AFRICAN DEVELOPMENT BANK GROUP

THE BANK GROUP’S PARTICIPATION IN THE MIDDLE EAST AND NORTH AFRICA TRANSITION FUND

ORNIA DEPARTMENT

November 2012
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>I.</td>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>II.</td>
<td>Background and rationale</td>
<td>1</td>
</tr>
<tr>
<td>III.</td>
<td>Objectives and Modalities of the Transition Fund</td>
<td>2</td>
</tr>
<tr>
<td>IV.</td>
<td>MENA Transition Fund Governance Structure</td>
<td>3</td>
</tr>
<tr>
<td>V.</td>
<td>Value-added and Risks for the Bank</td>
<td>4</td>
</tr>
<tr>
<td>VI.</td>
<td>MENA Transition Fund Proposed Governance Arrangements within ADB</td>
<td>5</td>
</tr>
<tr>
<td>VII.</td>
<td>Conclusion</td>
<td>5</td>
</tr>
</tbody>
</table>

**ANNEXES**

- Annex I - Streamlined Review and Approval Procedures for MENA Transition Fund Operations
I. Introduction

1.1 Established under the French G8 Chair in May 2011, the Deauville Partnership has committed to support the reform process in Arab countries in transition. The MENA Transition Fund (“MENA TF”) conceived by the US G8 Chair in 2012, is one of the key ways to support the reform process. The MENA TF will be a unique grant financing facility designed to complement existing bilateral and multilateral programs. The MENA TF, for which the World Bank will serve as the trustee, will provide funding for technical cooperation and pilot projects to support policy reform. To access funding under the MENA TF, governments have to partner with one of the participating Deauville Partnership International Financial Institution (IFI)\(^1\) which has agreed to serve as an Implementation Support Agency (ISA).

1.2 The MENA TF will be a unique financing facility designed to complement existing bilateral and multilateral programs and help in meeting transition countries’ needs. Given the role played by the Bank in the Deauville Partnership, and its continued high profile in the region, it is expected that the Bank becomes an ISA of the MENA TF. Being an ISA will provide access to funds for implementation of key activities in the North African countries and will also confirm the Bank’s continued commitment to a joint approach in supporting the countries in transition.

1.3 The objective of this paper is to seek the Board’s authorization for the Bank’s participation as an ISA for the MENA TF and the delegation to Management of the Board’s approval authority with regard to MENA TF proposals irrespective of the amount.

II. Background and Rationale

2.1 Transition countries in MENA face multiple opportunities in meeting the demands of the political transformation currently underway, and multiple challenges in doing so in a time of economic adversity and political transition. Their capacities to formulate policies and programs, and implement reforms are in urgent need of enhancement and expansion in this unprecedented environment.

2.2 This has been a consistent theme in dialogue between the transition country governments, IFIs and other development partners. In particular, emphasis has been placed on providing broad-based solutions to strategic needs, and for development partners to accompany the implementation of those solutions over the period of transformation. The provision of adequate resources for country-owned capacity-building is widely perceived to be critical to the transformation process in MENA, to devise policies and institutions that will promote much-needed growth, stability, jobs, and inclusion, and accelerate a process of far-reaching change.

\(^1\) The African Development Bank (ADB), Arab Fund for Economic and Social Development (AFESD), Arab Monetary Fund (AMF), European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), International Finance Corporation (IFC), International Monetary Fund (IMF), Islamic Development Bank (IsDB), OPEC Fund for International Development (OFID), and the World Bank (IBRD and MIGA).
2.3 As a result of the discussions within the G8 and in coordination with the IFI Coordination Platform\(^2\), it was agreed to mobilize additional resources to support transition countries in the Middle East and North African regions to create the *Middle East and North Africa Transition Fund*. The G8 summit in May 2012 endorsed the creation of a Transition Fund, and agreed that contributing G8 members would work with regional partners, the World Bank, and IFI Platform to set up the fund with an envisaged capitalization of US$ 250 million. The donors contributing to the MENA TF currently include Canada, France, Japan, Kuwait, Qatar, Russia, Saudi Arabia, U.A.E., USA, and UK. During the October 2012 WB/IMF Annual Meeting in Tokyo some US$165 million had been pledged by different partners. Commitments are being finalised by the World Bank.

III. **Objectives and Modalities of the Transition Fund**

3.1 The MENA TF will provide grant funding for technical cooperation and pilot projects that could address a broad range of inter-related thematic areas covering all three pillars of the Deauville Partnership (Finance, Trade, and Governance). Countries may wish to make proposals across the following thematic areas: i) investing in Sustainable Growth; ii) Inclusive Development and Job Creation; iii) Enhancing Economic Governance, and iv) Competitiveness and Integration.

3.2 Transition countries currently eligible to receive funds from the MENA TF include Egypt, Jordan, Libya, Morocco, Yemen and Tunisia\(^3\). Recipients include all levels of government, judicial bodies, central banks, other state agencies and parliaments. Technical cooperation for parliamentary institutions is to be ISA-executed. Activities financed by the Fund will have support (as regards the proposal preparation and execution, procurement, environmental and social safeguards, financial management and reporting, monitoring and evaluation, etc.) from an ISA.\(^4\) Joint applications by more than one eligible beneficiary country for regional cooperation initiatives will be encouraged.

3.3 Eligible technical cooperation can include, inter alia, piloting implementation of key reforms; knowledge development and dissemination; capacity-building for strategy development, institutional and policy reform, legal and regulatory drafting, negotiation of contracts and agreements, public resource management, and investment planning; capacity-building for parliamentary oversight of government agencies; preparation (including feasibility studies etc.), monitoring and evaluation of innovative investment projects; and training and twinning arrangements. Applications for funding should describe the intended transformational effect of the activity being funded.

---

\(^2\) The G8 and the Deauville Partnership established in 2011 the IFI Coordination Platform to coordinate and effectively scale-up activities in the region to support the transition process. Other than the ADB, the IFI platform includes the Arab Fund for Economic and Social Development, the Arab Monetary fund, the European Bank for Reconstruction and Development, the European Investment Bank, the Islamic Development Bank, the International Monetary fund, the OPEC fund for International Development, and the World Bank Group (also including IFC and MIGA). The OECD takes active part in these discussions, in particular in the specific Private Sector Development Initiative which is attached to the platform. The Bank hosted the Secretariat for the Platform until September 15, 2012, at which point the IsDB took over. The Bank remains a member of the Deauville Partnership.

\(^3\) The ADB would only act as ISA for its regional member countries. In addition to the specified countries, other countries in the MENA region may become eligible to receive financing from the Transition Fund in the future as determined by the Deauville Partnership and ratified by the Transition Fund’s Steering Committee.

\(^4\) Further details on the procedures for receiving funding are contained in the MENA Transition Fund Operation Manual which is attached as Annex II of this document.
3.4 The ISAs are required to have in place the necessary policies, procedures, and capacity for oversight in such areas as procurement, safeguards, and financial management to provide the implementation support envisaged. Implementation support is to be governed by grant agreements between the recipient and the ISA.

3.5 A participating IFI will become an ISA once it signs a Financial Procedures Agreement ("FPA") which governs the relation between the ISA, the Trustee and the contributors\(^5\). Under the FPA, the Bank may receive funds for proposals in which it is designated ISA by the Transition country. The transfer will be made activity-based after the proposal is approved. The ISAs will be directly accountable to the Steering Committee for the use of those funds.

3.6 The MENA TF is expected to become operational by the end of the year. The end commitment date is expected to be three years and the end transfer date is expected to be six years after operation, but may be subject to change.

**IV. MENA TF Governance Structure**

4.1 The Transition Fund has a governance structure consisting of a Steering Committee (SC), Implementation Support Agencies (ISAs), a Trustee, a Coordination Unit (CU), and an independent callable Roster of Experts (ROE). The World Bank will serve as Trustee of the MENA TF. The Trustee will hold in trust and administer the funds, assets, and receipts that constitute the Transition Fund, in accordance with the Trust Fund Contribution Agreement concluded with each contributor. The Trustee will be accountable to the Steering Committee for its fiduciary responsibilities including the submission of regular reports on the financial status of the funds.

4.2 The MENA TF Steering Committee is being established to oversee the operations of the fund. The Steering Committee will be the decision-making body that will approve the operational guidelines, results frameworks, technical cooperation proposals, and any decisions related to funding allocations. The Steering Committee is to include, as decision-making members, representatives from beneficiary countries and all contributing countries. It also includes, as non-decision-making members the Secretariat of the Deauville Partnership IFI Coordination Platform, representatives of the ISAs participating in proposals submitted to the Steering Committee, and the Trustee. As an ISA, the Bank will be a non-decision-making member of the Steering Committee. Decision-making of the Committee is to be by consensus of the decision-making members. The Steering Committee is envisaged to meet frequently on a virtual basis (e.g. by email), and at least twice a year face-to-face to review proposals. A first Steering Committee meeting is planned to be convened in mid-December 2012.

