

**WORLD BANK GROUP:  
A NEW APPROACH TO COUNTRY ENGAGEMENT**

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**THE WORLD BANK  
INTERNATIONAL FINANCE CORPORATION  
MULTILATERAL INVESTMENT GUARANTEE AGENCY**

## ABBREVIATIONS AND ACRONYMS

BP	Bank Procedure
CAS	Country Assistance Strategy
CEN	Country Engagement Note
CLR	Completion and Learning Report
CODE	Committee on Development Effectiveness
CPF	Country Partnership Framework
ESW	Economic and sector work
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IEG	Independent Evaluation Group
IFC	International Finance Corporation
IMF	International Monetary Fund
ISN	Interim Strategy Note
JSAN	Joint Staff Advisory Note
MIGA	Multilateral Investment Guarantee Agency
OP	Operational Policy
OPCS	Operations Policy and Country Services
PLR	Performance and Learning Review
PRSP	Poverty Reduction Strategy Paper
RVP	Regional Vice President
SCD	Systematic Country Diagnostic
WBG	World Bank Group

# **WORLD BANK GROUP**

## **A NEW APPROACH TO COUNTRY ENGAGEMENT**

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# **WORLD BANK GROUP**

## **A NEW APPROACH TO COUNTRY ENGAGEMENT**

### **I. INTRODUCTION**

1. The World Bank Group (WBG) is introducing a new approach to country engagement to better serve our clients and support the goals of eliminating extreme poverty and increasing shared prosperity in a sustainable manner. This paper seeks to inform Executive Directors of details of the new approach, including the proposed new WBG Directive on Country Engagement, and to obtain Directors' approval for certain policy changes that are necessary to implement the new approach.

2. The WBG has developed a new strategy that commits to helping countries achieve ambitious "twin goals" of ending extreme poverty and promoting shared prosperity in a sustainable manner. This new strategy is the first that encompasses all of the WBG's principal entities working together as one World Bank Group. It lays out how the WBG will reposition itself to provide customized development solutions and align its activities with the twin goals. It also calls for the WBG to work more in partnership with others, including the private sector, and to significantly increase collaboration across its own institutions.

3. Implementing the new strategy requires a number of organizational and operational changes. Prominent among these is the development of a new approach to country engagement to increase the strategic focus of WBG country programs. The new approach builds on the current Country Assistance Strategy (CAS) process, but makes improvements and adds new features that will enable the organization to operate as one World Bank Group in helping countries achieve the twin goals.<sup>1</sup>

### **II. MOTIVATION FOR THE NEW APPROACH**

4. The new approach is motivated by the new World Bank Group Strategy as well as by challenges that Management and Executive Directors have identified in the current CAS and Interim Strategy Note (ISN) products.

#### **A. World Bank Group Strategy**

5. A first motivation is the new Strategy, which puts the twin goals at the center of the WBG's work. The WBG is well suited for its mission, given its unique ability to work with member countries and a global network of public and private partners to provide clients with customized development solutions. The WBG combines financial resources, unparalleled knowledge and experience, and global leadership to contribute to the development agenda in a way that no other actor can. However, in light of experience, emerging global trends, and changing client demand, the WBG recognizes that it must enhance the way it works and reposition itself to most successfully pursue the poverty and prosperity goals in a sustainable manner.

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<sup>1</sup> CASs and Country Partnership Strategies (CPSs) are the same product by different names. This paper will use the term CAS to refer to both.

6. Much of the change requires internal reforms such as breaking down institutional silos, increasing knowledge sharing, improving the deployment of human resources, and strengthening the WBG's financial base. Key issues are fostering better collaboration among WBG institutions and placing greater emphasis on leveraging the private sector to provide solutions to development problems. However focusing on the twin goals also calls for the WBG to rethink how it engages with countries. WBG programs must be more adaptive and responsive to changing country circumstances. They must reduce the time it takes to draw on worldwide experience and provide proven solutions adapted to local conditions. The WBG must also improve its engagement with citizens and various stakeholders to develop solutions that benefit the poor and are appropriate for the country context.

7. Drawing on decades of experience of what does and does not work, the WBG is embracing a development solutions culture. This means moving from a focus on individual projects to an emphasis on customized solutions. WBG programs will integrate both knowledge and financial services to provide support to broad development challenges. The WBG will increasingly emphasize engagements that have the potential to make a significant development impact and to improve the lives of the poor and disadvantaged. It will support engagements with measurable results that can be replicated across sectors and regions. WBG programs will be selective and will concentrate their limited resources on those engagements that are likely to produce far-reaching impact on poverty and help countries move to a higher, more sustainable development path.

8. Such ambitious engagements will involve taking risk. As the WBG shifts to a solutions culture, it will increase its focus on development results and establish tolerances for taking smart risks while preserving its stringent fiduciary and integrity norms and its environmental and social safeguards.

9. The WBG's new strategic direction requires a new approach to country engagement. This approach is centered on the Country Partnership Framework (CPF), which replaces the current CAS process but builds on its best elements. CPFs will be underpinned by evidenced-based analysis, which will help WBG programs selectively address areas that have the most impact in supporting countries' efforts to achieve the twin goals. The new approach will increase the WBG's development effectiveness by improving the results focus and more closely integrating the efforts of all WBG institutions to help countries achieve significant development impact. It will also involve a more proactive approach to risk management. The new approach is explained in more detail in sections III and IV.

10. WBG Management is developing a full program of training and outreach to ensure that all WBG teams understand the new approach and can implement it. However, no new directives, procedures, guidance, or training alone can ensure success. Successful implementation requires a change in the WBG's culture to emphasize setting clear objectives, focusing on results, and working across boundaries both within and outside of the WBG. It also requires accepting that if a WBG country program is to have significant development impact, it cannot "do everything" but must selectively engage on the most important areas.

## **B. Challenges with Country Assistance Strategies**

11. Secondary motivations for the proposed new approach are the challenges experienced with the current CAS model. The World Bank's CAS process has steadily evolved since its beginnings as a confidential internal Bank document. The CAS has gone from a 10- to 15-page document appended to loan documents to a stand-alone document that receives full Board discussion. In 1990, IDA9 decided that the Bank should prepare CASs for all IDA countries, and in 1992, Executive Directors decided to discuss CASs for all active borrowers. In 2005, the Bank took another significant step by introducing the "Results-based CAS".

12. The Results-based CAS was meant to help make WBG country programs both more strategic and more selective. The focus on results was expected to lead WBG teams to direct their interventions toward sectors where they would have the most impact, taking into account the country's demand, the Bank's comparative advantage, and the activities of other development partners. The emphasis on results measurement would also lead Bank programs to eschew areas where impact was either marginal or unmeasurable. Since its introduction, the Results-based CAS has become central to the Bank Group's country-based business model. Between 2005 and 2013 there have been 190 CASs and a large number of CAS Progress Reports. Most countries are now on their second Results-based CAS, and some have had more.

13. The Results-based CAS approach has brought benefits: it has sharpened the focus on results and has enhanced the alignment between WBG country engagements and national priorities. Reviews have found that the instrument's flexibility allows it to accommodate programming for the increasingly diverse set of Bank clients, including IDA, IBRD, and fragile countries.<sup>2</sup> In addition, over time, the CAS has become leaner and more focused. However, the "Results-based CAS" approach has not met all expectations; a number of challenges to the current WBG country engagement model persist.

