Power Pool, and the several international donors and development banks in the region.

Brief description of activities and outputs:

The Bank intends to present and encourage discourse on the Zambezi River Multi-Sector Investment Opportunities Analysis findings and outputs. Appropriate forums will be selected for dialogue among key stakeholders and decision makers in the basin. Emphasis will be given to coordinated development of essential water resources infrastructure and the benefits of adaptation to climate change. Essential for these are support and exchange of data

and information management among riparians. The Bank will be preparing an operational strategy for advancing the Zambezi MSIOA outcomes in the country context.

3) Project Name: Strategic Analysis of Water Resources Investment in Kenya

AWRMI funds: US\$45,157.41 expensed during the reporting period

Status: Ongoing.

Objectives:

The achievement of Kenya's development objectives on food security and sustained growth increasingly depends on the ability of the country to deal with climate-related risks, water scarcity, and efficient use and management of the available water resources. With a per capita annual freshwater availability of approximately 647 m³, Kenya is already classified as "water scarce country," and by 2025, per capita availability is projected to fall to only 235 m³.² This is threatening the implementation of the Government of Kenya (GOK) development plan Vision 2030, which is based on projections of rapid economic growth and poverty reduction.

GOK has made good progress in implementing a new institutional setting in the sector. However, underinvestment in water resources infrastructure in Kenya for the last two decades has resulted in a total water supply storage capacity in large dams of only 184 million m³, which translates to 4.7 m³ per capita³ and is one of the lowest levels in the world. As very few dams proposed in the National Water Master Plan (NWMP) have been constructed since its preparation in 1992, serious water shortages in both urban and rural areas have become major constraints for economic growth and poverty reduction.

The objective of the study is to assist GOK and the World Bank with outlining a prioritized set of water resources interventions in order to reduce the existing water-related vulnerability of the economy and mitigate the negative and enhance the positive impacts of water on growth and poverty reduction. The analysis is expected to contribute to GOK's strategic prioritization and sequencing of water resources investments in order to address the water related constraints to the country's economic development. The results of the analysis will also provide an analytical foundation for further dialogue between GOK and the Bank on the potential assistance in the water resources sector and specific investment projects preparation. The investment priorities should be given to appropriate single and multi-purpose and cost-effective developments in the regions with a high potential to contribute to the country's socio-economic development and poverty reduction goals.

The specific objectives of the study are:

- (i) To assess key water resources -related challenges and geographical hot spots that constrain the country's attainment of its growth and poverty reduction goals in the medium and long-term based on updated water resources balance;
- (ii) To prioritize investment options for water resources development in time and geographically and recommend a set of priority interventions for implementation in the short / medium-term;
- (iii) To analyze institutional and financing aspects of water resources development in Kenya and recommend approaches to the identified problems.

Linkage to WB operations:

The project team has already discussed the implications of this ESW on the Bank's potential assistance in the water resources sector and specific investment projects preparation with the Ministry of Finance and World Bank Management. The prioritization of water resources investments resulting from this analysis is expected to provide a basis for GOK to coordinate support in the water sector, specifically with regard to increasing water storage. Because of this, other development partners have been consulted in the preparation of the study so far, and further close collaboration is expected towards the completion of the study.

² *Towards a Water Secure Kenya*, World Bank (2004)

³ Kenya's total water storage including hydropower generation is approximately 4.1 billion m³ or 105 m³ per capita. However, this storage is mainly single-purpose and has little contribution to domestic water supply and irrigation.

Brief description of activities and outputs:

This grant provided support for four important activities: (i) the water resources assessment, which builds on a spatial analysis centering on catchments linked with economic growth potential and other infrastructure development plans, using GIS tools and spatial econometric modeling; (ii) a GIS analysis by a specialist who began to build a GIS platform for the Bank and GOK under this grant. This includes the consolidation of the hydrological data on water resources availability and demand by catchment and sub-catchment; productive sector data, infrastructure data, natural resources / environmental data, etc., and the mapping of related socio-economic indicators; (iii) an economist who is responsible for the economic cost-benefit analysis and prepare the study report; and (iv) an irrigation specialist to assist with the review and supervision of an ongoing consultancy by IFPRI to assess the small- and large-scale irrigation potential for the country, and the related water demand.

The team has completed the preliminary water balance analysis for 2010 (current) and 2030 (future) based on updated surface water yield and water demand estimates/projections of each sector. The preliminary results were presented on GIS maps and shared with GOK in October 2010. The preliminary analysis broadly identified some key water stress hot spots: (i) the Nairobi metropolitan area, (ii) the Coast, particularly the Mombasa area, (iii) Western Kenya, which includes flood mitigation needs, and (iv) other inland areas where water demand for domestic, livestock, irrigation, etc. are expected to increase significantly. The team is still in the process of conducting a review of benefits of prioritized dams with reference to the results of water demand assessments for all sectors.

The outputs of this work will be disseminated in-country through consultations and formal delivery to GOK, as well as within the Bank's water sector. Consultations and workshop will be planned for April 2011 to present preliminary findings from the draft report to these key government stakeholders and other development partners and solicit feedback before finalizing the report, in close collaboration with the Ministry of Water and Irrigation (MoWI) and involving other key agencies. The results of this analysis will also complement GOK's National Water Storage Policy (2010).

Western and Central Africa Activities**1) Project Name: Ghana Water Resources Development Policy Paper**

AWRMI funds: US\$641.62 expensed during the reporting period

Status: Ongoing.

Objectives:

The objective of this Paper is to develop a framework for dialogue and future Bank engagement in water resources management and development in Ghana. The Paper will present an overview of water resources management in the country including assessments of surface water and groundwater and the institutional arrangements in place for water resources management.

Linkage to WB operations:

The Paper complements the on-going and planned water sector activities supported by the GoG, the Bank, and other donors, in particular relating to disaster risk reduction, climate change adaptation and institutional development. It is also consistent with country level initiatives including the National Water Policy, which provides a framework for the development of Ghana's water resources, the Government's "Sustainable Development Initiative for Northern Ghana" and the Ghana Water Resources Management Study (1998) by the then Ministry of Works and Housing. This Paper also builds upon the World Bank current sustainable development program for Ghana. On-going related World Bank projects include the Natural Resources Development Policy Operation (US\$10 million), the Second Urban Environmental Sanitation Project (US\$65.5 million) and the Disaster Preparedness and Watershed Management Project financed by GFDRR (US\$660,000). Finally, this Paper feeds into the mid-term review of the current CAS (2008-2011) and the next CAS discussions for Ghana. The Paper will therefore include recommendations for water resources management and development. These recommendations will serve as inputs for consideration in the next round of priority technical and financial assistance to Ghana by the Bank.

Brief description of activities and outputs:

The development of the Paper entails the following: an evaluation of the sources of water (surface water and groundwater); assessments and analysis of uses (irrigation and drainage, water supply and sanitation, hydropower, inland water transport, fisheries and environment) and projected water demands based on national development plans and strategies to identify potential challenges and constraints to sustainable development resulting from ineffective water resources management and inadequate water infrastructure; and propose recommendations regarding the Bank's assistance for water resources management and development in Ghana. **The expected output is a concise report.**

Support to Initiating Activities in Southern, East and West African Countries

AWRMI funds: US\$15,636.27expensed during the reporting period

Status: Ongoing

Objectives:

The purpose of these activities has been primarily in supporting the work of the Southern, East and West African countries in particular for the ongoing support for the preparation of the Mozambique Water Resources Development; Senegal River Basin – the AWRMI has supported the OMVS (the Senegal River Basin Authority) and the Multipurpose Water Resources Development Project; Niger River Basin – ongoing support to the Niger River Basin and implementation of the Niger Basin investment plan; and provision of support services to the Africa Region Water Resources Management Unit's work in Southern, East and West Africa.

--oo0oo—

NTF-PSI ANNUAL PROGRESS REPORT			
GLOBAL PROGRAMS			
Reporting Period: January 1-December 31, 2010			
TF Project Name.:	Africa Water Sresources Management Initiative (AWRMI)		
Trust Fund Number:	TF052004		
Task Manager:	Shelley Mcmillan		
Managing Unit/Business Line:	AFTWR		
Grant start date/closing date:	2/25/2003 06/30/2011*		
Total grant amount approved since inception:	2,550,000		
A Contributions			
	Contribution received from NTF-PSI from inception to June 30, 2010	\$2,375,000	
	Contribution received from July 1-December 31, 2010		
	Unreleased allocations from previous years	\$175,000	
	Unreleased allocations from FY11		
	Total allocation from inception to December 31, 2009	\$2,550,000	\$2,550,000
B Disbursements			
	Expected disbursements from NTF-PSI: <i>(if managed as multi-donor, please only show prorata Norwegian disbursement)</i>		
	From inception to June 30, 2010 (actual up to FY11)	\$1,430,251	
	From July 1 -December 31, 2010 (FY11 actual)	\$80,737	
	Estimate for January 1 to June 30, 2011 (projected)	\$318,704	
	Total disbursements as of June 30, 2011 (actual + projected)		\$1,829,692
	EXPECTED BALANCE AVAILABLE ON JUNE 30, 2010		\$720,308
	<p>* NOTE: Due to delay of Kenya Assessment of Water Storage Needs and Ghana Water Resources Management Paper, slow disbursement during the reporting period. Therefore, we would like to request extension of a closing date from June 30, 2011 to December 31, 2011. Or, transfer the expected balance to an existing multi-donor programmatic trust fund "Cooperation in Internatoinal Waters in Afrcia (CIWA)" which is preferred option if the Donor agrees. Note that the Government of Norway has shown a keen interest in joining the CIWA multi donor trust fund, hence, a special meeting was organized in Nov. 2010 in Oslo, Norway.</p>		

C Contribution for Africa	
Please estimate share of work/contribution for Africa (in %) during the reporting period	100 %
D Collaboration with Norwegian partners and local consultants	
To what extent have you collaborated with Norwegian and local partners (individual consultants/firms/institutions)?	
Fiscal year	Norwegian consultants (include names and amounts)
FY09	-
FY10	-
Fiscal year	Local consultants (country based) (include number and amounts)
FY10	Total: \$40498 (Ahmed Zuber, Charles Etyem, Musole Musumali, and Steve Hobbs)
FY11	Total: \$14,189 (P. Aklilu, L. Phiri Munjoma)
E Highlights	
Please briefly elaborate on major highlights/challenges/achievements of your program during the reporting period.	
<p>Africa. Highlights are:</p> <p>1) The Zambezi Multi Sector Investment Opportunity Analysis (MSIOA) study was completed and delivered to the riparian countries of Zambezi River Basin in September 2010 and also shared with the cooperating partners active in the Zambezi River Basin. The study was divided into four consecutive volumes:</p> <p>Volume 1: Summary report (also in Portugues) summarizes the study to provide a quick overview of the methodology, models, key findings and next steps.</p> <p>Volume 2: Basin development scenarios .</p> <p>Volume 3: State of the Basin illustrates comprehensive analysis of the water using sectors in the the Basin. Thereafter, a process of dissemination was commenced.</p> <p>Volume 4: Modeling, Analysis and Input Data details analysis of the models applied, the data used and indicative results of scoping phase of the research.</p> <p>Since the completion of the study, its findings has been shared through extensive dissemination to key stakeholders in the relevant line-ministries in all riparian countries, cooperating partners, SADC and agencies affiliated with ZAMCOM, and also at events such as the World Water Week 2010 in Stockholm, Sweden. Building on the platform of the study, the Bank has been pursuing a policy dialogue to encourage investments into cooperative development of hydropower generation and irrigated agriculture development in the river basin and AFTWR has embarked on creating a strategy for engagement at sub-basin, country-cluster level so as to best address the needs and opportunities revealed by the study.</p> <p>2) Initiated Strategic Analysis of Water Resources Investments in Kenya which aims to: (i) To assess key water resource challenges and geographical hot spots that constrain the country's attainment of its growth and poverty reduction goals in the medium and long-term based on an updated water resources balance;</p> <p>(ii) To prioritize investment options for water resources development in time and geographical location and recommend a set of priority interventions for implementation in the short / medium-term;</p> <p>(iii) To analyze institutional and financing aspects of water resources development in Kenya and recommend approaches to the identified problems.</p> <p>The study is scheduled to be delivered in June 2010, and be completed December 2011.. The outputs of this study will be disseminated in-country through consultations and formal delivery to the Government of Kenya as well as within the Bank's relevant sectors. Thereafter, a dissemination of the report in a workshop setting is planned.</p> <p>3) Initiated Ghana Water Resources Development Policy Paper which is to develop a framework for dialogue and future Bank engagement in water resources management and development in Ghana. The paper will present an overview of water resources management in the country including assessments of surface water and ground water and the institutional arrangement in pace for WRM. The paper is to be completed in December 2011.</p>	
F Electronic Annual Reports	
Please attach electronic copy of your most recent Annual Report to donors or provide url address.	

**NTF-PSI ANNUAL PROGRESS REPORT
GLOBAL PROGRAMS**

Reporting Period: January 1-December 31, 2010

TF Project Name.:	Sub Saharan Africa Transport Program
Trust Fund Number:	TF070961
Task Manager:	Zeina Samara
Managing Unit/Business Line:	AFTTR
Grant start date/closing date:	09-12-2008 to 06/30/2013
Total grant amount approved since inception:	Norway contribution is \$581,714 of a total MDTF of around \$15,300,000 (0.04%)

A Contributions

Contribution received from NTF-PSI from inception to June 30, 2010	431,714	
Contribution received from July 1-December 31, 2010	\$0	
Unreleased allocations from previous years	\$0	
Unreleased allocations from FY11	\$150,000	
Total allocation from inception to December 31, 2010		\$581,714

B Disbursements

Expected disbursements from NTF-PSI: <i>(if managed as multi-donor, please only show prorata Norwegian disbursement)</i>		
From inception to June 30, 2010 (actual up to FY11)	\$146,613	
From July 1 -December 31, 2010 (FY11 actual)	\$91,860	
Estimate for January 1 to June 30, 2011 (projected)	\$100,000	
Total disbursements as of June 30, 2011 (actual + projected)		\$338,473

EXPECTED BALANCE AVAILABLE ON JUNE 30, 2011 **\$243,241**

C Contribution for Africa

Please estimate share of work/contribution for Africa (in %) during the reporting period	100 %
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D Collaboration with Norwegian partners and local consultants

To what extent have you collaborated with Norwegian and local partners (individual consultants/firms/institutions)?

Fiscal year	Norwegian consultants (include names and amounts)
FY10	n.a
FY11	n.a

Fiscal year	Local consultants (country based) (include number and amounts)
FY10	
FY11	3 firms for \$273K, \$300K and \$150K

E Highlights	
Please briefly elaborate on major highlights/challenges/achievements of your program during the reporting period.	
<p>A pilot to undertake a pro growth pro poor transport strategy review in Burkina Faso is underway. The Implementation of Transport Sector Data Management System is also underway in Uganda. In Swaziland, SSATP is assisting in carrying out institutional assessment for data management practices. A partnership approach was set up under the Regional Integration to review and improve the Northern Corridor Observatory in collaboration with Trademark East Africa (TMEA) and support the Central and Dar Corridor activity for baseline surveys. SSATP is also planning to engage a consultancy firm to conduct choke monitoring in Malaba and Gatuna and to support the ongoing Kenya Ports Authority Data Need assessment. A Partnership Agreement between SSATP and Trade Facilitation Facility to assist the RECs in carrying out a number of activities aimed at facilitating trade along the major corridors is being put in place. This activity is part of the efforts of SSATP to improve the efficiency of transport by helping RECs, SROs and Corridor Authorities provide a sustainable plan and measures to promote trade, taking into consideration cross cutting issues such as Road Safety, HIV Aid and Gender and Inclusion. Approach papers on Governance and Transport and Gender and inclusion have been prepared and the next challenging steps are to translate their recommendations into an action plan. Other highlights include the workshop on rural transport took place in Ibadan, Nigeria with the objective of promoting an interactive dialogue between a range of stakeholders on food security, agriculture and rural transport. The dialogue focused around the following themes: (i) the interaction between post-harvest agricultural productivity and physical access of rural Africa to markets; and (ii) the impact of these interactions on the everyday lives of small farmers (particularly women). The workshop also sought to promote an evidence-led dialogue between the agriculture and transport sectors in Africa and identify a set of concrete actions and partnership opportunities to develop this interaction.</p>	
F Electronic Annual Reports	
Please attach electronic copy of your most recent Annual Report to donors or provide url address.	
www.ssatp.org	

END OF ACTIVITY REPORT

Project Name	WSP-Norway Africa Fragile Environment
Trust Fund Number	93545
Task Manager	Wambui Gichuri
Managing Unit/Business Line	TWIAF
Grant closing date	Close 11/30/2010
Recipient Country (ies)	Africa Region
Total grant amount approved	\$494,226
Total grant amount disbursed	\$494,152

1. HIGHLIGHTS OF THE ACTIVITY

Summarize key project highlights

This 'End of Activity' report is prepared in accordance with the reporting requirements of the Norwegian Trust Fund for private Sector and Infrastructure (NTF-PSI) (TF No 050187) Administration Agreement between The Ministry of Foreign Affairs of the Kingdom of Norway and the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA) and the International Finance Corporation (IFC), collectively the World Bank Group.