4.3 A Coordination Unit (CU) is established to support the work of the Steering Committee by serving as a liaison between the Steering Committee, the Trustee, the Roster of Experts (ROE) and the ISAs.

4.4 The ROE consists of a network of experts, independent of any institution involved in the fund, which provides the Steering Committee with technical advice on funding proposals. ROE screens proposals based on the selection criteria in the Operations Manual (Annex II of this document).

---

\(^5\) The FPA is currently under review and will be subject to negotiation with the World Bank.
4.5 Each ISA will periodically report to the Steering Committee (i) through the Trustee on the ISA’s use of funds (including audited financial statements); and (ii) through the Coordination Unit on the implementation progress and results, including the transformational impact.

4.6 The MENA TF is to be managed on the basis of recovery of costs (of the Trustee, Coordination Unit, ISAs, and ROE). This cost-recovery is to include reimbursement of the costs of design and set-up of the Fund, as well as its implementation. The Trustee will undertake an estimate of approximate operating costs following decisions taken on the average size of proposals and the number of ISAs. Selected ISAs are provided with up to 10 per cent of the approved grant amount to support the preparation and implementation of Transition Fund activities.

V. Value-added and Risks for the Bank

5.1 The MENA TF will make available resources additional to those available from other sources for technical cooperation. Donor coordination and complementarity will be built into its administration, both through country-led coordination mechanisms and through the Deauville Partnership with Arab Countries in Transition IFI Coordination Platform. It will therefore maximize possibilities for the MENA TF to coordinate with other donor mechanisms supporting the public sector, private sector development, parliaments, judiciaries, civil society, etc. including the Bank’s Trust Fund for Countries in Transition (TFT), approved by the Board of Directors on 5th July 2012.

5.2 The MENA TF will complement the Multi-Donor Trust Fund for Countries in Transition (TFT) on a number of fronts: (i) the MENA TF is aimed at Government executed activities while the TFT allows for Bank-executed activities, including economic and sector work or support to entrepreneurship; (ii) the activities to be financed under the MENA TF are more narrowly focused (on growth, inclusive development and job creation, economic governance, and competitiveness and integration), (iii) the MENA TF allows for implementation of larger projects with a medium-term horizon (as it is a much larger fund) while the TFT is primarily aimed at somewhat smaller, more localized activities; and (iv) while coordination with other IFIs is ensured under both Funds, the MENA TF will encourage joint collaboration among several IFIs on a number of large-scale capacity development endeavours in the region.

5.3 The MENA TF is also highly complementary with other existing funds in which the Bank is involved. Firstly it has the ability to provide sizeable grants which are much larger than others on offer, for example the Middle Income Country Technical Assistance Fund. Secondly it leverages on the Bank’s close relationship with the transition countries of North Africa to help make a direct impact in terms of their inclusive growth agenda. The Bank’s role as an ISA for this Fund will provide a natural continuation of its active role in the Deauville Partnership. Playing an active role as an ISA for the Fund will also facilitate the implementation of long-term technical assistance in support of the Bank’s country strategies and operations on the ground.

5.4 Recipient execution will maximize country ownership of the technical cooperation activities funded by the MENA TF, and of the policy and institutional reforms that they support. Beneficiary countries are to lead donor coordination in relation to the Transition Fund, which will be supported by existing networks such as the IFI Coordination Platform and other such fora, etc. The operation of the MENA TF will help achieve alignment between beneficiary countries, contributing countries, and IFIs around the nature of the transformation and the need for country-owned reforms to underpin it.
5.5 The MENA TF would be used to implement projects to generate short-term impacts as well as respond to country requests for funding for multi-year programs that cut across various themes and address fundamental challenges of the transformation.

5.6 No major risks are foreseen in the Bank becoming an ISA. However, there can be risks at activity level both when the Bank acts as implementing support agency or executing agency. These risks will be assessed therefore activity per activity and do not differ from risks that may appear when financing any technical assistance activity in complex environments.

VI. MENA TF Proposed Governance Arrangements within ADB

6.1 Where the Bank acts in its capacity as an ISA, all proposals to be funded by the MENA TF resources will be administered in accordance with Bank procedures, rules and policy guidelines, as amended from time to time, including its procurement, financial management, disbursement and safeguard (environmental and social) policies and its framework to prevent and combat fraud and corruption. The Bank will exercise the same standard of care for the MENA TF resources as it would for its own resources.

6.2 The Bank’s MENA TF Secretariat will be housed in ORNA under the supervision of its Director.

6.3 The MENA TF is expected to promote quick-access to resources that can be readily applied to project activities. It is therefore necessary that approval of proposals be expeditious. Accordingly Management proposes to apply the streamlined procedures outlined in Annex I.

VII. CONCLUSION

7.1 The MENA-TF will provide the Bank with additional grant resources to deliver quick support to countries in transition. Furthermore, the proposed governance structure will ensure a flexible use of the trust fund resources.

7.2 Therefore, the Boards are invited to:
   i) Approve the Bank’s participation as an Implementation Support Agency for the MENA Transition Fund; and
   ii) Delegate to Management its approval authority with regard to MENA TF proposals irrespective of the amount.

---

6A beneficiary country is likely to target the ISA which has the most streamlined internal approval procedures. For example, the World Bank currently follows a simplified approval procedure, for Transition Fund proposals, with authorization to approve delegated to the Vice-Presidential level. The normal ADB procedure may require Board of Directors approval depending on the amount. This is likely to give the World Bank a strong competitive advantage over the Bank (and other ISAs with similar internal approval procedures).
Streamlined Review and Approval Procedures for MENA Transition Fund Operations

- The Bank receives a request to partner with a transition country;

- The MENA TF Secretariat will pre-screen all requests received from countries and assign them to the relevant Bank department for review and preparation of full proposals;

- The proposal will be submitted to the Technical Review Committee (TRC) which will examine and review all proposals, on a virtual basis if need be, for funding and ensure that financed projects are fully aligned with the Bank’s sector and country strategies and priorities. The TRC will be chaired by the North Regional Department A (ORNA) and be composed of senior representatives from Bank departments, including, but not limited to North Regional Department B (ORNB), Quality Assurance Department (ORQR), Partnerships and Cooperation Unit (ORRU), General Counsel and Legal Services (GECL), Financial Control (FFCO), Financial Management (FFMA) and Procurement and Fiduciary Management (ORPF). The TRC will make recommendations to the Vice-President, ORVP;

- The Vice-President ORVP will review the TRC’s recommendations and make the final determination of projects for which the Bank will serve as an ISA. The Vice-President’s decision will be communicated to the transition country who will submit the approved proposal to the Steering Committee for consideration;

- After approval of the Steering Committee, the Bank will negotiate and execute a grant agreement with the beneficiary country. Final approval and signature of grant agreements, irrespective of amount, will be by the Vice-President, ORVP;

- Implementation of the grant will be overseen by the department that prepared the proposal.

In sum, the proposed review process will not require a Project Concept Note (PCN), Preparation Report or Project Appraisal Report (PAR). Similar detailed work shall be undertaken during the preparation of proposals which undergoes review by the Bank’s TRC as well as the MENA TF Coordination Unit, Roster of Experts and the Steering Committee. Furthermore, there will be no reviews from Country Teams or OPSCOM, nor Board approval on a project by project basis.
Middle East and North Africa Transition Fund

Operations Manual
(September 2012)

This Operations Manual describes the governance structure and the operating principles, guidelines and procedures for the day-to-day operations of the MENA Transition Fund. The Operations Manual was approved by the Steering Committee on __________.
1. **INTRODUCTION**

1. In May 2011 the G8 launched the Deauville Partnership as a response to the historical changes underway in several countries in the Middle East and North Africa (MENA) region. The Deauville Partnership was launched as a long-term, global initiative that provides Arab countries in transition with a framework based on technical support to: (i) strengthen governance for transparent, accountable governments; and (ii) provide an economic framework for sustainable and inclusive growth. The Deauville Partnership comprises four types of participants: (i) Donor country participants currently include Canada, France, Germany, Italy, Japan, Kuwait, Qatar, Russia, Saudi Arabia, Turkey, U.A.E., United Kingdom, and United States; (ii) Transition Country participants currently include Egypt, Jordan, Libya, Morocco, Tunisia, and Yemen; and (iii) International Financial Institution (IFI) participants currently include the African Development Bank, Arab Fund for Economic and Social Development, Arab Monetary Fund, European Bank for Reconstruction and Development, European Investment Bank, International Finance Corporation, International Monetary Fund, Islamic Development Bank, OPEC Fund for International Development, and the World Bank; and (iv) other international organizations such as the UN and OECD.