14. Despite the emphasis on results, some CASs still take a transaction-focused approach instead of focusing on more strategic engagement objectives and expected outcomes. Analysis by the Independent Evaluation Group (IEG) has shown that many CASs still have poor results frameworks. Rather than describing clear results chains leading to significant development impacts, some CASs present a list of activities spread across many sectors. While these activities are always broadly aligned with the Bank Group's poverty mission, they may lack focus and may not be concentrated on the issues and interventions that are likely to have the greatest impact. The lack of emphasis on outcomes is sometimes also evidenced by the composition of the documents themselves. In some cases they present long sections of background material drawn from upstream analysis, and provide only a cursory treatment of the programs' expected outcomes.

15. Integrating "lessons learned" from previous strategies is a fundamental element of the CAS process. However the lessons learned contained in some CAS Completion Reports (CASCRs) are sometimes too generic and are not always useful for the design of the following CAS. Often these lessons learned focus on broader country-level outcomes instead of on the impact of WBG engagement in the country. In addition, there is no systematic way to capture cross-country or cross-regional learning that results from CASCRs.

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<sup>2</sup> See *Country Assistance Strategies: Retrospective and Future Directions*, World Bank 2009.

16. Most CASs are now joint with the IFC and, when appropriate, MIGA. Joint CASs have sharpened the focus on country-level synergies and coordination across WBG institutions. However, despite strong efforts in certain countries, the engagement of IFC and MIGA in the CAS process has been varied. In countries with significant IFC engagements, IFC country strategy and programs are typically integral parts of the WBG's development solutions. In countries with limited IFC and MIGA interventions, IFC and MIGA contributions are relegated to a few short sections of the CAS. The WBG often does not set priorities for country engagements as one World Bank Group, and coordination of activities can be ad hoc.

17. Experience has also shown that the discussion of risks in many CASs is weak. Often, the risk section does not link the identified risks to the CAS program nor indicate ways that the risks will be managed. There is no standard way to review risk in a CAS, and it is consequently difficult to distinguish high-risk from low-risk strategies.

### **C. Challenges with Interim Strategy Notes**

18. A further motivation for the proposed new approach is the lack of satisfaction with the current ISN option. ISNs were designed to be short notes that guide WBG activities in conflict situations until a full strategy can be developed.<sup>3</sup> However, the established policies, procedures, and guidance on ISNs lack clarity and country teams have been allowed significant discretion on when to use ISNs. Consequently, ISNs have been used not only in conflict-affected countries, but also in a wide variety of other situations including when the WBG is reengaging in a country after a long absence, when there is a high level of political uncertainty, and when there is a need to align the CAS cycle with an upcoming country development plan. In the last four years the WBG has developed 27 ISNs in countries as different as Somalia, where there is only a nascent program, and Egypt, with its large ongoing portfolio of long-term investments. In many cases country teams have opted to use multiple ISNs, with some countries having as many as three in a row. Although ISNs are intended to be short notes that are not required to have a results matrix, some recent ISNs have been long documents, setting out long-term objectives with detailed results matrices. For all intents and purposes, many ISNs have become two-year CASs.

19. Overreliance on the ISN has important drawbacks. ISNs are not formally evaluated by the country team, nor are they routinely reviewed by IEG in the same way as CASs. When a CAS is followed by an ISN, the CASC is not done until the next CAS is prepared, and then it covers both the previous CAS and the ISN period. In countries where there are multiple ISNs in a row, this means that the country strategy may not be formally reviewed for more than 10 years, by which time the lessons learned are stale. Since ISNs are not required to have results matrices, it is hard in any case to evaluate them. In a country where the WBG is slowly reengaging and its portfolio is nascent, this is of relatively little concern. But in a country where there is a large portfolio of long-term investments, or a large pipeline of future such investments, not having a results framework and not having systematic completion reporting is a concern.

## **III. NEW APPROACH TO COUNTRY ENGAGEMENT**

20. The proposed new approach to country engagement is designed to address the concerns about the current approach and help operationalize the new WBG strategy and the twin goals at

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<sup>3</sup> See OP/BP 2.30, *Development Cooperation and Conflict*, for details about ISNs.



the country level. The new approach builds on the current CAS approach but strengthens it and introduces new elements to support implementation of the WBG strategy and the shift to a solutions-focused engagement, including greater emphasis on leveraging the private sector, where appropriate, to tackle extreme poverty and promote shared prosperity in a sustainable manner. The new approach is flexible and adaptable and can be applied in all types of member countries where the WBG has ongoing or planned activities financed by IBRD, IDA or Bank administered Trust Funds.<sup>4</sup>

21. The new approach remains country-focused, yet it helps ensure that WBG-supported development objectives are aligned with the Strategy and the WBG's comparative advantage. It will begin with a new country diagnostic that provides a rigorous and timely analysis of a country's development challenges to underpin the subsequent partnership document. The CPF process will integrate learning more systematically than the previous CAS process, allowing country teams to adjust more readily to country needs and delivery experience. It will also integrate a new systematic risk assessment.

22. The new approach will make a clear distinction between countries where the WBG is unable to commit to medium- or long-term development objectives and countries where, in spite of a high level of uncertainty, the WBG is still able to develop a medium-term engagement. The new approach will make clear when different engagement approaches are used and what is required for each one.

23. The CPF process will be built around widespread consultation and engagement with stakeholders (see annex A). The voice of citizens and the private sector will be taken into account. In keeping with this emphasis, the new WBG country engagement approach reflects extensive internal and external consultations, carried out both as part of formulation of the WBG Strategy and subsequently, as part of efforts to improve the effectiveness of WBG country programs.

24. The new approach comprises four main elements (see Figure 1). It is centered on the CPF; however, other components are equally important in providing a comprehensive approach to country engagement. The elements of the new approach, including a proposed new Country Engagement Note (CEN) option, are described in the following sections.

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<sup>4</sup> Management does not propose to require the preparation of a CPF or a Country Engagement Note (CEN) for countries that receive only reimbursable advisory services.

**Figure 1.**

## **The New Approach to Country Engagement**



### **A. Systematic Country Diagnostic**

25. A new Systematic Country Diagnostic (SCD) will present a timely and evidence-based assessment of the constraints a country has to address and the opportunities it can embrace to accelerate progress toward the goals of ending extreme poverty and promoting shared prosperity in a sustainable way. Spurring poverty reduction and inclusive growth will be central themes of the SCD analysis, with concerted attention to issues of sustainability. The SCD will draw upon all available information and, where necessary, involve new analysis. It will reflect the findings of a recent gender assessment and, as appropriate, the findings of fragility assessments and country economic memoranda, analysis of the impact of climate change, and other WBG economic and sector work (ESW). It will also draw upon work from external sources such as other donors and partners, local researchers, and the government. The SCD analysis will not be restricted to the areas or sectors where the WBG is currently active but will focus on the critical challenges to achieving the twin goals. By not limiting the scope of the analysis, the SCD is expected to stimulate an open and forward-looking dialogue between the WBG and the country, with a focus on what is important for the country's development agenda rather than only those elements supported by the WBG's program.

26. The SCD will be prepared upstream of the CPF and will identify a select set of priority focus areas that the country should address to accelerate progress towards the twin goals and increase sustainability. Though the SCD will be prepared in close consultation with national authorities, the private sector, and other stakeholders, it will reflect the views of the WBG. It will become the reference point for client consultations and other measures to help focus the efforts of the country, the WBG, and other development partners around goals that will have the most impact for achieving the twin goals.