The overall objective of the WSP-Norway Africa Fragile Environment was to stimulate pro-poor water and sanitation service delivery in fragile environments (FE) in Africa.

The TF has six specific objectives to be carried out in two stages: analytical stage, and testing and disseminating. The analytical stage involved: (i) developing the methodology and agreeing on focus countries; (ii) conducting a situation analysis to assess need and identifying opportunities and constraints to supply in different conditions; and (iii) identifying country level FE strategies, including delivery models.

In the testing and dissemination stage, this TF will: (i) design pilot models; (ii) disseminate lessons learned and feedback; and (iii) prepare a strategy and proposal for ongoing FE platform in WSP-Africa, including a proposal for entering three African FEs by 2015.

Progress Highlights:

- Analytical stage objective (i):** *a scoping study of water and sanitation in fragile environments in Africa was completed. Based on this, WSP has identified its main comparative advantage in supporting countries through the transition from emergency to development as well as the key principles and strategic approaches that should guide entry of a WSS initiative. During this transition countries have to let go of one set of funding partners and aid modalities and reconfigure themselves to working with a new set of development partners and aid modalities. WSP is well positioned to help countries through this transition by supporting them establish a development base-line, update policies and initiate the process of rebuilding country-led service delivery capacity. The study identified entry points and strategies for fragile environments (FE), and recommended country selection criteria. It was decided to focus the project initially on **Burundi, Liberia and Zimbabwe**, and consider Angola, Sierra Leone and Sudan as a second tier of countries. None of these countries are among WSP's current focus countries. However, in its 2009-18 Global Strategy, WSP restated its commitment to: "prioritize funding for the regions with the most significant risk of not reaching the MDGs...particular emphasis will be given to supporting fragile states on WSS services".*

- Analytical stage objective (ii):** *progressed very well: The project developed a partnership with **AMCOW** and the*

analyses merged with the **Country Status Overviews** conducted in **Burundi, Liberia and Zimbabwe**. In addition, this method was applied in a further 14 fragile states in Africa including Angola, Sierra Leone and Sudan (North and South), partly funded by this TF. All these will be printed by the end of February 2011 along with a regional synthesis report that compares and contrasts WSS development over the past 20 years in different categories of fragile, resource rich and more stable countries. The partnership with AMCOW has meant that the analyses have been integrated into country sector policy development processes and are having a direct impact on country sector development. Core ideas from the analyses are already being implemented in Zimbabwe and Liberia (third phase). In Zimbabwe this is contributing towards a sector recovery plan with UNICEF and the World Bank playing leading roles in managing transitional multi-donor trust funds. In Liberia GoL the priority identified to improve sector information systems has led to a national water point mapping program. The water point mapping program, using mobile phone technology to map water points across rural and small towns in Liberia, is being led by WSP. The inventory and digital Atlas will be an important input into Liberia's development planning, in particular, the second Poverty Reduction Strategy currently under development with support from the World Bank.

3. **Analytical stage objective (iii):** WSP has made substantial contribution to the Aid and Effectiveness Working Group of the Sanitation and Water for All (SWA) alliance. The SWA alliance is made up of donors (including Norway) and recipient countries aiming to get countries off-track for the WSS MDGs back on track. WSP chaired the Aid and Effectiveness Working Group review of a wide range of global pooled funding and partnership mechanisms that aim to support developing country sector programming to review the pros and costs of
- a) Using existing multi-donor pooled funds and partnership mechanisms to support developing country sector programming (i.e., no new fund);
 - b) Setting up a new multi-donor pooled fund for developing sector programs;
 - c) Combining a new multi-donor pooled fund for developing sector programs with a mechanism for implementing sector programs at scale;
 - d) Specific options for hosting a pooled fund to support development of WSS sector programs.

The review concluded that a structured partnership mechanism (i.e. no new institution) that draws on the full range of capabilities and funding modalities of its constituent partners was the best starting point for helping countries get back on track for the WSS MDGs.

4. **Testing and dissemination stage objective:** Based on the experience of the work done, WSP has compiled a **concept note** to scale up WSS interventions in a large scale program focusing on Africa, but also including FEs in Asia and Latin America.

The concept note outlines how WSP's support to developing policy-based sector programs in FSs. The support will comprise two interactive levels of activity:

- a) Country engagement supporting sector transition from emergency humanitarian interventions and ad-hoc rehabilitation to country-led, policy-based, sector programs; and
- b) Regional and global learning to facilitate country peer-to-peer and stable-to-fragile country learning with a particular focus on reform and institutional development.

WSP will do this initially by placing senior WSS sector consultants in-country, supported by WSP's regional teams providing specialist skills in sector policies, finance, monitoring and sanitation. The country-based consultants will assist government to develop and implement government-led, coordinated programs combining institutional reform, investment and capacity building with specific service objectives.

This concept note has also been used to set out how a joint technical assistance initiative to be supported by SWA alliance members. Planning is also underway for a **regional WSS fragile states meeting** in April 2011.

2. OUTPUTS

2.1 DETAILED REPORTING ON OUTPUTS

Please complete the below table on outputs.

OUTPUTS (short-term project deliverables)								
List of outputs		Indicators <i>(Mention for each component the applicable indicators. i.e. amounts, quality, volume of use of the project's products etc. Include in particular details on dissemination)</i>	Target groups <i>(add names of applicable target groups under each column)</i>				Comments	
			WBG staff	Local partners/ stakeholders	Donor	Others		
1	FE WSS Scoping Study	Internal strategy document	WSP				Completed	
2	Burundi Country Status Overview	Document developed in consultation with AMCOW, government and Burundi sector stakeholders	WSP; AF-TUW	Sector agencies in Gov of Burundi		UN-ICEF	Final draft – being type set	
3	Zimbabwe Country Status Overview	Document developed in consultation with AMCOW, government and Zimbabwe sector stakeholders	WSP; AF-TUW	Sector agencies in Gov of Zimbabwe	Sector Donors: Aus Aid, DFID	UN-ICEF	Final draft – being type set Components used in rural WSS policy review.	
4	Liberia Country Status Overview	Document developed in consultation with AMCOW, government and Liberia sector stakeholders	WSP; AF-TUW	Sector agencies in Gov of Liberia		UN-ICEF	Final draft – being type set	

5	Synthesis report and 14 additional Country Status Overviews in fragile states (30% funded by this TF)	Documents developed in consultation with AMCOW, governments and sector stakeholders	WSP; AF-TUW	Government Agencies	AfDB	UN-ICEF	Country Status Overviews in fragile states include: Angola, CAR, Chad, Congo Brazzaville, Cameroon, Cote d'Ivoire, DRC, Mauritania, Madagascar, Niger, Sierra Leone, Sudan (North and South) and Togo. Final reviews being carried out by WB staff	
6	Concept Note and proposal for Large Scale Engagement in WSS in FEs	Project concept note	WSP;				Completed	
7	Sanitation and Water for All: Global Framework for Action: Discussion Note on Aid Effectiveness in Fragile States	Internal SWA think piece		Gov members of GF4A	Donor members of GF4A	NGO and UN members of GF4A	Completed	

2.2 ASSESSMENT of THE OVERALL implementation proCESS (outputs)

Please provide an assessment of the overall implementation process of the activity.

	Highly satisfactory – implementation exceeded or was fully in accordance with the original implementation plan or the formally revised plan.
X	Satisfactory – implementation was in substantial compliance with the original/formally revised implementation plan.
	Unsatisfactory – implementation was not in compliance with the original/formally revised implementation plan. Remedial action was agreed.
	Highly unsatisfactory – as in Unsatisfactory but remedial action was not been agreed.

3. OUTCOMES

Please complete the below table on outcomes.

OUTCOMES⁴ (intermediate results - outside the direct scope of the activity but triggered by outputs from the activity)			
List of outcomes		Indicators	Comments
1	Sector policy and strategy in Zimbabwe	Ministers Water Sector retreat in Feb 2010, Transitional multi-donor finance established Re-launch of the National Action Committee	The participatory and consultative nature of the Country Status Overview report in Zimbabwe has helped the sector reestablish the National Action Committee the main and key coordination mechanism in the 1990s (i.e. pre-crisis). This and the Ministers retreat have helped redefine the roles of sector agencies and institutions.
2	Water Point Mapping in Liberia	Joint WSP, UNICEF and Ministry of Public Works Project	Following the war and 5 years of emergency programs the GoL needs to establish a baseline of where infrastructure has been built and whether this is functioning. This will be used to bid for new GoL funding that has become available post debt-relief. Liberia is developing a new PRSP and the evidence base provided by the water point mapping survey will help make a strong case of making WSS a funding priority in the PRSP.
3	Incorporation of WSP FE experience used in global partnership initiative	SWA Technical Assistance Initiative	Learning from WSP engagement in fragile states and environments has been picked up by other members of the Sanitation and Water for All alliance in negotiations on the operation of a Technical Assistance Initiative to support countries off-track for the MDGs get back on-track.

⁴ Include also outcomes on collaboration between
 - various units in the WBG
 - the WBG and external stakeholders, including with Norwegian expertise

4. IMPACTS

4.1 DETAILED REPORTING ON IMPACTS

IMPACTS (broader development results from program outcomes)			
List of development objectives	Indicators	Comments	
1	Extend WSS service delivery in FEs	Post-cholera Zimbabwe urban and rural rehabilitation programs planned	With GoZ budget now increasing (estimated at US\$74 million for 2011) and sector agencies are beginning to implement recovery and rehabilitation programs along with substantial donor support which is directly implemented – through shadow alignment – due to continued sanctions.
2		Increased investment scope in Liberia	Following debt-relief in mid 2010 the GoL budget has greater fiscal space for within which to plan WSS interventions. The Country Status Overview for Liberia and the subsequent water point mapping provide essential inputs to contesting budget resources to fund WSS. In addition there is a planned joint donor mission to Liberia (Feb/Mar 2011) that raises the prospects for additional donor support to the sector.

4.2 ASSESSMENT OF PROGRESS TOWARD MEETING DEVELOPMENT OBJECTIVES

Have the development objectives of the activity been reached? Please tick of as appropriate and provide a brief rationale for the selection

X	On or above targets – results can be seen for all objectives listed in item # 4.1
	Slightly below targets – results can be seen for some of objectives listed in item # 4.1
	Significantly below targets – results cannot be seen for any of the objectives listed in # 4.1

Brief Rationale:

By working closely with AMCOW on the country status overviews a diagnostic tool to assist fragile states and their development partners to identify priority actions has been developed.

The resulting analysis has and continues to be used by members of the SWA alliance to review and develop coordinated assistance to countries off-track for the WSS MDGs.

Good progress has been made in converting analyses into action in two countries out of three countries originally selected (Liberia and Zimbabwe). Prospects of this project attracting and influencing extensive future investment finance in WSS in fragile states are high.

5. EXIT STRATEGY AND REPLICABILITY

Please describe the activity exit, and process to build sustainability on institutional, financial, technical levels. If known, please also describe likelihood of replication across the WBG or outside.

Institutional	In Burundi, Liberia and Zimbabwe the initiative will be handed over to lead transitional institutions. Approach to be replicated in several other FE environments. Replication across the WBG will be at several levels: transfer and engagement at WB country level; ongoing dialogue and information exchange with AFTUW; and showcasing results at WB Water Week and via the sector anchor. A dissemination strategy will be incorporated into the larger project.
Financial	Seed money for ideas on how to tackle WSS in FEs to be followed up by donor financing partners. Larger funding to provide follow up TA support to the three initial countries and to scale up similar support to tier 2 countries in Africa as well as to fragile states in other regions (East Asia, Latin America and the Caribbean and South Asia) is needed.
Technical	Key ideas – on shadow alignment (i.e. establishing a parallel harmonized implementation system which takes the place of government implementation when none is possible) or funding models will be taken up by partner agencies
Other	An Africa regional meeting and global concept note will extend the influence of the ideas developed under this project.

6. FINANCIAL INFORMATION

6.1 BUDGET AND DISBURSEMENTS

A. Was the original budget realistic?

Yes

No

If no, please explain:

6.2 TOTAL ALLOCATION SPENT ON AFRICA, Including northern africa:

\$494,152

\$

100

%

6.3 COLLABORATION WITH NORWEGIAN PARTNERS AND NATIONALCONSULTANTS

A. To what extent have you collaborated with Norwegian and local partners (individual consultants/firms/institutions)?

Fiscal Year	<u>Names</u> of Norwegian consultants/firms/institutions	Amount (USD)	Number of Local Consultants*	Amounts (USD)
FY08				
FY09			1 STC	3,400.00
FY10	Norwegian Ministry of Foreign Affairs		6 STC	73,483.70
FY11			3 STC	30,898.67

* As this is a regional contract reference is made to regional consultants i.e. Nationals of African countries hired on TF

7. Key lessons learned/recommendations

A. Provide the most significant positive and negative lessons learned from the successes and possible failures of the activity. Please include related recommendations to Norway, the World Bank Group and/or other stakeholders.

Making the transition from emergency to recovery and development programs in WSS requires a transition both of funding agencies and aid modalities. The problem is that in the transition from emergency funding agencies to development funding agencies there can be a great loss of institutional experience exacerbated by a funding crisis as emergency agencies pull out and development agencies come in. Managing this transition is critical and providing technical assistance to line-ministries through this period offers opportunities to reform the sector at an early stage and enables an accelerated re-entry into sector development.

Volatility in Fragile states means that a return to violence or collapse in political agreements can undermine progress made. Working in Burundi in the past year has been difficult as violence around the local and central government elections escalated. The strategy to minimize this risk is to keep engaged with a variety of sector agencies on a regular basis, so when one approach becomes blocked another access route can be engaged.

In addition the following learning points emerged from the scoping study:

1. **Local Knowledge and Physical Presence are Critical:** Fragile environments are dynamic, unpredictable contexts. Local knowledge is critical and on-site engagement and responsiveness essential.
2. **Start Early to Build Accountability:** A key distinction between emergency and sector development approaches is that the latter establishes lines of accountability between policy-makers, providers and consumers. Start this process from the outset, even where capacity and political will are absent.
3. **Work in Parallel Tracks in the Transition:** In stimulating the transition from emergency to sector recovery, it is necessary to work in parallel tracks. Work both with non-state providers on critical rehabilitation operations, and build sector development compo-

- nents into these operations. Shadow implementation approaches using non-state providers can ease the transition to an emerging state, whilst helping the state lay out a clear, stepwise roadmap for sector development.
4. **Identify Key Entry Points:** Identify key political brokers, local partner institutions or strategically positioned service providers with whom it is possible to build a strong relationship to understand and influence the development of the sector.
 5. **Identify Local Talent and Emerging Leadership:** FEs are characterized by lack of clear leadership. Identifying potential sector leaders, nurturing them and building their understanding of the sector can make a profound difference to the speed of sector recovery.
 6. **Networking and Communications:** Key strategies in the chaotic and unstructured environment in FEs are those of networking and clear communications.
 7. **Coordination Role:** Strong emphasis on coordination is a key area of focus in entering the FE environment. This applies to coordinating non-state providers, donors, and emerging government initiatives.
 8. **Establish a Basic Information Base:** A characteristic of FEs is absence of reliable information. Establishing sector status and a baseline of sector knowledge is essential. An early rapid sector assessment is a useful tool on which to determine basic facts and so begin the process of determining what needs to be done.
 9. **Come Prepared and Stay the Distance!** A common reason for project failure in FEs is the under-provision at the outset. Enter with sufficient resources to be credible and to sustain support over a long period of time. It will take time to make an impact. Expect higher administrative costs to take in the realities of operating in a collapsed economy.