2. The transformation provides Transition Countries with unique opportunities but also entails serious challenges in a time of economic adversity and political transition. Appropriate domestic policies and international support will be critical to building confidence and enabling the countries to overcome these challenges. To support the countries in transition to formulate policies and programs and implement reforms, the Deauville Partnership set up the MENA Transition Fund.

3. The Transition Fund is a broad-based partnership providing grants for technical cooperation to help transition countries strengthen their governance, social and economic institutions by developing and implementing home-grown and country-owned reforms. Consistent with its knowledge-sharing and transformational objectives, the Transition Fund emphasizes funding for technical cooperation proposals that leverage and complement support from other partners where relevant, in particular, bilateral donors, academic institutions and policy research institutions, regional and international organizations, industry and labor associations, and other civil society organizations. South-South partnerships are encouraged (i.e. those between developing/transition countries) including from outside the MENA region, as well as institutions with regional experience focusing on technical cooperation or knowledge sharing.

4. The Transition Fund focuses on cross-cutting, multi-year projects as well as projects with short-term impacts that are country-owned. To ensure the complementarity of Transition Fund financing with other donor financing, existing country-led donor coordination mechanisms are utilized.

5. Transition Country-Execution (TC-Execution) maximizes country ownership of the technical cooperation activities funded by the Transition Fund, and of the policy and institutional reforms that they support. Transition Countries lead donor coordination in relation to the Transition Fund, which is supported by existing networks such as the IFI Coordination Platform, Coordination Group of the regional IFIs (in which international IFIs regularly participate), Centre for Mediterranean Integration, Luxembourg Group, MENA-OECD initiative, etc. The operation of the Transition Fund helps achieve alignment between Transition Countries, contributing Donors and IFIs around the nature of the transformation and the need for country-owned reforms to underpin it.

---

7 Defined terms used in this Operations Manual appear in the attached Glossary.

8 In this context, regional and international organizations for partnership could include for example the League of Arab States (and related organizations), GCC Secretariat, Centre for Mediterranean Integration, Middle East Regional Technical Assistance Center (METAC), OECD, Union for the Mediterranean, international parliamentary networks, UNESCWA and other UN agencies, etc. Donors may wish to consider contributing to funding partnerships in parallel to the Transition Fund.
6. Contributions to the Transition Fund are currently from Donors participating in the Deauville Partnership\(^9\) (the “Donors”) and fund activities proposed by eligible Transition Countries. At the request of the Deauville Partnership, the World Bank serves as the Trustee and provides the Coordination Unit for the Transition Fund.

2. OBJECTIVE AND SCOPE

7. **Objective.** The objective of the Transition Fund is to improve the lives of citizens in transition countries, and to support the transformation currently underway in several countries in the region (the “Transition Countries”) by providing grants for technical cooperation\(^10\) to strengthen governance and public institutions, and foster sustainable and inclusive economic growth by advancing country-led policy and institutional reforms.

8. **Scope.** To provide flexibility to respond to transformational and cross-cutting proposals, the Transition Fund provides grant funding and fosters partnerships for technical cooperation Projects to address a broad range of inter-related thematic areas covering all three pillars of the Deauville Partnership (Finance, Trade, and Governance). Transition Countries can make proposals across the following thematic areas (which are illustrated here by examples):

- **Investing in Sustainable Growth.** This could include such topics as innovation and technology policy, enhancing the business environment (including for small and medium-sized enterprises as well as for local and foreign investment promotion), competition policy, private sector development strategies, access to finance, addressing urban congestion and energy intensity.

- **Inclusive Development and Job Creation.** This could include support of policies for integrating lagging regions, skills and labor market policies, increasing youth employability, enhancing female labor force participation, integrating people with disabilities, vocational training, pension reform, improving job conditions and regulations, financial inclusion, promoting equitable fiscal policies and social safety net reform.

- **Enhancing Economic Governance.** This could include areas such as transparency, anti-corruption and accountability policies, asset recovery, public financial management and oversight, public sector audit and evaluation, integrity, procurement reform, regulatory quality and administrative simplification, investor and consumer protection, access to economic data and information, management of environmental and social impacts, capacity building for local government and decentralization, support for the Open Government Partnership, creation of new and innovative government agencies related to new transitional reforms, reform of public service delivery in the social and infrastructure sectors, and sound banking systems.

- **Competitiveness and Integration.\(^11\)** This could include such topics as logistics, behind-the-border regulatory convergence, trade strategy and negotiations, planning and facilitation of cross-border infrastructure, and promoting and facilitating infrastructure projects, particularly in the areas of urban infrastructure, transport, trade facilitation and private sector development.

---

\(^9\) Contributions from other donor countries may be included at a later stage based on Steering Committee approval.  
\(^10\) Technical cooperation is defined in Paragraph 15.  
\(^11\) This thematic area could draw from the key recommendations of the Trade and Foreign Direct Investment report prepared for the Deauville Partnership.
3. TRANSITION FUND ARRANGEMENTS

9. **Financing arrangements.** The Transition Fund is a Financial Intermediary Fund (FIF) with a Trust Fund administered by the International Bank for Reconstruction and Development (the ‘World Bank) as Trustee and supported by the World Bank as Coordination Unit.

10. **Contributions.** All Donor Contributions to the Transition Fund are in the form of grants. Initial Contributions will come from among Deauville Partnership donors, and may include Contributions from Canada, France, Japan, Kuwait, Qatar, Russia, Saudi Arabia, the United Arab Emirates, the United Kingdom and the United States. Contributions from other donor countries may be included at a later stage based on Deauville Partnership recommendations and Steering Committee approval. Each Donor enters into a Contribution Agreement with the World Bank as Trustee. Donor Contributions are commingled (or pooled), so individual Donors may not earmark or preference Contributions for specific Projects or transition countries.

11. **Implementation arrangements:** The Trustee enters into a Financial Procedures Agreement with each Implementation Support Agency (ISA). Technical cooperation activities funded by the Transition Fund are TC-executed based on proposals from Transition Countries with implementation support from ISAs. On an exceptional basis, Transition Countries may request that specific Projects, or components thereof, be ISA-executed (this could include, for example, activities of a regional nature, or cases in which a specific IFI has unique in-house technical cooperation services to offer). Technical cooperation for parliamentary institutions is ISA-executed and only after obtaining prior consent of the Transition Country’s designated Ministry. General operating procedures in the Transition Countries require that funding requests to IFIs originating from any entity in that country receive government consent.

12. **Duration of the Transition Fund:** The Transition Fund is considered in operation after the Steering Committee approves the first Project for funding. The Transition Fund’s End Approval Date is expected to be three years after the date of first Project approval, and the End Transfer Date is expected to be six years after the date of first Project approval, but may be changed by the Steering Committee (see Governance Framework below). It is expected that no new Projects will be approved by the Steering Committee after the End Approval Date and no new transfers to ISAs will be made from the Trust Fund after the End Transfer Date. The Trustee may transfer funds after the End Transfer Date only with the approval of the Steering Committee. In addition, the Steering Committee will commission a mid-term review after 18-months and a full independent evaluation at 3 years of the Transition Fund’s operation. The mid-term review will, inter alia, (1) draw lessons learned overall at the Project and aggregate levels, (2) report progress towards the outcome and output indicators identified by individual Projects, (3) recommend any changes to design and management of the Transition Fund that may improve the likelihood that it achieves its objectives, and (4) report a breakdown of planned and realized costs of funded activities.

4. ACCESS AND ELIGIBILITY

A. **Eligible Countries and ISAs**

13. Transition Countries currently are Egypt, Jordan, Libya, Morocco, Tunisia, and Yemen. Other countries in MENA may become eligible to receive financing from the Transition Fund in the future as determined by the Deauville Partnership and approved by the Steering Committee.13

---

12 ISA are those IFIs currently participating in the Deauville Partnership that elect to participate in the Transition Fund and sign a Financial Procedures Agreement.

