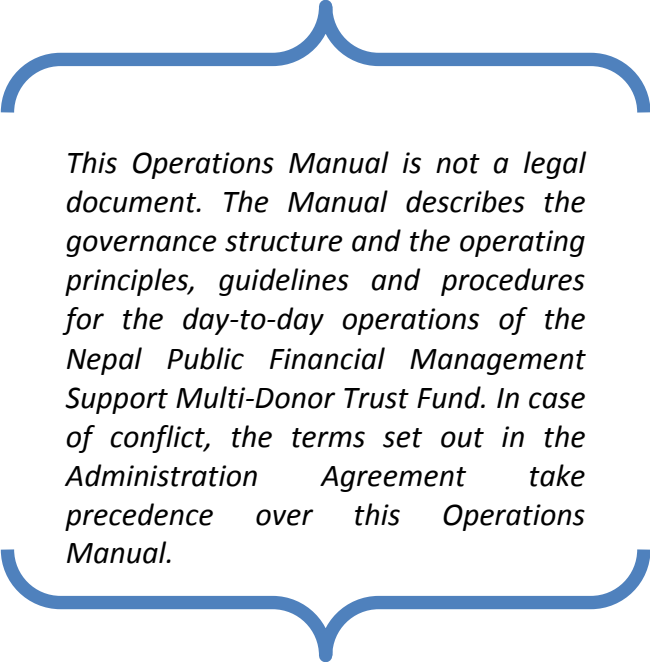


Nepal Public Financial Management Support Multi-Donor Trust Fund

Operations Manual

August 2013 (Revised)



This Operations Manual is not a legal document. The Manual describes the governance structure and the operating principles, guidelines and procedures for the day-to-day operations of the Nepal Public Financial Management Support Multi-Donor Trust Fund. In case of conflict, the terms set out in the Administration Agreement take precedence over this Operations Manual.

Table of Contents

Section 1: Introduction and Program Background.....	1
Section 2: Objective, Scope and Expected Outcome of the TF Program	2
Section 3: Governance Structure and Program Management	4
Section 4: Project Approval and Implementation	10
Section 5: Implementation Support and Reporting.....	15
Section 6: Disclosure and Visibility	17
Section 7: Overriding Authority of the Administration Agreements.....	18
ANNEX A: Just-in-Time Response Facility (JITRF) Guidance Note.....	19
ANNEX B: Just-in-Time ESW/TA AIS/Concept Note Template.....	21

Nepal Public Financial Management Support Multi-Donor Trust Fund

Operations Manual

Section 1: Introduction and Program Background

1. Strengthening Public Financial Management (PFM) is a key element of the Government of Nepal's (GoN) strategy for strengthening governance, optimizing outputs from public resources and for ensuring inclusive and broad-based development. There has also been an increasing interest in recent years on the part of non-state actors, civil society organizations and development partners (DPs) in strengthening financial accountability, with the goal of improving use of public resources and obtaining value for money. The GoN has been working closely with DPs in the design and implementation of PFM reform initiatives at the country and sector level.

2. In response to the GoN's and DPs call for a coordinated approach to address PFM challenges, there is a wider recognition for harmonizing donor support for the GoN's PFM reform program and demand-led initiatives and for adopting a coordinated approach to PFM reforms and fiduciary oversight of public resources (including development assistance received from donors). As part of this coordinated strategy to support the GoN, DPs under the leadership of the World Bank have set up the Nepal Public Financial Management Support Multi-Donor Trust Fund (PFM Support TF or "the Trust Fund" (TF)) that will pool donor resources to provide support for strengthening PFM systems, increasing accountability in public expenditure and financial management, and addressing fiduciary and governance weaknesses in the utilization of public resources.

3. The PFM Support TF is a programmatic Trust Fund established with the objective of ensuring maximum flexibility in responding to the needs of the GoN as well as DPs to strengthen fiduciary practices, enhance PFM capacity and performance, increase accountability, and improve analytic and monitoring techniques, all of which will in turn achieve value for money and maximize development impact.

4. This Operations Manual describes the operating procedures of the PFM Support TF. The Manual will guide the day-to-day management of the Trust Fund and its work program. The Operations Manual is endorsed by the Trust Fund's Program Coordination Committee (PCC) on and may be amended only by consensus agreement of the PCC members.

Section 2: Objective, Scope and Expected Outcome of the TF Program¹

5. **Objective.** The overall program development objective (PDO) of the Trust Fund is to strengthen the performance, transparency and accountability of public financial management in Nepal.

6. **Scope.** The PFM Support TF will be used as a vehicle to support a wide range of activities based on priorities set by the government and development partners largely categorized under three broad dimensions: Supply, Demand and Knowledge. Activities supported through the Trust Fund will:

- (a) strengthen the PFM systems and processes (the supply side);
- (b) strengthen institutions of accountability and civil society to enhance their oversight of PFM processes and performance (the demand side); and
- (c) deepen knowledge about current PFM practices and options for improvement.

7. Accordingly activities eligible for funding from the Trust Fund should fall within the following thematic areas/components:

- (a) **Strengthening Public Financial Management Systems and Capacities:** This component will support the formulation and implementation of various reform strategies and actions that will strengthen the efficiency and effectiveness of PFM systems in Nepal. Activities may address cross-cutting issues related to PFM comprehensiveness and transparency (including policy-based budgeting, predictability and control in budget execution, accounting, recording and reporting, external scrutiny and audit). The activities under this component will be a mix of Recipient-executed activities and Bank-executed activities.
- (b) **Enhancing Accountability in Public Financial Management:** This component will support activities that seek to increase executive branch accountability for public expenditure management by strengthening demand-side engagement on the part of civil society actors and public institutions of accountability. Activities may include: expansion of social accountability interventions by CSOs and media to improve PFM; capacity development of public accountability institutions; and related analytic tasks. These activities are expected to be a combination of Recipient-executed activities and Bank-executed activities.

¹ Additional details on the scope and objective of the Trust Fund Program are provided in the PFM Support TF concept note.

- (c) **Deepening Knowledge related to Public Expenditure Financial Accountability (PEFA)**: This component will support policy and technical studies, assessments, independent evaluations and other knowledge-management activities that aim to improve understanding of public financial management performance and the environment within which such systems operate, to help measure value for money of publicly funded programs, and to define and inform future public financial management reforms. These activities are expected to be carried out by the World Bank.
- (d) **Trust Fund Program Administration and Management**: This component will support the administration, management and evaluation of the Trust Fund, comprising operating and administration costs, including essential staff and consultant costs, and a mid-term and end-program evaluation of the Trust Fund. These activities will be carried out by the World Bank.

One or more sub-projects (“projects”) will be prepared under each of the above-mentioned thematic areas that will support the GoN and/or civil society to strengthen the systems and practices of PFM in Nepal.

8. The Trust Fund permits both Recipient-executed (RE) activities to be implemented through government agencies and non-government agencies, including but not limited to: (i) investments, (ii) technical assistance activities, (iii) capacity building, and (iv) implementation of financial management systems, and Bank-executed (BE) activities to finance (i) analytical & advisory services, (ii) capacity building, (iii) technical assistance activities and (iv) operational support executed by the World Bank.

9. **Key Results.** The Program Results Framework outlines the overall results indicators and defines the key results expected from the projects to be funded through the Trust Fund. The Results Framework is developed separately.

Section 3: Governance Structure and Program Management

10. **Governance Structure:** The PFM Support TF has a two-tier governance structure comprising a Program Coordination Committee (PCC) and the TF Administrator supported by the TF Program Manager. Their functions and responsibilities are described below.

11. **Program Coordination Committee (PCC).** The PCC will provide management direction and oversight for the Trust Fund work program and will comprise the following decision-making members:

- (a) World Bank Country Manager for Nepal (“CM”);
- (b) Representative(s) of the Government of Nepal;
- (c) Representative(s) of each of the contributing donors;
- (d) World Bank Sector Manager for Financial Management (SARFM); and
- (e) MDTF Program Manager.

Potential donors contributing to the MDTF may be invited to participate in the PCC as observers.

12. The World Bank CM, or his or her designate, will chair the PCC. Each donor would join the PCC as and when an Administrative Agreement has been signed and contributions encashed. The donors shall be represented by the Heads of Agencies in Nepal or their designated officials. Observers may be invited to attend PCC meetings in order to contribute to discussions.

13. The main functions of the PCC will be to:

- (a) Set strategic directions for and approve the annual TF work program;
- (b) Approve administrative arrangements of the TF, including definition of rules, delegation of powers, and assignment of responsibilities on matters relating to TF management;
- (c) Provide oversight over the management of the TF including the approval of this Operations Manual and any changes in the TF operating procedures;
- (d) Review and select project concepts for funding;
- (e) Review overall operations and monitor progress of Trust Funded activities, including semi-annual and annual program results;
- (f) Review and endorse the proposed annual administrative budget for the forthcoming fiscal year; and
- (g) Promote coordination and harmonization among DPs in matters relating to the TF and PFM-related activities through the GoN’s PFM Steering Committee and the PFM Donor Group.

14. **PCC Meetings.** The PCC will meet twice a year, with additional ad hoc meetings as and when needed, to discuss the direction, strategies and work program of the TF, review its implementation status and financial progress, and monitor the results of TF-funded projects and activities. Meetings of the PCC may be held either physically or virtually so as to enable all members to participate. The mode of the meeting shall be decided by the TF Manager in consultation with the Chair. The location of each meeting shall be at the discretion of the Chair. The TF Manager shall give notice of the date and venue for each meeting to the Members no less than ten (10) working days prior to the date of such meeting.

15. Decisions by the PCC will be made by consensus, to the extent possible. Where a member of the PCC has a dissenting opinion, the opinion will be recorded in the meeting minutes. Where consensus is not possible, the chair may take a decision based on the views of the majority of the decision-making members of the PCC present during the meeting. Decisions may be made by the PCC in person or through virtual (email) approval on a no objection basis within seven (7) working days.

