

**TEMPLATE AND GUIDELINES
FOR THE PROJECT APPRAISAL DOCUMENT (PAD)**

Operations Policy and Country Services

These Guidelines consist of the following sections:

1. Rationale, objectives, and key features
2. Guidelines on processing the PAD
3. Table of contents of the Project Appraisal Document (PAD)
4. Guidelines for the contents and structure of the PAD main text and Technical Annex
5. Appendix 1: Template for the PAD Cover Sheet
6. Appendix 2: Guidelines for the Critical Risks matrix
7. Appendix 3: Illustrative readiness criteria

RATIONALE, OBJECTIVES, AND KEY FEATURES

This new template for the Project Appraisal Document (PAD) is part of an initiative to modernize and simplify investment lending documentation. The initiative encompasses not only the PAD but also changes in the upstream documentation (elimination of the Project Concept Document and adoption of a short, early Project Concept Note) and simplification of the Project Status Report.

The reform of the PAD is largely in response to criticisms from the Board, managers, and staff that it too often lacked a coherent story line, was difficult to understand, was too long, and failed to clearly spell out the project's strategic rationale, choices, and risks. Thus the new PAD template and guidelines have the following objectives:

- To improve the quality of the document for the Board, managers, and borrowers
- To make the PAD structure more logical and simplify it where possible
- To strengthen the guidance role and accountability of Country Directors, Sector Directors, and Sector Managers
- To improve the ability of the PAD to serve as the basis for the project's legal agreements

The key features of the revised PAD are:

- The PAD main text must now be written as a coherent “executive summary” type of document. The main text's length is limited to a maximum number of words equivalent to 15 pages of 12 point single spaced text (excluding the Cover Sheet) enforced through the electronic document system.
- The main text is focused on key points; all but the most important details go into the Technical Annex.
- The main text has a revised table of contents with fewer sections and a more logical sequencing of material. Some obsolete items from the previous PAD have been dropped and replaced by new items reflecting the present CDF and results orientation (e.g., partnership arrangements; monitoring and evaluation of results). The Technical Annex contents are modified accordingly.

GUIDELINES ON PROCESSING THE PAD

1. **Draft PAD:** After the early Project Concept Note is approved, it normally will take some time for the project design to be developed. As soon as the borrower and the Bank have agreed on a basic project design, the Team Leader should start preparing a draft PAD. This replaces the previous Project Concept Document, which is eliminated.
2. **Quality enhancement review:** After the project concept has matured into a project design, but well before appraisal, the Sector Director or Manager should oversee a “quality enhancement review” (QER). The QER should:
 - Verify that the design is consistent with the approved project concept and ensure that any deviations are justified.
 - Provide for quality assurance on the technical aspects of the project, with particular attention on how and at what cost the inputs financed will translate into results and outcomes. The results framework should be a core element of this technical review.
 - Establish the fiduciary (financial management and procurement) requirements that need to be met by appraisal and effectiveness, including any institutional capacity assessments that may be required.
 - Update the estimate of Bank resources needed to complete preparation and approval. If the estimate is significantly different from that agreed at the PCN review, the Country Director should be consulted.
 - Prepare and approve the PAD-stage Integrated Safeguards Data Sheet (ISDS) specifying the project’s environmental and safeguard classifications and the requirements that have to be met by appraisal.
 - Reach agreement on procedures and timing for consultations and disclosure of project-related documents.
3. The QER should be based on the draft Cover Sheet, Project Description and Implementation sections of the PAD. Each Regional VPU may establish its own procedures for QERs, including the types of clearances, if any (other than that of the ISDS). The QER should be an opportunity for value-adding advice to be given to the project team. It is up to the Sector Director or Manager, in consultation with the Country Director, Team Leader, and other relevant staff, to decide when and how to conduct the QER—by email, phone conference, video conference, etc.—provided that (i) it is held once there is enough detail available to prepare the PAD’s Project Description and Implementation sections and (ii) it is sufficiently upstream to allow enough time for required studies, environmental and social assessments, consultations and disclosure of documents, and other preparatory work to be done before appraisal.
4. **Documentation of QER:** It is recommended that reviewers pose their comments and questions in writing beforehand to promote a constructive focus. Some managers may prefer a more informal approach. Whatever the case, the Team Leader should draft minutes of the QER for circulation to all participants.

5. QER as definitive closure point: The QER should be the definitive point of closure on major design, fiduciary, and safeguard issues. Decisions made and guidance provided in the QER should be authoritative and should not be revisited unless significant relevant changes are subsequently made in the project design, important new information comes to light, or country conditions or strategy have changed. If agreement is not reached in the QER on how to address an issue, it should be flagged in the minutes, and the Team Leader is responsible for bringing it to the attention of the appropriate decision makers. It is the Sector Director or Manager's responsibility to ensure that the participants in the QER focus on relevant, constructive comments.

6. Consultations with Lawyer: The Country Lawyer should be included in the QER. Before and after the QER, it is advisable for the project team to seek the guidance of the Country Lawyer in drafting the Project Description and the Financial Management and Procurement Annexes and in establishing the legal covenants.

6. Decision meeting: Existing Regional procedures are to be used for the Decision Meeting, which is the final review before appraisal.

7. Length and style of the PAD: The main text of the draft PAD that is circulated for the Decision Meeting cannot exceed the word count equivalent of 15 pages in 12 point, single spaced type face. This is to promote the presentation of a more readable, coherent "story line" in the PAD than has previously been the norm. The Bank's document system will not allow the saving or circulation of a main text exceeding this limit. Regional managers must assure the quality of the PAD as a written document, including the use of editors if necessary, before the document is circulated for the Decision Meeting.