13 The Steering Committee may consider a reserved allocation of funds for low income Transition Countries.

B. Eligible Activities Funded by the Transition Fund

15. Eligible technical cooperation can include, inter alia, piloting implementation of key reforms (including investments for this purpose); knowledge development and dissemination; diagnostic work; capacity-building for strategy development, institutional and policy reform, legal and regulatory drafting, negotiation of contracts and agreements, public resource management, and investment planning; capacity-building for parliamentary oversight of government agencies; preparation (including feasibility studies etc.), monitoring and evaluation of innovative investment projects; and training and twinning arrangements.

16. Consistent with its knowledge-sharing and transformational objectives, the Transition Fund emphasizes funding for technical cooperation proposals that leverage other supporting relationships that are external to the recipient entity\(^{14}\) and supporting ISAs (i.e. partnerships originating from the Transition Country or elsewhere): including in particular, those involving bilateral donors, academic institutions and policy research institutions, regional and international organizations,\(^{15}\) industry and labor associations, and other civil society organizations. South-South partnerships are encouraged (i.e. those between developing/transition countries) including from outside the MENA region, as well as institutions with regional experience focusing on technical cooperation or knowledge sharing.

17. Applications for funds should provide details on how the criteria provided in Section 6 of this Operations Manual are satisfied, and on any partnership or formal coordination arrangements with other technical cooperation activities. Joint applications by more than one Transition Country for regional cooperation initiatives are encouraged, for which each Transition Country submits a proposal that is coordinated with the other proposal(s).

5. GOVERNANCE STRUCTURE

18. The Transition Fund has a governance structure consisting of a Steering Committee (SC), Implementation Support Agencies (ISAs), a Trustee, a Coordination Unit (CU), and an independent callable Roster of Experts (ROE). Projects are implemented by the Transition Countries in collaboration with the selected ISAs and relevant partners, and with ISA-Execution in the case of parliamentary proposals and on occasion at the request of the Transition Country.

A. Steering Committee (SC)

19. The Steering Committee (SC) serves as the decision-making body of the Transition Fund and comprises decision making and observer members as detailed below.

20. Decision making Members. The decision making Members of the Steering Committee are limited to the representatives from Donor countries and Transition Countries, including the selected co-Chairs, who retain a decision making role. Donor countries that have expressed intent to sign a

\(^{14}\) Recipient entities can include in principle all levels of government, judicial bodies, central banks, other state agencies and parliaments.

\(^{15}\) In this context, regional and international organizations for partnership could include for example the League of Arab States (and related organizations), GCC Secretariat, Centre for Mediterranean Integration, Middle East Regional Technical Assistance Center (METAC), OECD, Union for the Mediterranean, international parliamentary networks, UNESCWA and other UN agencies, etc. Donors may wish to consider contributing to funding partnerships in parallel to the Transition Fund.
Contribution Agreement with the Trustee\textsuperscript{16} and pledged at least US$5 million to the Transition Fund have direct representation on the Steering Committee. Donor countries that have expressed intent to sign a Contribution Agreement with the Trustee and pledged less than US$5 million to the Transition Fund may form a constituency with other Donors and select one member to represent the constituency on the Steering Committee. In addition to all Transition Countries, only Donor countries that have actually contributed\textsuperscript{17} at least US$5 million, or constituencies that have actually contributed at least US$5 million, will have authority to approve proposals for Projects or Budgets.

21. **Non-decision making members.** Observer members of the Steering Committee do not participate in decision making, but may participate fully in discussions. The observer members are a representative from the Secretariat of the Deauville Partnership IFI Coordination Platform,\textsuperscript{18} a representative of the Trustee,\textsuperscript{19} the Executive Secretary of the Steering Committee,\textsuperscript{20} and representatives of ISAs with Project proposals being considered at the SC meeting in question.\textsuperscript{21} The Chair of the Steering Committee may invite other observers (e.g. representatives of potential Donors) to the meetings as deemed appropriate.

22. The Steering Committee decides on the terms related to its membership, pursuant to the decision-making process provided in Paragraph 24 including the selection process for Members, and any changes to size and composition. Notable exceptions to the SC role are: (a) the list of Transition Countries which is determined by the Deauville Partnership, and (b) the participation of the IFI Coordination Platform, the Trustee, the Executive Secretary (Coordination Unit), and the ISAs with Projects under review.

23. **Roles and responsibilities:** The roles and responsibilities of the Steering Committee include:

(a) selecting the Co-Chairs of the SC;
(b) developing (and subsequently revising) its rules and procedures including with respect to conflict of interest and use of the Roster of Experts, in alignment with the Operations Manual, while trying to keep procedural aspects as light and straightforward as possible;
(c) approving the process and common format for proposals and selection criteria for proposals;
(d) agreeing on a work plan for the Steering Committee;
(e) issuing calls for proposals in accordance with Paragraph 56;
(f) reviewing and approving Projects and associated funding (and any material amendments thereto), based on the availability of cash and promissory notes (not receivables) net of any funds already committed;
(g) reviewing and approving administrative Budget proposals for the Trustee and Coordination Unit;
(h) conducting discussions on a regular basis on the strategic orientation of the Transition Fund;
(i) reviewing all progress reports from the ISAs as compiled by the Coordination Unit;

\textsuperscript{16} As indicated by inclusion in the launch announcement for the Transition Fund
\textsuperscript{17} Contributed is defined as having entered into a Contribution Agreement and provided cash or promissory notes
\textsuperscript{18} The Platform serves to: (i) facilitate information sharing and mutual understanding, (ii) coordinate monitoring and reporting on the implementation of the Deauville Partnership, and (iii) identify opportunities for collaboration on financing, technical assistance and policy and analytical work.
\textsuperscript{19} The World Bank plays three roles in the Transition Fund: Trustee, ISA and Coordination Unit. These roles have separate administrative accountabilities.
\textsuperscript{20} The Executive Secretary is also the Program Manager of the Coordination Unit.
\textsuperscript{21} Whenever the SC is considering amendments to the Operations Manual or comparable decisions on the overall modalities of the Fund, all ISAs will be invited.
reviewing all financial reports and information from the Trustee, and from the ISAs through the Trustee;

(approving and amending this Operations Manual in accordance with Paragraph 52;

establishing any committees or working groups as desirable to assist the Steering Committee;

after the first year of experience of the functioning of the Transition Fund, the Steering Committee (in consultation with the ISAs) will commission: (i) an assessment of the feasibility of designing an overall results framework for the Transition Fund; and (ii) if judged feasible by the SC at that stage, the design of such a framework, including related institutional dimensions, resource implications, quality aspects, etc.

exercising such other functions as it may deem appropriate to fulfill the purposes of the Transition Fund;

approving addition of Donors and Transition Countries;

monitoring its own performance and that of the Trustee, Coordination Unit and ISAs; and

undertaking a midterm review within 18 months of the Transition Fund’s operation and a full independent evaluation at 3 years as well as other periodic evaluations.

24. **Decision-making.** Decisions by the Steering Committee are made by consensus of its decision-making Members. Consensus is a procedure for adopting a decision when no participant in the decision-making process blocks a proposed decision. For the purposes of the Transition Fund, consensus does not necessarily imply unanimity. A dissenting decision-maker, who does not wish to block a decision, may state an objection to be recorded in the meeting minutes (or by written statement for electronic decision making). If consensus is not possible, then a proposed decision will be postponed or withdrawn. The Chair participates in the consensus decision making and articulates the consensus view.

25. Decisions may be made and meetings may be held face-to-face, or by means of telephone, email, video conference or other electronic communication media. Any decisions of the Steering Committee will be made by: (a) consensus of all its decision-making Members participating in a meeting; or (b) no objection approval within fifteen working days, on the part of all the decision-making Members by virtual (email) correspondence.

26. **Selection of SC Co-Chairs:** The SC will select two co-Chairs (one from each of Donor and Transition Countries) from among its decision-making Members. The co-Chairs will be selected by consensus, retain their decision-making power, and serve for a term of one year.

27. **SC Meetings.** The SC meets as needed on a virtual basis (e.g. by email, videoconferencing, audio), and at least twice a year face-to-face, unless otherwise determined by the SC. The location of face-to-face SC meetings is decided at the previous SC meeting.

28. Logistical and administrative expenses associated with the preparation and hosting of Steering Committee meetings are covered as part of the Coordination Unit’s administrative Budget approved by the SC.

29. The Coordination Unit prepares the provisional agenda and relevant documentation for SC meetings and provides these to the members of the Steering Committee by email no later than fifteen working days prior to the meeting. At the beginning of each meeting, the Steering Committee adopts the agenda for the meeting.
30. Following discussion of any agenda item, or other issue raised during the meeting that requires a decision of the Steering Committee, the Chair presents a summary of the main discussions and determines whether there is a consensus. At the end of the meeting, the Executive Secretary summarizes the decisions reached by consensus, including any funding decisions taken, and this summary is highlighted in the minutes of the Steering Committee meeting.