NTF-PSI FINANCIAL PROGRESS REPORT FOR FREESTANDING ACTIVITIES			
(Reporting Period: January 1- December 31, 2010)			
TF Project Name.:	WSP-Norway Africa Fragile Environment		
Trust Fund Number:	TF093545		
Task Team Leader:	Wambui Gichuri		
Managing Unit/Business Line:	ETWAF		
Grant start date/closing date:	Start 12/30/2008, Close 11/30/2010		
A. Contributions			
	Contribution received from inception December 30, 2008 to June 30, 2010	\$494,226	
	Contribution received from July 1, 2010 - December 31, 2010		
	Unreleased allocations from previous years		
	Unreleased allocation from FY11		
	Total allocation from inception to December 31, 2010		\$494,226
B. Disbursements			
	From inception December 30, 2008 to June 30, 2010 (actual up to FY 11)	\$427,290	
	From July 1, 2010 - December 31, 2010 (FY11 actual)	\$66,862	
	Estimate for January 1, 2011 to June 30, 2011 (projected)	\$0	
	Total disbursements from inception to June 30, 2011 (actual + projected)		\$494,152
C. Available balance			
	Expected balance available on June 30, 2011 (A-B) (transferred to donor account)		\$74
D. Committed, but undisbursed			
	Of the balance in C above, please estimate how much, if any, will remain committed but undisbursed by June 30, 2011		0

Annex VII: End of Activity Reports

- Targeted capacity building for avoided deforestation, reforestation and sustainable land management (SLM) in Africa/TF091349 (page 257)
- Chad Enterprise Center (TF056194) (page 267)
- Impact of climate change and vulnerability of water infrastructure systems (TF093053) (page 274)
- The SME sustainable opportunities initiative (TF090965) (page 280)

Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI)

END OF ACTIVITY REPORT

Project Name	Targeted capacity building for avoided deforestation, reforestation and sustainable land management in Africa
Trust Fund Number	TF091349
Task Manager	Ellysar Baroudy
Managing Unit/Business Line	ENVCF
Grant closing date	December 31, 2010
Recipient Country (ies)	Ethiopia, Madagascar and Niger
Total grant amount approved	\$ 430,000
Total grant amount disbursed	\$ 425,489 (disbursed + committed by April 2011)

*This form is for Task Managers to report upon completion of projects funded under the NTF-PSI. Please answer all questions below. **The complete report will be shared with the Donor and posted on the NTF-PSI web page** (www.worldbank.org/ntfpsi). Please also consider forwarding this report to others that may have an interest in the activity.*

For questions, please contact the NTF-PSI Secretariat (ntfpsi@worldbank.org, Heidi Stensland or Joshua Gallo)

1. HIGHLIGHTS OF THE ACTIVITY

Summarize key project highlights

This activity supported three projects in the forest and land use sector in sub-Saharan Africa in piloting carbon finance transactions, with strong benefits to local communities, and to the local and global environment. Here are some of the highlights by country:

Ethiopia: *The first \$50,000 was disbursed in 2008 for a range of capacity building activities at the community level directly supporting the implementation of the associated BioCarbon Fund project (Humbo Assisted Natural Regeneration Project). In this reporting period, another \$50,000 was disbursed for the second round of activities implemented from March to December, 2010. These include: (i) sustainable forest management training; (ii) social mitigation training; and (iii) community leadership training, and training on gender mainstreaming; and (iv) carbon monitoring and biodiversity assessment.*

Given the early but remarkable success of the Humbo Project, based on the agreement with the GoE and World Vision, the World Bank has decided to mainstream carbon finance activities into the Sustainable Land Management Project (SLMP)¹. To materialize this idea, the ENVCF has entered into contract with World Vision Australia with \$33,000 from the NTF-PSI fund, in order to conduct a preliminary field research on potential sites for replicating the Farmer Managed Natural Regeneration (FMNR) of the Humbo Project and piloting other carbon finance activities under the umbrella of the Sustainable Land Management Project (SLMP). The research result will be discussed at a workshop scheduled to be held in March, 2011.

¹ The SLMP has been implemented by the Ethiopia Ministry of Agriculture through its decentralized agencies at the Regional and Woreda (District) levels since October 10, 2008 for 35 watersheds over a period of five years. The GoE is providing counterpart funds of about US\$8.8m to the Project. This is complemented by a combined IDA and GEF grant support of US\$29.0 million, a €13.3 million KfW grant financing, and a €15.4 million GTZ grant technical assistance financing.

Niger: The NTF funded technical assistance training, awareness raising and capacity building activities targeted at the communities and local decision-makers involved in the **Niger Acacia Senegal plantation project**. This is an innovative project across Niger, aimed to rehabilitated degraded land by planting drought-tolerant acacia trees, while generating revenues to local communities through carbon credits and Arabic gum. The NTF funded regional workshops (in Dosso and Zinder) aimed to increase understanding of the carbon operation among local communities and local decision-makers and to build capacity in acacia senegal planting techniques. The NTF funded technical assistance by ICRISAT, a CGIAR center specialized in the Sahel region, to local landholders, and also their assistance in assessing the status of the planting sites and in proposing corrective measures to assure higher success rates in the planting. Finally, the NTF supported the communication efforts of this project at all levels, by funding the preparation and distribution of communication documents in three local languages.

Madagascar: The NTF provided timely support for Madagascar's efforts to get engaged in an international REDD (reduced emissions from deforestation and degradation) mechanism, and support to an innovative REDD project on the ground. With support from NTF Madagascar prepared a first draft of its national Readiness Preparation Proposal (R-PP) for submission to the Forest Carbon Partnership Facility (FCPF). The R-PP presents a road map that should allow Madagascar to prepare itself to participate in an emerging international REDD mechanism to compensate countries for reducing emissions from deforestation and degradation. The R-PP covers policy-related issues (preparation of a national REDD strategy and its associated implementation framework, along with a consultation plan) and methodology-related matters (preparation of national system of Monitoring, Reporting and Verifying emissions from deforestation and degradation and development of a national reference scenario for emissions from deforestation).

NTF is also directly supporting the Ankeniheny-Zahamena Corridor REDD project, led by Conservation International. The REDD project is creating a new 425,000- hectare protected area linking some of the last remaining of Malagasy's eastern rainforest, which should support the reduction of deforestation rates in the area, stemming carbon stock emissions and globally-important biodiversity loss. The NTF has supported the NODE program, whereby small grants are allocated to community associations living in or around the protected area for the development of activities that can serve as alternative to deforestation practices, mainly slash and burn agriculture for rice production (tavy). The main activity promoted is small-scale fish rearing, which has a proven record of generating revenues for local families. Over 25 fish tanks have been built (or should be finalized in the coming months).

Finally, the NTF is also allowing (ongoing activity) the lessons learned from existing REDD projects to be mainstreamed in the ongoing efforts for the country to become ready to participate in a future REDD mechanism.

2. OUTPUTS

2.1 DETAILED REPORTING ON OUTPUTS

OUTPUTS (short-term project deliverables)							
List of outputs		Indicators <i>(Mention for each component the applicable indicators. i.e. amounts, quality, volume of use of the project's products etc. Include in particular details on dissemination)</i>	Target groups <i>(add names of applicable target groups under each column)</i>				Comments
			WBG staff	Local partners/ stakeholders	Donor	Others	
1	Community sensitization (Ethiopia, Niger)	Posters, T-shirts, and School Clubs, material in local languages (3,000 folders).		Communities, local decision-makers			In Niger, 3,000 folders have been distributed in the seven regions of the country, increasing understanding on carbon operations.
2	Training on forest management and improved agriculture (Ethiopia, Niger)	175 trainees selected by cooperative leaders from the 7 cooperatives (Ethiopia). 180 trainees from all 7 regions trained (Niger)		Communities, local decision-makers			Training completed in 2009 (Ethiopia)
3	Conflict resolution and gender mainstreaming (Ethiopia)	140 participants trained on how to address potential conflict; 40 participants trained on gender mainstreaming.		Communities			Training completed in 2009
4	Social mitigation training (alternative livestock farming and alternate energy sources) (Ethiopia)	70 (socially vulnerable) farmers trained on poultry farming, bee keeping; 190 improved breed pullets and bee hives distributed to 83 households.		Communities			Training completed in 2009

5	Planting assessment and corrective measures proposed (Niger)	A comprehensive field mission has visited all planting sites.		Communities, local decision-makers			Mission has visited all planting sites and a report on corrective actions has been disseminated. Report is available.
6	Training on forest management (Ethiopia)	200 trainees selected by 7 cooperative leaders		Communities, cooperative leaders, and local government officials			171 individuals from seven cooperatives were trained on forest fire prevention and mitigation mechanisms. 133 cooperative members and 34 Woreda/Zonal government officials took a refresher training course on leakage through displacement of grazing land.
7	Social mitigation training (alt. livestock feeding, alt. energy sources, apiculture, tree seeds extraction, NTFP & biogass) (Ethiopia)	140 trainees for livestock feeding , alt. energy source, and apiculture; 105 for tree seeds extraction; and 40 for NTFP and biogass (experience sharing visit)		Communities, cooperative leaders, and local government officials			181 farmers were from seven cooperatives were trained on seeds extraction techniques, including identification of mother trees, collection, cleaning, sorting, drying, packaging, and storing. Some community members took a training of trainers that enabled them to train 75 community people on cultivation of Moringa Oliferea (cabbage tree) that is popular in this area. 101 community members were trained in compost preparation and utilization techniques that could improve soil fertility of their crop lands. 193 cooperative members were trained on the use of energy-efficient stoves. 24 cooperative leaders and 9 Kebele (lowest administrative unit) administrators participated in cross fertilization visit to Erer Cooperative Union in Debrezelt, 45km south of Addis in order to learn union management with a view to establishing a forestry union in 2011.
8	Consultation workshop, training on community mobilization, gender mainstreaming, and	150 farmers participated in the consultation workshop; 100 trainees for gender mainstreaming, and family planning; and Members of 7 youth		Communities, youth environmental club members, and local government		Local government officials	101 individuals participated in a consultation workshop on local capacities for peace. They learned conflict prevention and mitigation; explored causes of potential conflict among community members; and discussed how to address them. 101 individuals, including women from seven local

	family planning, environmental advocacy (Ethiopia)	environmental clubs trained on env. advocacy		officials			communities and Woreda (local admin body) Children's affairs office were trained on gender mainstreaming and family planning 53 students and 17 teachers from 9 schools and 1 Woreda staff joined a study tour to Kosono area where four schools demonstrate innovative NRM education.
9	Training on improved agriculture (Ethiopia)	140 trainees for Agro-forestry, and 70 for sweet potato & cassava propagation		Communities			132 individuals from seven cooperatives were trained on agro-forestry techniques that could mitigate soil erosion and improve soil fertility. Training on sweet potato and cassava propagation were not conducted during the period due to conflict with other priorities of community people. World Vision intends to reschedule this training and fund it with its own source.
10	Training on forest fire early warning system (Ethiopia)	140 trainees selected by 7 cooperative leaders		Communities, cooperative leaders		Local government officials	66 community members formed fire management teams with 3 to 5 members each. These teams conduct patrolling, removal of flammable material. They also established the fire warning systems and set billboards for educating other community people.
11	Training on carbon stock monitoring and biodiversity assessment	150 cooperative members and local govt staff trained on carbon monitoring; 130 trained on biodiversity assessment		Communities, cooperative leaders		Local government officials	150 cooperative members and local government staff were trained on carbon monitoring through actual measurement of trees on permanent sample plots on the project site. 130 cooperative members and local govt staff trained on biodiversity assessment methods through on-the-ground assessment activities.
12	Preliminary research and workshop on mainstreaming carbon finance activities under the Sustainable Land Management Project	A stakeholder workshop is organized in March, 2011 in order to: 1) disseminate knowledge on carbon finance in land use sector and 2) to identify priority areas for replicating FMNR and piloting other carbon finance activities under the SLMP		GoE (MoF, MoA, EPA), local government, NGOs, and private sectors	DPs active in sustainable land management and/or carbon finance, including Embassy of Norway		(A workshop is scheduled to be held in March 2011.)

13	Strategic components (REDD Strategy, REDD Management and Consultations) of Madagascar's Readiness Preparation Proposal (R-PP) for the Forest Carbon Partnership Facility.	Strategic components of Madagascar's Readiness Preparation Proposal prepared and validated by National REDD Technical Committee.			Forest Carbon Partnership Facility		The R-PP for Madagascar was formally submitted to the FCPF on January 22, 2010. The document was reviewed by the FCPF Participants Committee.
14	Methodological components (Monitoring system and National Reference Scenario for REDD) of Madagascar's Readiness Preparation Proposal (R-PP) for the Forest Carbon Partnership Facility.	Methodological components of Madagascar's Readiness Preparation Proposal prepared and validated by National REDD Technical Committee			Forest Carbon Partnership Facility		The R-PP for Madagascar was formally submitted to the FCPF on January 22, 2010. The document was reviewed by the FCPF Participants Committee.
15	Legal text of a "Benefit sharing Agreement" between Ministry of Environment and landholders of the BioCF reforestation project	Agreement legal text prepared, validated and shared with stakeholders for signature.		Ministry of the Environment, local landholders			The legal text has been prepared. It is awaiting signature by the Government.
16	Alternative activities to deforestation being promoted within	25 fishing tanks (being) built within the Ankeniheny-Zahamena Corridor		Local communities living within Ankeniheny-			These activities should reduce pressure on local forests and contribute to the overall goal of reducing deforestation in this protected area.

	the Ankeniheny-Zahamena Corridor			Zahamena Corridor			
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2.2 ASSESSMENT OF THE OVERALL IMPLEMENTATION PROCESS (OUTPUTS)

Please provide an assessment of the overall implementation process of the activity.

	Highly satisfactory – implementation exceeded or was fully in accordance with the original implementation plan or the formally revised plan.
X	Satisfactory – implementation was in substantial compliance with the original/formally revised implementation plan.
	Unsatisfactory – implementation was not in compliance with the original/formally revised implementation plan. Remedial action was agreed.
	Highly unsatisfactory – as in Unsatisfactory but remedial action was not been agreed.

3. OUTCOMES

Please complete the below table on outcomes.

OUTCOMES (intermediate results - outside the direct scope of the activity but triggered by outputs from the activity)			
List of outcomes		Indicators	Comments
1	Improved sustainable forest management, social cooperation, and conflict resolution at community level in Ethiopia (Humbo area)	Level of knowledge at the community level on issues related to forest management and social cooperation	Strong improvement in knowledge among community members on the training subjects.
2	Increased knowledge among the most vulnerable community members on potential alternative livelihoods (Ethiopia)	Number of families being able to diversify their livelihood and energy sources	Substantial progress made in training vulnerable community members as well as in distributing basic means for improving livelihoods.
3	Increased capacity to plant and maintain plantations (Niger)	Number of people trained in planting techniques and using them	Increased knowledge to plant and maintain planted areas is necessary for the promotion of rehabilitation of degraded environments, such as that of large parts of the Sahel.
4	National capacity to participate in a future REDD mechanism is increased in Madagascar	Number of government officials involved in and knowledgeable of REDD-related issues	The preparation of the R-PP is one step in a long process of national capacity building towards “REDD Readiness”.

4. IMPACTS

4.1 DETAILED REPORTING ON IMPACTS

Please complete the below table on impacts.

IMPACTS ² (broader development results from program outcomes)			
List of development objectives	Indicators	Comments	
1	Project implementation on the ground of the WB carbon finance (Ethiopia)	Community areas closed for grazing to allow natural regeneration and supplementary planting	100% of areas (2,728 ha) closed and supplementary planting almost completed.
2	Creation of alternative and improved livelihoods (Ethiopia and Niger)	Number of families being able to expand and improve their livelihood and energy sources	Too early to fully assess the progress towards achieving this development objective, as carbon payments have not started yet.
3	Reducing desertification in the Nigerien Sahel	Number of hectares replanted with acacia Senegal	So far, the project has already planted over 8,000 ha of acacia Senegal. It is still early to assess their impact on desertification, but past experiences give reason for hope.
4	Stemming loss of primary forests in the Corridor Ankeniheny-Zahamena in Madagascar	Hectares of forests lost per year within the Corridor	Reducing deforestation is a result of various variables. Creating alternative livelihoods would put pressure off forests, but it takes some years before the results are visible on the ground.
5	Madagascar benefits from a RED mechanism.	Amount of flow of resources to compensate Madagascar for reduced deforestation.	The REDD mechanism is not operational yet, and Madagascar has a long way to go to create the capacity necessary to participate in such a mechanism.

4.2 ASSESSMENT OF PROGRESS TOWARD MEETING DEVELOPMENT OBJECTIVES

Have the development objectives of the activity been reached? Please tick of as appropriate and provide a brief rationale for the selection

	On or above targets – results can be seen for all objectives listed in item # 4.1
X	Slightly below targets – results can be seen for some of objectives listed in item # 4.1
	Significantly below targets – results cannot be seen for any of the objectives listed in # 4.1

Brief Rationale: The development objectives depend on a series of variables not directly controlled by the project, in addition, impact, especially in the area of environment, can only be seen after years.

² Please also illustrate impacts that can be seen related to:

- (i) WBG private sector and infrastructure policy and operation
- (ii) Private sector and infrastructure policy and practice by country governments

5. EXIT STRATEGY AND REPLICABILITY

Please describe the activity exit, and process to build sustainability on institutional, financial, technical levels. If known, please also describe likelihood of replication across the WBG or outside.