8. Project Information Document (PID) and Integrated Safeguards Data Sheet (ISDS): The document system generates the draft PID and ISDS from the PAD. The TL reviews them and makes any needed corrections and has them cleared with the Sector Director or Manager and Regional Safeguards Coordinator, respectively. Once cleared, the PID and ISDS are sent through the document system to the Infoshop. [[See The World Bank Policy on Disclosure of Information, 2002](#)]

9. Project Implementation Plan not a presentational requirement: The Project Implementation Plan (PIP) is no longer required to be a self-standing document for all projects. Bank teams should still encourage borrowers to prepare PIPs and should facilitate their preparation wherever necessary. However, the PIP is not a document for the Bank, and thus is neither a PAD presentational requirement nor a condition for approval of a loan/credit agreement.

TABLE OF CONTENTS OF THE PROJECT APPRAISAL DOCUMENT (PAD)

Cover Sheet

I. STRATEGIC CONTEXT AND RATIONALE

- A. Country and sector issues
- B. Rationale for Bank involvement
- C. Higher level objectives to which the project contributes

II. PROJECT DESCRIPTION

- A. Lending instrument
- B. [For Adaptable Program Loans: Program objectives and phases]
- C. Project development objective and key indicators
- D. Project components
- E. Lessons learned and reflected in the project design
- F. Alternatives considered and reasons for rejection

III. IMPLEMENTATION

- A. Partnership arrangements (if applicable)
- B. Institutional and implementation arrangements
- C. Monitoring and evaluation of outcomes/results
- D. Sustainability
- E. Critical risks and possible controversial aspects
- F. Loan/credit conditions and covenants

IV. APPRAISAL SUMMARY

- A. Economic and financial analyses
- B. Technical
- C. Fiduciary
- D. Social
- E. Environment
- F. Safeguard policies
- G. Policy Exceptions and Readiness

TECHNICAL ANNEX

- Annex 1: Country and Sector or Program Background
- Annex 2: Major Related Projects Financed by the Bank and/or other Agencies
- Annex 3: Results Framework and Monitoring
- Annex 4: Detailed Project Description
- Annex 5: Project Costs
- Annex 6: Implementation Arrangements
- Annex 7: Financial Management and Disbursement Arrangements
- Annex 8: Procurement Arrangements
- Annex 9: Economic and Financial Analysis
- Annex 10: Safeguard Policy Issues
- Annex 11: Project Preparation and Supervision
- Annex 12: Documents in the Project File
- Annex 13: Statement of Loans and Credits
- Annex 14: Country at a Glance
- Annex 15: Maps

GUIDELINES FOR THE CONTENTS AND STRUCTURE OF THE PAD

Main Text

The PAD main text (sections A through D) cannot exceed the word count equivalent of 15 pages in 12 point, single-spaced text, excluding the Cover Sheet. PADs exceeding the limit will not be accepted by the Bank’s document system. **All paragraphs and sub-paragraphs should be numbered as required by Corporate Secretariat, Board Operations (SECBO).**

The middle column of the table below gives “typical” questions to be answered in each section. The questions are not intended as a mandatory checklist. Depending on the situation, writers may give more emphasis to certain questions over others and may address the questions in whatever sequence best suits the project.

Section Name	Typical Questions to be Answered in Each Section	Technical Annex Reference
Cover Sheet	One page in standard format – See Appendix 1 of these guidelines	
I. STRATEGIC CONTEXT AND RATIONALE		
A. Country and sector issues	a. What are the key elements of the client’s sector or poverty reduction strategy, and through what instruments is it being implemented? b. What are the key policy, institutional, and other issues that constrain the achievement of better sector or poverty reduction results? c. What is the client doing to address the issues and constraints?	Annex 1
B. Rationale for Bank involvement	a. What is the rationale (and underlying development hypothesis) for the Bank’s involvement based on the country/sector issues defined, and what alternatives have been considered? b. How does the Bank’s involvement fit with the activities and policies of other international agencies and major stakeholders? What is the Bank’s comparative advantage? c. What are the incremental/unique contributions of the Bank’s involvement that cannot be accomplished by other means or other sources of assistance?	Annex 2

Section Name	Typical Questions to be Answered in Each Section	Technical Annex Reference
A. Higher level objectives to which the project contributes	a. How would the project contribute to: <ul style="list-style-type: none"> • The borrower’s higher-level objectives for the sector and for poverty reduction? • The relevant CAS objective(s)? b. Does the project depart from the CAS in content or other significant respects? If so, how and why, and what implications does this have for the CAS program?	Annex 1
I. PROJECT DESCRIPTION		
A. Lending instrument	a. What lending instrument is to be used and why? b. For IBRD loans only: why has the borrower selected the financial terms indicated on the cover sheet?	
<i>For projects that support a client’s program or for adaptable program loans (APLs):</i> Program objective and phases	a. What are the long-term objectives of the program? b. What are the objectives, basic features, estimated costs, and duration of each phase of the program? c. What are the institutional responsibilities for the elements of the program? d. What are the agreed triggers for moving from each phase to the next?	Annex 1
B. Project development objective and key indicators	a. If the project is successful, what will be its principal outcome for the primary target group? b. How will progress toward achieving this principal project outcome be measured?	Annex 3
C. Project components	a. What are the components of the project? b. On what basis were the components selected? c. For each component, what is the principal target group and the main project-related outcome for that group? d. For each component, what are the key inputs and outputs? e. Of the sector issues mentioned in A.1, which are to be addressed through the project, and in what ways?	Annex 4 Annex 5 Annex 1