31. The Coordination Unit arranges appropriate minutes of the proceedings of each meeting. When the Steering Committee allocates resources for a proposal, the minutes include the name of the Project, the type(s) of execution, the amount allocated, the name of the recipient entity, the name of the ISA, and ISA Costs approved. The full approved proposals would also become part of the minutes.

32. The minutes are circulated within fifteen working days after the meeting by the Coordination Unit to SC members for confirmation or comment, after which the Coordination Unit prepares and distributes final minutes, including for public disclosure and posting on the Transition Fund website.

B. Coordination Unit (CU)

33. The Coordination Unit operates as part of the World Bank under World Bank management and applicable policies and procedures, and is also accountable to the Steering Committee for the performance of its functions. The Coordination Unit is established to support the work of the Steering Committee by serving as a liaison between Steering Committee, the Trustee, the Roster of Experts, and the ISAs. The Coordination Unit comprises a small team of professional and administrative staff headed by a Program Manager in the MENA region of the World Bank (staff from other IFIs may be seconded to this unit).

34. The roles and responsibilities of the Coordination Unit include:

(a) preparing the Project application template and guidelines for approval by the Steering Committee;
(b) receiving funding proposals from transition countries for Steering Committee consideration;
(c) reviewing funding proposals received to ensure completeness and consistency with the Operations Manual;
(d) recommending to the Steering Committee individuals to participate in the callable Roster of Experts (in consultation with participating ISAs) for Steering Committee approval;
(e) sending compliant proposals to select individuals from the ROE for technical review and subsequently to the Steering Committee;
(f) notifying the Trustee of funding requests approved by the Steering Committee;
(g) organizing meetings of the Steering Committee;
(h) drafting and circulating minutes of Steering Committee discussions;
(i) handling no objection decision-making process;
(j) providing public information on the Transition Fund activities and Projects on a website to be created;
(k) offering guidance to Transition Countries and the ISAs on the Transition Fund’s processes and requirements as laid out by the Steering Committee;
(l) requesting, receiving and compiling progress, completion, and annual reports from ISAs on implementation results and subsequently distributing the results to the Steering Committee;
35. **Coordination of Transition Fund:** The Coordination Unit has, without limitation, no responsibility to: (i) review the appropriateness of any decision by the Steering Committee; (ii) confirm that ISA Funds were used for intended purposes; (iii) implement, monitor, supervise, evaluate, or provide quality assurance for Projects; or (iv) provide individual Donors with financial, progress, results or impact reporting for Projects.

36. **Coordination Unit Budget:** The Coordination Unit shall return from its Budget any funds remaining unused at the end of the Fiscal Year to the Trustee for deposit into the Trust Fund to the extent actual costs incurred were lower than the transferred Budget amount.

C. **Roster of Experts (ROE)**

37. A Roster of Experts (ROE) provides the Steering Committee with independent technical advice on funding proposals and screens them based on the selection criteria in this Operations Manual. The ROE consists of a network of experts independent of any institution involved in the Transition Fund. The participants of this network are selected by the Steering Committee (based on a recommendation from the Coordination Unit in consultation with the ISAs) and have a high level of experience in domains relevant to the Transition Fund’s objectives and in the MENA region (the ROE includes a significant number of experts from the region or based in the region).

38. The ROE is not a full-time entity or a governing body but makes recommendations on submitted proposals as input for decisions to be taken by the Steering Committee. The experts on the roster are hired and compensated through the Coordination Unit for services rendered. The cost of the expert’s participation is borne by the Budget allocated by the Steering Committee to the Coordination Unit and is based on the World Bank’s applicable policies and procedures, including guidelines for selection and employment of consultants.  

D. **Trustee**

39. The World Bank serves as the Trustee for the Transition Fund. The Trustee administers the Trust Fund for purposes of receiving funds from Donors and holds those funds in trust. It signs Contribution Agreements with each Donor specifying the terms and conditions related to their Contributions and how the Trustee will administer the funds. It signs Financial Procedures Agreements (“FPAs”) with each ISA, which serves as a framework agreement for all fund transfers by the Trustee from the Trust Fund to the ISA. Subject to the availability of funds, the Trustee will make commitments and transfer funds from the Trust Fund based on funding decisions of the Steering Committee and under the terms of these legal agreements. The Trustee operates as part of the World Bank under World Bank management and applicable policies and procedures and is also accountable to the Steering Committee for the performance of its functions.

40. The Trustee has no responsibility for the use of the funds from the Trust Fund (other than those received for its own budget). In particular, the Trustee has no responsibility, fiduciary or otherwise, for the implementation or supervision of Projects implemented by Transition Countries or ISAs, including without limitation, any duties and obligations that might otherwise apply to a fiduciary or trustee under general principles of trust or fiduciary law. For example, the Trustee has no responsibility to: (i) review the appropriateness of any decision by the Steering Committee; (ii) confirm that ISA Funds were used for intended purposes; (iii) implement, monitor, supervise, evaluate, or provide quality assurance for Projects; (iv) collect funds from any ISA or grantee or

---

22 These policies, procedures and guidelines also include provisions on conflict of interest to ensure the independence of experts.
other entity in connection with any Project; or (v) handle any alleged misuse or mis-procurement that may arise with respect to ISA Funds. The Donors acknowledge that the Trustee has no obligations under the anti-terrorist financing and asset control laws, regulations, rules and executive orders of any individual Donor country.

41. For transfers to ISAs, the World Bank’s role shall be solely as Trustee of the Trust Fund, unless the World Bank itself is the ISA. The Trustee shall have no responsibility for implementation of activities following transfer of such funds to any ISA.

42. In the event an auditor’s report indicates that ISA Funds were misused, the Steering Committee shall proceed in accordance with the relevant Financial Procedures Agreement. The Trustee shall not be responsible for ensuring the repayment of any such funds.

E. Implementation Support Agency (ISA)

43. IFIs currently participating in the Deauville Partnership may elect to participate in the Transition Fund by signing a Financial Procedures Agreement, after which the IFIs may become the designated ISA for funding proposals submitted to the Steering Committee, whether in connection with TC-executed or ISA-executed proposals.

44. Financial Procedures Agreement. Prior to receiving funds from the Trust Fund, an ISA enters into a Financial Procedures Agreement (“FPA”) with the Trustee. Under the FPA, an ISA may receive funds for proposals in which it is the designated ISA by the Transition Country (for both TC-Execution and/or ISA-Execution) or by the parliamentary institution.

45. The funds shall be administered in accordance with the ISA’s applicable policies and procedures, as the same may be amended from time to time, including its procurement, financial management, disbursement and safeguard (environmental and social) policies, its framework to prevent and combat fraud and corruption, and its screening procedures to prevent the use of Transition Fund resources to finance terrorist activity, in line with any ISA obligations to give effect to the relevant decisions of the Security Council taken under Chapter VII of the of Charter of the United Nations. The Donors acknowledge that this provision does not create any obligations of the ISAs under the anti-terrorist financing and asset control laws, regulations, rules and executive orders of any individual Donor country.

46. To the extent allowed under the relevant ISA’s applicable policies and procedures, ISA Funds may be used to retroactively pay for expenditures under a Project that were incurred within the six (6) months prior to Steering Committee approval of such Project, up to a limit of 10% of the project amount, unless otherwise approved by the Steering Committee.

47. ISA Costs. All ISA Costs should be specified in proposals when submitted for approval by the SC. ISA Costs directly attributable to the proposed technical assistance activities (direct costs) should be itemized. ISA indirect costs for grant preparation/administration/management can be expressed as a percentage of the grant amount or itemized. It should be noted that any change in ISA Costs during implementation of a Project is subject to the provisions of Paragraph 65 concerning the amendment of Projects.

48. The roles and responsibilities of the ISAs include:

(a) conducting discussions with Transition Countries on technical cooperation areas that can benefit from Transition Fund funding;

(b) ensuring proper coordination and exchange of information with relevant donor coordination mechanisms, including the IFI Coordination Platform;
(c) assisting Transition Countries prepare proposals for Transition Fund financing, (including a results framework) for TC-Execution or for ISA-Execution;

(d) endorsing TC-executed proposals of Transition Countries prior to submission to the Transition Fund;

(e) concluding a legal agreement with the recipient entities (as designated by the Transition Countries) for TC-executed Projects, indicating in particular that the resources have been provided from the Transition Fund and passing down applicable obligations binding on recipient entities as set out in the FPA;

(f) providing implementation support to Transition Countries through the life of the activity funded by the Transition Fund;

(g) ensuring that each grant is administered in accordance with the applicable policies and procedures of the designated ISA;

(h) providing financial and progress reporting through the Trustee and Coordination Unit; and

(i) providing inputs to the annual reports of the Transition Fund to the Coordination Unit.