Institutional	As part of the Ethiopia carbon finance, project community cooperatives, governed by internal by-laws, have been established through a participatory process and it is expected that these cooperatives will serve as the key institutions for both continued implementation of the carbon project itself (to which this project is contributing) and the knowledge obtained through the community based training and capacity building. In Niger , a second phase of the Community Action Program is under implementation and continues to support the BioCF Acacia Plantation project. The Project Coordinator for the project has also become the Designated National Authority to the UNFCCC and is currently promoting the project further. Finally, there is interest in Burkina Faso to replicate the project, as part of the Forest Investment Program (FIP).
Financial	The carbon revenue stream (which is output/performance based) will help build sustainability for the project activities over the medium-term (2017), and potentially longer assuming that a carbon market will continue beyond this time. In Niger, carbon revenue would be complemented by Arabic gum revenue, which should start flowing after five years of the start of the plantations (expected to start in 2011). In Madagascar, REDD revenues at the project level (sold to the voluntary carbon markets) should allow for the alternative livelihood activities to be continued.
Technical	In Niger, the WB Community Action Program (CAP) will guarantee that there is on the ground technical assistance to the communities implementing the project. Such technical assistance should be provided by regional technical assistance units supported by the CAP.
Other	

6. FINANCIAL INFORMATION

6.1 BUDGET AND DISBURSEMENTS

A. Was the original budget realistic? Yes No *If no, please explain:*

6.2 TOTAL ALLOCATION SPENT ON AFRICA, INCLUDING NORTHERN AFRICA:

425

\$

100

%

6.3 COLLABORATION WITH NORWEGIAN PARTNERS AND NATIONAL CONSULTANTS

A. To what extent have you collaborated with Norwegian and local partners (individual consultants/firms/institutions)?

Fiscal Year	Names of Norwegian consultants/firms/institutions	Amount (USD)	Number of Local Consultants	Amounts (USD)
FY09				
FY10				
FY11				

7. KEY LESSONS LEARNED/RECOMMENDATIONS

A. Provide the most significant positive and negative lessons learned from the successes and possible failures of the activity. Please include related recommendations to Norway, the World Bank Group and/or other stakeholders.

- Carbon finance is an innovative financial mechanism with the potential of creating a new revenue stream for local landholders involved in reforestation, agroforestry or certain kinds of agriculture practices. Nevertheless, the transaction costs of bringing the carbon to the market is very high and local landholders do not have the resources for that. Hence, initial support from external bodies is extremely

important to remove the initial barriers for market access.

- Continued training, technical assistance and communication are key in carbon finance activities in the land use sector. Carbon finance involves complex and abstract concepts that require time and trust for landholders to buy into. Working with local institutions trusted by local landholders is key to the success of reforestation efforts.
- Stemming deforestation involves the promotion of alternatives to deforestation, which in turn requires important investments. Hence, before REDD payments can kick in, donors / governments / private sector need to make resources available for the investments needed to reduce deforestation. NTF provided part of these investment needs in financing alternative livelihood activities in a protected area in Madagascar.
- Community reforestation takes substantial effort, time and money to support local communities in establishing internal mechanisms of coordination and trust building. In the case of carbon finance, it is critically important to establish benefit sharing schemes that are perceived as fair and resulting from negotiations with all community members in order to get community's buy-in into the project. The NTF allowed a series of training events with local communities in the Humbo project in Ethiopia to further foster trust.

NTF-PSI FINANCIAL PROGRESS REPORT FOR FREESTANDING ACTIVITIES

(Reporting Period: January 1- December 31, 2010)

TF Project Name.:	Targeted capacity building for avoided deforestation, reforestation and sustainable land management in Africa		
Trust Fund Number:	TF091349		
Task Team Leader:	Ellysar Baroudy		
Managing Unit/Business Line:	ENVCF		
Grant start date/closing date:	31-Dec-10		
A. Contributions			
	Contribution received from inception (insert inception date) to June 30, 2010	\$430,000	
	Contribution received from July 1, 2010 - December 31, 2010		
	Unreleased allocations from previous years	\$0	
	Unreleased allocation from FY11	\$0	
	Total allocation from inception to December 31, 2010		\$430,000
B. Disbursements			
	From inception (insert date) to June 30, 2010 (actual up to FY 11)	\$258,521	
	From July 1, 2010 - December 31, 2010 (FY11 actual)	\$1,538	
	Estimate for January 1, 2011 to June 30, 2011 (projected)	\$165,430	
	Total disbursements from inception to June 30, 2011 (actual + projected)		\$425,489
C. Available balance			
	Expected balance available on June 30, 2011 (A-B)		\$4,511
D. Committed, but undisbursed			
	Of the balance in C above, please estimate how much, if any, will remain committed but undisbursed by June 30, 2011		0

END OF ACTIVITY REPORT

Project Name	Chad Enterprise Center
Trust Fund Number	TF056194
Task Manager	Cheick Fantamady Kante
Managing Unit/Business Line	CAFAF/IFC
Grant closing date	June 30, 2010
Recipient Country (ies)	Chad
Total grant amount approved	\$600,000
Total grant amount disbursed	\$438,815

1. HIGHLIGHTS OF THE ACTIVITY

In November 2004, Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI) committed its support to the Enterprise Center (EC) in Chad, in the context of the World Bank Group's pledge to ensure that the benefits of the Chad Cameroon Pipeline Project accrued to the citizens of Chad. As the EC program comes to an end, it is opportune to revisit the initial objectives of the program and establish how the different highlights of the activity have contributed to the objectives. The four basic goals of the EC were to: (i) provide access to quality business training and business services; (ii) accelerate entrepreneurship development and employment generation particularly in rural parts of Southern Chad through linkages programs (including technical assistance, market development and access to finance facilitation); (iii) serve as a centre of knowledge and excellence for micro, medium and small enterprise (MSME) development in Chad; and (iv) moving towards self-sustainability in 3-5 years through cost recovery from business and consultancy services to the private sector and donor community.

Working to deliver on these objectives, the Chad EC Program survived two major disruptions due to conflict situations, as well as it did the long dispute between the Bank and the Government of Chad. The following results highlight the program's accomplishments:

- Development of the **largest SME database in Chad**: 1,500 individual enterprises recorded. This database has now become an important asset at the Chamber of Commerce of Chad;
- Development of a successful business linkages program with oil companies –using an innovative electronic bidding platform. This effort contributed to helping **Chadian SMEs win contracts** in excess of \$128 million;
- Delivery of locally **adapted business management training** to more than 500 SMEs;
- **Loans to SMEs** in excess of \$500,000 received from local commercial banks;
- Development of a **modern poultry complex** that supports small poultry entrepreneurs in the Petroleum zone in southern Chad;
- **Next Steps Taken to Strengthen and Sustain SME Training Services**: In order to ease the transition in the delivery of advanced and up-to-date training services to SMEs, IFC launched its Business Edge management training solution in Chad. Business Edge (BE), along with SME Toolkit, form IFC's new integrated SME management solutions aiming to increase training supply to the micro, small and medium enterprise sector. In Chad, Business Edge training program will take over the advanced training program developed by the Enterprise Center for SMEs under contract or that qualify for bidding for ExxonMobil contracts. Business Edge training program also is open to the broader SME sector. In line with the new Africa SME strategy, IFC has signed cooperation agreements with two (2) local training firms to deliver Business Edge training to businessmen and women in Chad using ten certified trainers.

2. OUTPUTS

2.1 DETAILED REPORTING ON OUTPUTS

OUTPUTS (short-term project deliverables)							
List of outputs		Indicators <i>(Mention for each component the applicable indicators. i.e. amounts, quality, volume of use of the project's products etc. Include in particular details on dissemination)</i>	Target groups <i>(add names of applicable target groups under each column)</i>				Comments
			WBG staff	Local partners/ stakeholders	Donor	Others	
1	Enterprise (SME) capacity building	Number of workshops, training events, seminars, conferences, etc.				151	<ul style="list-style-type: none"> The EC's training program reached more than 950 micro, medium and small enterprises, with close to 2,000 participants, including 601 women entrepreneurs. The initial target set for the program was 400 SMEs by July 2009. The EC developed a set of 15 training modules customized and adapted to the Chadian context. These modules continue to be delivered directly via the chamber of Commerce. The EC enhance the supply side of business development service providers. Currently two BDS providers are IFC Business Edge partners.
		Number of participants in workshops, training events, seminars, conferences, etc.				1,978	
		Number of women participants in workshops, training events, seminars, conferences, etc.				601	
		Number of training modules and new products developed				15	
		Number of trainers trained				33	
		Number of Enterprises receiving advisory services				324	
		Number of local business development service providers utilized				5	
2	Financial Intermediation	Number of enterprises receiving in-depth advisory services				135	

2.2 ASSESSMENT OF THE OVERALL IMPLEMENTATION PROCESS (OUTPUTS)

Please provide an assessment of the overall implementation process of the activity.

	Highly satisfactory – implementation exceeded or was fully in accordance with the original implementation plan or the formally revised plan.
X	Satisfactory – implementation was in substantial compliance with the original/formally revised implementation plan.
	Unsatisfactory – implementation was not in compliance with the original/formally revised implementation plan. Remedial action was agreed.

3. OUTCOMES

Please complete the below table on outcomes.

OUTCOMES ³ (intermediate results - outside the direct scope of the activity but triggered by outputs from the activity)				
List of outcomes		Indicators	Comments	
1	Enterprise (SME) capacity building	Total number of SMEs that implemented recommended changes	183	Of the total number of enterprises receiving advisory services and receiving in-depth advisory services, 183 reported a change in the way that they conducted their business (marketing, financial/accounting system, HR, etc).
2	Local supplier development	Total number of contracts signed by SMEs	33	To mitigate the lack of preparation of the local Chadian firms and the low level of their participation in oil-related contracts, IFC, ExxonMobil and the Chamber of Commerce of Chad put in place in 2006 a structured local business opportunities (LBO) program. The objective of the LBO program was to increase the participation –both in quantity and in quality- of Chadian SMEs in the supply chain of ExxonMobil and its sub-contractors. The program centered around a comprehensive and thorough SME supply base evaluation, an electronic bidding system, and a customized SME capacity enhancement endeavor. At the beginning of the LBO program in 2006, the reported amount of contract earned by local SMEs was at \$19.8 million. Against the overall objective set by the program was to reach \$50 million by program end, the project did very well by reaching \$128.8 million.
		Total value of SME contracts signed (US\$)	\$128.8 million.	

³ Include also outcomes on collaboration between

- various units in the WBG

- the WBG and external stakeholders, including with Norwegian expertise

				While local Chadian firms have been successful in getting an increasing share of procurement contracts from ExxonMobil through the EC, the overall low level of local content as compared to the company's global procurement volumes for the project remained an issue. In part, this was reflective of the significant supply constraints in the Chadian economy, and partly because such high ticket items as international air travel for expatriate staff, drilling and other advanced type contracts with multinationals are all computed and reported under a unique category of Project Spend.
3	Financial Intermediation	Number of loans disbursed to SMEs by local banks	9	Against the overall target of \$1,500,000, access to finance facilitation fell short of the initial objective. These optimistic targets were set primarily because at the inception of the program, it was planned that IFC will also develop a supplier finance scheme in partnership with ExxonMobil and one or two commercial banks. Unfortunately because of the resurgence of conflict and the long pullout of the WBG from Chad, this scheme never materialized. The loans facilitated by the EC (primarily from BISIC and Financial Bank Tchad) were disbursed on the account of the said banks, without any related IFC instruments.
		Value of disbursed loans ((US\$)	\$502,648	

4. IMPACTS

4.1 DETAILED REPORTING ON IMPACTS

Please complete the below table on impacts.

IMPACTS (broader development results from program outcomes)			
	List of development objectives	Indicators	Comments
1	Enterprise (SME) capacity building	Number of SMEs reporting improvements in productivity, operations, loan terms	176
2	Local supplier development	Number of jobs created or preserved	248
3	Financial intermediation	Value of financing facilitated by advisory services (US\$)	\$502,648.

4.2 ASSESSMENT OF PROGRESS TOWARD MEETING DEVELOPMENT OBJECTIVES

Have the development objectives of the activity been reached? Please tick of as appropriate and provide a brief rationale for the selection

	On or above targets – results can be seen for all objectives listed in item # 4.1
X	Slightly below targets – results can be seen for some of objectives listed in item # 4.1
	Significantly below targets – results cannot be seen for any of the objectives listed in # 4.1

Brief Rationale:

Overall, the EC reached its targets with regards to its initial project objectives; despite the civil disruptions that affected its activities and the resulting slowdown in the volume of ExxonMobil local procurement. Here is a summary of the achievement versus stated objectives:

Outputs				
MSE Capacity Building (Linkages and non-Linkages)	Expected	Achieved	%	
workshops for SMEs	125	151	121%	
Participants in workshops	3125	1978	63%	
Women participants	500	601	120%	
Entities receiving AS	500	459	92%	
Outcomes				
Entities that implemented AS	40	183	458%	
Impacts				
Entities reporting improved performance	40	NA		

Outputs				
Financial Intermediation	Expected	Achieved	%	
Entities receiving in-depth AS		50	135	270%
Outcomes				
Loans disbursed		50	9	18%
Value of loans	1,500,000		502,648	34%
Impacts				
Value of invesmt/financing facilitated	1,500,000		502,648	34%

Outcomes				
Local Supplier Development	Expected	Achieved	%	
SME Contracts signed		110	33	30%
Impacts				
Value of Contracts	50,000,000		128,800,000	258%
Jobs Created/Preserved		600	248	41%

5. EXIT STRATEGY AND REPLICABILITY

Please describe the activity exit, and process to build sustainability on institutional, financial, technical levels. If known, please also describe likelihood of replication across the WBG or outside.

Institutional	<p>EC an Integral Unit of Chamber of Commerce: Following an institutional capacity building exercise which involved a technical assistance provided by the Chamber of Commerce of Bordeaux in France, the Chamber of Commerce of Chad was equipped with a new strategic framework and a new organizational structure. The EC has now become a core unit within the Chamber.</p> <p>Program Transition Completed: In June 2010, IFC successfully <u>transferred operational management of the Chad Enterprise Center to the Chamber of Commerce of Chad</u>, marking IFC's official exit from what has been 8 years of direct multifaceted support to private sector development in the country. The center becomes an integral unit of the Chamber of Commerce, with dedicated personnel trained in key enterprise training and support services such as electronic procurement for oil companies, management training, business planning, and access to finance facilitation. The transfer of the Enterprise Center to the Chamber of Commerce of Chad is a successful partnership model and an example of sustainable advisory services practice in Africa.</p>
Financial	In its new strategic plan, the Chamber of Commerce of Chad comprises an SME-support Unit called "Centre de Developpement des Entreprise", an Enterprise Center. The Chamber has recruited five (5) former EC staff to continue providing the core services of the EC to Chadian SMEs. The Chamber has also agreed to using 20% of the oil revenues it receives from ExxonMobil towards SME capacity building activities. The team believes that the foundation for sustaining the EC's core activities is solid.
Technical	Baring any immediate departure of the 5 EC staff (now recruited by the Chamber of Commerce), the EC remains well equipped to continue providing core business development services to Chadian SMEs. To complement the EC, the existing partnership that IFC has established with two local consulting firms provides additional confidence that the technical requirements will be met to continue what was started 4 years ago.
Other	

6. FINANCIAL INFORMATION

6.1 BUDGET AND DISBURSEMENTS

A. Was the original budget realistic?

Yes No

If no, please explain:

6.2 TOTAL ALLOCATION SPENT ON AFRICA, INCLUDING NORTHERN AFRICA:

\$

100 %

6.3 COLLABORATION WITH NORWEGIAN PARTNERS AND NATIONALCONSULTANTS

A. To what extent have you collaborated with Norwegian and local partners (individual consultants/firms/institutions)?

Fiscal Year	Names of Norwegian consultants/firms/institutions	Amount (USD)	Number of Local Consultants	Amounts (USD)
FY08				
FY09				
FY10				

7. KEY LESSONS LEARNED/RECOMMENDATIONS

A. Provide the most significant positive and negative lessons learned from the successes and possible failures of the activity. Please include related recommendations to Norway, the World Bank Group and/or other stakeholders.

- **IFC’s Advisory Services have a significant potential role to help the local private sector.** They can enable local companies participate in the economic activity created by the project; help the sponsors—typically large multinational corporations—meet national content requirements; and promote local economic development. In this case, the Enterprise Center—the focal point of IFC’s advisory programs in Chad—became the cornerstone of Exxon’s procurement platform that was the sole source for all of its purchases in Chad, starting in 2005.
- **A strong local institutional partner is critical for success.** The weak capacity at the Chamber of Commerce of Chad to internalize the project was a major challenge at the beginning. Like many other Chadian institutions and with support from IFC, the Chamber of Commerce was able to go through a successful transition from a dysfunctional, politicized outfit to a consular institution truly representative of the private sector. At a broader level, IFC’s commitment to provide an additional institutional support to the Chamber of Commerce proved to be an excellent move which ultimately eased IFC’s exit from the Program, without jeopardizing its existence.

Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI)

END OF ACTIVITY REPORT

(Freestanding Activities)

Project Name	Impact of climate change and vulnerability of water infrastructure systems
Trust Fund Number	TF093053
Task Manager	Michael Jacobsen
Managing Unit/Business Line	TWIWA
Grant closing date	July 31, 2010
Recipient Country (ies)	Global - with emphasis on Africa - Lesotho
Total grant amount approved	\$200 000
Total grant amount disbursed	\$197 733.30

*This form is for Task Managers to report upon completion of projects funded under the NTF-PSI. Please answer all questions below. **The complete report will be shared with the Donor and posted on the NTF-PSI web page (www.worldbank.org/ntfpsi). Please also consider forwarding this report to others that may have an interest in the activity.***

For questions, please contact the NTF-PSI Secretariat (Technical Advisor, Heidi Stensland, ext 82026, or NTF-PSI Manager, Joshua Gallo, ext 81427)

1. HIGHLIGHTS OF THE ACTIVITY

Summarize key project highlights

At Water Week in February 2009 at the Bank, a session was held on “Climate Resilience of Infrastructure Investments”. At this session a representative from the consultant firm hired under the NTF-PSI presented some preliminary ideas on the assessment framework for climate change impacts on multi-purpose infrastructure.

In May 2009 a clinic was held on “Risk based decision making and adaptation of water infrastructure to hydrologic variability and climate change”. At the clinic, the further developed vulnerability assessment methodology was presented and discussed with Bank staff.

Following discussions and input from Bank staff, a report was prepared on “Water and Climate Change: Assessment of the Climate Change impacts on Multi-Purpose water infrastructure”. Multi-purpose infrastructure projects in Lesotho, Zambia and Nepal were selected as case studies and presented in the report. A vulnerability assessment methodology was presented in the report as well as guidance on practical measures to adapt projects to future climate changes.

In January 2010, the flagship report on “Water and Climate Change: Understanding the Risks and Making Climate Smart Investment Decisions” was published and disseminated widely. The updated hydrologic indicator data produced for this report will soon be available on the World Bank Climate Change Portal (expected January 2011).

A report titled “Private Providers of Climate Change Services: Role and scope for the private sector in the provision of non-financial climate change-related services relevant to water infrastructure” was published as a World Bank Water Working Note (no. 26) and disseminated in paper form and on the internet.

A report titled “Mapping the resilience of international river basins to future climate change-induced water variability” was published as a World Bank Water Sector Board Discussion Paper Series (no. 15) and disseminated in paper form and on the internet.

2. OUTPUTS

2.1 DETAILED REPORTING ON OUTPUTS

Please complete the below table on outputs.

OUTPUTS (short-term project deliverables)							
List of outputs		Indicators (Mention for each component the applicable indicators. i.e. amounts, quality, volume of use of the project's products etc. <i>Include in particular details on dissemination</i>)	Target groups (add names of applicable target groups under each column)				Comments
			WBG staff	Local partners/ stakeholders	Donor	Others	
1	Guidance notes	Results from dissemination by water anchor.	SDN Water community	Client countries, private sector working on infrastructure			<p>Report: Water and Climate Change: Assessment of the Climate Change impacts on Multi-Purpose water infrastructure http://irisservices.worldbank.org/85256D6D0070FA6A/(SEC)?OpenAgent&I4_SERVICE=VC&I4_KEY=A6A5F64A6B12176B8525748300572AAA758AAAAC73452F79852575EE002943F3&I4_DOCID=DCE44932E23AD1B8852576240065885E&</p> <p>Exhibits: http://irisservices.worldbank.org/85256D6D0070FA6A/(SEC)?OpenAgent&I4_SERVICE=VC&I4_KEY=A6A5F64A6B12176B8525748300572AAA758AAAAC73452F79852575EE002943F3&I4_DOCID=79CD055CD7B8735285257624006527DE&</p>
2	Dissemination workshop	Number of participants	SDN Water community	Client countries, private sector working on infrastructure	Norway and selected others		<p>Presentation 1: http://irisservices.worldbank.org/85256D6D0070FA6A/(SEC)?OpenAgent&I4_SERVICE=VC&I4_KEY=A6A5F64A6B12176B8525748300572AAA758AAAAC73452F79852575EE002943F3&I4_DOCID=B2247832A5A9B546852576DD007B300C&</p> <p>Presentation 2: http://irisservices.worldbank.org/85256D6D0070FA6A/(SEC)?OpenAgent&I4_SERVICE=VC&I4_KEY=A6A5F64A6B12176B8525748300572AAA758AAAAC73452F79852575EE002943F3&I4_DOCID=5372EBDA109B485A852576DD007BB0B9&</p>
3	Case studies of projects in Bank's portfolio or pipeline	Dissemination results and incorporation in water and climate change ESW.	SDN Water community	Client countries, private sector working on infrastructure	Norway and selected others		See links above

4	Final reports	Results from dissemination by water anchor.	SDN Water community	Client countries, private sector working on infrastructure	Norway and selected others	<p>Report 1. “Water and Climate Change: Assessment of the Climate Change impacts on Multi-Purpose water infrastructure” (See links above for Report 1).</p> <p>Report 2. “Water and Climate Change: Understanding the Risks and Making Climate Smart Investment Decisions” (http://go.worldbank.org/FQYU823WW0)</p> <p>Report 3. Private Providers of Climate Change Services: Role and scope for the private sector in the provision of non-financial climate change-related services relevant to water infrastructure. (http://go.worldbank.org/K9QE6W60X0)</p> <p>Report 4. Mapping the resilience of international river basins to future climate change-induced water variability. (http://go.worldbank.org/4CLNG61QX0)</p>
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2.2 ASSESSMENT OF THE OVERALL IMPLEMENTATION PROCESS (OUTPUTS)

Please provide an assessment of the overall implementation process of the activity.

	Highly satisfactory – implementation exceeded or was fully in accordance with the original implementation plan or the formally revised plan.
X	Satisfactory – implementation was in substantial compliance with the original/formally revised implementation plan.
	Unsatisfactory – implementation was not in compliance with the original/formally revised implementation plan. Remedial action was agreed.
	Highly unsatisfactory – as in Unsatisfactory but remedial action was not been agreed.

3. OUTCOMES

Please complete the below table on outcomes.

OUTCOMES (intermediate results - outside the direct scope of the activity but triggered by outputs from the activity)		
List of outcomes	Indicators	Comments
1	<p>Expected outcome: influence and enhance the regional effort in mainstreaming adaptation to climate vulnerability and hydrologic variability in the water sector.</p> <p>Utilization of guidance notes, case studies and final reports.</p> <p>Number of participants at the dissemination workshop.</p> <p>Bank projects are designed and implemented with “climate resilience” integrated.</p>	<p>The final flagship report has been very well received and generated much interest within and outside the Bank. Approximately 500 copies were distributed. The other reports have also received interest from Bank staff and other stakeholders and requests for more information and copies of the reports.</p> <p>Approximately 40 participants attended the dissemination workshop.</p> <p>The reports have generated much interest and requests for more information with regards to the climate change projections data for different hydrologic indicators. This projections data is being used by colleagues in the regions in discussions with client country governments on water resources management. Following the requests to bring the data down to the basin level, further analysis and work has now been done to provide the data at a basin spatial scale (this work was done with separate funding). The updated data will be uploaded to the World Bank Climate Change portal and will be accessible to all interested stakeholders.</p> <p>The same methodology that was used in the report has now also been partly applied in the country case studies for the World Bank’s Economics of Adaptation to Climate Change (EACC) study. This study will help inform the international community's efforts to provide new and additional resources to developing countries through a better understanding of the global costs of adapting to climate change.</p>

4. IMPACTS

4.1 DETAILED REPORTING ON IMPACTS

Please complete the below table on impacts.

IMPACTS (broader development results from program outcomes)		
List of development objectives	Indicators	Comments
1	<p>Enhance sustainability of Bank investments in the water sector as related to hydrologic variability and climate vulnerability.</p> <p>Bank projects are designed and implemented with “climate resilience” integrated.</p>	<p>The report has generated much interest and requests for more information with regards to the climate change projections data for different hydrologic indicators. This projections data is being used by colleagues in the regions in discussions with client country governments on water resources management.</p> <p>For example the historic and the projections data for hydrologic indicators</p>

			<p>presented in the report are being used in the preparation of the Uganda Country Water Resources Assistance Strategy. A study of the economic impact of climate variability and change in Botswana also used the data from the report. A study on climate change adaptation measures in the water sector in Michoacan State in Mexico also used the data. A risk based analysis of water investment options is using the data in the Zambezi basin and the data is also being used in a similar study on investment options in the Blue Nile.</p> <p>In 2009, climate issues were included in 63 percent of Country Assistance Strategies (CAS) or Country Partnership Strategies (CPS) reflecting a steady growing trend (up from 15 percent in 2000–05, 32 percent in 2007 and 40 percent in 2008). In addition, climate issues were also included in business plans for eleven countries in 2009.</p>
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4.2 ASSESSMENT OF PROGRESS TOWARD MEETING DEVELOPMENT OBJECTIVES

Have the development objectives of the activity been reached? Please tick of as appropriate and provide a brief rationale for the selection

	On or above targets – results can be seen for all objectives listed in item # 4.1
X	Slightly below targets – results can be seen for some of objectives listed in item # 4.1
	Significantly below targets – results cannot be seen for any of the objectives listed in # 4.1

Brief Rationale: Rated slightly below target as we cannot say that all Bank projects generally are designed and implemented with “climate resilience” integrated. However, as illustrated there has been a considerable increase in climate resilience considerations both at the strategic level (e.g. Country Assistance Strategies, Country Water Assistance Strategies, national and sub-regional plans) and at the project level. Bank staff have shown much interest in the data made available, provided substantial feedback and has started to use these data. The projections data for different hydrologic indicators has been requested by several colleagues in the regions and will be soon available on the World Bank Climate Portal. This will further heighten the visibility and will most likely contribute to further dissemination and use thus leading to achievement of the objective.

5. EXIT STRATEGY AND REPLICABILITY

Please describe the activity exit, and process to build sustainability on institutional, financial, technical levels. If known, please also describe likelihood of replication across the WBG or outside.

Institutional	Lessons learned from the case studies can be transferred to other regions
Financial	Financial analysis of adaptation options (where applicable) will be transferred to other regions
Technical	Technical knowledge gained will be transferred to other regions
Other	

6. FINANCIAL INFORMATION

6.1 BUDGET AND DISBURSEMENTS

A. Was the original budget realistic? Yes No *If no, please explain:*

6.2 TOTAL ALLOCATION SPENT ON AFRICA, INCLUDING NORTHERN AFRICA:

\$
100000

50 %

6.3 COLLABORATION WITH NORWEGIAN PARTNERS AND NATIONAL CONSULTANTS

A. To what extent have you collaborated with Norwegian and local partners (individual consultants/firms/institutions)?

Fiscal Year	Names of Norwegian consultants/firms/institutions	Amount (USD)	Number of Local Consultants	Amounts (USD)
FY09				
FY10	N/A		N/A	

7. KEY LESSONS LEARNED/RECOMMENDATIONS

A. Provide the most significant positive and negative lessons learned from the successes and possible failures of the activity. Please include related recommendations to Norway, the World Bank Group and/or other stakeholders.

This topic of this activity is a relatively new and exciting subject and therefore the outputs produced from the activity have generated much interest both inside and outside the Bank. One of the lessons learned from this activity is the fact that it is very important to inform users about the appropriateness of the use of the data at different spatial scales. For this reason, a guidance note will be provided on the climate portal website to inform and guide users on the use of the data while taking into account the uncertainties in the data.

Another lesson learned was the fact that it was necessary to think “outside the box” and also to discuss and consult with Bank staff and external professionals working in the water sector in order to come up with a workable and useable methodology for the vulnerability assessment.

It is recommended that further work on this topic, including refining and improving hydrologic indicator projections and the methodologies for vulnerability and risk assessments, would help to provide a useful technical resource for stakeholders involved in the planning of water infrastructure systems.

Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI)

END OF ACTIVITY REPORT

(Freestanding Activities)

Project Name	Aureos SME Sustainability Opportunities Initiative (Aureos SSOI)
Trust Fund Number	TF090965
Task Manager	Cecilia Bjerborn
Managing Unit/Business Line	Environmental and Social Sustainability Business Line
Grant closing date	June 30, 2009
Recipient Country (ies)	Kenya, Nigeria, Zambia
Total grant amount projected over life time of activity	US\$ 250,000
Total grant amount approved since inception	US\$ 250,000
Percentage disbursed of approved grant amount	100%

*This form is for Task Managers to report annually on progress of projects funded under the NTF-PSI, and request funding for the following fiscal year. Please answer all questions below. **The complete report will be shared with the Donor and posted on the NTF-PSI web page (www.worldbank.org/ntfpsi)**. Please also consider forwarding this report to others that may have an interest in the activity.*

For questions, please contact the NTF-PSI Secretariat (Technical Advisor, Heidi Stensland, ext 82026, or NTF-PSI Manager, Joshua Gallo, ext 81427)

1. HIGHLIGHTS OF THE ACTIVITY

Summarize key project highlights

1. Three environmental improvement projects were financed:

The total project budget of \$750,000 (\$250,000 from Norway and \$500,000 from IFC) has been spent in accordance with the donor agreement, and IFC has also fulfilled its obligation to Aureos under the client Grant Agreement. Thus, project implementation under Aureos SSOI is completed.

Remaining deliverables under Aureos SSOI include a post project completion report from Aureos and one business case report (publically available) to be completed by IFC and Aureos jointly by Dec 2010. This will be part of M&E plan post project completion.

The three improvement projects financed are:

Scaw Ltd, Zambia: Funding amount (approved in June 2009): \$190,000 equal to 28% of total project cost as specified in the funding application. The financing is for an upgrade of the production process that will enable the company to incorporate/recycle lower grade scrap metal into the smelting process. An implementation plan and milestones were established for the implementation with the first engineering consultant's assessment of the process completed in Dec 2009. The project is scheduled to be completed in Dec 2010. As part of the broader plan, the company will be working towards setting up a local network of fee earning scrap collectors, thus improving collection and sorting of scrap metal in the Zambia copper region. The improvements will also indirectly accelerate the company's certification to ISO 14001, which in turn, may help secure business from customers and clients who require this from their suppliers.

PPNL Ltd, Nigeria: Funding amount (approved in June 2009): \$60,000, equal to 50% of total project cost as specified in the funding application. For installation of effluent treatment plant, process for scraping of vessels, and for re-using vessel wash water in dark color paint to avoid emissions to water in the first place. The improvements will reduce water consumption and water emissions and is expected to lead to cost savings for the company as well as accelerate the company's certification towards ISO 14001.

Athie River Steel Plant Ltd (ARSPL), Kenya: Funding amount (approved in June 2008): \$400,000 representing 33% of the total expansion project cost (US\$ 1,182,000) and 44% of the machinery and equipment component (US\$ 906,000). Quarterly progress reports are provided to IFC: 80% of the equipment required for the new furnace (10% - 20% on the rolling mill) has been received. Cement shortages in the Kenyan market are also posing a constraint on the pace of construction work and having inflationary effects on the project cost. Also due to the credit climate during the past year, there have been delays in the disbursement of funds by Barclays Bank of Kenya, and so the timeline for implementation of the projected has been pushed back to June 2010. As a result, some of the equipment purchased is on site but not yet commissioned. The installations of the machinery is a critical part of the overall expansion project at ARSPL, Aureos and the management at the company reported that the installation is expected to be completed by Dec 2010 (the overall expansion project is currently scheduled to be completed in 2012).

In summary, the projects are expected to generate the following E&S and business case data 1 year post project completion:

- Reduced energy consumption and reduced emissions to air (ARSPL). Aureos is now tracking energy consumption data from all its investee companies where possible. The energy savings at ARSPL will therefore be reported once the machinery and equipment has been installed. In addition, trends for energy savings in the portfolio globally can now be tracked and GHG reduction emissions can be calculated.
- Reduced costs associated with reduced water consumption and material used (PPNL). Aureos has the baseline data on water and raw materials used. Once the project is completed, the savings made will be calculated and reported. The project is expected to produce a 1%-2% saving on wastage that will translate to about Nigerian Naira 20-30 million (US\$167k – US\$250k) per annum saving.
- Example of a business model that supports cleaner production: As a result of Scaw setting up a local network of fee earning scrap collectors, collection of scrap metal in the Zambia copper region, as a result of the company
- Acceleration of certification to ISO 14001 (both Scaw and PPNL), which in turn may help secure business from customers and clients who require this from their suppliers
- Overall demonstrating regional leadership with regards to E&S best-practice in their respective industries, serving as examples for other companies and fund managers

2. Implementation of Aureos M&E system was finalized to support subsequent reporting:

Implementation of Aureos's impact monitoring and evaluation system (called Aureos Sustainability Index (ASI) was finalized during the reporting period. While not a direct output under this project, as a result of the reporting requirements, the fund manager had to ensure that the system was implemented. The early version of the reporting system then called the Development Impact Analysis System (DIAS) was attached as an annex in the client Grant Agreement). The system is capturing E&S related data from Aureos portfolio globally (to be reported to IFC in aggregate on an on-going basis 1 years post project completion). The final implementation of the monitoring system is a significant step in Aureos E&S management system and will allow for easier and more accurate establishment of baseline data -something that was a challenge with the three sub-projects. Data will be compiled from sub-projects in a publically available report available within 1 year post project completion (Dec 2010) and will include the following indicators:

- Energy and water saved / carbon emissions reduced as well as waste recycling practices.
- Aggregate private sector savings
- Investment mobilized (this will be a combination of the contribution from the sponsors directly to the project, as well as any other sustainability related investments made by Aureos as a result of this project (replication).
- Any additional expected improvements mentioned in the applications such as reduced worker absence etc.
- Financial performance on aggregate level (the most feasible indicators EBIDTA growth, IRR, TBC) for Africa funds/companies (and from the portfolio globally if there are examples of replication as a result of the IFC funded projects) with exceptional sustainability management systems and procedures as compared to other companies.