Section Name	Typical Questions to be Answered in Each Section	Technical Annex Reference
D. Lessons learned and reflected in the project design	<ul style="list-style-type: none"> a. How does the project design reflect the lessons from analytical work, ongoing and completed operations, and international best practices? b. Has past performance of projects in the sector been poor, according to ICRs, PPARs, and OED sector/thematic studies? If so, why, and how have past deficiencies been overcome? 	Annex 2
E. Alternatives considered and reasons for rejection	<ul style="list-style-type: none"> a. Why was the proposed approach or design chosen? b. What alternative approaches/designs were considered and why were they rejected? 	
III. IMPLEMENTATION		
A. Partnership arrangements (if applicable)	<ul style="list-style-type: none"> a. If applicable, what other international agencies are financing the project? b. How are the financing partnerships structured (e.g., parallel financing; pooled funding, etc.)? 	
B. Institutional and implementation arrangements	<ul style="list-style-type: none"> a. Which institution(s) will be responsible for implementation of the project and its various components? b. On what basis were the institutional arrangements selected? c. What capacity constraints need to be addressed, including financial management and procurement, and how will this be done? d. What will be the flow of funds and the accountabilities for financial reporting? 	Annex 6 Annex 7 Annex 8
C. Monitoring and evaluation of outcomes/results	<ul style="list-style-type: none"> a. Where will the data for the project's outcome and results indicators come from? b. Where will the capacity and responsibility for collection of indicator data and analysis of results be located? Do capacities have to be strengthened? If so, how? c. What additional costs are required, if any? d. What mechanisms will allow the indicators to be used by managers and policy-makers to assess the project's effectiveness during implementation and after the project is completed? 	Annex 3

Section Name	Typical Questions to be Answered in Each Section	Technical Annex Reference
D. Sustainability	a. What is the evidence of the borrower’s commitment to and ownership of the project and the relevant policies? b. What other factors are critical to the sustainability of the project’s objectives? c. How has the project design attempted to address these factors?	
E. Critical risks and possible controversial aspects	a. What are the major risks that may affect the achievement of the project’s development objective? b. What are the major risks that may affect the realization of each component’s results? c. If applicable, what issues might be particularly controversial or pose reputational risks for the Bank, and how would these be managed? <i>See Appendix 2 of these guidelines for instructions on completing the Critical Risks matrix</i>	
F. Loan/credit conditions and covenants	Are there any significant, non-standard <ul style="list-style-type: none"> • Conditions for Board presentation and/or loan/credit effectiveness? If so, what are they? [See OP/BP 13.00, Signing of Legal Documents and Effectiveness of Loans and Credits] • Legal covenants applicable to project implementation? If so, what are they? 	

IV. APPRAISAL SUMMARY		
A. Economic and financial analyses	<p>Economic analysis:</p> <p>a. For “blueprint”-type projects: What are the results of the analysis of economic soundness of the project, on the basis of either a cost-benefit analysis (for projects with benefits that are measurable in monetary terms) or a cost-effectiveness analysis (for projects with benefits normally not quantified in monetary terms)?</p> <p>b. For “framework”-type projects: What is the mechanism that will be used for screening the activities to be undertaken to ensure that they are economically justified? What criteria will be applied to what kinds of activities? What will be the institutional and budgetary arrangements for doing this and how adequate are they? Are there skill or capacity-building requirements?</p> <p>Financial analysis: What are the results of the analysis of financial soundness of the project and of the main institution?</p>	Annex 9
B. Technical	What is the rationale for the selected technical design or approach? How does it conform to international standards? How is it appropriate to the borrower’s needs?	
C. Fiduciary	<ul style="list-style-type: none"> • What are the key conclusions of the assessments of financial management and procurement capacity for the project? • How are these conclusions reflected in the project design? 	Annex 7 and Annex 8

Section Name	Typical Questions to be Answered in Each Section	Technical Annex Reference
D. Social	<p>a. What are the opportunities, constraints, impacts and risks arising out of the socio-cultural and political context?</p> <p>b. How have key stakeholders (civil society, business, public sector, social, or other non-governmental groups or individuals whose participation can positively or negatively affect project outcomes) participated in project preparation, and how will they be involved in implementation, monitoring and evaluation?</p> <p>c. Are any of the following social issues important in the project? If so, how?</p> <ul style="list-style-type: none"> • Differential access to project benefits • Traditional rights or entitlements • Conflicting demands on the same resources • Positions of expected winners and losers • Risk of adverse social impacts of the project • Social risks to the project • Public perception and degree of voice in governance • Adequacy of targeting and delivery mechanisms <p>d. How will the main social impacts of the project be monitored?</p>	
E. Environment	<p>Are any of the following environmental issues important in the project? If so, (i) how are they integrated in the project/program/sector reform to enhance its environmental benefits and (ii) how will the main environmental benefits be monitored?</p> <ul style="list-style-type: none"> • Establishing policy, regulatory and institutional frameworks for environmentally sustainable growth and resource management, particularly in sectors that potentially affect the environment • Enhancing livelihoods of the poor through: (i) improved and transparent management of natural resources or (ii) reduced vulnerability to environmental change (e.g., natural disasters such as floods) • Protecting people's health from environmental risks and pollution 	