F. Recipient Entities

49. Recipient entities include in principle all levels of government, judicial bodies, central banks, other state agencies and parliaments. Activities eligible for TC-Execution include all recipient entities as defined above, with the exception of parliaments or, when on an exceptional basis, Transition Countries request that specific Projects or components of Projects are ISA-executed. Proposals approved for Parliaments are ISA-executed. All ISA-executed proposals require written Transition Country consent.

50. For TC-executed activities, the recipient entity (or designated authority) enters into a legal agreement with the designated ISA for the transfer of funds. The recipient entity shall implement the Project in accordance with the policies and procedures of the designated ISA and reports on progress and financial reports in accordance with ISA requirements.

G. Cost Recovery Arrangements

51. Trust Fund resources are used to cover the administrative costs incurred by the Trustee and the Coordination Unit, and the ISA indirect costs, in accordance with full cost recovery arrangements. For the Trustee and Coordination Unit Budgets, the Steering Committee may approve the use of funds for the Trust Fund to retroactively pay for expenditures incurred within the nine (9) months prior to the date of the first Project approval.

H. Amendments

52. This Operations Manual may be amended by consensus of the decision-making Members of the Steering Committee; provided such amendments are consistent with the World Bank’s Articles, policies and procedures, as determined by the World Bank, and the ISAs’ applicable policies and procedures, as determined by the respective ISA, following the same decision-making processes as described above under Section 4 (A). All amendments shall be consistent with the terms and conditions of the signed Contribution Agreements and Financial Procedures Agreements. In the event of any conflict between either the Contribution Agreements or the Financial Procedures Agreements and this Operations Manual, the provisions of the Contribution Agreements and Financial Procedures Agreements, as the case may be, will prevail.
6. PROPOSAL SUBMISSION AND APPROVAL PROCESS

A. Proposals

53. Technical cooperation under the Transition Fund should be country-owned, therefore TC-executed proposals and ISA-executed proposals, should be submitted by the designated ministry\(^{23}\) of the Transition Country (except proposals for parliaments should be submitted by the parliament, with the endorsement of the designated Ministry). All funding proposals are submitted in response to a Call for Proposals issued by the Steering Committee. Proposals seeking financing from the Transition Fund are to contain the following:

- A completed application form and a results framework outlining concrete outputs and outcomes (template provided in Annex 1); and
- A written endorsement from the designated ISA (and from the Transition Country’s designated ministry in the case of ISA-Execution for parliaments).

B. Selection Criteria

54. Transition Fund proposals must:

- Be consistent with the scope of the Transition Fund outlined in Section 2, paragraph 8 of the Operations Manual;
- Be consistent with the eligible activities funded by the Transition Fund outlined in Section 4, paragraph 15 and 16 of the Operations Manual;
- Demonstrate clear results that describe how specific Project outputs directly link to Project outcomes that fall under the Transition Fund’s objectives and how progress towards achieving those results will be assessed against robust indicators;
- Demonstrate country-ownership in areas of reforms (both multi-year and short-term) and capacity building;
- Support actual reform implementation (both multi-year and short-term);

Proposals submitted for SC consideration shall be in English; and be fully compatible with the ISA’s policies and procedures, and follow the ISA’s internal quality assurance processes, and should therefore have been prepared in close consultation with ISAs. Projects should wherever feasible foster partnerships external to the recipient entity and designated ISA.

C. Grant Request, Approval and Implementation Process

55. The various steps comprising the Transition Fund grant request, approval and implementation process are provided below:

56. Step 1: Call for Proposals. The Steering Committee issues a call for proposals based on the funds available.\(^{24}\) Proposals should include evidence of meeting the scope and selection criteria described above, particularly the expected transformational impact of the request. A template of the application form is provided in Annex 1.

---

\(^{23}\) Transition Countries should submit a formal letter to the Coordination Unit indicating its designated ministry.

\(^{24}\) “Funds available” or “availability of funds” as used in this Operations Manual means balance of funds in the Trust Fund from cash and promissory notes, net of any funds already allocated and not yet disbursed, as determined by the Trustee.
57. **Step 2: Submission of Proposal.** Proposals should be submitted by the designated Ministry of the Transition Country or Parliament in a Transition Country to the Coordination Unit electronically at transitionfund@worldbank.org and should contain all the documents outlined in part (A) of this section. For regional proposals, each Transition Country submits a proposal that is coordinated with the other proposal(s).

58. **Step 3: Proposal Completeness Check by Coordination Unit.** The Coordination Unit compiles and reviews all proposals received by the submission deadline. Before submitting to the Steering Committee, the CU ensures that all proposals are complete and complying with the basic requirements set out in the selection criteria. Any proposals that are incomplete or that do not meet the basic selection criteria would be returned to the applicant with an explanation. Such proposals can be revised and resubmitted for consideration.

59. **Step 4 and 5: Technical Review by ROE.** The CU retains the services of a callable Roster of Experts to provide technical reviews on the proposed activities, with a particular attention to the respect of the selection criteria outlined above.

60. **Steps 6 to 8: Funding Decision** - The Coordination Unit submits the proposals and any technical report from the ROE to the Steering Committee for funding consideration. The SC will review and discuss the proposals received based on the Transition Fund’s selection criteria, taking into consideration the technical assessment from the ROE, as well as the total funding requested. The SC will decide on the allocation of funding for each proposal through consensus decision making, not to exceed the funds available, as determined by the Trustee. The representative from the Coordination Unit will record the funding allocations and will formally communicate the SC’s decisions to the applicant, respective ISAs and the Trustee, as well as record it in the minutes.

61. **Steps 9 and 10: Fund Transfer.** Following approval of the funding request by the SC, the Trustee commits the approved funding to the ISA, subject to the availability of funds in the Trust Fund, as determined by the Trustee. Based on six-month liquidity needs (or other such time period as agreed between the ISA and Trustee), the ISA then submits Cash Transfer Requests to the Trustee, which the Trustee fulfills subject to the availability of cash and investments, as determined by the Trustee and up to the Committed Amount. The submission of the Cash Transfer Request is done in accordance with the terms set out in the FPA between the Trustee and the respective ISA.

62. **Step 11: Program Implementation.** In the case of TC-Execution, upon effectiveness of a grant agreement between the ISA and a recipient entity, the recipient entity may begin implementation and request for initial disbursements from the ISA as applicable and as provided for in the legal agreement between the ISA and the recipient entity. In the case of ISA-Execution, upon signing of the FPA, the ISA may begin implementation and request for initial disbursements from the Trustee as applicable and provided for in the FPA. Implementation of the grant will comply with the policies and procedures of the ISA, as well as the terms and conditions governing Transition Fund grants including the FPA and this Operations Manual.

63. **Step 12: Reporting.** Reporting requirements are detailed in Section 7 of this Operations Manual.

**D. Terms and Conditions Governing Transition Fund Grants**

64. Each ISA shall apply its own policies and procedures for the preparation, implementation and supervision of grants. The following terms shall apply to all Transition Fund grants:

- Each grant shall be approved and administered in accordance with the policies and procedures of the applicable ISA and the ISA’s obligations under the FPA;
- Grants shall be denominated in United States Dollars; and
In the case of TC-Execution, the relevant ISA shall, for purposes of each grant, conclude a legal agreement with the recipient entity, indicating in particular that the resources have been provided from the Transition Fund and passing down applicable obligations binding on recipient entity as set out in the FPA. In the case of ISA-Execution, the relevant obligations are set forth in the FPA between the ISA and the Trustee.

E. Amending Existing Projects

65. Where the recipient entity seeks to make material changes to an existing Project and the ISA concurs with the changes according to its applicable policies and procedures, the Transition Country shall notify the Steering Committee, through the CU, of the nature of the proposed changes and the rationale for approving them before they take effect. Such changes take effect 10 working days after notification to the SC, unless any member of the SC within this time period requests review by the SC by notifying the Coordination Unit in writing thereof. Material changes may include modifications to the Project’s development objectives and/or associated outcome targets, modifications in Project design, 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 Transition Fund, the SC has the option of not approving the changes.

7. REPORTING

66. A reporting system established for the Transition Fund provides information on how the Transition Fund is contributing results and outcomes in the transition countries. The system operates at five levels: recipient entities, ISAs, Coordination Unit, Trustee, and the Steering Committee. It covers both monitoring and evaluation of the achievements of individual Projects and reporting on the overall portfolio. The following sections define the roles and responsibilities for each level.