16. The PCC will coordinate closely with the Government of Nepal's PFM Steering Committee regarding all RE activities and seek strategic advice on BE activities. In addition to dialogue with the GoN, members of the PCC will keep the PFM Thematic Group well informed about the TF work program in order to promote coordination and cooperation with non-contributing partners.

17. The World Bank as TF administrator will function as the Secretariat to the PCC and will be responsible for organizing the meetings of the PCC, and preparing and disseminating the meeting agenda and other relevant documents. The agenda and meeting documents should be circulated to the PCC Members at least seven (7) working days prior to the meeting. The TF Manager will be responsible for recording the minutes of the meeting. The minutes shall be circulated to members within 15 working days of the PCC meeting and members can provide their comments to the TF Manager within seven (7) working days from the date of circulation..

18. **TF Administrator.** The World Bank will serve as Administrator for the Trust Fund. The Trust Fund Administrator will be responsible for the overall management of the TF, including compliance with all World Bank Trust Fund policies and procedures, and for ensuring adequate fiduciary oversight of the activities of the TF with due diligence to economy, efficiency and effectiveness. The World Bank will assign a **TF Program Manager** ("TF Manager") who will be responsible for the day-to-day management of the TF. The TF Manager will be a senior World Bank staff assigned for this position by the World Bank South Asia Region Sector Manager for Financial Management (SARFM). The key responsibilities of the TF Manager are:

- (a) Preparing an annual TF work program and budget for approval by the PCC;

- (b) Preparing the annual administrative budget for PCC review and endorsement;
- (c) Monitoring implementation of projects and activities supported by the MDTF and holding meetings with project task team leaders (TTLs) and the relevant GoN counterparts, as necessary;
- (d) Take all necessary steps to ensure that the MDTF as well as the projects/activities supported by the MDTF are in compliance with the World Bank's Trust Fund and Operational Policies and Procedures;
- (e) Maintaining the TF accounts, managing the TF administrative budget, and preparing regular TF financial & progress monitoring reports for the PCC and GoN;
- (f) Signing the Letter of Representation for the Trust Fund as part of the World Bank's annual Trust Fund audit;
- (g) Providing guidance to Task Teams on project processing and implementation;
- (h) Making all necessary arrangements, including the preparation of the meeting agenda and other relevant documents for PCC meetings;
- (i) Drafting and circulating PCC meeting minutes;
- (j) Ensuring effective communication between the Ministry of Finance and other relevant departments and agencies of the GoN;
- (k) Take steps to ensure donor coordination; and
- (l) Support the World Bank Country Manager and SARFM Manager in matters relating to the management of the MDTF; and
- (m) Participate and lead the PFM Thematic Group meetings.

19. **Project Task Team Leader (TTL).** The approved TF work program will comprise one or more projects in each of the thematic areas of the MDTF. Each project will be implemented by a Task Team headed by a Task Team Leader. The TTL will be assigned by the TF Manager in consultation with the World Bank Country Manager and the Sector Manager of the World Bank unit responsible for the project. The TTL will be responsible for:

- (a) Preparing the project concept note;
- (b) Consultation with stakeholders;
- (c) Preparing project documentation and obtaining all necessary approvals;
- (d) Supporting implementation;
- (e) Monitoring implementation progress, results indicators and achievement of project objectives;
- (f) Submitting regular progress updates to the TF Manager; and
- (g) Preparing and issuing progress reports in compliance with World Bank policies and procedures and periodical progress reporting to the TF Manager.

20. **Meetings of the TF Program Management.** The World Bank will review the management of the TF and its work program at least once every six (6) months. The TF Manager

will organize these internal meetings of the TF program management team, which may be held either physically or virtually and will include the SARFM Sector Manager, Country Management Unit (CMU) representatives, the TF manager, and the TTLs of the projects and activities financed from the TF. This meeting, chaired by the SARFM Sector Manager or his or her delegate will review:

- (a) Status of project preparation and implementation;
- (b) Implementation issues and timeliness of implementation;
- (c) Critical risks hindering implementation of project activities and measures to mitigate these risks;
- (d) Procurement, financial management, disbursement, and other operational issues as necessary;
- (e) Possible new areas for TF financing, including generating ideas for projects that could be suggested to the PCC.

21. **Contributions.** An Administration Agreement will be signed between the World Bank and each of the contributing donors to the Trust Fund. As the PFM Support TF is established as a programmatic TF, donor contributions will be co-mingled and earmarking for specific activities will not be possible. The overall size of the TF is flexible depending on the evolving PFM work program and donor contributions received.

22. **Trust Fund Financial Management.** As the Trust Fund Administrator, the World Bank will maintain separate records and accounts in respect of the Contributions deposited in the trust fund account and disbursements made there from. The World Bank shall furnish to the Donors current financial information relating to receipts, disbursements and fund balance in United States dollars of the TF via the World Bank's Trust Funds Donor Center secure website. Within six (6) months after all commitments and liabilities under the TF have been satisfied and the TF has been closed, the final financial information relating to receipts, disbursements and fund balance in United States dollars will be made available to the Donors via the World Bank's Trust Funds Donor Center secure website.

23. The World Bank shall provide to the Donors, within six (6) months following the end of each fiscal year (refer to paragraph 24), an annual single audit report, comprising: (a) a management assertion together with an attestation from the Administrator's external auditors concerning the adequacy of internal control over cash-based financial reporting for all cash-based trust funds as a whole; and (b) a combined financial statement for all cash-based trust funds together with the World Bank's external auditor's opinion thereon. The cost of the single audit shall be borne by the World Bank. In addition, for each RE activity funded from the TF periodic project-level audits will be conducted as agreed between the grant recipient and the

World Bank in line with World Bank policies and procedures for financial management of the grant.

24. For the purpose of this Trust Fund the fiscal year (FY) used for administration, reporting and accounting related to the TF will be the World Bank financial year, which runs from July 1 until June 30.

25. As part of the Trust Fund financial management, the TF Manager will prepare a cash flow forecast prior to the start of every FY. The cash flow forecast will provide details of the cash contributions expected to be received during the year, the estimated timing of these receipts, the expected cash outflows for TF program activities during the year and their estimated timing. The cash flow forecast will be presented in the meeting of the PCC as part of the annual TF work program and discussed and agreed with the donor partners prior to the start of the FY.

26. Donor contributions to the TF have to be fully disbursed by the Bank in accordance with the provisions of the Administration Agreement (AA) by the final disbursement date as specified in the Standard Provisions of the AA or any amendments thereof. Any disbursement of contribution funds after such date can be made only with the written approval of the Donors. Where contribution funds remain undisbursed by the final disbursement date the World Bank will return any remaining balance of the contribution funds to the Donors on a pro rata basis based upon the ratio of each Donor's paid-in contributions to the sum of all Donors' paid-in contributions.

27. **Cost Recovery Arrangements.** In order to assist in the defrayment of the costs of administration and other expenses incurred by the World Bank as Administrator of the Trust Fund, Trust Fund resources may be used to cover the administrative costs incurred by the World Bank. The Administrator will charge 2 percent of all contributions received to cover the administrative costs of the central units. In addition, the costs of the managing unit on TF administration and program management will be directly charged to the Trust Fund on the basis of actual costs incurred. Prior to the start of each FY the TF Manager will submit to the PCC for endorsement an estimated budget for TF administration and management costs for the following FY. At the end of each FY, the TF Manager will present to the PCC an overview of actual administration and program management expenses incurred.

28. **Term.** The Trust Fund will initially be constituted for a period of four years until January 31, 2016 with the possibility of extension, either based on the findings and recommendations of a TF evaluation or an earlier decision by the TF donor partners.

29. **Amendments.** This operations manual may be amended by following the same decision making processes of the PCC as described above in paragraph 15. All amendments shall be

consistent with the terms and conditions in the current version of the Administration Agreement or any amendments thereof.

Section 4: Project Approval and Implementation

30. **Annual Work Program (AWP).** Prior to the start of every fiscal year, the TF Program Manager will prepare an Annual Work Program (AWP) for the Trust Fund, which will include (i) a description of new projects proposed for funding from the Trust Fund, including the proposed project amounts and project preparation and supervision budgets; (ii) projections for the annual flow of funds; and (iii) a medium-term program outlook. The AWP will be approved by the SARFM Sector Manager and sent to the CM for information prior to submission to the PCC for approval.

31. Following endorsement by the PCC of the project pipeline as part of the Annual Work Program, the TF Manager, in consultation with the CM and the Sector Manager of the World Bank unit responsible for the project, will identify Task Team Leaders (TTLs) for projects in the pipeline, who will in turn constitute Task Teams for project preparation and implementation. Projects will be prepared in accordance with the applicable Trust Fund and Operational Policies and Procedures of the World Bank. Regional procedures for regular investment financing for the South Asia Region of the World Bank will be applied, wherever applicable.

32. **Eligible Activities.** Projects eligible for financing from the PFM Support TF should respond to the PDO of the Trust Fund and fall under one of the thematic areas detailed in paragraph 7 above.

33. **Modes of Execution.** Activities implemented under the MDTF could broadly be classified into (1) Recipient Executed (RE) Activities, (2) World Bank Executed (BE) Activities and (3) Bank-Executed Recipient (BER) Activities. For RE activities, the funds are passed on to the Recipient for implementation and the World Bank task team has the responsibility for the appraisal and supervision of the activities implemented by the Recipient. For BE activities the funds remain with the World Bank and the World Bank is responsible for the implementation. Bank-Executed Recipient activities are a special mode of execution, where under exceptional circumstances the World Bank will implement activities that are usually implemented as RE activities on behalf of the recipient and upon written request by the recipient.

34. **Just-in-Time Response Facility (JITRF).** To enhance the capacity of the Trust Fund to rapidly and flexibly respond to support the Government of Nepal's PFM agenda, the PFM Support TF will include a Just-in-Time Response Facility (JITRF). This Facility will comprise a funding window, which will serve to finance micro grants for technical assistance, seminars, training and other support services executed by the World Bank. The total amount committed for this Facility is US\$500,000.

Grants from the JITRF will be subject to the following criteria:

- a. all grants should be Bank-executed;
- b. the maximum grant size is \$50,000; and
- c. grants should be implemented within eight months.

Requests for funding from the JITRF will be submitted to the TF Program Manager and will be processed following World Bank procedures for Just-in-Time ESW and TA (refer to Annex B). The TF Program Manager will inform the PCC of the details of grants approved for funding under the JITRF through the TF Progress reports.

35. **Project Preparation and Approval Process.** The project preparation and approval process is described in the subsequent paragraphs and has been graphically depicted in Figure 1.

36. All projects will be processed and approved by following the applicable World Bank policies and procedures, namely:

- Policy on Micro and Small Recipient executed Trust Fund grants for grants below \$500,000 (micro) and grants between \$500,000 and \$5million (small);
- Regular Investment Project Financing for Recipient executed grants and Bank-executed Recipient grants of \$5million or more;
- Procedures for Just-in-Time ESW and TA for Bank-executed grants of \$50,000 or less;
- Regular ESW/AAA procedures for TA grants above \$50,000.

37. **Project Concept Note.** The TTL will prepare a Project Concept Note (PCN) for the project. The PCN is subject to internal World Bank review and approval in line with the procedures referenced in paragraph 36. Following internal World Bank approval of the PCN, the TF Manager will submit the PCN to the PCC for information. The PCN should specify the intended mode of execution. In the case of BE activities, the TF Manager will specify whether a Project Paper needs to be prepared or not. If no Project Paper is required to be prepared the implementation of the intended activities can start after the PCN has been circulated to the PCC.

38. **Project Paper.** The TTL will subsequently prepare a full project paper for RE and BER activities. A full project paper is not required for BE activities. The project paper will be prepared using the appropriate World Bank Project Paper template and will include (i) a description of the proposed project's link to the overall TF development objective and (ii) provide information on the project concept, project development objective, expected outputs, outcomes, estimated project costs and key risks along with their mitigation measures. The project paper will provide a detailed estimate of the project outlays component-wise and subcomponent-wise.

39. The TTL, following SM clearance, will submit the draft project paper to the TF Manager for circulation to the PCC for virtual review at least five (5) working days prior to the internal

World Bank decision review meeting². Comments and suggestions received from the members of the PCC will be suitably addressed and incorporated into the project paper by the TTL. In the case of additional financing to an on-going project previously reviewed by the PCC, the virtual review by the PCC will not be required. Instead the TTL, through the TF Manager, will submit the final project document to the PCC for information following internal World Bank clearances and approvals.

40. After the project is approved, the TTL will prepare a Grant Funding Request (GFR) and submit this for approval by the TF Manager. Once the GFR has been approved a TF number will be assigned and a Child TF in pending status will be created. The TTL initiates the preparation and clearance of the Grant Agreement for RE and BER activities. The Grant Agreement will spell out the relative responsibilities of the Bank and the Recipient in executing the activities financed from the TF.

41. Once the full project documentation has been prepared, the TTL will submit the project documents for the necessary World Bank internal clearances and final approval by the Regional Vice President. Once approved, the Grant Agreement between the World Bank and the Recipient will be signed and project implementation can begin. Following submission of the signed Grant Agreement to TACT the Child Trust Fund will be activated³ and the TTL may request the TF Manager to transfer the project funds.

42. **Project Implementation.** Projects prepared and implemented under the TF will follow the Operational Policies and Procedures of the World Bank as described in the World Bank's Trust Fund Handbook.

43. **Supervision and Reporting.** The TTL will be responsible for the supervision of projects financed from the TF in accordance with the relevant World Bank Policies and Procedures. The TTL will prepare and submit to the TF Manager consolidated results and financial progress reports every six (6) months. The TF Manager will consolidate all project progress reports received and submit the consolidated progress report to the SARFM manager for clearance prior to submission to the PCC for information and discussion during PCC meetings.

44. **TF Evaluation:** At the decision of the PCC and as deemed necessary, independent evaluations may be carried out to take stock of progress, assess TF results, identify possible mid-course corrections, as necessary and make recommendations regarding the possible extension of the TF period. The PCC will determine the timing for the reviews. The TF Manager will prepare a Terms of Reference (TOR) for each evaluation and will share these with the PCC for review

² For Track 1 projects that are not subject to a decision review meeting the TTL will nonetheless provide the PCC with 5 working days to review and provide comments on the Project Paper.

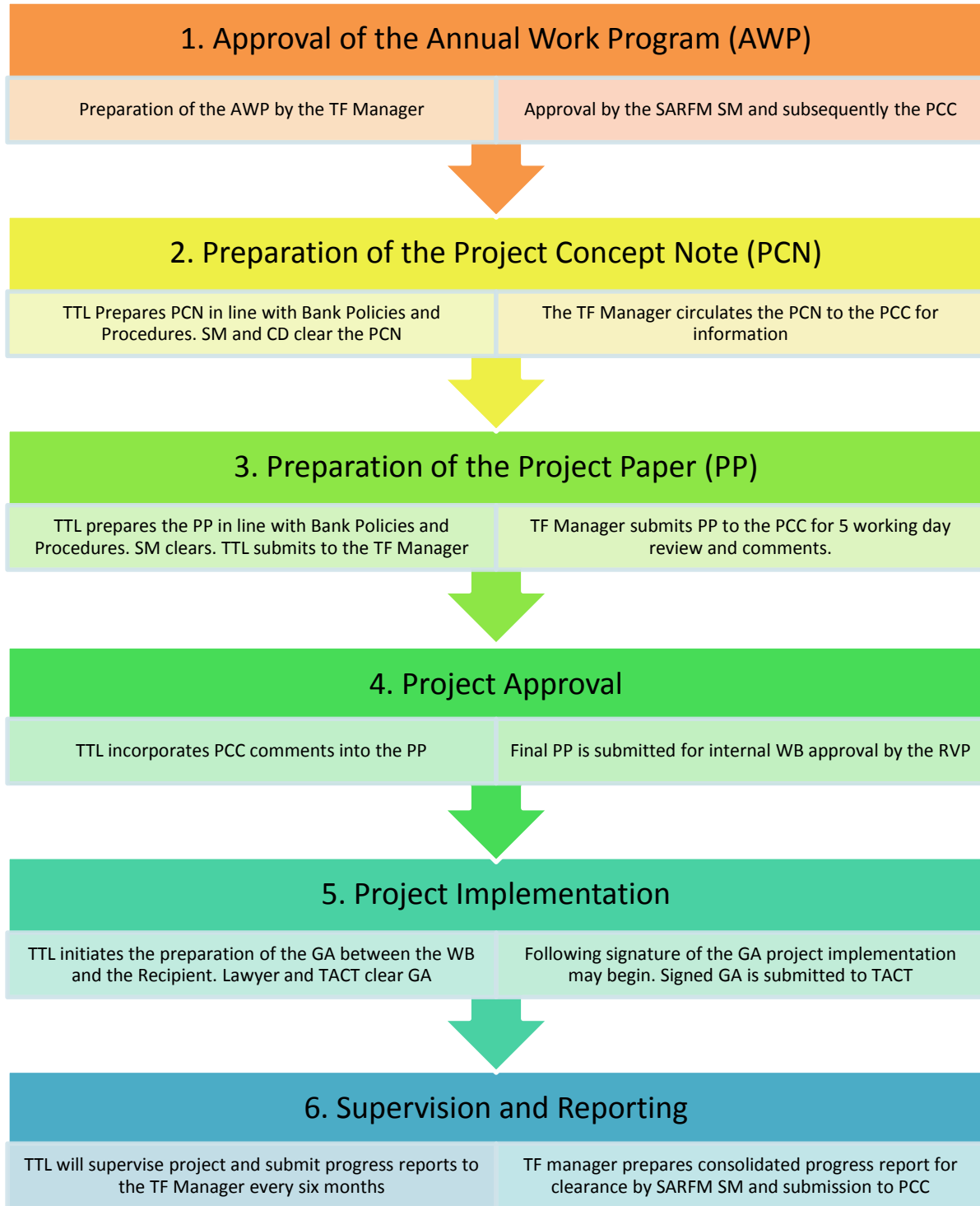
³ If the GA has conditions for effectiveness of the project, the Child TF will not be activated until these conditions have been met and the letter of effectiveness has been submitted to TACT.

and comment before final approval by the SARFM Sector Manager. The TF Manager will make arrangements to procure the services of suitable experts/specialists for carrying out the evaluation. The independent evaluation reports will be presented to the PCC for comments and approval. The costs for the evaluations will be borne by the TF.

45. **Retroactive Financing.** The project funds may be used to retroactively finance payments for eligible expenditures in accordance with the World Bank's Policies and Procedures.

46. **Amending Existing Projects.** Where the recipient entity seeks to make material changes to an existing project and the World Bank concurs with the changes according to its applicable Policies and Procedures for the restructuring of projects, the TTL shall notify the PCC, through the TF Manager, of the nature of the proposed changes and the rationale for approving them before they take effect. Such changes take effect seven (7) working days after notification to the PCC, unless any member of the PCC expresses an objection to the proposed changes. Material changes may include modifications to the project's development objectives and/or associated outcome targets, modifications in project design, change in the project safeguards category, major reallocation of inputs (more than a 10% change in a budget category), changes in outputs, and/or extension of the completion date. In the event the changes do not meet the criteria of the PFM Support TF, the PCC has the option of not approving the changes.

Figure 1: Project Preparation and Approval Process



Section 5: Implementation Support and Reporting

47. **Implementation Support.** The World Bank shall be responsible for the implementation support of the projects financed through the PFM Support TF in accordance with its Policies and Procedures. All monitoring and evaluation of recipient entities will be in accordance with the relevant Grant Agreement between the recipient entity and the World Bank. The cost for implementation support of projects will be borne by the Trust Fund. An implementation support budget for each project will be included in the AWP.

48. Subject to the consent of the recipient entity, representatives of the contributing donors may be invited by the World Bank to participate in World Bank implementation support missions for projects funded through the TF. The TTL, through the TF Program Manager, shall inform the donor representatives of any implementation support missions in which donors may participate and this at least seven (7) working days prior to the start of the mission. Any donors wishing to participate in such missions shall be responsible for bearing the costs of participation.

49. **Reporting.** The reporting system established for the PFM Support TF provides information on how the Trust Fund is contributing to strengthening the performance, transparency and accountability of PFM in Nepal through its activities and projects. It covers both monitoring and evaluation of the achievements of individual projects and reporting on the overall portfolio and financial status of the Fund. The reporting system provides for:

- (i) A **six monthly progress report** prepared by the TF Program Manager with inputs from the project Task Team Leaders. The progress report will be circulated one week prior to the PCC meeting.;
- (ii) A **final completion report** on the activities financed by the TF will be furnished to the donors by the TF Program Manager within six months of the end disbursement date of the TF;
- (iii) An **annual single audit report** shall be provided to the Donors by the World Bank within six months following the end of each fiscal year in accordance with the terms set out in the Administration Agreement;
- (iv) **Independent evaluations** may be carried out periodically to take stock of progress, assess TF results and make recommendations regarding mid-course corrections and the possible extension of the TF period. The TF Program Manager will prepare the Terms of Reference for the independent evaluations for review and approval by the PCC.

50. TTLs will report on project progress through the World Bank's internal progress reporting systems (ISRs and ICRs for RE and BER grants and GRMs for BE grants). The TF Manager will seek feedback from TTLs on project status and results every 6 months as input for

progress reports to be prepared for submission to the PCC. The TF Manager will be supported by World Bank staff and consultants in the preparation of the reports. All reports will be cleared by the SARFM Manager prior to submission to the PCC.

Section 6: Disclosure and Visibility

51. **Visibility.** Whenever possible, the PCC, Recipient Entities, and the TF Manager will give visibility to the PFM Support TF, its donors, and the activities and projects receiving funding from the PFM Support TF. In this regard, a website (www.mdtfpfm.org.np) will be set up to give visibility to the Trust Fund and make up-to-date information on contributions and project activities easily available to the public.

52. Any communications or questions related to the Trust Fund should be addressed to the TF Manager only.

53. **Disclosure.** The World Bank may disclose to the public any information related to the PFM Support TF, including, amongst others, TF Administration Agreements, meeting minutes and progress reports in accordance with the World Bank's Policy on Access to Information⁴.

⁴ The Policy is available at www.worldbank.org/wbaccess.

Section 7: Overriding Authority of the Administration Agreements

54. In the event of any conflict between the Administration Agreements and this Operations Manual, the provisions of the Administration Agreements will prevail.

ANNEX A: Just-in-Time Response Facility (JITRF) Guidance Note⁵

The **Public Financial Management (PFM) Support Trust Fund (TF)** is a programmatic Trust Fund established with the objective of ensuring maximum flexibility in responding to the needs of the Government of Nepal (GoN) as well as Development Partners to strengthen fiduciary practices, enhance PFM capacity and performance, increase accountability, and improve analytic and monitoring techniques, all of which will in turn achieve value for money and maximize development impact.

To enhance the capacity of the Trust Fund to rapidly and flexibly respond to support the Government of Nepal's PFM agenda, the PFM Support TF will include a **Just-in-Time Response Facility (JITRF)**. This Facility will comprise a funding window, which will serve to finance micro grants for technical assistance, seminars, training and other such support services executed by the World Bank.

Grants from the JITRF will be subject to the following **criteria**:

- d. all grants should be Bank-executed;
- e. the maximum grant size is \$50,000; and
- f. grants should be implemented within eight months.

Grants may be used to finance consultants' fees, media and workshop costs, extended term consultants, staff costs, travel expenses, contractual services, temporary support staff costs, associated overheads and equipment purchase costs. Staff costs should constitute no more than 15 percent of the requested budget.

Step 1: Periodic calls for proposals will be issued to invite Task Team Leaders (TTLs) to submit grant requests from the JITRF. To **request funding** from the JITRF, TTLs should submit a brief concept memo to the TF Program Manager detailing the following:

- a. Title of the proposal
- b. Funding amount requested
- c. Name of the TTL
- d. Objective of the grant (1 paragraph)
- e. Brief context and justification for the grant (1 paragraph)
- f. Summary of expected outputs and results (1 paragraph)
- g. Implementation timeline
- h. Budget

The funding request will be reviewed by the JITRF Committee, which will be constituted by the SARFM Sector Manager. The JITRF Committee will provide its approval/rejection of the funding request within 3 working days.

⁵ The JITRF Guidance note does not form an integral part of this Operations Manual. It is subject to change without prior notification of the PCC.

Step 2: Following approval of the funding request the TTL completes the **Just-in-Time roadmap in the Operations Portal** (refer to Annex 1: Just-in-Time ESW/TA AIS/Concept Note Template). Guidelines for the processing of the Just-in-Time ESW/TA are available on the [OPCS website](#).

Step 3: Once the AIS/Concept Note has been reviewed and cleared by all approvers, the TTL may **submit a GFR** for the creation of a Child Trust Fund under window # xxxx (type GFR into the URL). Upon final approval of the GFR by the TF Program Manager a Child TF will be set up. TACT will activate the TF within 4 working days and the TF Program Manager will request the transfer of funds to the TF. The TTL may initiate the implementation of the activities.

Step 4: Following delivery of the activities, the TTL prepares the **Completion Summary** and finalizes the JIT output in the operations portal. The Completion Summary and JIT Output are submitted for approval by the Sector Manager and Country Director.

ANNEX B: Just-in-Time ESW/TA AIS/Concept Note Template

Enter **Country Name** here

Enter **Task P-number & Name** here

NOTE: This is a Word version of the Just-in-Time ESW/TA Activity Initiation Summary/Concept Note (AIS/CN) in the Operations Portal

* Indicates mandatory field

Form Status: DRAFT

Basic Information

Title *			
Product Line	Economic and Sector Work or Technical Assistance (non-lending)	Country, Region or Global *	Task Team Leader *
Legal Name		Report/Output Types *	
Responsible Cost Center *	Requesting Cost Center *	Completion Fiscal Year (display only)	Status (display only)
Parent GPP	Associate Activity/Task	Prior Management Endorsement YES/NO *	

Development Objective & Expected Intermediate Outcome

What is the development objective that this activity is seeking to achieve? (maximum up to 2500 characters) *

Choose at least one intermediate outcome and at least one indicator from the list below that reflect the development objective and is expected to be achieved by the completion of the activity.

Intermediate Outcome(s) *

Indicator(s) *

Development financing informed

**Preparation of new operation informed,
Existing operations informed,
Mobilization of non-Bank resources informed,
Government expenditure informed**

Policy/strategy informed

**Government policy/strategy informed,
Public debate stimulated/initiated,
Contributed to stakeholder involvement,
Dev't community/partner policy/strategy informed,**

Client capacity increased	Bank country strategy informed, Bank sector strategy informed
Knowledge deepened	Design capacity strengthened, Implementation capacity strengthened, Monitoring & Evaluation capacity increased
Innovative approaches & solutions generated	Facilitated exchange of best practice w/ clients, Facilitated exchange of best practice w/ partners, Disseminated best practices
	New innovative approach fostered, New innovative approach developed

Risks to Achieve Objective

Please rate and describe the principle risks to achieve the development objective within the time period envisaged and how they can be mitigated. Does the team seek any specific guidance?	Risk Rating Low Moderate Substantial High
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Audience

Please select the primary audience to be reached.	Primary Audience BANK GOVERNMENT DONOR OTHER PUBLIC DISSEMINATION
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Translation

Is translation of some or all of the activity planned? **Yes/No**

Client Ownership

Has the client asked for this activity?

Yes/No

Has the client agreed to the concept/scope/design?

Yes/No

Will the client be involved in carrying out the activity? *

Yes/No

Will the client help finance the activity? *

Yes/No

Client Contact Information *

Organization Name	Type	Contact	Title	Office Phone	Email
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Partners/Others' Activities

Are there one or more partners who are either funding this activity or contributing expertise? *

Yes/No

Partners

Organization Name	Type	Contact	Title	Office Phone	Email
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Is the joint work with IFC? **Yes/No**

If Yes, select Joint Level: *

**Joint project involving co-financing with IFC (loan, equity, budget, other) or staffing
Complementary or Interdependent project requiring active coordination**

Strategic Relevance

Does the activity support (select all that apply): *

A Country Strategy (e.g. CAS, CPS, ISN)

A Regional Strategy

A Global Strategy (e.g. Sector Strategy)

None of the Above

Summary Task Description

Provide a brief description of the activity and briefly outline key issues expected to be addressed to meet the Development Objective. * (maximum up to 4000 characters)

Non-Bank Staff

Name	Title	Office Phone	City

Budget and Funding (Amount in USD)

Note: Please make sure the budget includes estimated cost of dissemination/communication of final output as described in Objectives Section.

Expenses to **0.00**
Date:

Funding

FY	Bank Budget		Bank-executed Trust Fund		Other		Total
	Total	Of which Variable	Total	Of which Variable	Total	Of which Variable	

Fee-based Services	YES/NO	Amount	Cost Center
		(Mandatory if Fee-based is Yes)	(Mandatory if Fee-based is Yes)

Preparation Schedule

Milestone	Original	Forecast	Actual
AIS Sign-off			
Decision Review (if Prior Management Endorsement Required)			
Management Endorsement of Deliverable (if Prior Management Endorsement Required)			
Deliver Output to Client/Stakeholders			
Final Delivery/Completion Summary			