Section Name	Typical Questions to be Answered in Each Section	Technical Annex Reference
F. Safeguard policies	<p>Which safeguard policies are triggered by this project? (checklist)</p> <ul style="list-style-type: none"> • Environmental Assessment (OP/BP/GP 4.01) • Natural Habitats (OP/BP 4.04) • Pest Management (OP 4.09) • Indigenous Peoples (OP/BP 4.10) • Physical Cultural Resources (OP/BP 4.11) • Involuntary Resettlement (OP 4.12) • Forests (OP/BP 4.36) • Safety of Dams (OP/BP 4.37) • Projects on International Waterways (OP/BP 7.50) • Projects in Disputed Areas (OP/BP 7.60) <p>a. What is the environmental screening category of the project? (A, B, C, FI)</p> <p>b. If applicable, what are the key safeguard policy issues raised by the project?</p> <p>c. If applicable, what are the main results of any safeguard policy related studies, and how have they been incorporated into the project?</p> <p>d. What is the borrower's capacity to implement the safeguard policies recommendations, and, if the capacity is insufficient, how will this capacity be brought to the required level?</p> <p>e. What type of consultations have been conducted related to safeguard issues? How did these consultations influence project design?</p> <p>f. When were the safeguard studies made available at the InfoShop?</p> <p>g. When and where were safeguard studies made available in the cooperating country?</p>	Annex 10

Section Name	Typical Questions to be Answered in Each Section	Technical Annex Reference
G. Policy Exceptions and Readiness	<p>a. Does the project require any exceptions from Bank policies? If so, what are they and how are they justified?</p> <p>b. Have these been approved by Bank management?</p> <p>c. Is approval for any policy exception sought from the Board?</p> <p>d. Does the project meet the Regional criteria for readiness for implementation? If not, in what way(s)?</p> <p><i>See Appendix 3 for an illustrative list of readiness criteria</i></p>	

GUIDELINES FOR PREPARING THE TECHNICAL ANNEX OF THE PAD

Technical Annex 1: Country and Sector or Program Background

(Recommended length 2-4 pages)

This annex provides detailed information on the sector to support the statements in Sections A.1 and A.3 of the main text.

If the operation is part of a broader program or is an APL, details on the program should go in this annex.

Technical Annex 2: Major Related Projects Financed by the Bank and/or other Agencies

(Recommended length 1 page)

This annex should summarize recent projects supported by the Bank and other international agencies in the country in the same sector or related sectors. For each project listed, indicate which of the sector issues discussed in A.1 have been or would be addressed. For Bank-financed projects completed in the last five years, OED's rating should be provided. For ongoing Bank-financed projects, the IP and DO ratings from the latest Project Status Report should be shown.

Technical Annex 3: Results Framework and Monitoring

(Recommended length 2-4 pages)

This Annex consists of two main sections: the results framework and the arrangements for results monitoring.

Results framework

Project design should be guided by a results framework¹ intended to be useful for both project management and Bank supervision. This framework focuses on the project development objective (PDO) to be achieved **and the intermediate outcomes expected**. This information should be used to track progress towards the PDO and to make changes in the project if necessary during implementation.

¹ A simplified version of the traditional logical framework.

The following is a sample results framework for a project:

PDO	Project Outcome Indicators	Use of Project Outcome Information
Targeted urban companies practice environmentally safe manufacturing processes	80% of targeted urban companies receiving grants decrease their industrial pollution index	YR1-YR2 Gauge compliance of companies in grant program. YR3s determine if strategy for compliance needs to be changed YR5 feed into strategy for mainstreaming program and evaluation..
Intermediate Outcomes	Intermediate Outcome Indicators	Use of Intermediate Outcome Monitoring
Outcome 1: Targeted companies have skills to refit and maintain their manufacturing systems so that they are environmentally sound	Outcome 1: % of companies with x certified full time engineers	Outcome 1: YR1-YR5 : Low levels may flag either poor training program for certification or lack of company incentives to staff certified personnel –
Outcome 2: Compliance auditors in urban offices apply regulatory standards to their inspections	Outcome 2: Compliance checks meet regulatory standards	Outcome 2: FY03 – 05 : Flags possible payoffs or other problems in compliance. FY05 Will inform development of policy on oversight
Outcome 3: Companies in the urban areas are aware of the importance of environmental protection and how to be in compliance	Outcome 3: % of targeted companies aware of the importance of environmental protection % targeted companies requesting information on changes needed % of companies in the urban area aware of the new regulatory standards	Outcome 3: FY01-FY03: Determine message effectiveness and reach. Realign delivery mechanism, etc. as needed FY05 Feeds into broader programs and replication in other urban areas.

The project results framework does not repeat project activities or outputs which are captured in the project description (PAD Main Text B.5 and Technical Annex 3) and tracked by financial management reporting on outputs. It also does not capture sector outcomes or other higher level outcomes with which the project is aligned (PAD main text B.2). **Higher level outcomes are beyond the responsibility of the project and do not require M&E arrangements within the project.** It is important, however, that there be clear alignment between the project and the higher order strategic, program, or sector outcomes to which the project contributes.

The project development objective (PDO) answers the question:

If the project is successful, what will be its principal outcome for the primary target group²?

The following questions help frame the PDO:

² A project may have several secondary target groups whose needs are addressed in various components. For example, an education project may include teachers and school administrators as secondary target groups. If the project improves their performance, they will better serve the primary target group.

1. What group is targeted directly by the project as the key recipient of project benefits? (e.g., students, farmers, residents of poor communities, small enterprises, civil servants, specific institutions, and the like)
2. Immediately after the close of the project, what problem has been solved for this target group?
3. What will the target group be doing differently after the project that should make it better off? (e.g., students learning better, residents using clean water, farmers using new techniques, civil servants working more efficiently, etc.)

Ideally, each project should have one project development objective focused on the primary target group.

The PDO should focus on the outcome for which the project reasonably can be held accountable, given the project's duration, resources, and approach. The PDO should **not** encompass higher level objectives that depend on other efforts outside the scope of the project. The "Strategic Context" section of the PAD is the place to describe how the project contributes to the higher level objectives.

At the same time, the PDO should not merely restate the project's components or outputs. Efficient use of inputs or delivery of outputs must be translated into outcomes or results for the primary target group.

Annex 2 of the Project Concept Note (PCN) guidelines gives examples to illustrate the differences between the project development objective, higher level objectives, and outputs.

While PDO indicators normally cannot be observed or measured before the end of the project, intermediate outcomes capture performance that can be observed or measured while the project is still under implementation. Intermediate outcomes focus on the performance of key actors (e.g., teachers, municipal governments, extension workers) and the value they add (e.g., using new skills, efficiently managing services, providing up to date information to farmers) during implementation toward achieving the PDO (e.g., student learning, access to services, use of new farming techniques). Intermediate outcomes are a strategic part of the results chain. An analysis of why intermediate outcomes were or were not achieved, even when project outputs were delivered, should reveal opportunities for improvements in project design.

The results framework presents one or more indicators to measure success in achieving the PDO and one or more indicators to measure achievement of intermediate outcomes. The indicators should be presented with baseline values and target values (see second column of sample).

The third column of the results framework shows how the indicators will be used (i) during implementation to assess the performance of the project and to redirect it, if necessary, to achieve the PDO and (ii) if applicable, to inform ex-post decisions.

Arrangements for results monitoring

This section should discuss the institutional and data collection arrangements for integrating monitoring and evaluation at the outcome/results level (both intermediate and end of project) into project management. This includes:

- Institutional issues: How will monitoring and evaluation complement project management? How will participatory M&E will be integrated into management and capacity building for the communities involved (if applicable)?
- Data collection: If the project is drawing on data collected by Government statistical offices or line agencies, which statistics would be used and what is the reliability of this information? Where information is to be derived specifically for measurement of project results and outcomes, what are the associated costs and institutional responsibilities?
- Capacity: Where there is limited capacity in the country to derive the necessary information, how will local capacity be supplemented through the project, and what will be the costs of doing this?

To help structure the results monitoring arrangements, a table following the attached model should be presented. This would be included as part of the project management plan or manual.

Outcome Indicators	Baseline	Target Values					Data Collection and Reporting		
		YR1	YR2	YR3	YR4	YR5	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
80% of targeted urban companies receiving grants decrease their industrial pollution index	To be taken as companies enter program	---	----	80%	80%	80%	Yearly cumulative report, with individual company inspections as per regulatory cycle	Env. Agency audit of compliance of target group	Local Env. Agency
Results Indicators for Each Component									
Component One : % of companies with x certified full time engineers	None	—	90%	90%	90%	90%	Twice a Year : Grant management reports and disbursement records	Reports from companies to grant management body	Grant management body
Component Two : Compliance checks meet regulatory standards	No compliance currently	---	---	40%	50%	70%	Yearly cumulate report with individual audits scheduled as part of reg. Agency work program	Spot audits of companies and review of compliance records	Regional Environment Oversight Body
Component Three: % of targeted companies aware of the importance of environmental protection	To be undertaken YR1		70%	70%	70%		Twice a year for each urban area	Media survey	Private sector firm contracted for IEC campaign
% targeted companies requesting information on changes needed	Monitoring	None	None	None	None		On-going tracking by information center in Regulatory agency	Records in regulatory agency	Local Env. Agency
% of companies in the urban area aware of the new regulatory standards	To be undertaken in YR1		70%	70%	70%		Twice a year for each urban area	Media survey	Private sector firm contracted for IEC campaign

Technical Annex 4: Detailed Project Description

(Recommended length 3-6 pages)

This annex provides a detailed description of the project by component, with a cost estimate for each, including contingencies.

Technical Annex 5: Project Costs

(Recommended length 1 page)

This annex is a table showing the base cost by component (and, if needed, major activity per component) followed by contingencies. Below the table show the amount and percentage of tax.

Technical Annex 6: Implementation Arrangements

(Recommended length 1-3 pages)

This annex provides detailed information on institutional and implementation arrangements to support the statements in Sections C.1 and C.2 of the main text.

Technical Annex 7: Financial Management and Disbursement Arrangements

(Recommended length 2-4 pages)

The basic requirements are given in [OP/BP 10.02](#) on Financial Management. An assessment of the project's financial management system should be carried out either by an accredited Financial Management Specialist (FMS) or by an appropriately qualified staff member or consultant working under the FMS assigned to the project. Details of the assessment can be found in [Assessment of Financial Management Arrangements in World Bank Financed Projects](#) (Guidelines to Staff, October 15, 2003).

This annex should include:

- **Summary of the Financial Management Assessment:** The arrangements for oversight and accountability; the status of project financial management including any financial management risks inherent in the project; the planned actions and target dates for financial management improvements and the related effectiveness conditions and dated covenants designed to reduce those risks; the project's readiness for implementation (link with section G of PAD) and the next steps needed; and the means by which the project's financial management is to be monitored.
- **Audit Arrangements:** Outline of the audit arrangements: procedures for selecting and appointing the auditor; the content of the terms of reference for the audit where relevant; the arrangements for paying the auditor and for circulating audit reports; the date for the appointment of the auditor; actions to be taken (responsible parties and relevant dates) and any special audit arrangements required. The audit reports required (relating to the entity, if applicable, the project, statements of expenditure and the special account) are to be specified.

- **Disbursement Arrangements:** The disbursement methods applicable to the project; a disbursement schedule covering the project including category descriptions, amounts and disbursement percentages; the minimum amounts applicable to withdrawal applications; the use to be made of direct payments and special commitments; the banking, SOE/FMR and special account arrangements including the types and thresholds of expenditure to be covered by SOEs; the authorized allocation to the special account, its estimated equivalent in monthly expenditure and the frequency of its replenishment or FMR submission; any retroactive financing provisions; conditions of disbursement; and the location where documentation for SOE/FMR expenditures is retained. [See [OP/BP 12.00](#), Disbursement]

Technical Annex 8: Procurement Arrangements

(Recommended length 2-4 pages)

[The following standard text should be used. Insert additional text as needed per the instructions in brackets]

A. General

Procurement for the proposed project would be carried out in accordance with the World Bank's "[Guidelines: Procurement Under IBRD Loans and IDA Credits](#)" dated May 2004 revised October 2006; and "[Guidelines: Selection and Employment of Consultants by World Bank Borrowers](#)" dated May 2004 revised October 2006, and the provisions stipulated in the Legal Agreement. The various items under different expenditure categories are described in general below. For each contract to be financed by the Loan/Credit, the different procurement methods or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements, and time frame are agreed between the Borrower and the Bank in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

Procurement of Works: Works procured under this project would include: *[Describe the types of works]*. The procurement will be done using the Bank's Standard Bidding Documents (SBD) for all ICB and National SBD agreed with or satisfactory to the Bank. *[Indicate any special requirements specific to the project.] [If the project involves procurement carried out by communities, indicate where details can be found in the Project Implementation Manual or similar documents.]*

Procurement of Goods: Goods procured under this project would include :*[Describe the types of goods]*. The procurement will be done using the Bank's SBD for all ICB and National SBD agreed with or satisfactory to the Bank. *[Indicate any special requirements specific to the project.]*

Procurement of non-consulting services: *[Provide a general description of non-consulting services to be procured under the project and information on the bidding documents to be used for the procurement.]*

Selection of Consultants : *[Provide a general description of the consulting services from firms and individuals required for the project.]* Short lists of consultants for services estimated to cost less than \$_____ equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the [Consultant Guidelines](#). *[If applicable, provide any information regarding engaging universities, government research institutions, public training institutions, NGOs, or any special organizations.]*

Operating Costs: *[Describe the operating costs which would be financed by the project and procured using the implementing agency's administrative procedures which were reviewed and found acceptable to the Bank.]*

Others: *[Describe if any special arrangements for scholarships, grants etc.]*

The procurement procedures and SBDs to be used for each procurement method, as well as model contracts for works and goods procured, are presented in the *[name the Project Implementation Manual or the equivalent document.]*.

B. Assessment of the agency's capacity to implement procurement

Procurement activities will be carried out by *[name of the Implementing Agency]*. The agency is staffed by *[describe the key staff positions]*, and the procurement function is staffed by *[describe the staff who will handle procurement]*.

An assessment of the capacity of the Implementing Agency to implement procurement actions for the project has been carried out by *[name of the procurement staff]* on *[date]*. The assessment reviewed the organizational structure for implementing the project and the interaction between the project's staff responsible for procurement Officer and the Ministry's relevant central unit for administration and finance.

The key issues and risks concerning procurement for implementation of the project have been identified and include *[describe the risks/issues]*. The corrective measures which have been agreed are *[Describe the corrective measures]*.

The overall project risk for procurement is *[give the risk rating]*.

C. Procurement Plan

The Borrower, at appraisal, developed a procurement plan for project implementation which provides the basis for the procurement methods. This plan has been agreed between the Borrower and the Project Team on *[date]* and is available at *[provide the office name and location]*. It will also be available in the project's database and in the Bank's external website. The Procurement Plan will be updated in agreement with the Project Team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

D. Frequency of Procurement Supervision

In addition to the prior review supervision to be carried out from Bank offices, the capacity assessment of the Implementing Agency has recommended [*frequency*] supervision missions to visit the field to carry out post review of procurement actions.

E. Details of the Procurement Arrangements Involving International Competition

1. Goods, Works, and Non Consulting Services

(a) List of contract packages to be procured following ICB and direct contracting:

1	2	3	4	5	6	7	8	9
Ref. No.	Contract (Description)	Estimated Cost	Procurement Method	P-Q	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Expected Bid-Opening Date	Comments

(b) ICB contracts estimated to cost above [*fill in threshold amount*] per contract and all direct contracting will be subject to prior review by the Bank.

2. Consulting Services

(a) List of consulting assignments with short-list of international firms.

1	2	3	4	5	6	7
Ref. No.	Description of Assignment	Estimated Cost	Selection Method	Review by Bank (Prior / Post)	Expected Proposals Submission Date	Comments

(b) Consultancy services estimated to cost above [*fill in threshold amount*] per contract and single source selection of consultants (firms) for assignments estimated to cost above [*fill in threshold amount*] will be subject to prior review by the Bank.

(c) Short lists composed entirely of national consultants: Short lists of consultants for services estimated to cost less than [*fill in threshold amount*] equivalent per contract, may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the [Consultant Guidelines](#).

Technical Annex 9: Economic and Financial Analysis

(Recommended length 2-6 pages)

The annex has two main sections: economic analysis and financial analysis.

Economic analysis:

For “blueprint”-type projects: Blueprint-type projects are ones in which the major investments are identified and designed in detail before loan/credit effectiveness. For such projects, this section summarizes the results of the analysis of the economic soundness of the project on the basis of the results of either a cost-benefit analysis (for projects with benefits that are measurable in monetary terms) or a cost-effectiveness analysis (for projects with benefits that normally are not quantified in monetary terms). Refer to the [Handbook on Economic Analysis of Investment Operations](#), OCS Network/LLC, and January 26, 1998.

For projects amenable to cost-benefit analysis, the analysis is based on summary measures of performance (economic rate of return or net present value), calculated on the incremental benefits and costs of the project to society as a whole (using the “with-project and without-project” criterion). The main benefits and costs, including the key underlying assumptions made (e.g., market output for key outputs and inputs, phasing of development, shadow prices) and sensitivity analysis should be presented. For projects not amenable to a cost-benefit analysis, the presentation states the basis for deciding on the merits of the project. For example, it may compare the project's cost-effectiveness ratios with those of alternative designs that achieve the same desired results. The analysis should identify those key variables that render the cost-effectiveness ratio higher than that of a rejected alternative, or higher than some critical point. All key assumptions should be presented

For “framework”-type projects: Framework-type projects are ones in which most of the major investments are not identified or designed in detail before loan/credit effectiveness; rather, what is appraised ex ante is the mechanism for delivering the outputs. For such projects, this section should provide some more details on the brief summary in the main text, Section D.1 concerning the mechanism that will be used for screening the activities to be undertaken to ensure that they are economically justified, the criteria that will be applied to different kinds of activities, and the adequacy of the institutional and budgetary arrangements and skills for doing this. If capacity-building is needed, the provisions for this should be laid out.

Financial Analysis:

The section summarizes the results of the analysis of the financial soundness of the project. The approach to financial analysis may vary depending on the type of project proposed.

Revenue-earning projects: For projects involving revenue-earning entities, analyses of financial viability should be based on analyses at both the project and entity level.

- At the *project* level, the analysis shows (a) the incremental financial benefits and costs to the entity (based on the “with-project and without-project” criterion), and (b) the financial rate of return or net present value. Assumptions underlying the forecasts of financial benefits and costs (e.g., market outlook for key outputs and inputs, pricing, phasing of development) and the results of sensitivity analyses testing changes in assumptions are indicated. The adequacy of project financing and any risks it presents are assessed.
- At the *entity* level, the analysis also assesses the financial structure, efficiency, and viability of the project *entity* on the basis of audited historical and pro forma financial statements, using financial ratio analyses and measurements against relevant industry comparators or averages. The analysis also discusses the appropriateness of tariffs in relation to long-run marginal cost and O&M costs and the effect of pricing and cost recovery policies generally on the financial viability of the entity. It also discusses the extent to which the entity is likely to require subventions from the Government. The financial covenants sought as conditions of Bank financing are also described and justified; and the extent to which the entity can be expected to comply with them are discussed.

Financial intermediary projects: For financial intermediary (FI) operations, analyses of financial soundness are carried out for each financial institution slated for participation in the project, including those under apex arrangements. Analyses should cover (a) the competence and independence of the FI’s management and the adequacy of the FI’s lending and investment policies, (b) the reliability of the FI’s financial reports and information, (c) its financial situation, including the quality of its portfolios, (d) audit requirements for financial statements, and (e) recommended requirements for financial reporting to the Bank.

All projects—fiscal impact and sustainability: For all projects, analysis of financial soundness includes examining the fiscal sustainability of the proposed project (including incentives for maintaining and operating the project adequately). This includes an evaluation of the impact of the project on government finances, taking into account (a) the incremental taxes and subsidies that would result from the project; (b) the increase in recurrent costs resulting from the project and the prospects for financing this increase; (c) the government’s current fiscal situation; (d) the overall level of recurrent costs required to operate the sector adequately and the volume of financing provided by the Government in the recent past; and (e) the availability and certainty of counterpart funds for the project.

Technical Annex 10: Safeguard Policy Issues

(Recommended length 2-6 pages)

This annex should summarize the key issues related to the Bank’s environmental and social safeguard policies triggered by the project and explain how these issues have been or are proposed to be addressed in project design and implementation. **For each**

safeguard policy triggered by the project, the annex should provide the following information:

- (a) The studies or assessments that have been, or are proposed to be, carried out to help identify, minimize and address safeguards-related impacts. The organizations that prepared and will prepare the studies should be listed.
- (b) Any safeguards-related risks, perceived or substantive, and measures taken or proposed to be taken to address the risks.
- (c) The alternatives considered to minimize adverse safeguards-related impacts of the proposed project.
- (d) Consultations with, and participation of, various affected groups and other stakeholders in the project preparation process, and a description of how the results of these consultations are reflected in project design and implementation.
- (e) The safeguards-related impacts identified, including a description of any long term and/or cumulative impacts of the proposed project and related developments in the area.
- (f) The mitigation plan(s) to avoid, minimize and mitigate the potential adverse impacts, prepared in accordance with the provisions of the respective safeguard policies triggered.
- (g) The assessment of the capacity and commitment of the institutions responsible for implementing and monitoring the agreed plans. Description of proposals, if any, to build the capacity of institutions involved in implementation and monitoring of the plans.
- (h) Arrangements for funding and a schedule of implementation of the plans.
- (i) References to the mitigation plans in the project legal agreement, including appropriate covenants and conditionalities.
- (j) Mechanisms to monitor the implementation of the agreed plans.
- (k) Arrangements, including staffing and resources, for supervising the implementation of the agreed plans.

Technical Annex 11: Project Preparation and Supervision

(Recommended length 1-2 pages)

The annex should include:

1. A timeline showing the dates (mm/yy) of:
 - PCN review
 - Initial PID to PIC
 - Initial ISDS to PIC
 - Appraisal
 - Negotiations
 - Board/RVP approval
 - Planned date of effectiveness (consistent with Cover Sheet)
 - Planned date of mid-term review (if applicable)
 - Planned closing date (consistent with Cover Sheet)

2. Identification of the key institution(s) responsible for preparation of the project. If project preparation grants were received for this project³, please include the name of the donor, the trust fund number, activities financed under the grant, the amount received, and the results achieved. For example:

A Japan PHRD grant for US\$560,000 (TF02345) was received and used for project preparation by the recipient (or the Bank if it is Bank-executed) to contract consulting services for the following preparation activities: (a) definition of the project's expected inputs, outputs, and key performance indicators; (b) study on experiences in introducing innovation in the health sector; (c) design of a management training program; (d) design and specification for a Health MIS; (e) carrying out social and environmental assessments; (f) design of a public information component; and (g) support for project management, including training for procurement, financial management, and the preparation of a Project Implementation Plan. The grant was successfully executed by the Project Implementing Agency. All planned outputs were completed and consultant performance was satisfactory, with significant transfer of technical knowledge to the client. Both the client and stakeholders benefited from training programs and consultative workshops carried out by consultants, as well as gaining experience in program management and administration, the establishment of separate project financial management systems, and international procurement.

3. A list of Bank staff and consultants who worked on the project with their titles and units.
4. A table summarizing the Bank funds expended to date on project preparation and the estimated costs of approval and supervision costs.

Technical Annex 12: Documents in the Project File

Technical Annex 13: Statement of Loans and Credits (automatically generated)

Technical Annex 14: Country at a Glance (automatically generated)

Technical Annex 15: Maps

Every PAD should include at least one map showing the main project site(s) in the country. Where necessary to give a clear understanding of a project's scope, maps of specific regions, localities, or sites should be included.

³ E.g., a Japan PHRD grant supported the client's project preparation work or CTF supported Bank work.

Appendix 1

Template for the PAD Cover Sheet

Country Name

Project Name

PROJECT APPRAISAL DOCUMENT

Region

Unit

Date:		Team Leader:			
Country Director:		Sectors:			
Sector Manager/Director:		Themes:			
Project ID:		Environmental screening category:			
Lending instrument:		Safeguard screening category:			
Project Financing Data:					
<input type="checkbox"/> Loan <input type="checkbox"/> Credit <input type="checkbox"/> Grant <input type="checkbox"/> Guarantee <input type="checkbox"/> Other: For Loans/Credits/Others: Total Bank financing (US\$m.): Proposed terms:					
Financing Plan (US\$m.)					
Source		Local	Foreign	Total	
Borrower					
IBRD/IDA					
Others					
Total					
Borrower:					
Responsible agency:					
Estimated disbursements (Bank FY/US\$m)					
FY					
Annual					
Cumulative					
Project implementation period:					
Expected effectiveness date:					
Expected closing date:					
Does the project depart from the CAS in content or other significant respects? <i>Ref. PAD A.3</i>				<input type="radio"/> Yes <input type="radio"/> No	
Does the project require any exceptions from Bank policies? <i>Ref. PAD D.7</i>				<input type="radio"/> Yes <input type="radio"/> No	
Have these been approved by Bank management?				<input type="radio"/> Yes <input type="radio"/> No	
Is approval for any policy exception sought from the Board?				<input type="radio"/> Yes <input type="radio"/> No	

Does the project include any critical risks rated “substantial” or “high”? Ref. PAD C.5	<input type="radio"/> Yes <input type="radio"/> No
Does the project meet the Regional criteria for readiness for implementation? Ref. PAD D.7	<input type="radio"/> Yes <input type="radio"/> No
Project development objective Ref. PAD B.2, Technical Annex 3	
Project description [<i>one-sentence summary of each component</i>] Ref. PAD B.3.a, Technical Annex 4	
Which safeguard policies are triggered, if any? Ref. PAD D.6, Technical Annex 10 <i>[Imported from the PAD main text]</i>	
Significant, non-standard conditions, if any , for: Ref. PAD C.6 Board presentation: Loan/credit effectiveness: Covenants applicable to project implementation:	

**Appendix 2
Guidelines for the Critical Risks matrix
(Section C.5 of the PAD main text)**

Section C.5 of the PAD consists of a matrix assessing the likely impact on project outcomes if risks materialize. The matrix has two parts, one covering the risks to the achievement of the project development objective and the other to the achievement of component results. Only the important risks should be listed in the risk matrix. Relevant risks to be considered may include those at the country, sector, and project levels.

Risks	Risk Mitigation Measures	Risk Rating with Mitigation
To project development objective		
To component results		
Overall risk rating		

Risk ratings: Each risk should be rated according to the following scale:

- High Risk (H)—greater than 75 percent probability that the outcome/result will not be achieved.
- Substantial Risk (S)—probability of 50 - 75 percent that the outcome/result will not be achieved.
- Modest Risk (M)—probability of 25 - 50 percent that the outcome/result will not be achieved.
- Low or Negligible Risk (N)—probability of less than 25 percent that the outcome/result will not be achieved.

Risk Mitigation Measures: A brief indication is provided on how each risk is mitigated in the project design.

Appendix 3

Illustrative Readiness Criteria

The following criteria are typically used to determine the readiness of a project for implementation. Staff should consult the Quality groups in their regions for specific guidance.

1. Fiduciary (financial management and procurement) arrangements in place
2. Project staff and consultants mobilized
3. Counterpart funds budgeted/released
4. Tender documents for first year's procurement prepared and approved
5. Disclosure requirements met
6. Results assessment arrangements completed: M&E institutional obligations spelled out; M&E capacity in place; indicators specified; baseline data collected
7. Co-financing agreements signed
8. Land acquisition plans ready