67. Recipient Entities. All monitoring and evaluation of recipient entities will be in accordance with the relevant FPA and legal agreement between the ISA and recipient entity.

68. Implementation Support Agency. Each ISA shall be responsible for providing implementation support for the Projects for which they have been selected as ISA. This includes monitoring and evaluating the overall Project performance in terms of relevance, efficiency, effectiveness, impact, and sustainability in accordance with its policies. Each ISA will be responsible for reporting its respective financial information annually, in accordance with the FPA, (through the Trustee) to the Steering Committee and all the Donors with respect to any funds received from the Trust Fund. Each ISA will also be responsible for progress reporting every six months including financial reporting obtained from the recipient entity as per the ISA’s policies and procedures, and completion reporting at Project closure (through the Coordination Unit) to the Steering Committee and all the Donors with respect to all funds from the Trust Fund. Templates for the reporting requirements are circulated by the Coordination Unit to ISAs ahead of the due date.

69. Coordination Unit. It is the task of the Coordination Unit to report on progress of the Transition Fund based on information received from the ISAs and the Trustee. The reporting system helps the Steering Committee oversee allocation, Project activities and achievement of outputs and outcomes for Transition Fund-financed activities, and promotes accountability for resources used. Every year the Coordination Unit shall submit to the Steering Committee a report compiled from progress reports received from the ISAs during the reporting period and in accordance with the form set out in the FPA, including a Project summary with information on financial and technical performance, milestones achieved, and follow-up steps on issues facing the Project.
70. **Steering Committee.** The SC shall undertake a mid-term review of the Transition Fund at 18-months of operation and a full scale independent evaluation at completion to assess the quality of implementation and results, in addition to other periodic evaluations as it deems necessary.

71. **Trustee.** The Trustee will provide semi-annual reports and an annual single audit report to the Steering Committee and all the Donors on the financial status of the Trust Fund, in accordance with the terms set out in the Contribution Agreement.

8. **DISCLOSURE**

72. **Disclosure:** The Transition Fund shall operate in accordance with the World Bank’s Access to Information Policy (link provided below). Among other things, the minutes of Steering Committee meetings are disclosed as are approved Project proposals according to the Access to Information Policy. [http://documents.worldbank.org/curated/en/2010/07/12368161/world-bank-policy-access-information](http://documents.worldbank.org/curated/en/2010/07/12368161/world-bank-policy-access-information)

9. **GLOSSARY**

“Budget” means funds for each of the Trustee and the Coordination Unit to cover their respective costs of supporting the Transition Fund, including hiring consultants and providing other support services.

“Cash Transfer Request” means a proper request submitted by the ISA to the Trustee for the transfer of funds from the Trust Fund to finance a Project (including payment of related ISA Costs);

“Committed Amount” means the amount committed by the Trustee to an ISA for Projects (including ISA Indirect Costs) minus any portions that are cancelled by the Trustee.

“Contribution” means, with respect to each Contribution Agreement, the total amount of funds expressed as the respective Donor’s Contribution to the Trust Fund in such Contribution Agreement, as such amount of funds may be supplemented through amendments to such Contribution Agreement from time to time; and together from all Donors, the “Contributions”.

“Contribution Agreement” means the agreement or arrangement, as the case may be, entered into between the Trustee and a Donor in respect of the Donor’s Contribution to the Trust Fund; and together for all Donors, the “Contribution Agreements”.

“Coordination Unit” means the unit established within the World Bank to support the Steering Committee, as described in the Operations Manual.

“Donor” means any government or government entity that enters into a Contribution Agreement contributing funds to the Trust Fund, and together for all Contributions, the “Donors”.

“Donor Share” means, with respect to each Donor, an interest in the Trust Fund equal to such Donor’s pro rata share of the remaining amount in the Trust Fund that has not yet been committed by the Trustee on the basis of Steering Committee approvals.

“Deauville Partnership” means a partnership that comprises three types of members: (i) Donor countries that currently include Canada, France, Germany, Italy, Japan, Kuwait, Qatar, Russia, Saudi Arabia, Turkey, U.A.E., United Kingdom, and United States; (ii) Transition Countries; and (iii) IFI participants that currently are the African Development Bank, Arab Fund for Economic and Social Development, Arab Monetary Fund, European Bank for Reconstruction and Development, European Investment Bank, International Finance Corporation, International Monetary Fund, Islamic
Development Bank, OPEC Fund for International Development, and the World Bank, along with the participation of several other international organizations.

“End Approval Date” means three years after the date the first Project is approved.

“End Transfer Date” means six years after the date the first Project is approved.

“Financial Procedures Agreement” or “FPA” means the agreement or arrangement, as the case may be, entered into between the Trustee and an ISA for the receipt of Trust Fund funds by the ISA, both for TC-Execution and ISA-Execution.

“Fiscal Year” means July 1 through June 30.

“Glossary” means the compilation of defined terms applicable to agreements and documents for the Transition Fund and appearing as part of the Operations Manual, as may be amended from time to time by the Steering Committee, subject to consent of the Trustee and the Coordination Unit.

“Grant Agreement” means an agreement or other arrangement entered into between an ISA and a Transition Country entity in connection with a Project.

“Holding Currency” means the holding currency of the Trust Fund, i.e., United States dollars.

“IFI Coordination Platform” means a platform to: (i) facilitate information sharing and mutual understanding, (ii) coordinate monitoring and reporting on the implementation of the Deauville Partnership, and (iii) identify opportunities for collaboration on financing, technical assistance and policy and analytical work.

“Implementation Support Agency” or “ISA” means any of the current IFIs in the Deauville Partnership that has elected to participate in the Transition Fund through implementation or execution of Projects and has signed a Financial Procedures Agreement.

“International Financial Institution” or “IFI” means a member of the IFI Coordination Platform.

“ISA Costs” means costs budgeted in Project proposals approved by the Steering Committee in order to assist either (i) in the execution of the Project itself through the direct provision of technical cooperation services (“ISA Direct Costs”); or (ii) in the preparation, administration, and management of the Project (“ISA Indirect Costs”).

“ISA-Execution” means the implementation responsibility for a Project (or a component thereof) resides with an Implementation Support Agency.

“ISA Account” means one or more dedicated accounts in which the ISA holds ISA Funds separate and apart from its funds.

“ISA Funds” means funds transferred by the Trustee from the Trust Fund to an ISA (excluding ISA Indirect Costs).

“Members” means the representatives of the specific entities designated to participate as decision makers in Steering Committee meetings.

“Net Cash Position” means the amount of cumulative ISA Funds received by an ISA from the Trustee, plus any portion thereof returned to the ISA by grantees or otherwise, less cumulative disbursements and use thereof by the ISA, less any portion thereof returned to the Trustee by the ISA.
“Observers” means the representatives of the specific entities designated to participate as non-decision makers in Steering Committee meetings.

“Operations Manual” means the manual prepared by the Coordination Unit, in consultation with the Trustee, and approved by the Steering Committee, comprising the detailed procedures applicable to the Transition Fund funds, as may be amended from time to time by the Steering Committee, subject to consent of the Trustee and the Coordination Unit, of which the English version is the operative version.

“Payment Request” means the call for funds provided by the Trustee to a Donor for the deposit of funds into the Trust, as further specified in the relevant Contribution Agreement.

“Project” means a proposal approved by the Steering Committee for TC-Execution and / or ISA-Execution submitted in accordance with the Operations Manual for purposes of receiving Transition Fund funds.

“Roster of Experts” or “ROE” means a network of experts independent of any institution involved in the Transition Fund, whose participants are designated by the Steering Committee upon recommendation of the Coordination Unit in consultation with the ISAs.

“Rules of Procedure” means the rules of procedure adopted by the Steering Committee for the management of its own business, as such, document may be amended from time to time by approval of the Steering Committee.

“Steering Committee” or “SC” means the Transition Fund’s decision making body representing all Donors and all Transition Countries, as described in the Operations Manual.

“TC-Execution” means the implementation responsibility for a Project resides with a Transition Country, in which case an ISA is designated to provide implementation support.

“Transition Country” means Egypt, Jordon, Libya, Morocco, Tunisia, and Yemen as such list may be amended over time by the Deauville Partnership and approved by the Steering Committee.

“Transition Fund” means the partnership program described in the Operations Manual.

“Trust Fund” means the multi-donor trust fund, MTO _______ for the Transition Fund.

“Trustee” means the World Bank in its capacity as trustee of the Trust Fund.