3. An interim project review was completed by IFC:

IFC contracted an external consultant to conduct a review of the Aureos SSOI project to identify lessons learnt and assess

the demand for similar support going forward. Key conclusions included:

- Integration with investment: The concept of sustainability needs to be integrated with the investment activities and have top-level commitment. (There was top-level commitment at Aureos and the Aureos SSOI project was also striving towards the goal of integration at investment level, with some areas of success to date.)
- Focus on opportunities: Going forward there would need to be a stronger emphasis on the cleaner production angle when supporting investee companies. There is otherwise potential for conflicting messages about what is required/available under the standard E&S compliance requirements and what is considered to be “beyond compliance” and thus supported under Advisory Service projects.
- Market demand: There is a continued demand both from Aureos as well as from other fund managers for cleaner production audits and strategic support at fund level. In addition to hands-on support with CP audits, fund managers requested E&S support that includes easy-to-use tools and sector benchmarks and support in communicating the business case internally to senior partners (such projects are underway at IFC)
- Some subsidy is still required in order to get take-up of the cleaner production and other sustainability related support. This subsidy will be justified by the public benefits generated from the wide dissemination of the demonstration examples that will seek to quantify the relative value of sustainability.
- Paperwork associated with the project should be as limited as possible. Any structure too complicated risks being too burdensome for the related parties to have interest. Beyond the role of communicating about the program to investee companies, and reporting to IFC on that communication, managers should have little administrative roles.
- Replication: The project’s impact goals and replication will be more effectively achieved if there is engagement along the entire PE investment chain, i.e. not just targeting the PE fund managers, but also providing tools and guidance that will enable the investors (the LPs or Limited Partners) to signal preference to fund managers with sustainable investing strategies.
- For more effective project implementation a local delivery platform is required and the project also needs to be part of the wider climate change strategy in the region.

4. Follow on projects have been developed as a result of the Aureos SSOI pilot:

A new project has been designed to continue supporting the PE sector in Africa to invest more sustainably. The concept of improving SME/private sector sustainability performance by working through the PE sector is continuing under a new project. This project is also funded by the Norwegian government, but under a separate trust fund TF093874. The project has a sole focus on “clean energy” and is only implemented in sub-Saharan Africa and North Africa. This project has been re-designed to take into account the lessons learnt from Aureos SSOI, as well as changes in IFC’s policies including updated pricing policies for Advisory Services and regionalization of project management responsibilities.

In addition, IFC will seek to undertake an annual survey of the market progress on sustainable PE in Africa. The first survey is underway and is scheduled to be completed in Sept 2010 (funded by the South African government).

2. OUTPUTS

2.1 DETAILED REPORTING ON OUTPUTS

Please complete the below table on outputs.

OUTPUTS (short-term project deliverables)								
List of outputs		Indicators (Mention for each component the applicable indicators. i.e. amounts, quality, volume of use of the project's products etc. <u>Include in particular details on dissemination</u>)	Target groups (add names of applicable target groups under each column)				Status (comment on progress of the components, <u>if behind schedule</u> , or if project has been restructured, explain reason for delay, restructuring rationale and corrective actions if applicable)	Comments- please also include a link to any outputs available electronically (incl online, in IRIS, etc)
			WBG staff	Local partners/ stakeholders	Donor	Others		
1	Building fund manager E&S capacity	i) Aureos hires specialized staff ii) in-house development of the DIAS system iii) IFC sharing experience with Aureos on E&S issues.		Aureos Fund			As a result of the reporting requirements and focus on E&S implementation, the project has contributed to these developments at Aureos: i) Aureos now have a team of 4 full time E&S staff, divided by regions (up from 1 E&S staff at project inception in 2007) ii) Aureos E&S data monitoring system has been fully implemented. This monitoring system was initially referred to as the Development Impact Assessment System (DIAS), now called the Aureos Sustainability Index. It was a requirement under the Aureos SSOI project that the DIAS system was used as a reporting tool and IFC provided input at the early stages of the tool (included as an appendix in the client Grant Agreement between IFC and Aureos), as well as at the later stages with regard to monitoring of resource consumption (energy, waste, water). iii) IFC Cleaner Production specialist provided advise on cleaner production opportunities as part of the project evaluation process.	
2	Disbursements of loans / grants to the SME's for E&S improvements	Sub-projects receiving grants/loans		Aureos Fund			Two sub-projects were selected for financing during the reporting period, taking the total number of sub-projects supported to 3.	

3	Establishing evidence for the business case: A report describing the correlation between IFC's intervention and improved SME performance. Due one year after project completion	1 publically available report. Dissemination through IFC's and partner's networks.		PE fund managers in Africa, EM PE fund manager associations (eg EMPEA), Limited partner associations (eg ILPA)			1 report for public consumption will be produced 1 year post project completion, i.e. by Dec 2011. The report will provide business case and impact data both at aggregate and individual level as appropriate. The on-going IFC case study reporting system will be web-based as part of an IFC web-portal for Financial Intermediaries. Material for a printed report will be compiled from this web-portal. The detailed content of this report is currently in development jointly by IFC and Aureos. It is expected to contain approx 5 individual case studies (4 companies and one about fund level systems) as well as aggregate performance and impact data from Aureos portfolio globally as relevant.	
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2.2 ASSESSMENT OF IMPLEMENTATION PROGRESS (OUTPUTS)

Please provide an assessment of the overall implementation progress of the activity. Please be as candid as possible and note that funding will not be withdrawn if the project is rated unsatisfactory or highly unsatisfactory.

	Highly satisfactory – implementation exceeds or is fully in accordance with the original implementation plan or the formally revised plan.
x	Satisfactory – implementation is in substantial compliance with the original/formally revised implementation plan.
	Unsatisfactory – implementation is not in compliance with the original/formally revised implementation plan. Remedial action has been agreed.
	Highly unsatisfactory – as in Unsatisfactory but remedial action has not been agreed.

3. OUTCOMES

Please complete the below table on outcomes.

OUTCOMES (intermediate results)				
List of outcomes		Indicators	Status and progress made in reporting period	Other Comments
1	Evidence of improved performance of Aureos portfolio companies	Value of aggregate private sector savings from recommended changes (US\$)	In total, 3 grants and loans were disbursed. The target is to achieve a min of 10-20% overall cost savings for each company (sub-project) supported. Data is collected from sub-projects via Aureos and will feed into the publically available report.	It is too early to comment on the outcome targets. The data will be collated and reported 1 year post project completion.
2	Replication of E&S projects without IFC support	1 project Completion Report by Aureos 3 within months post project completion and 1 publically available	Sub-project replication: With the experience from the two sub-projects underway in the steel industry (ARSPL and Scaw), lessons learnt will be shared with other companies in the steel	The case study report will be disseminated widely with the aim to stimulate interest with PE

		case study report will provide information about any replication activities.	sector in Aureos portfolio globally. In particular a steel-foundry in Central America and one in Indonesia will be targeted for improvements in the area of energy consumption and emissions. The conclusion is that there has not been much replication of E&S improvement projects across Aureos portfolio yet. However the DIAS system that was required as a reporting tool under the Aureos SSOI project has been implemented. Energy consumption data and practices relating to waste recycling and on-site water treatment will as of 2010 be reported by all investee companies to Aureos. This is an important improvement as Aureos previously couldn't easily measure E&S improvement opportunities (eg energy efficiency improvements) as they did not have any baseline data.	investment staff both at Aureos and other PE firms globally.
3	Evidence of E&S improvements in all of Aureos new PE funds.	Investment strategy and fund prospectus	E&S management systems is a key component at strategic level and this is reflected in Aureos investment strategy and presentations overall. The implementation of the global monitoring system for Aureos portfolio globally was finalized. This is a pioneering system compared to other PE funds globally. However widespread practical implementation of E&S improvement projects at investee company level across all Aureos funds globally still has some way to go.	The case study report in late 2010 will aim to showcase Aureos overall E&S investment strategy (including current practices, advantages and challenges associated with implementation of E&S improvements).
4	Number of private equity funds replicating the Project by implementing E&S improvements in their portfolios	Target of 5 other fund managers replicating project	The project is aiming for replication by other fund managers,. However as this project was focused on one fund manager, and as the publically available report is not produced yet, there has been no collaboration with other fund managers by IFC to date. A lesson to be learnt is that resources (staff time and budget) has to be allocated in order for this to happen. The outreach and replication across the entire PE sector is a large undertaking that will require additional activities at systemic level. Examples of this would be to involve the industry associations as well seeking support from other Limited Partners (ie investors in PE). Such activities are planned in detail under the follow on project that has been developed (Africa PE Clean Energy, also funded by NTF-PSI) IFC has also commissioned two separate studies to establish PE fund managers capacity and progress on E&S implementation on a sector wide basis. The first report (a review of the Aureos SSOI project and lessons learnt) was completed in Dec 2009. The other report (a market wide survey of GPs and LPs in sub-Saharan Africa on their sustainability practices) is expected in April 2010 (this is a project funded by the South African government).	The review of Aureos lessons learnt is attached. The PE sector wide survey (in CAF) will be completed in April 2010 and submitted in the next reporting period.

4. IMPACTS

4.1 DETAILED REPORTING ON IMPACTS

Please complete the below table on impacts.

IMPACTS (broader results from program outcomes)			
	List of development objectives	Indicators	Comments
1	Improve the social and environmental outcomes of SME's.	Reduction in greenhouse gases: Reports from company / Aureos on energy saved (MWh), GHG reductions (tones/year), Reports from Aureos on E&S procedures improved and jobs created	3 E&S projects in total were selected for financing; implementation is underway and is expected to be completed by Dec 2010. Data collection from the sub-projects will be on-going once they are implemented. Given that the projects will not be fully implemented until July 2010 and Dec 2010 respectively, it is too early to report on impact. But it should be noted that sub-project progress reports are demonstrating that the projects are moving forward and are expected to be completed by Dec 2010, thus impact data is expected to be established at that time.

4.2 ASSESSMENT OF PROGRESS TOWARD MEETING DEVELOPMENT OBJECTIVES

What has been the progress toward meeting the development objectives so far? Please tick of as appropriate and **provide a brief rationale for the selection**

	On or above targets – results can be seen for all objectives listed in item # 4.1
x	Slightly below targets – results can be seen for some of objectives listed in item # 4.1
	Significantly below targets – results cannot be seen for any of the objectives listed in # 4.1

Brief Rationale: IFC's initial target was to support 5 E&S sub-projects. However with the funding amount available and after evaluation of the 4 project proposals put forward by Aureos during the reporting period, it was agreed that the optimal allocation of the funds would be towards the 2 projects described, taking the total number of projects supported to three. Thus outputs can be assessed as "slightly below target".

As the three projects have not yet been fully implemented, impact data is therefore not yet available. The global portfolio monitoring system has been established at Aureos and impact data will be publically reported 1 year post project completion (Dec 2010). As described in the highlight section at that stage the projects are expected to have impact data to report in relation to energy savings/GHG, water, waste, private sector savings etc.

5. EXIT STRATEGY AND REPLICABILITY

Please describe any progress in preparing for activity exit, building sustainability on institutional, financial, technical levels. If known, please also describe likelihood of replication across the WBG or outside.

Institutional	Further funding has been provided from NTF-PSI, specifically focusing on “Clean Energy in Africa” and collaboration is expanded to other PE fund managers investing in Africa. Outputs under the new funding include i) further financial support for energy improvement projects with strategically selected investee companies ii) global public goods in the form of lessons learnt, training and deployment of a tailored climate change investment tool, with the aim to demonstrate / replicate E&S improvements with other fund managers and investee companies. Going forward, project management responsibility will sit with IFC staff in the regional offices for closer proximity to the client.
Financial	No grants or loans will be provided under the new project design. Instead there will be close collaboration with other IFC projects in Africa that are working with local banks to increase capacity to lend to clean energy projects. Any cap ex financing for improvement projects will thus be sought from local commercial banks.
Technical	A database of cleaner production consultants and other relevant engineers with experience in Africa will be built up as a result of the new funding.
Other	The replication with PE fund managers other than Aureos, is underway under the re-designed project. After that, feasibility of roll-out to the PE industry globally will be evaluated.

6. FINANCIAL INFORMATION

6.1 BUDGET AND DISBURSEMENTS

A. Is the original budget realistic? Yes No *If no, please explain:*

6.2 ALLOCATION SPENT ON AFRICA, INCLUDING NORTHERN AFRICA

250,000 Norwegian funding portion (\$500,000 was provided by IFC towards the project, 400K for sub-projects and 100K for staff time and travel associated with the project) \$

100 %

6.3 COLLABORATION WITH NORWEGIAN PARTNERS AND NATIONAL CONSULTANTS

A. To what extent have you collaborated with Norwegian and local partners (individual consultants/firms/institutions)?

Fiscal Year	Names of Norwegian consultants/firms/institutions	Amount (USD)	Number of Local Consultants	Amounts (USD)
FY08				
FY09				

7. KEY LESSONS LEARNED/RECOMMENDATIONS

A. Provide the most significant positive and negative lessons learned from the successes and possible failures of the activity. Please include related recommendations to Norway, the World Bank Group and/or other stakeholders.

Project Design/Planning:

1. The need to seek Committee approval of each sub-project was not an efficient approach, it led to delays and overall high transaction costs:

Aureos SSOI was a grant/loan facility for small scale E&S improvement projects (max \$500K financing for each project) with PE funds' investee companies, in this case SMEs. Whilst providing financing for E&S improvement projects with SMEs was filling a clear financing gap in the market (as identified in the Aureos concept note and the PDS Approval doc), it was not possible to streamline the approval process sufficiently. The rationale for working with PE fund managers was to engage with an important financial intermediary and to reach a larger number of companies. Thus, with the aim to leverage the efficiency of working through an intermediary, it was the fund manager's responsibility to identify E&S improvement projects, and IFC would simply approve or reject the funding applications.

However the need for IFC to approve each individual project was inefficient and caused delays. Also, the fund manager's responsibility for identifying projects meant that IFC had to wait until the client had capacity to put forward the funding applications. which led to further delays because of the back to back sequence.

Going forward, things that could be done differently are:

- In the case of SMEs and relatively small scale improvement projects (around \$500,000-\$1m), local commercial banks should be the entities providing the financing for the improvement projects rather than IFC.
- It would have been better to require an up-front on-site review of all portfolio companies with potential E&S improvement opportunities, so that IFC would have a better overview and more details about the pipeline when making decision about what projects to approve.
- A general lesson that would apply regardless of the type of AS support that is provided is that paperwork for the client should be as limited as possible. Any structure too administratively complicated risks being too burdensome for the related parties to be interested.

2. PE funds are an important financial intermediary to influence market change, so whilst it is acknowledged that the project design around the financing approval process was not efficient, it is still relevant to work with the PE sector to achieve development impact. However it is recommended that any sustainability Advisory Services to PE funds should focus mainly on helping fund managers IDENTIFY strategic sustainability opportunities (rather than financing them), both at fund level and at company level.

- Fund level support should include provision of data collection and reporting system, investment policies, investor relation and fundraising strategies. The priorities will vary based on size of fund, geography and sector focus etc, and the specific priorities for the AS support should be agreed between the senior partners and IFC AS team upfront.
- Company level support should require a consultant to conduct an on-site screening of high-potential investee companies upfront, to identify those that would benefit from a more in-depth audit. The in-depth audit would then establish an action plan and targets for energy efficiency, water, waste etc. The company and fund manager would based on the findings decide whether and when to implement any of the recommendations. Financing for any such improvement projects should be provided from regular channels, such as local commercial banks.

3. In order to achieve replication across the PE industry, project activities would need to involve more than one fund manager as well as the key players across the entire PE value chain: The Aureos SSOI project focused only on one PE fund manager and also didn't include any additional PE stakeholders (and their specific market barriers).

Examples of key players and activities that would support scale up of the interventions across the PE sector include:

- Engagement and collaboration with the institutional investors (Limited Partners or LPs). The aim of such collaboration would be to signal preference to fund managers with superior sustainability practices. In practical terms, the collaboration would focus on overcoming barriers that are preventing LPs from making investment decisions in favour of sustainability oriented PE funds, and/or ways to incentivise fund managers to more proactively consider sustainability opportunities in the investment process.
- Examples of such collaborative efforts would be: Limited Partnership Agreement models that would make it easier to consider and implement sustainability improvement projects; Investigate how sustainability improvements/investments can be factored into the incentive and fee structures. Integrate questions pertaining to capacity to identify and implement strategic sustainability opportunities into investment decisions and management of companies.
- Industry wide tools and best-practice guidance on E&S opportunity identification and implementation.

4. Focus on SMEs only may not generate the best case studies for sustainable investing: Aureos SSOI project was focused on SMEs. It is more challenging to demonstrate the business case with SMEs and any AS project aiming to create demonstration effect would need to incorporate larger companies as much as possible to be able to more effectively demonstrate the financial value of sustainability improvements. Efficiency improvement projects typically would have to demonstrate a min cost to benefit ratio of 1:2 or 1:3: A typical fund that invests \$200m, will look to grow the portfolio to a value of at least \$400m-\$500m. Thus, one could estimate that a sustainability investment would have to have an NPV of greater than \$500,000 to \$1m to justify the GP's attention. Or, using the example of the average cost of capex and audit compared to the NPV of the future cash flow of the investment: With an average cost of \$30K per audit and an average capex investment requirement of 400K (based on IFC's existing portfolio of Cleaner Production projects), and an average NPV would be \$750K, the cost-benefit ratio is 1:2. This level of cost-savings may be hard to demonstrate for an SME, thus it is recommended to also look at opportunities with larger companies.

5. The donor fundraising stretch target was a challenge: The project was originally designed as a 3 year project (until Dec 2010) with the expectation that \$3million in donor funding would be raised in order to complete the project. This stretch target in terms of donor funding was never reached under Aureos SSOI and this led to uncertainty about the longevity of the project. The project was PDS Approved based on a secured budget of 250K (this was intended to finance a pilot sub-project to demonstrate how the project would work). Such a large funding gap is unusual and based on experience from the Aureos SSOI project, not to be recommended, as it led to uncertainty about the longevity of the project and also lack of clarity about the duration of the collaboration with the client.

Pricing

Whilst recognizing that providing financing for individual improvement projects with SMEs was not efficient (as described earlier) and thus the pricing structure used under Aureos SSOI would not be relevant going forward, it should be noted that the client contribution required under Aureos SSOI was met (and exceeded): Client contribution was provided in the form of parallel financing towards E&S improvement projects. The Aureos SSOI project specified a requirement of minimum 30% cash equity contribution from the investee company towards any E&S improvement projects. As per the Grant Agreement, IFC received progress updates on the sub-projects financed. These updates include receipts for machinery and services purchased directly with the IFC funds, as well as summary of accounts to demonstrate the parallel expenses that the company spent on other parts of the project as agreed. As of project end date March 2010, the three companies have provided \$935,000 in parallel financing. This is 56% of the total projected/agreed parallel financing towards the project. The projects are expected to be completed by Dec 2010 and thus the remaining parallel financing will be expensed by the companies by that time.

As a justification for the subsidy, the client had to agree to public reporting of project data, to be shared with the entire PE sector. As such, public benefits from the project should be clearly identified upfront and in the case where data is collected from the client, such reporting requirements should be stipulated in the relevant legal Agreement. This also worked well under Aureos SSOI.

Implementation/delivery

1. Regional delivery and closer proximity to the client is preferable: The TLs were based in DC and the client in sub-Saharan Africa. For more effective project implementation, a local delivery platform is recommended and the

project also needs to be part of the wider strategy in the region. Examples of currently on-going projects that would be relevant to link with are A2F's Energy Efficiency Financing Program for Banks (CIPA idesk #571668) , the Global Cleaner Production AS Facility (CPLF idesk #28163). Also close co-ordination would be needed with any capacity building programs for Financial Intermediaries on E&S risk management (eg FI toolkit). These project links have been established and integrated into the design of the new proposed PE Sustainability project (PEACCHIS idesk # 568567).

2. In terms of reducing administrative burden on the client (the client was responsible for communicating the project to investment staff internally, identifying projects, fill out the project application forms, implement the projects with the investee company and ensure quarterly progress updates are provided to IFC), two things can be done better:

- External (local) auditors, rather than the fund manager and/or IFC staff, to identify the E&S opportunities and propose an action plan for the company.
- Ensure adequate IFC staff resources are allocated towards the project to allow for a more hands-on approach with the fund manager and investee company to support implementation.

3. Ensure a clear focus on E&S opportunities (ie beyond risk management): Because Aureos SSOI project was primarily focused on financing improvement projects to individual investee companies, with no external audit required upfront, and also no activities focused how to achieve broader market change, there was potential for perceived overlap with risk management.

Two things could be done differently to clarify the focus on strategic sustainability opportunities:

- The test to establish if a PE fund is suitable for sustainability advisory service support should consider all strategic sustainability opportunities, not just focus on E&S improvements/cleaner production at company level. Additional criteria to consider could be the relevance to the fund in terms of investor relations as well as future fundraising.
- This E&S opportunities audit should establish an action plan as well as targets for energy efficiency, GHG, water, waste and cost savings. This establishment of cleaner production and other strategic sustainability targets upfront will further clarify the focus of the AS support versus E&S compliance requirements.

3. Switching from grants to re-imbursable grants or loans proved difficult: IFC was striving to disburse the final funds (\$250K) as a re-imbursable grant or loan (rather than as a grant). However this would require significant time and efforts spent to establish the legal agreements, administrative procedures and functions to be able to receive the re-flows. Given that there was no donor funding committed beyond the \$250K and given that the structure of IFC providing financing to SMEs directly was inefficient and associated with high transaction costs (as described in design section above), it was not seen as a feasible option to pursue. In addition, in the context of the PE sector, the use of concessional funds would preferably be considered at fund level and this would need to happen before first closing, when the fund is being structured.

Development Results

The project has resulted in financing for E&S improvement opportunities for 3 companies as well as creating/implementing an E&S data monitoring system at the fund level. Most of the Impact Data is not yet available, but the data will be collected and reported during 1 year post project completion:

Because of the project design flaws described earlier, the project faced delays and fewer projects were implemented than initially hoped for. As a consequence, impact data is not yet available. However once the data is available (1 year post project completion) it will be distributed to fund managers, alongside best-practice and lessons learnt relating to the implementation of the E&S data monitoring system.

Consultant Work

The project was not designed to contract any external consultants (eg for the purpose of identifying E&S/cleaner production opps). Apart from the fact that the activities were focused on financing projects, not identifying them, at the time when the project was initiated (2005) there were no local cleaner production expertise to rely on. There was a perceived cost saving in using IFC experts and rely on the fund manager to identify projects.

However going forward it is expected that local cleaner production consultants will be used. A long list of potential firms has been identified.

Client Commitment/Satisfaction

Client commitment:

The E&S manager alongside senior managers at Aureos Capital (London HQ and regional Africa office) articulated a strong commitment to the project (it was Aureos that proposed the project idea to IFC in 2005). However in terms of subsequent integration into day-to-day investment activities, there were some short-comings in the ability and resources available to Aureos E&S staff to do so. The concept of sustainability opportunities should not be limited to the E&S Manager of a fund (who furthermore are traditionally more focused on risk management), but should be driven by the overall investment case for such improvements and thus the investment staff has to be fully on board and buy in to the effort.

Client satisfaction:

The client indicates that it is overall satisfied with the support that has been provided under this project to date. As per the grant agreement, Aureos is required to provide a project evaluation within 1 year of post project completion. However in the interim, an telephone conversation with the client on 15 March 2010 confirmed that whilst there have been challenges with the project, it should be recognized that this was a pioneering project carried out in a challenging market (sub-Saharan Africa), working with the most challenging group of investee companies (SMEs) -so teething problems are to be expected. Acknowledging that it is important that both Aureos and IFC learn from the experience, and improve on any areas that didn't work well, Aureos found the support provided from IFC staff on this advisory service project satisfactory and recognize the many positive outcomes that have been generated due to the Aureos SSOI project.

Funding Leverage

The project had a 50/50 contribution from private and public sources. Broken down as follows:

Total public and private sector contribution towards the project = \$1,830,000

Public sector contribution: IFC: 650,000 = 36% and Norwegian donor: 250,000 = 14%

Private sector contribution: Client parallel financing of improvement projects was as of Project Completion: \$930,000 = 51%

Experience with replicating

One of the intended project goals was that fund managers (both internally with Aureos as well as other fund managers) would replicate/integrate opportunities assessments and data monitoring systems (without IFC support), but project delivery was problematic and faced delays which meant that only a small number of actual demonstration projects were established, thus replication as a result is not expected to materialize.

Whilst it should be noted that the Aureos SSOI project design will not be replicated, the general concept of working with the PE sector is an opportunity to influence company and market change, and these efforts should be continued. In light of this, a significantly re-designed project has been developed by IFC (PEACHIS # 568567). This project focuses on identifying strategic sustainability opportunities in particular in the area of clean energy. The project also addresses systemic barriers throughout the PE value chain that are preventing clean energy initiatives and investments.

Whilst other regions such as East and South Asia may be equally relevant if the objective is to reduce GHG emissions, there are many reasons for why a focus on Africa region is preferred: Compared to other markets/regions, the efforts in Africa to promote private sector investment in climate change mitigation are just emerging and this is therefore a good time to provide support to the private sector on these issues. An additional reason for proposed continued focus on Africa is that the investor universe is concentrated to DFIs and thus relatively easy to co-ordinate the message to fund managers. In addition a couple of large pension funds have recently implemented sustainable investing policies, eg South African Government Employee Pension Fund. This would suggest that a dialogue amongst investors would be more effective and focused than in other regions.

Norwegian Trust Fund for Private Sector and Infrastructure FY11-12 Call for Proposals (Round 8)

Private Sector Engagement in Clean Energy

SCOPE OF ALLOCATION

The Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI) is allocating an indicative amount of \$ 5.8 million for fiscal year 2012 (FY12)¹ to activities supporting analytical work, operational pilots and/or capacity building to promote **clean energy technologies and increase private sector engagement** in this sector².

Objectives

The combination of concern over global warming and the need for energy as a necessary ingredient for economic growth requires a new policy focus toward the energy sector in many countries. Cleaner energy will play a key role in the energy transition required for a low carbon future. Enhancing access to sustainable energy requires concerted efforts over the long term by a wide range of actors in industry, finance, government, and international organizations, but is still being addressed with short-term financing and policy frameworks that are not aligned with the scale of the challenge.

The specific objective of this call is therefore to explore ways and means to mobilize joint action by investors and governments for enhanced access to reliable, affordable modern clean energy technologies and services in developing countries.

The Call for Proposals will prioritize activities supporting analytical work, operational pilots and/or capacity building to promote clean energy technologies and increase private sector engagement, in particular where the private sector contributes to developing the analytical underpinning to scale up actions and finance. Proposals should preferably target the following areas:

- Activities to enhance access to reliable, affordable modern clean energy technologies and services in developing countries, through a possible phased sectoral approach to low emission development, based on increased use of renewable energy and enhanced energy efficiency.
- Activities aimed at developing a potential results-based system for support to clean energy and energy efficiency, including approaches to how official development assistance can be used to leverage private sector financing.
- Activities to support development of economic and financial incentives to attract the private sector to invest into clean energy solutions, through the design of the cooperation between the public and private sector as well the required changes in the broader policy and regulatory environment.

¹ The donor makes the contribution pledge in Norwegian Kroner; the mentioned USD amount is therefore an indicative amount only.

² Support to multi-donor programs will not be approved in this round. Estimated 20-25 new freestanding activities will be approved in this round. The mentioned amount available covers the first budget year of funding of the new activities only -the donor provides refreshed funding annually.

PROCESS

There will be two parallel selection processes; one for World Bank staff and one for IFC and relevant FPD staff as follows:

	World Bank Process:	IFC Process:
1	A Technical Panel will review and rank the proposals in accordance with the selection criteria listed below.	IFC staff and FPD staff working on IFC-WB projects will follow the PDS approval process.
2	A joint Bank/IFC Committee will review all proposals in accordance with the overall NTF-PSI specific priorities and requirements listed below and in annex I.	
3	The joint Committee's suggested allocations will be sent to the Vice President for SDN, FPD and IFC for approval on a non-objection basis.	
4	The recommended allocations will be sent for Norway's revision and final approval.	

SELECTION CRITERIA

The relevant Technical Panel or IFC Business Line committees will assess and rate the proposals according to their relevance to the objectives and priorities described above and the following criteria:

- **Demonstration of NTF-PSI value added;** rationale for grant funding versus Bank support.
- **Innovation.** The proposal pioneers innovative aspects of clean energy.
- **Strategic fit.** Consistency with World Bank Group strategic directions on clean energy and private sector development. Consistency with country strategies and local priorities.
- **Sustainability and replicability.** Potential to become part of WBG strategies, dialogue, and lending. Where relevant, consider partnering up with national and regional institutions and environments.
- **Attention to dissemination and knowledge management.** In-country dissemination where relevant is encouraged, as well as short (2-4 page) knowledge briefs/dissemination notes for wider distribution. Task teams may also be requested to present progress and findings of their activities to the donor and other relevant audiences (including via video-conference).
- **Overall quality of the proposal.** The proposal is technically sound and realistic. Outputs, outcomes and impacts are clearly defined, with adequate indicators/targets for development impact.
- **Realistic budget.** Costs are commensurate with work-plan.
- **Demonstration of efforts to promote cross-sectoral collaboration.**
- **Collaboration between IFC and the Bank.** All teams are strongly encouraged to seek collaboration and/or peer reviewing from colleagues in the sister institution.
- **Potential for collaboration** with Norwegian expertise where appropriate.

SPECIFIC GUIDELINES AND ELIGIBILITY CRITERIA

In order to be considered, the proposals must meet the following criteria:

1. Proposals from World Bank staff must be submitted to the NTF-PSI Secretariat (ntfpsi@worldbank.org) **by January 26, 2011 at 5.00 pm** (Washington, DC time) using the template in annex II.
Proposals from IFC and relevant FPD staff must have an approved PDS-ER and a complete NTF-PSI proposal (see annex II) by **February 24, 2011**.
2. Receive endorsement by the relevant Sector Manager and Country Director (s). Email endorsements must be submitted with the proposal by the above mentioned deadlines. For IFC staff, review and approval by Country Representative, Regional Director, and Business Line Leader as stipulated for the PDS-ER.
3. Be managed by a TFLAP accredited Task Team Leader (applies also to IFC Team Leaders)³
4. Follow the general guidelines of the NTF-PSI as per annex I.
5. Fit with the prioritized area (clean energy technologies and private sector engagement in the sector).
6. Finance activities in eligible country(ies); The NTF-PSI is limited to financing activities in countries included in the bottom three categories in the OECD/DAC ODA list.⁴
7. Show demonstrated Bank Group commitment: TTLs must indicate adequate BB commitment to execute activities (i.e. cover staff expenses).
8. Have all expenditures within the eligible expenditure categories of the NTF-PSI: Project preparation work will not be funded, nor components which could be funded as part of ongoing operations. Funds cannot be used for staff salaries, staff travel or grants. ETC expenditures must be approved on case by case basis if not explicitly mentioned in the proposal. See page 11 of the Administrative Agreement for a complete list of allowable expense categories⁵.
9. Activities must be completed no later than June 30, 2013.

ESTIMATED TIMETABLE

Jan 26, 2011	Deadline for submission of proposals for <u>World Bank staff</u>
Feb 24, 2011	Deadline for approval of PDS-ER and a complete NTF-PSI proposal for <u>IFC and FPD staff</u>
Mar 10, 2011	Joint Bank/IFC Committee meets to agree on short list
Mid Mar, 2011	Final approval by VP's
Mar 21, 2011	Proposals submitted for Donor's approval
May 2, 2011	Approval by Norway
July 1, 2011	Funds received from Norway and transferred to each selected proposal

CONTACTS

For questions on this call for proposal, please contact the NTF-PSI Secretariat at ntfpsi@worldbank.org
For general information in the NTF-PSI, including examples of previously funded activities, visit www.worldbank.org/ntfpsi

³ IFC TTLs must be TFLAP accredited unless the IFC equivalent has been launched in due time and is approved for use by IFC TTLs in managing child accounts under NTF-PSI hierarchy

⁴ See <http://www.oecd.org/dataoecd/32/40/43540882.pdf>

⁵ See <http://siteresources.worldbank.org/INTNTFPSI/Resources/RevisedNTF-PSIAgreement,signedOct17,2006.pdf>

ANNEX I: NTF-PSI GENERAL GUIDELINES
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Major areas of importance to Norway in the NTF-PSI in general:

- Cross-cutting initiatives which support private sector development across all sectors;
- Assistance to poorest countries: approximately 50% of the funds must be allocated for Africa;
- Activities which further poverty reduction;
- Projects which have a positive environmental impact;
- Initiatives that can be mainstreamed effectively into the Bank Group's country, sector and thematic work programs;
- Activities that engage Norway's special expertise and knowledge (the energy sector broadly, and oil and gas in particular);
- Innovative, catalytic assistance efforts emphasizing strategic partnership and promoting cooperation, including with UN agencies and other external institutions.

Usage of NTF-PSI funds

- The NTF-PSI is un-tied and can cover consultant costs, publications, workshops, and related expenses. Staff related expenses must be covered by BB funds. The funds from the Norwegian TF should not be used to replace or duplicate activities for which BB and other TF funding is available.
- TTLs are required to submit a progress report on an annual basis, as well as a project completion report once the activity is finished.
- For further information on the NTF-PSI, please visit www.worldbank.org/ntfpsi

ANNEX II: PROPOSAL TEMPLATE

1. OVERVIEW OF PROPOSED ACTIVITY

- **Title of Proposed Activity**
- **Task Team Leader (must be TFLAP accredited)**
- **Manager endorsing the proposal** (endorsement email must be submitted with the proposal)
- **Country manager/regional director(s) endorsing the proposal** (endorsement email must be submitted with the proposal)
- **Country/ies of proposed activity**
- **Percentage of NTF-PSI grant to be earmarked for Africa over lifetime of activity⁶**
- **Total NTF-PSI grant amount projected over life time of activity**
- **NTF-PSI grant amount projected for FY12**
- **Duration of proposed activity**
(max to June 30, 2013)

2. BRIEF DESCRIPTION OF THE ACTIVITY

Provide a brief description with context and rationale for the activity.

3. OUTPUTS OF THE ACTIVITY⁷

List all expected outputs of the proposed activity in the below table. Indicators for each of the outputs, i.e. amounts, delivery of workshops, completion of report, etc, must be listed.

	List of outputs	Indicators (include estimated time-frame)
1		
2		
3		
4		
5		
6		
7		

⁶ Includes North-African countries

⁷ For definitions of outputs, outcomes and impacts, see <http://go.worldbank.org/1HR22MLDY0>. Visit <http://go.worldbank.org/5SDDS6BZ80> for examples of project results chains

4. DISSEMINATION OF OUTPUTS

Describe all dissemination efforts and applicable target groups planned for each of the deliverables listed in (3) above.

	Outputs	Dissemination Plans (include est. time-frame)	Target groups <i>(add names of applicable target groups under each column)</i>			
			WBG staff	Local partners/ stakeholders	Donors	Others
1						
2						
3						
4						
5						
6						
7						

5. EXPECTED OUTCOMES OF THE PROPOSED ACTIVITY

A. List all expected outcomes of the proposed activity in the below table⁸. Indicators for each of the outcomes must also be listed. See footnote 7 and 8 for further details.

	List of outcomes	Indicators
1		
2		
3		
4		
5		
6		
7		

B. Explain as applicable how the listed outcomes will involve increased collaboration between (i) various units in the WBG, (ii) the WBG and external stakeholders and (iii) between the World Bank Group and Norwegian expertise

6. IMPACTS/ DEVELOPMENT OBJECTIVES OF THE PROPOSED ACTIVITY

List all expected impacts (broader results from program outcomes listed in (5) above). See footnote 8 for further details

	List of development objectives	Indicators
1		
2		
3		
4		
5		
6		
7		

⁸ Outcomes: Uptake, adoption and use of project outputs by the project beneficiaries. Outcomes can be defined at various levels depending on the circumstances (e.g. CAS and project levels).

7. REPLICATION OF THE ACTIVITY

Describe the likelihood of replication of the activity across the World Bank Group and/or outside of the institution. Explain exactly which elements of the activity trigger replication.

8. BUDGET TABLE

	Outputs (as per table 3)	Expense categories ⁹	Expected Expenditures (in USD thousand)		
			FY12	FY13	Total over lifetime of activity
<i>List outputs for the <u>entire</u> activity</i>					
	Total costs for entire activity per FY				
	Of which Bank Budget*				
	Of which other TFs/funding (specify)				
	Of which NTF-PSI				
<i>Re-list only the outputs that are funded by the NTF-PSI grant</i>					

* Required to demonstrate WBG commitment to activity – must be at least be sufficient to cover supervision costs of the activity

⁹ Allowable expense categories under the NTF-PSI are : fees and costs for temporary staff, STCs and ETC (ETC's only if mentioned in the proposal), contractual services, media (including video and electronic media), workshops costs (including costs associated with presenters, participants, publicity and reporting), travel expenses (including travel for Bank staff, consultants, STCs and ETCs) and associated overhead (including translations, minor expendables, information technology and communication services).

**QUALITY ASSESSMENT OF GLOBAL & REGIONAL PROGRAMS AND PARTNERSHIPS (GRPPs)
PANEL REPORT**

A. Overall Judgement

The Norwegian Trust Fund for Private Sector and Infrastructure (NTF-PSI) is a program that largely consolidates funding from the Norwegian Government (NG) to the World Bank Group (WBG). NTF-PSI consists of different thematic windows: two on freestanding activities, one for global programs, the Petroleum Governance Initiative (PGI) (which has four sub-windows), and one for Aid for Trade Activities. Much of the funding is allocated to other global and regional programs such as Energy Sector Management Assistance Program (ESMAP) and Sub-Saharan Africa Transportation Program (SSATP) where the NG pools funds with other donors in partnership with the Bank. This review focuses on the portion of NTF-PSI known as the free standing activities which funds two windows: (a) investment climate and governance; and (b) infrastructure services for the poor. For FY09, there were some \$15 million allocated to NTF-PSI by the NG of which \$1.8 million went to new activities and \$3.4 million went to ongoing free standing activities. About \$4.2 million went to activities under the clean energy window and \$3.5 million to PGI. In FY10, there was no new residual funds allocated, but existing commitments made in prior years to activities or projects in the free standing program were funded. For FY11, the funding situation for free standing activities is unclear.

Most grants for the free standing activities are one to three year commitments, but funding is provided on a year by year basis. Funding to NTF-PSI has been approved annually by the NG and the Norwegian Parliament. The grants fund a large and diverse array of activities for the private sector and infrastructure sectors in the Bank Group. Most grants are between \$100,000 and \$400,000. Since its inception, NTF-PSI has funded over 60 activities at a cumulative cost of almost \$65 million. About half of the funds have been earmarked for Sub-Saharan Africa.

The overall judgment is that the Free Standing Program (FSP) has been very effective as a source of funds for supporting innovative initiatives that would have difficulty being funded from the Bank's resources or from large trust funded global programs. Examples are studies on the effect of climate change on coastal cities and studies on potential measures to mitigate such effects in sub-Saharan Africa. Another initiative has been to partner with Exxon-Mobil in Chad to support the development of SMEs in the area most impacted by oil discoveries. At times, these free standing activities feed into mainstream Bank activities such as investment climate surveys in sub-Saharan Africa. But generally these activities do not fund mainstream Bank activities but focus on initiatives that would not have been funded by BB resources.

B. Strong Aspects

The program has a number of strengths:

- Highly innovative, diverse, small and generally agile initiatives, which change as to emphasis depending on critical issues that need to be addressed—such as the impact of climate change in some critically affected countries;
- Efficiently managed program with very little overhead; reporting at present appears to be excellent, uniform and coherent with a comprehensive Annual Report published at the end of the calendar year;
- Good Monitoring and Evaluation reporting and measurement of results at the activity level - inputs, outputs and impact - based on TTL self assessments;
- Multi-year grants not affected by the budget cycle of the Bank;
- Bank and IFC staff are encouraged to work together on these initiatives, e.g., IFC staff peer reviews Bank projects and visa versa.
- Clear oversight by the NG through an external advisory panel of seven individuals, the Reference Group (RG), established by the NG; the RG reviews each sub-activity report, comments on it to the NG and sends the task manager a 1 page summary of comments each year—effective and not too bureaucratic.
- The NG sees benefit in access to Bank staff in a range of disciplines and as such the activities have been a very useful in knowledge generation and transfer.

C. Areas Needing Improvements

The program does not have a lot of weaknesses, but there are a few:

- Uncertainty as to residual or new funding in any fiscal year;
- The number of activities is perhaps too many and too diverse for the funding amount and for the capacity of the program team;
- Little emphasis on scaling-up any of these initiatives into the WBG; lack of a second funding round for these activities;
- There is no overall log frame and results for the program as a whole, hence overall impact is not evaluated; results are measured only at the activity level;
- Staffing appears to be too tight to effectively monitor the range of activities underway; and
- Not totally linked to Bank's GRM system; Bank and IFC are on different reporting and monitoring systems.

D. Any Systemic Lessons

Due to the large number of initiatives and relatively small funding amount, the impact might be less than it could be, if there were focus on fewer themes. There is a case for follow-up funding for successful initiatives.

E. Suggestions to the Task Team

Address the issues and areas for improvement listed in Section C above.

Rejoinder from the Unit Managing the Program:

Many thanks for this useful review. Just a few additional comments on the NTF-PSI report (my apologies for this delay, I was on mission and leave):

Overall Judgement:

1. Its important to note that the NTF-PSI consists of different thematic windows: two on freestanding activities as noted in the report, and one for global programs. In addition, and not mentioned in the report, is the window for the Petroleum Governance Initiative (PGI) (a program with 4 sub-windows) and the window for Aid for Trade Activities (currently two activities)
2. In terms of FY09 funding to the two freestanding activities (not really a "program" as stated in the first paragraph), about \$ 1.8 million went to **new** activities. An additional \$ 3.4 million went to ongoing freestanding activities in these two windows. About \$ 4.2 million went to four freestanding activities under the clean energy window and \$ 3.85 million to the PGI. All this can be found in the FY09 Notice of Contribution and its Amendments on the NTF-PSI web site: <http://go.worldbank.org/PUOXV03QB0>
3. Second paragraph - most freestanding activities are for 1-3 years (and not 3 as stated).

I believe the above should not impact the conclusions provided in the report. Happy to discuss further if needed.

A few comments for your kind attention:

- Sector Board should be "N/A" since there is no single Sector Board (and certainly not "Economic Policy") responsible for this TF;
- Sponsoring Unit as well as Managing Unit should be "ETW" with manager Jamal Saghir;
- Regarding the overall rating for likelihood of achieving objectives: it appears to be an average of the ratings for each individual objective, but the review also concluded in section 1.1 that the first development objective (DO1) is the substantive DO whereas the others "can be interpreted as means to achieve the substantive DO". Perfectly agreeing on this conclusion, one would expect the overall rating for the program to reflect the rating for DO1.
- 1.4: "There are no indicators for outcomes". Note that each activity has outcome indicators as well as output indicators; we're happy to provide individual progress reports to show the explicit results chain (from outputs to outcomes) for each activity.

QUALITY ASSESSMENT OF GLOBAL & REGIONAL PROGRAMS AND PARTNERSHIPS (GRPPs)
Summary Assessment Sheet

Assessment Rating	
1	= Highly Satisfactory/Likely
2	= Satisfactory
3	= Moderately Satisfactory
4	= Moderately Unsatisfactory
5	= Unsatisfactory
6	= Highly Unsatisfactory
NA	= Not Applicable

Likelihood of Achieving Program Objectives	<u>2</u>
(List program objectives currently defined and rate each objective as well as overall program)	
DO1: Support innovative activities in PSD and infrastructure	<u>1</u>
DO2: Have Bank and IFC staff coordinate more closely	<u>2</u>
DO3: Consolidate funding from the Government of Norway to the Bank Group	<u>2</u>
DO4: Provide access to Norwegian experts and consultants to bid on these initiatives	<u>3</u>
DO5:	
Comments:	
<i>Likelihood of achieving DOs is rated on the six-point scale. In arriving at a final judgment on outcomes, panelists should exercise their judgment.</i>	

QUALITY ASSESSMENT OF GLOBAL & REGIONAL PROGRAMS AND PARTNERSHIPS (GRPPs)
Guidance Questionnaire

1. Program Relevance, Structure and Governance

1.1 Extent to which the Program's objectives are clear, focused, realistic and relevant (for WB and developing country):

Comments: The most important and substantive objective - support innovative activities in PSD and Infrastructure - is clear and focused. The other objectives are also clear, though these may be interpreted as means to achieve the substantive DO.

1.2 Extent to which the Program activities complement, rather than overlap with, other Bank work:

- (a) Do not overlap or compete with existing global or regional programs?
- (b) Complement, rather than compete or substitute for, regular Bank programs, processes, and instruments?
- (c) Are linked to the Bank's country level operational work?

Comments: 1.2(a) The program focuses on activities that are innovative and are not currently adequately funded by the Bank, hence there is little overlap. 1.2(b) The program does not compete or substitute for regular Bank activities; instead, it tries to fund innovations that would hopefully be mainstreamed in the Bank's programs. 1.2(c) Nonetheless, the areas of focus are linked to Bank's country operational work in the PSD and infrastructure sectors which the program is trying to influence by

fundings areas of innovation.

1.3 Extent to which the Program's strategies and main activities are appropriate to achieve the objectives?

- (a) What is the essential theory of change for the program?
- (b) How are the Program's activities expected to contribute to the achievement of its objectives?
- (c) Quality of the results chain or logical framework?

Comments: 1.3(a) The program funds innovative activities that could be mainstreamed into the Bank's programs. 1.3(b) The choice of areas of emphasis in specific years as well as the selection of activities to be funded are expected to yield results and lessons that would promote innovation. The joint Bank-IFC review process helps in encouraging coordination among the two institutions, though it is difficult to measure coordination. 1.3(c) There is no log frame and results matrix for the program overall. Staff maintains that the program activities are so diverse that it is difficult to create such an overall framework. Nonetheless, there should be a way of measuring whether the activities that are funded results in innovations in Bank programs through mainstreaming.

1.4 Extent to which performance indicators are appropriate?

- (a) Output indicators?
- (b) Outcome indicators?

Comments: The activities financed - and the outputs from these activities - are the output indicators for the program. Thus, there are indicators that would measure outputs. Activities also have outcome indicators, though there is no set of outcome indicators for the overall program or windows.

1.5 Governance and Management:

- (a) Extent to which the program has clear and effective governance and management arrangements?
- (b) Transparent and efficient allocation and management of resources?
- (c) Input from different stakeholders, in particular those from developing countries and technical experts?
- (d) Appropriateness of Governance and Anticorruption (GAC) framework?

Comments: 1.5(a) It would appear that the program governance is very well structured. There is a small but effective Secretariat. The Norwegian Government and the Bank have consultations twice a year with respect to the program. 1.5(b) There is annual process for allocating resources, with the Secretariat tasked with ensuring the proper management of these resources. 1.5(c) There is no formal mechanism for securing inputs from developing countries. 1.5(d) The activities use Bank fiduciary procedures.

2. Implementation Effectiveness

2.1 Timely identification and resolution of issues:

- (a) Assessment of implementation problems and follow-up actions?
- (b) Threats to DOs?

Comments: 2.1(a) The Secretariat consults with TTLs and Bank management to identify implementation problems and agree on follow-up actions. An external advisory panel reviews all subprojects/ activities once annually and reverts through the Secretariat with comments. Staff responses are in turn sent through the Secretariat back to the NG, with the Secretariat charged with ensuring follow-up actions. 2.1(b) Given the lack of outcome indicators and M&E system, there is no systematic way of identifying and addressing threats to DO.

2.2 Adequacy of institutional arrangements for Program evaluation:

- (a) Use of the monitoring and evaluation systems to assess implementation progress?
- (b) Third party assessment?

Comments: 2.2(a) The Advisor and supporting Bank staff have worked hard to set up a very consistent reporting framework where monitoring and evaluation is clearly highlighted on an activity by activity basis. This enables the program to monitor implementation progress based on plans or approved activities. 2.2(b) However, as mentioned above, it is difficult to measure program impact overall. While there is a third party assessment, this has focused on progress in individual activities. There is no third party review of the program as a whole, focusing on outcomes and impact.

3. Bank's Performance as a Partner

3.1 Internal review and consultation:

- (a) Adequacy of decision-making process, including consultation with internal stakeholders, or join (remain in) the program?
- (b) Extent to which internal stakeholders are adequately consulted about program implementation?

Comments: 3.1(a) The grants are small and are based on a call for proposals annually, if residual funds are available after Global Funds and Free Standing Activities already committed funds are allocated. The call for proposals used to be Bank Group wide, but in the last year of funding the call for proposals has focused on the relevant sector boards based on the focus of the Program. A technical committee of Bank staff was set-up to review proposals and a "long-list" of proposals are then sent to the NG's ministry of Foreign Affairs which selects and approves the proposals. Overall, the internal review and consultation process seem to be adequate. 3.1(b) As discussed in the comments to 2.1(a), there is adequate consultation with internal stakeholders on implementation of program activities.

3.2 Contribution to and participation the partnership:

- (a) During the design phase?
- (b) During the implementation phase?

Comments: 3.2(a) The Bank has been an active partner in the design of the program. 3.2(b) As discussed in 2.1(a), there is a strong process - involving the Bank, the NG, the Secretariat, and an advisory panel - that ensures proper implementation of the program activities. In addition, the Bank and the NG hold consultations twice a year. The process appears to work well.



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