27. The comprehensiveness of the SCD will vary depending on the country context. In countries with a large amount of available data and information, the SCD will be more in-depth than in countries, such as some fragile states, where information is more constrained. One of the roles of the SCD is to identify knowledge and data gaps that prevent a full understanding of the country's challenges. Thus, in countries with limited data, the SCD will identify priorities for improving the evidence base. However, all SCDs will identify a clear set of priority focus areas using the best information that is available.

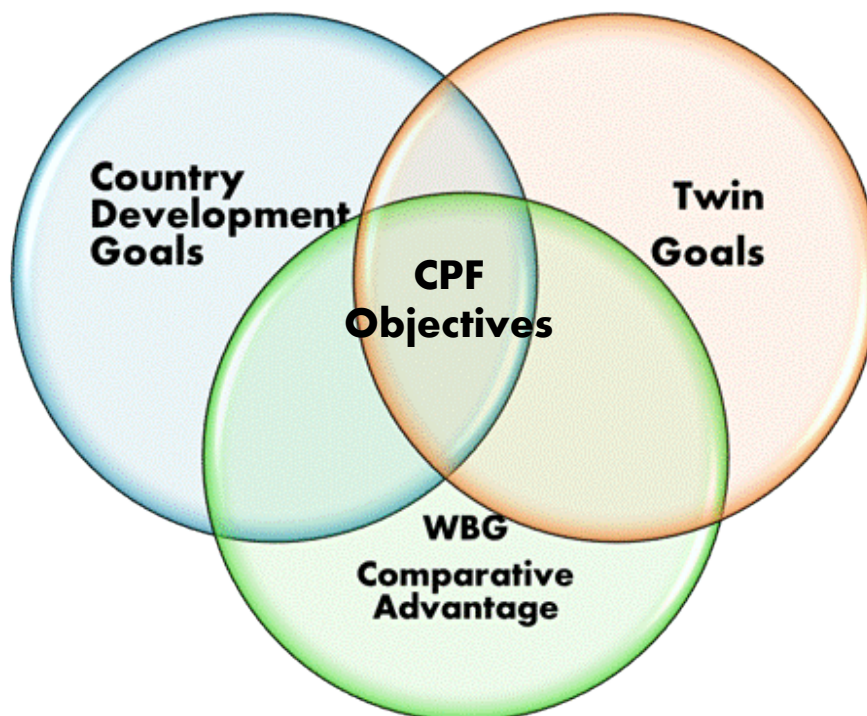
28. The SCD will be prepared by a multi-sector team under the direction of the country management. It will be subject to a rigorous and contestable review process. To ensure that the SCD presents the highest-quality analysis and that there is high confidence in its recommendations, the SCD review meetings will be chaired by Regional Vice Presidents (RVPs)

and in many cases IFC and MIGA senior management. There will be active participation from all relevant parts of the Bank Group, including IFC Global Industry teams, MIGA staff, the Global Practices, and Cross-Cutting solutions areas. Like current ESW, SCDs will be sent to the Executive Directors for information.

## **B. Country Partnership Framework**

29. The CPF will replace the CAS as the main tool that guides the WBG's support for a member country's development program. The CPF will maintain the WBG's country-driven model and will start from the member country's vision of its development goals as defined in its own strategic documents. The WBG and the country will further draw upon the SCD to develop the CPF objectives together; deriving them from those country development goals that reflect the WBG's comparative advantage as well as alignment with the twin goals (see Figure 2) and taking into account opportunities for leveraging the private sector to provide sustainable solutions to development problems. The CPF will then outline a selective and flexible program that will help the country achieve the CPF objectives. The CPF will encompass all WBG activities, no matter how they are financed, and the objectives of trust funds will be fully integrated into the CPF. The CPF program will explicitly take into account the activities of other development partners and will seek to leverage their activities to support the twin goals.

**Figure 2. CPF Selectivity Filters**



30. Though the CPF will be underpinned by the evidence-based analysis of the SCD, it will not be a piece of ESW. It will be a short – no more than 25 pages – focused document that presents just sufficient background to motivate the proposed program. To enhance the results focus of the WBG’s country work, the CPF will be built around a results framework that identifies the objectives that the WBG activities are expected to help the country achieve, the results chain that links the objectives to the country’s development goals, and indicators of progress. It will also lay out how the objectives will contribute to the twin goals in a sustainable manner. With the CPF, WBG strategies will remain flexible and can be revised to reflect changes in country priorities and country circumstance, as well as learning from implementation. In countries with a high level of uncertainty, such as in fragile states, CPF objectives and WBG activities in the outer years may not be well defined in the initial CPF. But the flexibility of the CPF process will allow them to be revised, updated, and more fully defined at a later stage.

31. CPFs will be prepared every four to six years for countries that have ongoing WBG programs. Allowing the term of the CPF to be extended to six years from the four years used in the normal CAS process is to allow more time to see development results. However, teams will be expected to update the CPF every two years using a PLR (see paragraph 32 below). In addition, the CPFs that were originally developed for four years can be extended for up to two years at the end of the CPF period, if circumstances warrant. This will allow the WBG to maintain its current strategy while waiting for significant changes such as a new government strategy. However, no CPF is expected to last longer than six years. Like CASs, CPFs will be sent to the Board for discussion and, in accordance with the Access to Information Policy, will be made available to the public after Board discussion.

### **C. Performance and Learning Review**

32. The new approach to country engagement will emphasize learning at all stages. During implementation, the country and the WBG will engage in a continuous process of monitoring and learning. Every two years, this process will lead to a Performance and Learning Review (PLR), which will be used to introduce necessary changes to the program and to update the WBG Boards of Directors on progress. The PLR will be a short document that focuses on key country developments since the CPF became effective, and on program/portfolio progress and performance, with a view to drawing lessons learned from implementation, introducing midcourse adjustments, updating the results framework, and extending the CPF as necessary. The PLR will be used to flesh out details on development objectives and the necessary activities to achieve those objectives that were not clear when the CPF was originally prepared or last updated. This dynamic process will allow teams to react to unexpected changes in the country context and incorporate lessons learned from implementation in both the country supported by the CPF and other countries. At the end of the CPF period, a PLR may be used to extend the CPF by up to two years.

33. Regular portfolio reviews will not be conducted as a separate exercise, but will be an integral part of monitoring the progress of the CPF and will be an important input into the PLR.<sup>5</sup> The portfolio reviews will look at the status of the portfolio and identify key operation-specific and systemic issues that need to be addressed, and will feed into the PLR review of

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<sup>5</sup> Since the PLR will include a portfolio review, it is proposed to retire OP/BP 13.16 and not maintain a separate CPPR process.

implementation of the CPF program. Integrating the portfolio review into the review of the overall country program will help ensure that discussions of project-specific implementation issues are closely linked to the pursuit of higher-level objectives.

#### **D. Completion and Learning Review**

34. At the end of the CPF period, the WBG will engage with the country to complete a self-assessment and issue a Completion and Learning Review (CLR). The CLR will be both a means to enhance the WBG's knowledge to increase its development effectiveness, and a tool for accountability. As part of the CLR, the country team will complete a self-assessment of the program's performance, the WBG's performance, and the strategy's alignment with the twin goals. The self-assessment will be based upon the results framework from the most recent PLR. It is anticipated that the IEG will validate the WBG's self-assessments and verify their findings.

35. The focus of the CLR will be on learning. Though accountability will also be an important focus, the main purpose of the CLR will be to develop knowledge that will help the WBG provide better support, both in the country for which the CLR was prepared and across the WBG portfolio. To this end, guidance will call for teams to concentrate on identifying specific lessons learned. These lessons can be then be aggregated across the WBG to provide information on what works by sector or type of development challenge. WBG Management will conduct regular retrospective reviews of the CPF approach to understand good practices and learn lessons.

36. A CLR will be completed at the end of each CPF and should be used to inform the development of the next CPF or CEN. It will be attached to the next strategy as an annex and discussed at the corporate review.

#### **E. Country Engagement Note**

37. In limited cases, the WBG may not be able to prepare a CPF because uncertainty makes it impossible to commit to detailed objectives, develop a program, or engage at significant scale in the medium-term. In these situations, the WBG will prepare a CEN—a short, focused note that describes a short-term engagement, while the Bank Group develops activities with medium-term impact. A CEN will normally be prepared for a period of 12 to 24 months, and one CEN may be followed by another CEN if a CPF continues to be inappropriate.

38. The CEN will replace the ISN. It will not be predicated on conflict or political instability, but rather on the time horizon of the WBG's objectives. Even in conflict-affected or politically unstable countries, if the WBG can engage in activities that lead to medium- or long-term impact, the WBG will prepare a CPF that notes the relevant risks. The CEN may be appropriate in countries where the Bank Group is re-engaging after a long absence, in countries affected by conflict, in countries where there is no well-defined government program, or in other situations that prevent the development of a medium-term program.

39. Given the circumstances in which it is used, a CEN will neither be preceded by an SCD nor have a fully developed results framework. However, it will have defined short-term objectives, and it will also provide an indication of the long-term country vision supported by the WBG. A CEN should also have sufficient analysis to support the preparation of the proposed program. In many cases, a lack of information is what forces the WBG to limit its engagement.

Consequently, developing more information through such ESW as fragility assessments, poverty studies, sectoral studies, and so on will be an important CEN objective.

#### **IV. OTHER ASPECTS OF THE NEW APPROACH**

##### **A. One World Bank Group**

40. For the WBG to have the maximum impact, all of its institutions must work together to provide development solutions. The new approach will address many of the challenges that in the past have made it difficult to fully coordinate the activities of the different WBG institutions. All SCDs, CPFs, and CENs will be joint WBG products approved by the Managements of all institutions. However, in any country the level of engagement of each institution will be determined by the unique country challenges and opportunities (including opportunities for private sector development and investment) and by each individual WBG institution's ability to engage. In countries where two or more WBG institutions are engaged and pursuing complementary goals in the same sector, teams may prepare a joint implementation plan. This management tool will help coordinate activities of the different institutions to ensure that they are directed, sequenced, and resourced to have the maximum sustainable impact in pursuit of the twin goals and the country's competitiveness. In countries with significant IFC and MIGA engagement, these institutions may chair or co-chair the SCD and CPF reviews.

41. In the CAS process, coordination between WBG institutions was sometimes ad hoc and depended to a degree on the individual teams. To ensure that there will be an appropriate level of coordination in all cases, the WBG is establishing regional coordination mechanisms: regular meetings of regional management from the IFC, Bank, and MIGA, which will review the pipeline of SCDs and CPFs and determine the appropriate level of engagement for each institution. These meetings can also identify where supplementary joint implementation planning mechanisms are needed and which SCD and CPF reviews will be chaired or co-chaired by the IFC or MIGA.

##### **B. Systematic Accounting of Risk**

42. The CPF will replace the CAS's ad hoc discussion of risk with a systematic approach underpinned by a standardized operational risk-rating tool. This new tool will ensure that teams consider all major risks and consider options to manage the most serious ones. It will increase transparency and better inform all stakeholders of risks to country development results (including both the CPF objectives and any possible unintended adverse consequences) associated with the CPF program. A more systemic analysis of risk will allow management to provide more attention and support to riskier programs.

43. The risk section of the CPF will provide a discussion of the highest risks and explain how the WBG, working with the country, will manage them. While the CPF will avoid developing multiple scenarios, in the risk section teams will be able to provide an indication of how the program might be adjusted if the most important risks materialize. This is particularly important in fragile states and other highly uncertain and risky environments.

### **C. Citizen Engagement and Partnership**

44. To fully understand a country's context and its development needs, it is necessary to consult and engage with stakeholders—the government, civil society, the private sector, and others. Therefore, in line with the Strategy, all products of the new approach – the SCD, CPF, PLR, CLR, and to the extent possible the CEN – will be produced in a collaborative process involving stakeholders. In preparing the SCD, the WBG will seek to collaborate or work jointly with government teams, other development partners, think tanks, private sector, and civil society. SCD teams will also elicit the inputs of citizens regarding their priorities and preferences through consultations with various stakeholders, including civil society and the private sector. However, the SCD will remain an analytic piece, reflecting the views of WBG staff and with clearly articulated recommendations for where a country should focus its efforts to make the most progress towards reducing extreme poverty and increasing shared prosperity in a sustainable manner.

45. The actual CPF program will be developed in close partnership with the government, usually through working with several ministries and agencies at various levels. But country engagement will go beyond the government and includes close engagement with the rest of society, just as with the SCD. In developing the program and monitoring its progress, the WBG will seek to engage closely with all stakeholders, including civil society, the private sector, and other donors active in the country.

46. The CPF program will also reflect the WBG's collaboration with other development partners. To leverage resources and seek greater coherence across institutions and improve alignment with the country's development priorities, the WBG will work closely with other donors. The CPF will clearly articulate this collaboration and will describe how the different institutions' efforts complement one another.

### **D. Removing the PRSP/JSAN Requirements**

47. In view of the enhanced poverty focus of the new engagement approach, Management proposes to remove the policy that IDA countries should transmit a Poverty Reduction Strategy Paper (PRSP) to the World Bank ahead of a country strategy. The new CPF will support the government in achieving its national development plans, including poverty and shared prosperity goals. But the country itself should determine the format of such plans, in line with its national processes and capacity. Preparing a full PRSP every few years imposes a significant burden on the already strained capacity of many low-income countries. The current expectation that IDA countries transmit their PRSPs to the World Bank prior to discussion of the CAS is sometimes misperceived as a "Washington sign-off" on a country development strategy. Countries may continue to prepare national strategies using a PRSP approach if they so desire. However, there will be no requirement to transmit them to the World Bank before the discussion of the CPF.

48. The new SCDs and CPFs will also obviate the need for a mandatory Joint Staff Advisory Note (JSAN) to be sent to the Bank's Executive Directors following each PRSP. Currently the WBG and IMF are expected to review the country's PRSP and provide advice to the country authorities, their Boards, and other stakeholders. But by the time a PRSP is completed and approved by the country, it already embodies wide country consultations as well as WBG and IMF advice that was provided well upstream. In producing the SCD, the WBG team will

examine the country's development plans and include in the CPF a thorough, yet succinct, assessment of the plan. Therefore, Management proposes that the preparation of JSANs will no longer be a policy requirement for the World Bank Group's work in IDA countries.

49. World Bank and IMF staffs have discussed these proposals and have agreed that the World Bank Group will continue to collaborate closely with the IMF at the country level. In addition, World Bank Group staff will work with IMF staff to prepare a JSAN whenever requested (for example, for remaining HIPC cases or if it continues to be required under IMF financing for low-income countries).

## **E. Updates to the World Bank Operational Manual**

50. Introducing the new approach to country engagement requires a number of revisions to the Bank's Operational Manual.<sup>6</sup> Beyond replacing BP 2.11, *Country Assistance Strategies*, with a new World Bank Group Directive on Country Engagement, the following changes to the Operational Manual are also required (a full list of the changes is set out in Annex 2):

- (a) Retirement of OP and BP 13.16, *Country Portfolio Performance Reviews*: the integration of a portfolio review into the PLR obviates the need for a separate Country Portfolio Performance Review and thus this OP and BP are no longer needed.
- (b) Removal of references to Interim Strategy Notes from OP and BP 2.30, *Development Cooperation and Conflict*: the ISN will be replaced with the CEN, which will be included in the Directive on Country Engagement, placing all information on country strategies into one place. All references to ISNs will be removed from the Operational Manual.
- (c) Deletion of footnote 2 on PRSPs and JSANs from OP 1.00, *Poverty Reduction*: dropping the requirement of a JSAN removes the need for this footnote.
- (d) Other editorial changes to OPs/BPs: References in many OPs and BPs to the CAS and ISN will need to be changed to references to CPF and CEN. In addition, in the interest of selectivity and strategic alignment, it is necessary to make adjustments to clarify that certain sectoral and thematic issues are to be reflected in CPFs only "as appropriate" and not as a requirement (as Annex 2 details).

## **V. NEXT STEPS**

51. Management believes that the new approach to country engagement described above will support the WBG's corporate strategy and its pursuit of the twin goals of ending extreme poverty and increasing shared prosperity in a sustainable manner. To fully implement the new approach as proposed, it is necessary to amend the Operational Manual. Therefore, Management seeks Board approval of the proposed changes to the policies described in paragraph 50. The proposed changes reflect comments gathered through extensive bilateral discussions with various

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<sup>6</sup> The IFC and MIGA are currently revising their internal management procedures and guidance to accommodate the new approach.



Executive Directors' offices and across the WBG as a whole as well as with clients and external stakeholders.

52. Upon the Boards' approval of the proposed policy changes, Management will move forward with fully implementing the new framework. However, there will be a transition period during which the Board will continue to receive CASs. Concept decision reviews for strategies held on or after July 1, 2014 will be for CPFs, and teams have already begun preparing SCDs to support them. All strategies presented to the Board after January 1, 2015, will be CPFs or CENs. During the interim period until January 1, 2015, the Board will continue to receive CASs and ISNs that were initiated and mostly prepared before July 1, 2014. However, Management has issued interim guidance directing teams not to wait until they develop a CPF to take into account the new corporate goals. All of the remaining CASs and CAS Progress Reports should articulate a clear link between the WBG's program and the poverty and prosperity goals.



## ANNEX A. CONSULTATIONS

1. To inform the design of the new approach to country engagement, the WBG consulted with a range of internal and external stakeholders. The results of these consultations are reflected in the proposed approach including in the directive and accompanying procedures and guidance.
2. A working group composed of members drawn from across the WBG including the IFC, MIGA and Bank's sectors and regions helped draft the directive. In this process, the working group consulted with almost every major group inside the WBG, including the offices of various Executive Directors. The internal consultations, culminated in a Live Chat event, where the team presented the proposed approach and sought feedback from staff. More than 200 people viewed the event online from 14 different countries and another 150 attended in person.
3. In keeping with commitments made in the WBG strategy, Management has also undertaken external consultations to inform the new approach to country engagement. Management posted the draft Board paper, including the draft Directive, along with a slide presentation, on the WBG's consultations hub to seek online feedback. The material was translated into six different languages and also distributed to country offices for them to share with and discuss with their counterparts. During the Spring Meetings, Management hosted a World Bank Live event on April 8, where the new approach was presented to a large audience of meeting delegates, staff from development partners and WBG staff. The event was live-streamed on the web in Arabic, Spanish, French, English, with a strong online presence in all four languages. It was viewed by more than 1,500 people, with a substantial number of comments received.
4. Management made a particular effort to reach out to CSOs and met with a number of organizations during the consultations period, including holding video conferences with CSOs in Europe, and meeting with groups during the Spring Meetings. The WBG team held a session as a part of the CSO Forum where the new approach was discussed with representatives from more than 30 organizations. Management also had a discussion on the new approach with a group of parliamentarians attending the Spring Meetings. As the new approach is implemented, it will be improved through a process of learning by doing and as a part of the learning effort Management will continue to seek out the valuable insight of all stakeholders.
5. Overall consultations have revealed widespread support for the new approach. Commenters were particularly appreciative of the focus on poverty, the commitment to work as one World Bank Group, and support for a more evidence-based approach with the Systematic Country Diagnostic. Consultations also revealed a number of concerns about the established CAS approach that the new approach will seek to address. One of the biggest concerns expressed was how the WBG would ensure that citizens' voices were heard and that the CPF reflects the country's priorities and not just the WBG's. The new approach will seek to include stakeholders throughout the process. The SCD will be conducted in cooperation with local institutions and other development partners which, in addition to direct consultations, will aim to ensure that views of a range of stakeholders are considered in the diagnostic. The CPF begins with the country's own development plans, which are developed through sometimes quite extensive dialogue in the country. The new approach builds on this, and requires specific consultations on

the CPF itself. The new approach seeks to build ownership and to balance the WBG's goals with country priorities. A related concern was what the WBG would do in cases where the government's priorities differed from those prevailing in civil society groups. In this case one of the main benefits of the new SCD is that it will provide unbiased data and analysis on the major challenges to achieving the twin goals. It will be a focal point of dialogue that can help promote consensus and further dialogue on priorities. We do not expect that we will achieve perfect alignment among all stakeholders through this effort. We do expect to promote a more informed debate and to better focus our own efforts.

6. A number of civil society groups were concerned that the SCD and the CPF properly account for risks to development posed by corruption, poor governance, abuse of human rights and environmental concerns. The SCD will examine the major constraints and opportunities to achieving the twin goals in any given country. Sustainability will be emphasized and consequently any significant risks to achieving the goals will be analyzed.

7. Our work in fragile states also received a number of comments, with observers wanting to know how the new approach will be implemented in FCS and if it will be flexible enough to respond to changing circumstances. The new approach to country engagement is well suited to FCS environment. The SCD will be a rigorous analysis that will be informed by a fragility assessment where appropriate. The CPF is flexible, with a continuous process of monitoring and evaluation that allows it to adjust to changing circumstances and learning through implementation. For situations where the WBG is unable to commit to medium-term goals, the introduction of the CEN will help organize the WBG's program.

8. Development partners commented on the need to reflect in the CPF how the Bank Group would work with the array of development actors in a country. The Directive makes clear that working with development partners and leveraging their resources remains a core principal of the WBG's approach to country engagement. Teams will seek to bring in partners early in the SCD process since jointly diagnosing development challenges and opportunities will enable coordination of activities and interventions.

**ANNEX B. DRAFT DIRECTIVE**

# **World Bank Group Directive**

## **Country Engagement**

**Bank Access to Information Policy Designation**  
Public

**Catalogue Number**  
[Assigned by the P&PF Administrator within LEGVPU]

**Issued and effective**  
July 1, 2014

**Content**  
Directions for the World Bank Group's approach to Country Engagement

**Applicable to**  
World Bank Group

**Issuers**  
President, IBRD, IDA, IFC and MIGA

**Sponsor**  
Operations Policy and Country Services (OPCS) Vice President; IFC Corporate Strategy Department (CCSDR) Director; MIGA, Vice President and Chief Operating Officer

*This draft is for discussion only. It is not for implementation at this time and is not considered a complete treatment of the subject.*

## SECTION I – PURPOSE AND APPLICATION

1. This Directive provides direction on the development of a framework for each institution of the WBG to engage with member countries.
2. This Directive applies to the WBG.

## SECTION II – DEFINITIONS

The terms used in this Directive have the meanings set out below:

- a. Bank: IBRD and IDA.
- b. Board: the Executive Directors of each institution of the WBG, as applicable.
- c. Completion and Learning Review, or CLR: a WBG-prepared completion and learning review, as defined below in Section III.
- d. Country Assistance Strategy: a country assistance strategy, as defined in the Bank Procedure 2.11, *Country Assistance Strategies*, dated November 2010.
- e. Country Engagement Note, or CEN: a country engagement note, as defined below in Section III.
- f. Country Partnership Framework, or CPF: a WBG-prepared document setting out its country partnership framework with a particular country, as defined below in Section III.
- g. Interim Strategy Note: an interim strategy note, as defined in the Bank Procedure 2.11, *Country Assistance Strategies*, dated November 2010.
- h. IBRD: International Bank for Reconstruction and Development.
- i. IDA: International Development Association.
- j. IFC: International Finance Corporation.
- k. MIGA: Multilateral Investment Guarantee Agency.
- l. Performance and Learning Review, or PLR: a performance and learning review, as defined below in Section III.
- m. Systematic Country Diagnostic, or SCD: a systematic country diagnostic, as defined below in Section III.
- n. World Bank Group or WBG: IBRD, IDA, IFC, and MIGA.

## SECTION III – SCOPE

1. The CPF identifies the key objectives and development results through which the WBG intends to support a member country in its efforts to end extreme poverty and boost shared prosperity in a sustainable manner. It is the central tool that guides the WBG's support for the member country's development program.
2. The CPF, which is prepared by the WBG, starts from the member country's vision of its development goals, which is determined by a country-owned and -led strategy process. Then, drawing on the analysis of an SCD, and reflecting the WBG's comparative advantage and dialogue with the country, the CPF identifies the objectives and development results that the WBG expects to help the country achieve during the implementation period.<sup>1</sup> The CPF then

<sup>1</sup> The CPF draws upon and discusses the findings of a gender assessment conducted by the WBG or other institutions if the WBG finds the assessment satisfactory (see OP 4.20).

outlines a selective and flexible program – taking into account both ongoing and future indicative activities – that is tailored to the country's needs.

3. In some circumstances, the WBG may prepare a CEN instead of a CPF. CENs are appropriate for countries where the World Bank Group is unable to define detailed objectives, develop a program, or engage at significant scale in the medium term. A CEN may be appropriate in countries where the WBG is re-engaging after a long absence, in countries affected by conflict or fragility, or other situations that prevent the development of a medium-term program.

### **Systematic Country Diagnostic**

4. The SCD informs the strategic dialogue between the World Bank Group and its clients about priority areas for WBG engagement. The SCD is a diagnostic exercise conducted by the WBG in close consultation with national authorities, the private sector, and other stakeholders, as appropriate. It presents a systematic assessment of the constraints a country has to address and the opportunities it can embrace to accelerate progress toward the goals of ending extreme poverty and promoting shared prosperity in a sustainable way. It is not limited to areas or sectors where the WBG is currently active or where the WBG expects immediate country demand.

5. The SCD presents the best possible analysis based upon available evidence. It includes a thorough discussion of the drivers of poverty reduction and the constraints the country faces in achieving the inclusive growth needed to attain a sustainable reduction in extreme poverty and increase in shared prosperity. The SCD identifies a set of priorities through which a country may best achieve the poverty reduction and shared prosperity goals and serves as the reference point for consultations when developing the CPF.

### **Country Partnership Framework**

6. The CPF is not an analytic document, but it is underpinned by the systematic and evidence-based analysis of the SCD. The CPF is a short document that provides an integrated and selective framework for the WBG's partnership with the country. The degree of planned or actual engagement by individual WBG institutions may vary depending on the country's challenges and opportunities and on the ability of individual WBG institutions to engage. As appropriate, the CPF may be complemented by joint implementation plans, which provide more detail on how the different institutions of the WBG intend to collaborate to support objectives in selected priority areas.

7. The CPF is normally prepared every four to six years for each country in which the WBG has planned or ongoing activities financed by IDA, IBRD or Bank Administered Trust Funds. Its timing and duration are aligned with country conditions (e.g., the political cycle or national development strategy preparation). Some flexibility is permitted in the timing of the preparation of CPF and PLRs (see below), to take relevant country developments into account.

8. The CPF builds selectively on the country's own development program. The CPF process involves a dialogue with the country authorities, as well as citizens and other stakeholders, about the country's development program. The CPF articulates a results-based engagement, centered on a results framework, that lays out the objectives that the WBG activities are expected to help the country achieve, and links those objectives to the country's development goals. The CPF objectives are derived from those country development goals that reflect the WBG's comparative advantage and are aligned with the goals of ending extreme

poverty and increasing shared prosperity. The CPF indicates the expected lending volume, as well as possible instruments of engagement.

9. The CPF systematically evaluates risks and identifies any relevant high or substantial risks to achieving the CPF objectives, including any risk that the WBG engagement may result in unintended adverse country impacts. The CPF identifies how the WBG, working with the country, will manage these high or substantial risks.

### **Performance and Learning Review**

10. The WBG engages with the country in a continuous process of results monitoring and learning from implementation. Every two years during the implementation of a CPF, or at midterm, the WBG engages with the country and produces a PLR, which is summarized in a brief document. The PLR focuses on key country developments since the issuance of the CPF, and on program and portfolio progress and performance, with a view to drawing lessons learned from implementation, introducing midcourse adjustments, updating the results framework, and extending the CPF period as necessary. At the end of the original CPF period, a PLR may be prepared to extend the CPF period for up to two years if country circumstances warrant.

### **Completion and Learning Review**

11. At the end of the CPF period, the World Bank Group engages with the country, completes a self-assessment, and issues a CLR that assesses CPF program performance using the results framework set out in the most recent PLR. If a PLR has not been prepared, the assessment is based on the original CPF results framework. The CLR also assesses CPF design and WBG performance. The CLR serves both as a way to enhance the WBG's knowledge to increase development effectiveness, and as a tool for accountability. The lessons derived from the CLR are reflected in the design of the following CPF or CEN. The Independent Evaluation Group validates the WBG's self-assessment and verifies findings. The results of this validation and other available independent evaluative evidence help inform the subsequent CPF or CEN.

### **Country Engagement Notes**

12. A CEN, a short focused note that describes a short-term engagement, is used while the WBG develops activities with medium-term impact. A CEN is normally prepared for a period of 12 to 24 months, and it may be followed by another CEN if a CPF continues to be infeasible.

13. Given the short-term focus of the WBG engagement, neither a PLR nor an SCD is produced for a CEN. However, a CEN is based on sufficient analysis to support the preparation of the proposed engagement. While a CEN does not include a detailed results framework, the document describes objectives and the basis for assessing progress. The CEN also includes an assessment of risks to achieving its objectives, which discusses how these risks are to be managed, and indicates the WBG's contingency responses to changes in the country context.

14. The preparation of the subsequent CPF or CEN includes an assessment of the CEN and incorporates lessons learned. However, there is no separate CLR for a CEN.



## Consultations and Partnership

15. The CPF, the PLR, the SCD, and, to the extent possible, the CEN are developed in close consultation with the government, usually through several ministries and agencies at various levels. To better inform the CPF, the PLR, the SCD, and, to the extent possible, the CEN, the WBG engages (through consultations and appropriate collaborative processes) with the private sector and other stakeholders.

16. The WBG seeks to promote country-led assistance management and to increase selectivity in line with the WBG's mandates and comparative advantages. The WBG collaborates with development partners to seek greater coherence across institutions and alignment with the country's development priorities.

## Link with Operations

17. For each lending operation, the Board documentation notes the date of the most recent CPF, PLR, or CEN and outlines how the proposed operation contributes to the results set out in the CPF, PLR, or CEN. If an operation deviates significantly from the CPF, CEN or PLR, the documentation explains why.

## SECTION IV – WAIVER

The Issuer delegates the authority to waive any of the provisions of this Directive to the Managing Director and Chief Operating Officer of IBRD. The Managing Director and Chief Operating Officer of IBRD can waive only with concurrence of the Sponsors.

## Section VI – TEMPORARY PROVISIONS

1. This Directive applies to all CPFs and CENs for which concept decision reviews are held on or after July 1, 2014, and to all Country Assistance Strategies and Interim Strategy Notes for which concept decision reviews are held prior to that date but which are distributed to the Board on or after January 1, 2015.

2. All midterm reviews and completion reporting undertaken after January 1, 2015, will also follow this Directive. Otherwise, the directions in effect prior to July 1, 2014 (i.e., Bank Procedure 2.11, *Country Assistance Strategies*, dated November 2010) apply to all Country Assistance Strategies and Interim Strategy Notes not covered by the preceding paragraph.

## SECTION VII – EFFECTIVE DATE

This Directive is effective July 1, 2014.

## SECTION VIII – ISSUER

This Directive is issued by the President of IBRD, IDA, IFC and MIGA.

**SECTION IX – SPONSOR**

IBRD and IDA, Operations Policy and Country Services (OPCS) Vice President; IFC Corporate Strategy Department (CCSDR) Director; MIGA, Vice President and Chief Operating Officer.

**SECTION X – RELATED DOCUMENTS**

1. World Bank Group Procedure, "Country Partnership Framework," \_\_\_\_2014, Catalogue Number \_\_\_\_\_
2. World Bank Group Guidance, "Country Partnership Framework," \_\_\_\_2014, Catalogue Number \_\_\_\_\_ (including CPF templates)
3. World Bank Group Guidance, "Systematic Country Diagnostic," \_\_\_\_2014, Catalogue Number \_\_\_\_\_
4. [Bank Procedure 2.11, *Country Assistance Strategies*, dated November 2010].

Questions regarding this Directive should be addressed to the Sponsor.

## ANNEX C. Matrix of Proposed Changes to the Operational Manual

Action	Proposed changes to current OPs/BPs (denoted in red)	Comment
<b>OP 1.0, Poverty Reduction</b>		
Drop Footnote 2	<del>2. Bank member countries that are eligible for IDA financing set out their vision for reducing poverty and their strategy for achieving their goals in results oriented Poverty Reduction Strategy Papers (PRSPs). The Bank, together with the IMF, reviews the government's poverty strategy in the Joint Staff Advisory Note (JSAN) of the PRSP (for more information on PRSPs and JSANs see the PovertyNet website). For more information on results oriented strategies in low and middle income countries, staff should refer to the Managing for Development Results website.</del>	The CPF Directive notes (§2) that the CPF starts from the country's own vision of its development goals as determined by a country-owned and led strategy process. Thus the CPF process will entail a review of the government's strategy. Since PRSP/JSANs are no longer discussed by the Board, it is proposed that the WBG will no longer produce JSANs. Where The IMF needs WBG input for its own processes, the Bank will supply the IMF with assessment letter as needed.
<b>OP 2.30, Development Cooperation and Conflict</b>		
Drop §8-10 and associated footnotes.	<p style="text-align: center;"><b>Support for Countries in Transition from Conflict</b></p> <p><del>8. To develop a program of assistance for a country in transition from conflict that does not have a Country Assistance Strategy (CAS), or whose CAS, because of the effects of conflict, no longer represents a responsive strategy, the Bank prepares an Interim Strategy Note (ISN). The ISN for such a country is a short to medium term plan for Bank involvement in the country. The Bank may become involved incrementally during this phase—that is, if certain areas within the country concerned have become peaceful, it may provide assistance in those areas (if other conditions are acceptable). Priorities for assistance under an ISN may differ from those under a CAS.<sup>15</sup></del></p> <p><del>9. An ISN may be initiated when:</del></p> <p><del>(a) active conflict has diminished sufficiently for Bank staff to be able to travel to the area for the purpose of identifying and supervising Bank supported activities, and for the country to prepare and carry out any such activities effectively and achieve their objectives;</del></p> <p><del>(b) there is a reasonable expectation of continued stability or of a sustainable</del></p>	ISNs are being supplanted by Country Engagement Notes (CENs) which are more broadly tailored to countries where the WBG is unable to define objectives, develop a program, or engage at significant scale in the medium term. Strategies for countries in conflict or transition from conflict may take the form of a CPF. Aspects of the content and procedure for developing CENs that are specific to conflict-affected countries will be captured in a guidance document accompanying the Directive.

Action	Proposed changes to current OPs/BPs (denoted in red)	Comment
	<p><del>formal cease fire;</del></p> <p><del>(c) there is an effective counterpart for the Bank; and</del></p> <p><del>(d) there is evidence of strong international cooperation and the potential for a well-defined role for the Bank.</del></p> <p><del>The ISN may be put in place for a period up to 24 months and may be renewed for additional periods with the endorsement of the Executive Directors.</del></p> <p><del>10. The ISN is closely aligned with the objectives and sequencing of priorities of peace accords and rehabilitation plans agreed to by parties to the conflict. Where regional activities are necessary to lay a foundation for consolidated peace and development or to address the needs of conflict-affected populations outside the countries involved in the conflict, the ISN may incorporate activities in other countries beyond those directly engaged in hostilities, if these countries endorse and participate in such activities.</del></p>	
<b>BP 2.30, Development Cooperation and Conflict</b>		
Edit §1 to reflect that ISNs have been replaced by CENs	<p>1. In a country affected by conflict in which the Bank<sup>1</sup> has an active lending portfolio, Bank assistance is normally defined in the context of the Country <del>Assistance Strategy (CAS); Partnership Framework (CPF)</del>. When such conflict leads to significant changes in the environment for Bank assistance, the country director determines whether:</p> <p>(a) continued assistance in accordance with the C<del>AS</del><del>PF</del> is feasible, making allowances as necessary for changed conditions, and giving special consideration to the Bank's fiduciary responsibilities and the impact of the conflict on the continued ability of Bank assistance to accomplish the purposes set out in the CAS;</p> <p>(b) conditions warrant initiating an <del>Interim Strategy Note (ISN)</del> Country Engagement Note (CEN); or (add footnote referencing new CPF Directive)</p> <p>(c) continued assistance is no longer possible,<sup>2</sup> and a watching brief should be initiated.</p>	ISN are being supplanted by CENs. See comment on OP 2.30

Action	Proposed changes to current OPs/BPs (denoted in red)	Comment
Drop §4-9 and associated footnotes.	<p><b><del>Support for Countries in Transition from Conflict</del></b></p> <p><i><del>ISN Content</del></i></p> <p><del>4. An ISN for a country in transition from conflict normally includes a discussion of the country context, including the legal context, the history of the Bank's involvement in the country, and the roles of regional and international partners. Its content also covers the following points:</del></p> <p><del>(a) The ISN establishes immediate priority assistance objectives (1–6 months) and medium-term objectives (6 months to 2 years), along with a proposed program of assistance to meet these objectives. It provides a financing plan for this program and details of the Bank budget set aside to deal with the administrative costs associated with such assistance. It highlights any exceptional measures needed to work in such an environment.<sup>3</sup> The ISN also includes an assessment of risks, strategies for entry and exit, and contingency responses to a reversal of progress, especially renewed conflict. Finally, it describes benchmarks and performance monitoring indicators for assessing progress, and a schedule for periodic consultations with the Board.</del></p> <p><del>(b) The ISN may contain less documentation and statistical analysis than a CAS. Given the volatile dynamics of a country in transition from conflict, much statistical information may be unavailable, unreliable, or incomplete, and it may not be practical to make long-term economic projections. Nonetheless, the ISN contains sufficient analysis to support the preparation of a short—to medium—term strategy.</del></p> <p><del>(c) The ISN may incorporate activities in other countries beyond those directly engaged in hostilities, if the governments of those countries endorse and participate in such activities.</del></p> <p><del>5. Emergency Bank assistance under the ISN is provided in accordance with the policies and procedures set forth in <u>OP 8.00, Rapid Response to Crises and Emergencies</u> and <u>OP/BP 10.00, Investment Project Financing</u>.</del></p> <p><i><del>ISN Process</del></i></p> <p><del>6. In preparing an ISN for all or part of a country in transition from conflict, the</del></p>	ISN are being supplanted by CENs. See comment on OP 2.30.

Action	Proposed changes to current OPs/BPs (denoted in red)	Comment
	<p><del>country team consults with other relevant international and regional institutions.</del></p> <p><del>7. Early in the preparation of the ISN, country team staff establish an advisory committee of Bank experts, with experience in previous conflicts and other emergencies, to provide technical advice on the ISN. The advisory group normally continues as a resource for the country team throughout the ISN implementation period. At an early stage, the country team consults LEG, OPCS, and Corporate Finance Credit Risk Department (if the country is eligible for IBRD financing), and Resource Mobilization Department (if the country is eligible for IDA financing).</del></p> <p><del>8. The ISN is cleared by the Legal Vice Presidency and others, according to Regional procedures. The RVP then submits it, under cover of a memorandum noting any special issues for management attention, to the managing director (MD), with a copy to the Vice President, OPCS. (The MD may request Operations Committee review.) Once the MD has cleared the ISN, the Region submits it to the Board for discussion and, as appropriate, for approval of any special funding mechanisms or exceptions to the Bank's policy or procedures proposed to facilitate effective assistance.</del></p> <p><del>9. The final ISN is made available to the public in the same manner, and subject to the same conditions, as a CAS.<sup>4</sup></del></p>	
<b>BP 3.10, Financial Terms and Conditions of IBRD Loans, IBRD Hedging Products, and IDA Credits</b>		
Edit § 1	<p>1. Bank staff include discussions on the optimal use of IBRD's financial products as an integral part of IBRD's dialogue with the borrower to help it strengthen its sovereign asset-liability management capacity or devise a coherent risk management strategy if it does not have one. The <del>Country Portfolio Performance Review (CPPR) exercise and</del> Country <del>Assistance Strategy (CAS) Partnership Framework</del> preparation provides an opportunity to review debt management issues and strategies and to discuss the choice of financial instrument(s) for upcoming operations.</p>	<p>OP and BP 13.16 on CPPRs are being retired as the CPPR exercise becomes part of the CPF process.</p> <p>OP 3.10 is being revised to be compliant with the Policy and Procedures Framework. The suggested changes on CPFs will be included in the revised document.</p>
<b>OP 4.02, Environmental Action Plans</b>		
Edit § 3	<p>3. The Bank draws on the EAP for environmental information and analysis to plan its assistance with appropriate attention to environmental considerations. The Bank</p>	<p>The CPF reflects a selective engagement. Where information from the EAP is relevant to the WBG</p>

Action	Proposed changes to current OPs/BPs (denoted in red)	Comment
	encourages each government to integrate its EAP into sectoral and national development plans. <b>Where appropriate</b> , the Bank works with each government to ensure that information from the EAP (a) is integrated into the Country <b>Partnership Framework Assistance Strategy</b> , <sup>4</sup> and (b) informs the development of program- and project-level details in a continuing process of environmental planning.	country, it may be appropriate to note it in the CPF. If for various reasons it is not relevant, then there should be no requirement integrate it into the CPF.
<b>BP 4.02, Environmental Action Plans</b>		
Edit §8	8. <b>As appropriate</b> , the CMU informs the executive directors of the status of the EAP through the Country Partnership Framework (CPF) <b>Assistance Strategy (CAS) and the CAS Progress Report</b> . In addition, IDA periodically reports to the Board on the status of the EAPs for IDA countries. When the government permits, the CMU makes copies of the EAP available to the executive directors on request. Once the Bank has officially received the EAP and has obtained the government's consent, the CMU sends a copy of the EAP to the InfoShop, through which interested parties may obtain it.	See comment on OP 4.02.
<b>OP 8.00, Rapid Response to Crises and Emergencies</b>		
Edit §10	<b>Risk Reduction and Crisis Prevention</b>  10. Recognizing the importance of integrating risk reduction and crisis prevention into the development strategies of countries at high risk of disasters or rising conflict, <b>the WBG encourages countries to include</b> policies and procedures intended to reduce the impact of future disasters or crises, including prevention and mitigation measures <b>into national development strategies. <del>should be an integral part of Country Assistance Strategies, Interim Strategy Notes, and Poverty Reduction Strategy Papers of such countries.</del></b> Where appropriate, these issues are reflected in the <b>Country Partnership Framework (CPF)</b>	Risk reduction and crisis prevention will be part of a CPF if it is relevant to our engagement. The PRSP is a country-owned and -led strategy, and the WBG can only encourage the country to include measures to deal with these issues in the country's own strategy.
<b>OP 11.00 – Procurement</b>		
Edit §26	<b>Country Procurement Assessments</b>  26. The Bank periodically assesses the borrower's national procurement laws, regulations, procedures and practices, and the responsible institutions to: (i) better understand the procurement environment and the risk of poor or corrupt procurement in specific operations; (ii) ascertain whether they are suitable for use in projects financed by the Bank, and (iii) guide the development of action plans to improve them. To do so, the Bank carries out either a Country Procurement	The findings of the procurement assessment should be included in the CPF only if it is appropriate to our engagement.

Action	Proposed changes to current OPs/BPs (denoted in red)	Comment
	<p>Assessment jointly with the government or an Operations Procurement Review</p> <p>(OPR), independently or as part of an integrated fiduciary assessment.<sup>20</sup> The assessment identifies any exceptions to national procurement procedures that may be required in loan agreements to ensure the borrower's compliance with the NCB provisions of the Procurement Guidelines. <del>As appropriate, the</del> findings of the assessment are incorporated into the <del>WBG's Bank's</del> Country <del>Assistance Strategy (CAS) or Country</del> Partnership Framework <del>Strategy</del> (CPFS) to inform the Bank's support for capacity development and other procurement reforms, including through Development Policy Lending (DPL).</p>	
<b>OP/BP 13.16, Country Portfolio Performance Reviews</b>		
Retire entire OP/BP	...	OP and BP 13.16 are being retired as the CPPR is incorporated into the CPF process.