“World Bank” means the International Bank for Reconstruction and Development.
**General Important Note:** Please be cognizant of how this application for funds addresses the selection criteria outlined in Section 6 (B) of the Operations Manual.

**A. GENERAL INFORMATION**

1. Enter the name of the Project or activity for which you are requesting funding.

2. Enter the requestor information in full. Requestors can only be those Ministries designated as focal point for each country and parliamentary institutions for each a country.

3. Enter the recipient entity’s information in full. Recipient entities can include all levels of government, judicial bodies, central banks, other state agencies and parliaments.

4. Enter a check against what type of execution the Project or activity will follow. In the case where joint country/ISA-Execution or ISA-Execution only is proposed, please provide appropriate justification.\(^{25}\)

5. Enter a check against individual or regional geographic focus and the name of the country/ies involved.

6. Enter the amounts requested in USD for: (i) direct Project activities; (ii) ISA indirect costs (as described in the Operations Manual); and (iii) the total amount requested.

7. Enter the closing date, i.e. the final date on which all Project activities are expected to be fully completed and the end disbursement date for activities (if grace period applies).

8. Check one primary pillar which the activity responds to and all secondary pillars that may apply.

**B. STRATEGIC CONTEXT**

9. Provide an overview of the country and any issues or challenges in the targeted sector/s.

10. The objective of the Transition Fund as provided on the Operations Manual (Section 2, Para. 7) is, “to improve the lives of citizens in transition countries, and to support the transformation currently underway in several countries in the region (the “Transition Countries”) by providing grants for technical cooperation to strengthen governance and public institutions, and foster sustainable and inclusive economic growth by advancing country-led policy and institutional reforms.” Indicate how the proposed Project is in alignment with the above-stated objective and the four pillars of the Transition Fund.

11. Indicate how the proposed Project is aligned with the national strategy adopted by the Transition Country and demonstrate country-ownership to the Project.

**C. PROJECT DESCRIPTION**

12. Provide the objective of the Project and specify how it will seek to address the challenges highlighted in the targeted Transition Country/ies or Sector/s.

13. Provide a brief description of the Project components.

14. List 2-3 key measurable indicators that are directly linked to the Project’s objectives and that can be used in the results framework for Project monitoring.

D. IMPLEMENTATION

15. Describe (if applicable) the organization(s) with whom this Project is partnering with and the type of partnership arrangements.

16. Provide a description of how this activity will be coordinated with country-led initiatives as well as other Donor implemented activities where relevant.

17. Outline the institutional and implementation arrangements that will be used including, implementing agency, implementation support by ISAs.

18. Provide a description of how the Projects activities will be monitored and evaluated including how the results framework will be used to this end.

E. PROJECT BUDGETING AND FINANCING

19. Enter Projects funding arrangements including co-financing by Transition Country/ies, other Donors or external partners, etc. by (sub) component.

F. RESULTS FRAMEWORK AND MONITORING

20. Enter Project Development Objective (PDO) in Row 1.

21. **PDO Level Results Indicators**: List 2-3 key measurable indicators that are directly linked to the Project’s objectives as provided in Section 14 of the application form. Indicate the unit of measure, i.e. percentage, number of people, etc. Indicate current baseline value and annual targets thereafter cumulatively. Provide frequency of reporting on results, i.e. quarterly, semi-annually, etc.; how the data will be collected and the responsible entity for collecting data.

22. **Intermediate Results Indicators**: List intermediate measurable indicators that are directly linked to each of the Project’s components. Indicate the unit of measure, i.e. percentage, number of people, etc. Indicate current baseline value and annual targets thereafter cumulatively. Provide frequency of reporting on results, i.e. quarterly, semi-annually, etc.; how the data will be collected and the responsible entity for collecting data.
MENA Transition Fund Application Form

Date of Submission to Coordination Unit: ____________

A. GENERAL INFORMATION

1. Activity Name

2. Requestor Information
Name: ____________________________ Title: ____________________________
Organization and Address: ____________________________
Telephone: ____________________________ Email: ____________________________

3. Recipient Entity
Name: ____________________________ Title: ____________________________
Organization and Address: ____________________________
Telephone: ____________________________ Email: ____________________________

4. Type of Execution

<table>
<thead>
<tr>
<th></th>
<th>Type</th>
<th>Endorsements</th>
<th>Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓</td>
<td>Country-Execution</td>
<td>Attach written endorsement from designated ISA</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Joint Country/ISA-Execution</td>
<td>Attach written endorsement from designated ISA</td>
<td>(Provide justification for ISA-Execution)</td>
</tr>
<tr>
<td></td>
<td>ISA-Execution for Country</td>
<td>Attach written endorsement from designated ISA</td>
<td>(Provide justification for ISA-Execution)</td>
</tr>
<tr>
<td></td>
<td>ISA-Execution for Parliaments</td>
<td>Attach written endorsements from designated Ministry and ISA</td>
<td></td>
</tr>
</tbody>
</table>

5. Geographic Focus

   Individual country (name of country):

   Regional or multiple countries (list countries):
6. Amount Requested (USD)

<table>
<thead>
<tr>
<th>Amount Requested for direct Project Activities:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount Requested for ISA Indirect Costs:</td>
</tr>
<tr>
<td>Total Amount Requested:</td>
</tr>
</tbody>
</table>

7. Closing and Final Disbursement Date

<table>
<thead>
<tr>
<th>Closing Date:</th>
<th>Final Disbursement Date:</th>
</tr>
</thead>
</table>

8. Pillar(s) to which Activity Responds

<table>
<thead>
<tr>
<th>Pillar</th>
<th>Primary (One only)</th>
<th>Secondary (All that apply)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investing in Sustainable Growth. This could include such topics as innovation and technology policy, enhancing the business environment (including for small and medium-sized enterprises as well as for local and foreign investment promotion), competition policy, private sector development strategies, access to finance, addressing urban congestion and energy intensity.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enhancing Economic Governance. This could include areas such as transparency, anti-corruption and accountability policies, asset recovery, public financial management and oversight, public sector audit and evaluation, integrity, procurement reform, regulatory quality and administrative simplification, investor and consumer protection, access to economic data and information, management of environmental and social impacts, capacity building for local government and decentralization, support for the Open Government Partnership, creation of new and innovative government agencies related to new transitional reforms, reform of public service delivery in the social and infrastructure sectors, and sound banking systems.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inclusive Development and Job Creation. This could include support of policies for integrating lagging regions, skills and labor market policies, increasing youth employability, enhancing female labor force participation, integrating people with disabilities, vocational training, pension reform, improving job conditions and regulations, financial inclusion, promoting equitable fiscal policies and social safety net reform.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competitiveness and Integration. This could include such topics as logistics, behind-the-border regulatory convergence, trade strategy and negotiations, planning and facilitation of cross-border infrastructure, and promoting and facilitating infrastructure projects, particularly in the areas of urban infrastructure, transport, trade facilitation and private sector development.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

B. STRATEGIC CONTEXT

9. Country and Sector Issues (no more than 2 paragraphs maximum)
C. PROJECT DESCRIPTION

12. Project Objective

13. Project Components

14. Key Indicators Linked to Objectives

D. IMPLEMENTATION

15. Partnership Arrangements (if applicable)

16. Coordination with Country-led Mechanism/Donor Implemented Activities

17. Institutional and Implementation Arrangements
### E. PROJECT BUDGETING AND FINANCING

<table>
<thead>
<tr>
<th>Cost by Component</th>
<th>Transition Fund (USD)</th>
<th>Country Co-Financing (USD)</th>
<th>Other Co-Financing (USD)</th>
<th>Total (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Component 1:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Sub-component 1.1:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) Sub-component 1.2:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Component 2:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Sub-component 2.1:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) Sub-component 2.2:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Component 3:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Sub-component 3.1:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) Sub-component 3.2:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Project Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
F. RESULTS FRAMEWORK AND MONITORING

<table>
<thead>
<tr>
<th>PDO Level Results Indicators*</th>
<th>Unit of Measure</th>
<th>Baseline</th>
<th>Cumulative Target Values**</th>
<th>Frequency</th>
<th>Data Source/Methodology</th>
<th>Responsibility for Data Collection</th>
<th>Description (indicator definition etc.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator One:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicator Two:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicator Three:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

INTERMEDIATE RESULTS

Intermediate Result (Component One):

 Intermediate Result indicator One:

 Intermediate Result indicator Two:

Intermediate Result (Component Two):

 Intermediate Result indicator One:

 Intermediate Result indicator Two:

Intermediate Result (Component Three):

 Intermediate Result indicator One:

 Intermediate Result indicator Two: