

**STREAMLINING RESTRUCTURING POLICIES AND PROCEDURES
FOR INVESTMENT PROJECT FINANCING AND
PROGRAM-FOR-RESULTS FINANCING**

Operations Policy and Country Services

July 18, 2017

ACRONYMS AND ABBREVIATIONS

AF	Additional Financing
AFR	Africa Region
AGD	Auditor General's Department
AOB	Absence of Objection
AP	Agile Pilot
APA	Alternative Procurement Arrangements
APL	Adaptable Program Loan
BP	Bank Procedure
BPS	Budget, Performance Review and Strategic Planning
CD	Country Director
CEO	Chief Executive Officer
CMU	Country Management Unit
DCS	Department of Census and Statistics
DLI	Disbursement Linked Indicator
DPF	Development Policy Financing
EC	Environmental Category
ECA	Europe and Central Asia Region
ESF	Environmental and Social Framework
FY	Fiscal Year
GEF	Global Environment Facility
GP	Global Practice
HNP	Health, Nutrition and Population
HPAI	Highly Pathogenic Avian Influenza
HR	Human Resources
IBRD	International Bank for Reconstruction and Development
ICR	Implementation Completion Report
ICT	Information and Communication Technology
IDA	International Development Association
IEG	Independent Evaluation Group

IL	Investment Lending
iLAP	Integrated Loan Administration Platform
IPF	Investment Project Financing
IRM	Immediate Response Mechanism
ISR	Implementation Status and Results Report
ITS	Information and Technology Solutions
LEG	Legal Vice-Presidency
MFM	Macroeconomics and Fiscal Management
MoH	Ministry of Health
MPA	Multiphase Programmatic Approach
OP	Operational Policy
OPCS	Operations Policy and Country Services
PAD	Project Appraisal Document
PDO	Project Development Objective/Program Development Objective
PforR	Program-for-Results Financing
PPP	Public Private Partnership
RVP	Regional Vice President
SAR	South Asia Region
SECPO	Corporate Secretariat's Policy and Operations unit
SSI	Social Security Institution
TI	Transport and ICT
WBG	World Bank Group
WFA	WBG Finance and Accounting
YTD	Year to Date

**STREAMLINING RESTRUCTURING POLICIES AND PROCEDURES
FOR INVESTMENT PROJECT FINANCING AND
PROGRAM-FOR-RESULTS FINANCING**

Contents

I. INTRODUCTION	1
II. BACKGROUND AND EXPERIENCE.....	2
III. RATIONALE FOR STREAMLINED RESTRUCTURING.....	7
IV. PROPOSED CHANGES.....	9
V. RECOMMENDATION AND REQUEST FOR APPROVAL	10

Annexes

- Annex A. An Update on the Agile Bank
- Annex B. List of IPF Projects with Level One Restructuring FY14-FY17
- Annex C. Examples of PDO Changes in IPF Projects
- Annex D. Summary of Changes Proposed to OP/BP 10.00 and Bank Policy/Bank Directive for PforR

Figures

- Figure 1. Number of Level One IPF restructurings involving PDO changes by Global Practice FY14-FY17
- Figure 2. Number of Level One IPF restructurings involving the triggering of a new safeguard policy by Global Practice FY14-FY17

Tables

- Table 1. Number of IPF Projects Restructured FY10-FY17
- Table 2. Number of IPF Level One and Level Two Project Restructurings FY10-FY17

STREAMLINING RESTRUCTURING POLICIES AND PROCEDURES FOR INVESTMENT PROJECT FINANCING AND PROGRAM-FOR-RESULTS FINANCING

I. INTRODUCTION

1. This paper recommends that Executive Directors delegate to Management the authority to approve all Project/Program restructurings¹ for Investment Project Financing (IPF) and Program-for-Results Financing (PforR), with the exception of IPF restructurings that (i) involve a change in safeguard category from a lesser category to a Category A, (ii) propose reliance on Alternative Procurement Arrangements (APA), or (iii) involve an extension of the Bank Guarantee Expiration Date. Financing proposals that combine restructuring with Additional Financing (AF) will continue to be submitted to the Executive Directors for approval of the AF unless authority for approval of the specific IPF or PforR rests with Management. In addition, any restructuring that involves a waiver of an operational policy would be processed in accordance with the Bank Policy on Operational Policy Waivers.²

2. The proposed policy change for restructuring builds on the investment lending reforms that were initiated in FY10, recognizes the importance of restructuring as a tool for project adaptability, and is one of several simplification initiatives underway at the Bank. It responds to Management's commitment under the *Forward Look*³ to become more agile, and is one of the recommendations from the Agile Pilots (AP) initiative.⁴ Annex A provides a summary of select AP and other on-going or planned initiatives to improve the Bank's agility.

3. The proposed policy change would speed up the response time to clients who request a Level One restructuring by a minimum of ten business days.⁵ More fundamentally, by reducing the number of internal reviews and clearances for Level One restructurings it would free up staff time for client-facing work, technical analysis and knowledge sharing.

4. ***Structure of the Paper.*** Following this introduction, Section II of the paper provides the background and experience with restructuring under IPF and PforR. Section III elaborates on the rationale for streamlining restructuring policies and procedures, and Section IV presents the

¹ Level One restructurings are submitted to the Executive Directors for approval. Level Two restructurings are approved by Management. Refer to OP 10.00, *Investment Project Financing*, and Bank Policy, *Program-for-Results*.

² If Management judges that a restructuring proposal involves significant institutional or operational risks that warrant consideration by the Executive Directors, Management would submit the restructuring proposal to the Executive Directors. Consistent with this approach and the operational instructions/procedures issued to staff, Management will provide additional guidance to staff, including examples of cases when such treatment may be warranted.

³ *Forward Look – A Vision for the World Bank Group in 2030 (DC2016-0008)*, September 20, 2016.

⁴ The Bank launched the APs in fall 2016, with the objectives of delivering greater value to our clients, improving the efficiency and speed of our work and increasing staff satisfaction. A technical briefing for Executive Directors entitled *Toward a Better Bank: Agile Pilots* took place on January 12, 2017.

⁵ Ten business days is the lead-time for submitting a Level One restructuring to the Corporate Secretariat's Policy and Operations unit (SECPO) ahead of review by the Executive Directors.

proposed changes. Section V sets out Management’s recommendations for approval by the Executive Directors. Annexes provide additional and supporting information.

II. BACKGROUND AND EXPERIENCE

5. ***History of Restructuring Policy.*** The current policy on restructuring was established in 2009, as part of the process of investment lending (IL) reform.⁶ At that time, one of the key goals of IL reform was to shift from a culture of *supervision* to a culture of *implementation support*, in which teams would spend a greater proportion of available resources to help clients address implementation issues, quickly resolve problems and build capacity. Among other changes, the reform aimed to give clients and teams more flexibility to adjust operations during implementation. The *ex ante* “blue-print” approach to project design that had worked for specific infrastructure projects was seen as less relevant for the Bank’s evolving portfolio. Rather, there was a recognition that projects were implemented in a dynamic policy and institutional environment that often required adapting the original design and modifying components during implementation in order to improve project performance and increase development impact. However, a review of the portfolio at that time, concluded that restructuring was not happening as frequently as it should. This was partly because of the complex and often confusing categories of restructuring, as well as burdensome requirements of the project paper and internal reviews. Reluctance to restructure was also partly due to a culture that associated problem identification and restructuring with poor performance.

6. Therefore, in October 2009, Management proposed, and the Executive Directors approved, revisions to simplify the procedures, documentation and approval process for restructuring investment projects. The revised procedures established two levels of restructuring – Level One restructurings submitted to the Executive Directors for approval under the absence of objection (AOB) procedures, and Level Two restructurings for which approval was delegated⁷ by the Board to Management. All Level Two restructurings are approved by the Country Director (CD), except for extensions of Closing Dates two years or more from the original closing date, which are approved by the Regional Vice President (RVP). The 2009 IL Reform Paper further stated that if the new restructuring procedures worked satisfactorily then, after a review of experience,

⁶ See *Moving Ahead on Investment Lending Reform: Risk Framework and Implementation Support* (SecM2009-0442[IDA/SecM2009-0499], dated September 9, 2009; R2009-0250[IDA/R2009-0264], dated October 14, 2009) (hereafter “IL Reform Paper”).

⁷ The Articles of Agreement do not specify which organ of the Bank exercises the power to make loans, nor by extension, to approve restructurings. However, in the early years of the Bank, an understanding was reached between the President and the Executive Directors on their respective roles. Pursuant to this understanding, Executive Directors are responsible for the decision of all matters of policy in connection with the operations of the Bank, *including the approval of loans* (Memorandum R-106, 1947). The Memorandum does not, and the Board has not, treated this power as non-delegable. The Board has delegated its power to approve project preparation advances as well as Learning and Innovation Loans without any legal impediment, acknowledging that the role of the Executive Directors has evolved considerably throughout the Bank’s history to allow the Bank to be responsive to members and to attain its development objectives. As the Executive Directors’ power to approve restructurings derives from the power to approve loans, the Executive Directors may likewise delegate to Management the power to approve restructurings.

Management may propose that Level One restructuring also be delegated to RVPs, with a reporting requirement. However, no further changes have been proposed until now.

7. When the PforR instrument was subsequently approved by the Executive Directors in January 2012,⁸ it was decided that PforR operations would be restructured in a similar manner to the existing procedures for IPF.

8. ***Current Policy for Restructuring.*** The two-level approach to approving restructurings remains in place today, as reflected in OP 10.00 for IPF and Bank Policy for PforR, and set out below.

9. For IPF, Paragraph 24 of OP 10.00 states:

“Restructuring. During implementation the Bank, the Borrower, and the member country, as appropriate, may agree to restructure the Project to strengthen its development effectiveness, modify its development objectives, improve Project performance, modify indicators, address risks and problems that have arisen during implementation, make appropriate use of undisbursed proceeds of a Bank Loan, cancel unwithdrawn amounts of a Bank Loan prior to the Loan Closing Date, extend the Closing Date⁹, or otherwise respond to changed circumstances. A restructuring involving a modification of the original Project’s development objectives, an extension of the Bank Guarantee Expiration Date, reliance on alternative procurement arrangements referred to under Section III.F of the Procurement Policy, or a change in safeguard category — from a lesser category to a Category A (as defined in OP 4.01 or OP 4.03 as applicable) or the trigger of a safeguard policy not triggered originally by the Project —, is referred to as a level one (“Level One”) restructuring and is submitted for consideration by the Executive Directors (or by Management, in cases where the original Investment Project Financing was approved by Management). A restructuring involving any other modification of the Project is referred to as a level two (“Level Two”) restructuring. Management has the delegated authority to approve Level Two restructurings. Management periodically informs the Executive Directors of the Level Two restructurings.”

7. While Paragraph 24 of OP10.00 states that Executive Directors approve Level One restructuring for all cases where the original IPF was approved by the Board, Executive Directors approved the following exception in 2011 with the aim of “dramatically cut[ting] down the time needed to access IDA resources after an emergency has occurred”:¹⁰

“For existing Projects supported by a Bank Loan, which are restructured to add contingent emergency response components that meet the requirements of the Immediate Response Mechanism (IRM), Executive Directors have delegated to

⁸ See *A New Instrument to Advance Development Effectiveness: Program-for-Results Financing*, December 29, 2011, R2011-0282, IDA/R2011-0350.

⁹ “Closing Date” refers, collectively or as the context requires, singularly, to a Loan Closing Date and/or a Bank Guarantee Closing Date, as defined in paragraphs 25 and 26 of OP 10.00, respectively.

¹⁰ See paragraph 18 of *Proposal for an IDA Immediate Response Mechanism*, November 3, 2011, IDA/R2011-0303

Management the authority to approve Level One restructurings (see paragraph 24 of this OP) that require changes in the Project’s development objectives.”

8. For PforR, Paragraph 18 of the Bank Policy states:

“*Restructuring.* During the implementation of the Program, and as part of Bank implementation support, the Program may, with the agreement of the Bank and the Borrower, be restructured to strengthen its development impact, modify its development objectives or disbursement-linked indicators, improve Program performance, address risks and problems that have arisen during implementation, make appropriate use of undisbursed financing, cancel unwithdrawn amount prior to the Closing Date, extend the Closing Date, or otherwise respond to changed circumstances. A restructuring involving a modification of the original program objectives is referred to as a Level One restructuring and is submitted for approval to the Board. A restructuring involving any other modification of the Program is referred to as a Level Two restructuring. The authority to approve Level Two restructuring is delegated by the Board to Management. Management periodically informs the Board of Level Two restructurings.”

9. ***Recent Experience with Restructuring.*** The emphasis on implementation support, together with the above changes to restructuring policy and procedures, appears to have been successful in facilitating a greater use of restructuring. Analysis of the IPF portfolio since the change was introduced indicates that clients regularly take advantage of the opportunity offered by restructuring to adapt projects to changing circumstances. Table 1 shows the number of IPF projects that have been restructured (includes both Level One and Level Two) since FY10. Approximately 26-31 percent of projects in the portfolio were restructured each year.

Table 1. Number of IPF Projects Restructured FY10-FY17

Fiscal Year	Number of restructured projects	Number of active projects	Percentage of active projects
2010	141	1649	8.6%
2011	479	1658	28.9%
2012	464	1575	29.5%
2013	400	1523	26.3%
2014	458	1575	29.1%
2015	468	1585	29.5%
2016	491	1555	31.6%
2017 (YTD)	289	1572	18.4%

* Data includes all product lines (IBRD/IDA, Large Recipient-Executed Grants, GEF, Montreal Protocol, and Special Financing).

** FY17 data is as of April 3, 2017.

*** Data combines entries made into both Operations Portal 1.0 and Operations Portal 2.0.

10. Out of the 57 active PforR operations, seven have undergone Level Two restructuring. Most restructurings are focused around Disbursement Linked Indicator (DLI) design and implementation arrangements, with two operations making minor adjustments to DLI definitions. There has been just one Level One restructuring approved for a PforR operation.

11. Table 2 presents the total number of IPF project restructurings at Level One and Level Two since FY10. The overwhelming majority (around 94 percent) of these restructurings are Level Two. Between FY10 and FY17 (year to date) there were a total of 205 Level One restructurings of IPF operations.

Table 2. Number of IPF Level One and Level Two Project Restructurings FY10-FY17

Fiscal Year	Level One	Level Two	Total
2010	16	128	144
2011	37	512	549
2012	32	505	538
2013	27	407	435
2014	26	465	491
2015	26	491	517
2016	25	521	546
2017 (YTD)	16	273	289

* Data includes all product lines (IBRD/IDA, Large Recipient-Executed Grants, GEF, Montreal Protocol, and Special Financing).

** FY17 data is as of April 3, 2017.

*** Data combines entries made into both Operations Portal 1.0 and Operations Portal 2.0.

**** Multiple restructurings for each project are possible in any given year, which explains why the total number of restructurings in Table 2 is greater than the number of projects restructured in Table 1.

12. The list of Level One IPF restructurings since FY14 is presented in Annex B. The vast majority (over 91 percent) of these Level One restructurings involve modifications to the Project Development Objective (PDO). Restructurings involving changes in Environmental Category (EC) from a lesser category to Category A are rare; however, just over 21 percent of Level One restructurings involve the triggering of a safeguard policy¹¹ not triggered originally by the Project. Of the projects that underwent a Level One restructuring since FY14 only three projects had an EC change to Category A, and 20 projects triggered a new safeguard policy.¹² There have been no Level One restructurings involving reliance on APA or the extension of a Bank Guarantee Expiration Date.¹³

13. Some changes to the PDO are small adjustments to define the objectives in a way that is measurable given the available data. Other changes are made to capture a more realistic assessment of what can be achieved by the closing date of the project, based on implementation experience to date. In other cases, modifications to the PDO reflect deletions/additions to project components or activities.¹⁴ Annex C provides some examples of PDO changes in Level One restructurings for IPF projects that closed recently. Such changes generally do not present institutional or operational risks. In cases where the borrower requests such a major change in the scope of the project as to

¹¹ “Safeguard policies” are the environmental and social policies applicable to IPF and set out in the following OPs: 4.00, 4.01, 4.02, 4.03, 4.04, 4.07, 4.09, 4.10, 4.11, 4.12, 4.36, and 4.37, as applicable.

¹² Data Source: Operations Portal.

¹³ There has only been one restructuring (of any kind) of a guarantee. In 2002, Management approved a restructuring of the Uch Power Project guarantee to reflect a re-profiling of the underlying debt. There was no change in the principal loan exposure under the guarantee or the term of the guarantee. This would have been classified as a Level Two restructuring.

¹⁴ Some PDO changes may also be related to the triggering of a new safeguard policy.

fundamentally alter its objectives from those approved by the Board, the appropriate response is for the Bank to cancel the existing project and prepare a new one.

14. While PDO changes are common across all Global Practices (see Figure 1), predictably Level One restructurings involving the triggering of a new safeguard policy are most likely to be seen in Transport and ICT, Energy and Extractives, Agriculture, and Water (see Figure 2).

Figure 1. Number of Level One IPF restructurings involving PDO changes by Global Practice FY14-FY17

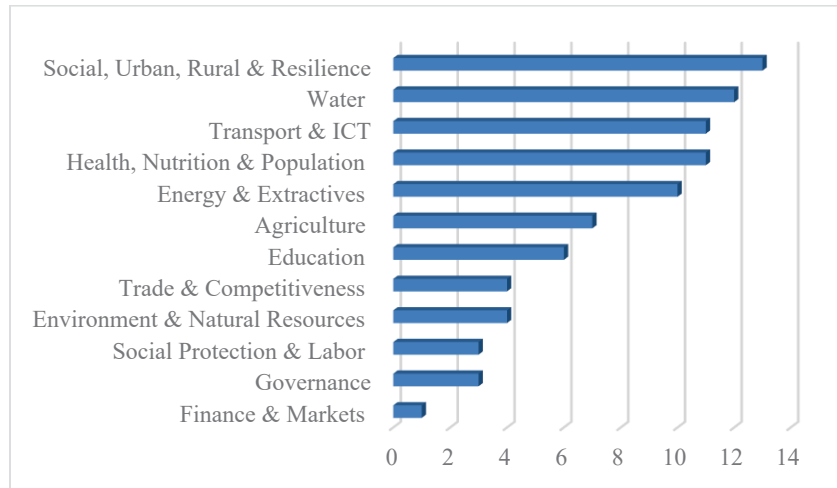
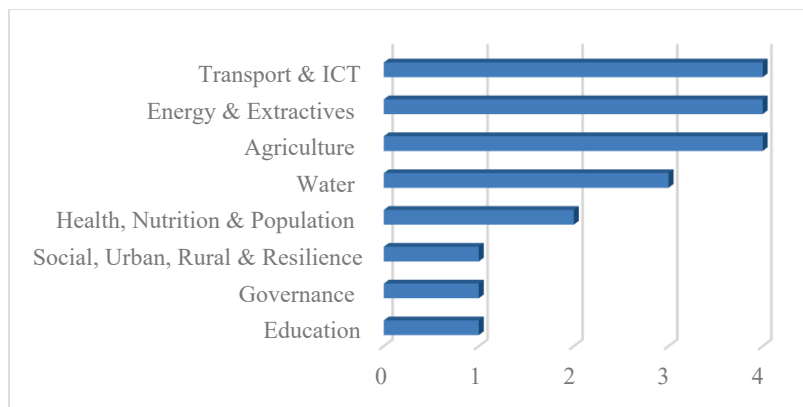


Figure 2. Number of Level One IPF restructurings involving the triggering of a new safeguard policy by Global Practice FY14-FY17



15. Level One restructurings are submitted to Executive Directors on an AOB basis. Since FY14, there has been one case where Management requested a full Board discussion; however, this was because the restructuring included a request for a waiver of Bank operational policy. There have been no cases of Executive Directors calling for a discussion of a proposed Level One restructuring.

III. RATIONALE FOR STREAMLINED RESTRUCTURING

16. ***Adaptability and Restructuring: IEG Findings.*** In a 2014 evaluation of learning and results in Bank operations,¹⁵ IEG looked at the ease with which continuous learning and lessons could benefit individual ongoing projects. The Evaluation found that adaptiveness is impeded by resistance to early Level One restructuring of poorly performing projects. Staff reported that they are not always encouraged to acknowledge problems with projects and that Level One restructuring is ‘stigmatized,’ partly because “there is a fear that it reflects badly on the competence of the task team leader.”¹⁶ The Evaluation further suggested that the scope for adaptiveness is influenced by the ease with which projects may be restructured during implementation, and found a greater willingness to make changes that did not require Board approval (typically involving the reallocation of loan proceeds between components) than to countenance a Board-endorsed revision of the project development objective. Among the three sub-recommendations proposed by IEG to promote adaptiveness,¹⁷ one was to make it easier and more attractive for teams to restructure their projects by, for example, making restructuring the default and putting the onus of explaining why a project was not restructured on the Practice Manager. In its response to the Evaluation recommendations, Management acknowledged the importance and versatility of restructuring as a tool for project adaptability, but was of the view that building maximum flexibility into the original project design and minimizing the need for amendments to legal agreements was a more conducive approach to course-correction and adaptability.

17. ***Restructuring: Agile Pilot Recommendations.*** As earlier stated, the 2009 IL Reform Paper foresaw the possibility that approval authority for Level One restructurings could be reconsidered in the future based on experience. Recently, restructuring was identified by the AP teams as a priority intervention area to improve the Bank’s speed and efficiency in delivering value to our clients. For each AP, cross-functional teams have been established drawing on managers and staff from the GP, Country Management, and Regional Development Effectiveness Units, and the financial management, procurement, safeguards and legal staff who work with the task teams. These teams have been given space and support to experiment with and test new ways of working.

18. Despite the changes introduced in 2009, participants in the AP mapping process emphasized that the internal review/clearance/approval process for restructuring took a long time and involved too many steps and layers. In addition, the paperwork for restructuring often duplicated material available elsewhere, e.g., in Aide Memoires and Implementation Status and Results Reports (ISR). This feedback on restructuring from the AP teams is consistent with feedback gathered through a crowd-sourcing exercise on simplification after the 2014 Employee Engagement Survey and with recent suggestions from staff on the Simplification Space on the Bank’s intranet. The need to streamline restructuring was also identified in the almost year-long diagnostic carried out in 2015 that used surveys, in-depth interviews with staff and managers at all levels, and analysis of system data to identify operational bottlenecks and lay the foundation for the APs.

19. Several areas were identified to speed up the response to clients and reduce the burden on staff of processing restructurings, including Board delegation of approval of most Level One

¹⁵ See *Learning and Results in World Bank Operations: How the Bank Learns, Evaluation 1*, IEG, July 2014 (hereafter “the Evaluation”).

¹⁶ See Chapter 4, Incentives, Leadership, and Culture (page 75) in the Evaluation.

¹⁷ See *Learning and Results in World Bank Operations: How the Bank Learns, Evaluation 2*, IEG, July 2014.

restructurings to Management, and behavioral changes as well as further simplification and enhancements to the Operations Portal. While the last two sets of actions are within Management’s authority, eliminating the requirement to seek Board approval of most Level One restructurings requires a policy modification, as set out in the following section. Box 1 highlights some of the ongoing initiatives to improve the restructuring process as a whole.

Box 1. Complementary Initiatives to Improve Restructuring

The following complementary initiatives are being undertaken to (i) deliver more quickly and effectively to clients, and (ii) reduce the burden on staff of processing restructurings:

- Integration of the loans and operations systems (iLAP and Operations Portal 3) to ensure consistency of information between the two systems. As a result of the completion of the first phase of this integration, task teams are now able to capture and automatically send to iLAP the information on restructuring (for cancellations, closing date extensions, and reallocations);
- Introduction of new Corporate Results Indicators (CRIs) to better monitor the results of operations and track indicators for corporate reporting of results; it is expected that clearer results chains defined upfront, as well as simpler and fewer indicators, will contribute to reducing the need for restructuring for minor modifications to the results framework of an operation;
- Improvements to instructions/procedures, guidance, and training on restructuring for both IPF and PforR;
- Steps towards simplification of restructuring documentation developed by task teams, to avoid duplication of existing material;
- Simplification of legal processes, such as the introduction of e-signatures, and the possibility for countersignature of legal documents to be on different dates, which will speed up delivery to clients when amendments to legal documents are required following a restructuring;
- Enhanced clarity on the application of “split-ratings” for projects whose project objectives and/or outcome targets have been formally revised through restructuring. For such projects, IEG will assess the Overall Outcome against both the original and revised project objectives and/or outcome targets. This methodology aims to reward project teams that recognize issues early and restructure accordingly.

20. Delegating approval of Level One restructurings to Management will reduce the time currently required for approval of Level One restructurings by a minimum of ten business days – the lead time for submitting AOB requests to the Board – and would eliminate the need for ex ante review by SECPO and the Executive Directors, thereby enabling more efficient implementation of the restructuring and freeing up staff time for client-facing work, technical analysis and knowledge sharing. Rather than postponing necessary actions to address poorly performing projects, Bank staff and clients will be able to more readily address course corrections early in the project cycle and focus on delivering results.

IV. PROPOSED CHANGES

21. ***Proposed Policy Modification.*** Management proposes a modification to OP 10.00 for IPF and to Bank Policy for PforR (and related changes to BP 10.00 for IPF and the PforR Directive) such that Management has the delegated authority to approve all restructurings with the exception of IPF restructurings that (i) involve a change in safeguard category from a lesser category to a Category A, (ii) propose reliance on APA, or (iii) involve an extension of the Bank Guarantee Expiration Date. A summary of the proposed changes to OP/BP 10.00 and the PforR Policy/Directive can be found in Annex D.

22. Management proposes to maintain the distinction between Level One and Level Two restructuring for IPF: Level One will be redefined as any restructuring that (i) involves a change in safeguard category from a lesser category to a Category A, (ii) proposes reliance on APA, or (iii) involves an extension of the Bank Guarantee Expiration Date, and will be submitted for consideration by the Executive Directors (or by Management in cases where the original IPF was approved by Management); a restructuring involving any other modification will be referred to as Level Two, for which Management will have the delegated approval authority. Drawing on experience with the rollout of other changes of this nature, Management will proceed cautiously with the expanded category of Level Two restructurings: Level Two restructurings involving a change in PDO or triggering a new safeguard policy, will be approved by the respective RVPs; all other Level Two restructurings will continue to be approved by CDs. The relevant IPF Instructions will clearly set out and differentiate the steps and approvals required for each type of restructuring, and appropriate changes will be made to the Operations Portal; Guidance will be updated accordingly.

23. Management will also proceed cautiously with PforR restructuring, such that restructurings involving a change in PDO will be approved by the respective RVPs while all other restructurings will continue to be approved by CDs. The Bank Procedures and Guidance for PforR will be updated accordingly.

24. All Bank policies and procedures, including the Bank Policy on Operational Policy Waivers, will continue to apply to restructurings. Quality oversight by GPs and CMUs will be unchanged as will the advisory/clearance role of legal, safeguards and/or fiduciary staff when this is required for specific restructuring proposals. Regional Management will be accountable for ensuring that the quality of all restructurings and compliance with Bank policies is maintained. For IPF restructurings that trigger a safeguard policy not triggered originally by the Project, there will be no change to applicable safeguards requirements: the Integrated Safeguards Data Sheet and existing safeguards instruments, as applicable, as well as any new safeguards instruments, if needed, will continue to be updated, or prepared in the case of new instruments, and disclosed in accordance with the current requirements prior to Management approval of the restructuring.¹⁸ For projects financed under the new Environmental and Social Framework (ESF), projects under implementation with environmental and social risk ratings modified to “high” or “substantial”

¹⁸ This approach is consistent with the new ESF that is expected to go into effect in 2018. Under the new ESF, the current environmental category classification will be eliminated and the concept of ‘triggering’ a new safeguard policy will not exist as all safeguard policies will apply throughout the life of a Project.

would not need to be submitted to the Board for approval, given the ESF's strengthened focus on project implementation.

25. As highlighted above, in all cases the required due diligence will still be carried out as part of the restructuring – the difference will be that the Board is informed about the restructuring *ex post* instead of approving it *ex ante*. Changes to the PDO generally do not present institutional or operational risks. There will be no changes in how the Independent Evaluation Group (IEG) recognizes restructurings in its evaluation of Project performance.

26. Cases of IPF restructuring that propose the use of APA are expected to be very rare. Management provides annual updates to the Committee on Development Effectiveness and the Audit Committee on the use of APA, as well as periodic briefings for Executive Directors' Advisors. To ensure consistency with Management's commitments in relation to APA in the context of the new procurement framework, IPF restructurings that propose the use of APA will be submitted for consideration by the Board on AOB. This will be reconsidered when Management reports back to the Board on its experience with APA as part of the five-year review of the procurement framework.

27. Information on all IPF restructurings will continue to be available through the Executive Directors' Portal.¹⁹ In addition, Management will provide information on all PforR restructurings that involve a modification of the original Program objectives together with IPF Level Two restructurings that involve a change in PDO or trigger a new safeguard policy, in: (i) the Quarterly Operations Update, and (ii) the annual report to the Board on Operational Policy Waivers, which will be expanded to provide this information. Furthermore, an analysis of the lessons learned from restructured operations will be provided periodically.

28. After about three years of implementation, Management will prepare a report for Board discussion on the experience with expanded delegation of authority.

V. RECOMMENDATION AND REQUEST FOR APPROVAL

29. Management seeks the Executive Directors' approval of the proposed modification to the policy for IPF and for PforR to delegate to Management the authority to approve all Project or Program restructurings, with the exception of IPF restructurings that (i) involve a change in safeguard category from a lesser category to a Category A, (ii) propose reliance on APA, or (iii) involve an extension of the Bank Guarantee Expiration Date.

30. Upon approval by the Executive Directors of the above policy changes, Management would update OP/BP 10.00 and the relevant IPF Instructions and Guidance, and the Bank Policy and Bank Directive and relevant Bank Procedures and Guidance for PforR, accordingly.

31. If the Executive Directors approve this request, the new policies for restructuring are expected to become effective on October 1, 2017.

¹⁹ Work is underway to incorporate the restructuring of PforR operations into the Operations and Executive Directors' Portals; this will be completed in FY18.

Annex A. An Update on the Agile Bank

I. Forward Look: Moving Toward an Agile Bank Group

The Bank’s Forward Look paper emphasized the need to “*become faster and less bureaucratic, which will require shifting mindsets and behaviors, building a culture of continuous improvement and problem-solving; allowing staff to tailor approaches to project complexity, size and risk; and encouraging ideas and innovation. This will be the focus of the Agile Bank initiative.*”¹ A description of efforts to improve the Bank’s ‘agility’ can be found below – these are a combination of initiatives stemming from the Agile Pilots (AP) initiative as well as efforts to improve the Bank’s operational efficiency that were already underway.

II. Select Initiatives to Improve the Bank’s Agility

Current efforts to improve the Bank’s ‘agility’ build upon the lessons from on-going efforts to simplify the Bank’s operating processes and systems. Since the early days of the AP initiative in the fall of 2016, extensive bottom-up staff consultation was carried out to identify further ‘pain points’ and ideas for operational changes. This bottom-up sourcing of ideas and solutions has created buy-in from staff and seeks to create a continuous improvement culture.² Some of these ideas require testing and led to the identification of a series of pilot initiatives in selected GPs and regions.³ Other ideas feed into on-going reform initiatives and help in the scaling up of these ideas (e.g., ICR reform). Most of the ideas selected for scaling up require Management decisions or role-modelling behavior, while a few involve changes in Bank policy which require discussion with the Executive Directors. One critical common thread underlying the areas of work below is the need for behavior change and management signaling to be embedded directly in specific initiatives. The selected initiatives highlighted below are/will contribute to the Bank’s agility both through the contribution of the AP initiative and on-going simplification efforts:

Simplified documentation

- Agile pilots tested the introduction of a new ICR in partnership with OPCS and IEG. The new ICR has a stronger focus on learning and uses a simplified template. Incorporating lessons learned from the pilots, a revised and more streamlined ICR will be launched early in FY18.
- A simplified PAD template was piloted and will be mainstreamed for all Bank-financed projects in FY18.
- Agile pilots are testing streamlined approaches to concept notes, quality enhancement review meetings, and peer review more generally.

¹ *Forward Look—A Vision for the World Bank Group in 2030* (DC20016-0008), September 20, 2016, page 6.

² This has been complemented by other initiatives, such as the simplification agenda, which focuses on continuous operational process improvements.

³ The three original pilots – Transport and ICT in the Africa Region; Health, Nutrition and Population in the South Asia Region; and Macroeconomics and Fiscal Management in the Europe and Central Asia Region – experimented with interventions that they themselves identified.

Greater client focus through greater delegation of authority and streamlined internal processes

- Risk-based flight paths. Agile pilots are testing risk-based approaches to project reviews. The aim is to have shorter lead times and lighter reviews for low-risk projects, thereby allowing for increased resources and focus on riskier and transformational projects. Lessons are being applied from the risk-based review of analytical and advisory work introduced in early FY17.
- Multiphase Programmatic Approach (MPA). The MPA paper proposes that the Board approve financing for multiphase and longer term programs and authorize Management to commit funding within the approved financing envelope, albeit with certain exceptions.
- Streamlined Project Restructuring. The restructuring paper proposes delegation of most Level One restructurings from Board to Management (this idea was identified during the agile pilot consultations).
- Adaptable DPF. The adaptable DPF proposal seeks to enhance operational agility of DPFs in fragile and conflict-affected situations and countries in crisis (paper under preparation).
- Internal delegation. Opportunities for further delegation of operational approvals are being identified in order to remove unnecessary or duplicative layers of review. Most operational policy waivers will be delegated from the CEO to the VP level, and further delegation to the Director level is being considered (e.g., for project-level decisions).
- Reduction of roles. Agile pilots are testing the need for current ADM roles, i.e., required concurrence, advice, and signoff, in certain operational processes (e.g., disbursements under PforR).
- Improved supervision effectiveness. An agile ISR pilot is under way and is looking at more frequent and problem-driven logging and communication during implementation support.
- Streamlined Systematic Country Diagnostic and Country Partnership Framework. Pilots are underway and will be evaluated in FY18.
- Meetings. Various efforts are under way to make meetings more efficient, including training and promoting more virtual meetings in place of face-to-face interactions.

Enhanced automation, information flow and knowledge sharing

- iLAP integration. This multi-year and cross-VPU (WFA, OPCS, and ITS) project links the Operations Portal with the loan administration system (iLAP) to ensure consistency of information between the two systems, eliminating separate paperwork and potential errors (on-going).
- Operations Portal. Consolidation of the IPF, PforR and DPF Operations Portals (part of on-going work between ITS and OPCS) will strengthen the Operations Portal and establish a common platform for all financing instruments.
- Knowledge package. A ‘knowledge’ tab in the Operations Portal is being developed to easily provide relevant analytical and sectoral knowledge (as driven/identified by individual GPs) to task teams to aid them in project design.
- Operations Manual. A new electronic Operations Manual allows faster searches and retrieval of operational policies and procedures.

The three broad areas identified above are on-going and inter-linked. There are likely to be other ideas emerging in FY18 that will require scaling-up. In order for the AP and other ‘agile’ initiatives to succeed, it is crucial that the Bank have in place the right incentives for risk-taking and that

managers signal and model 'agile' behaviors – this is the only way to trigger sustained 'culture change' across the organization. The AP initiative is led by the CEO's office and is being closely coordinated with OPCS, ITS, BPS, LEG and HR to ensure sustainability and success.

Annex B. List of IPF Projects with Level One Restructuring FY14-FY17

Country Name	Project Name	Change in Project Development Objective	Change in Safeguard Category from Lesser Category to Category A	Trigger of Safeguard Policy Not Previously Triggered
Afghanistan	Capacity Building for Results Facility	Y		
Angola	Municipal Health Service Strengthening (Revitalização)	Y		
Azerbaijan	Second Education Sector Development Project	Y		
Azerbaijan	Third Highway Project	Y		
Bangladesh	Siddhirganj Power Project	Y		
Bangladesh	Strengthening Auditor General's Office	Y		
Bangladesh	Local Governance Support Project II	Y		
Bangladesh	Chittagong Water Supply Improvement and Sanitation Project	Y		Y
Bangladesh	Rural Water Supply and Sanitation Project	Y		
Bangladesh	Empowerment and Livelihood Improvement "Nuton Jibon" Project	Y		
Benin	Competitiveness and Integrated Growth Opportunity Project	Y		
Brazil	Sao Paulo Sustainable Rural Development and Access to Markets	Y		
Brazil	Rio de Janeiro Renovating and Strengthening Public Management			Y
Bulgaria	Municipal Infrastructure Development	Y		
Cameroon	Competitive Value Chains	Y		
Central Africa	Central African Economic and Monetary Community – Transport-Transit Facilitation	Y	Y	
Central African Republic	Health System Support Project	Y		
China	Liaoning and Shandong Technical and Vocational Education and Training Project	Y		
China	Liaoning Third Medium Cities Infrastructure	Y		
China	Shanxi Coal Bed Methane Development and Utilization	Y		
China	Shandong Energy Efficiency Project	Y		
China	Guizhou Cultural and Natural Heritage Protection and Development	Y		

Country Name	Project Name	Change in Project Development Objective	Change in Safeguard Category from Lesser Category to Category A	Trigger of Safeguard Policy Not Previously Triggered
China	Liaoning Coastal Economic Zone Urban Infrastructure and Environment	Y		
China	Shandong Confucius and Mencius Cultural Heritage Conservation	Y		
China	Xi'an Sustainable Urban Transport Project	Y		
Congo, Republic of	Forestry and Economic Diversification Project	Y		
Congo, Republic of	Support to Economic Diversification Project	Y		
Djibouti	Improving Health Sector Performance	Y		
Dominican Republic	Municipal Development Project	Y		
Egypt, Arab Republic of	Wind Power Development Project	Y		
Egypt, Arab Republic of	Health Care Quality Improvement Project	Y		Y
Egypt, Arab Republic of	Cairo Airport Development Project-TB2	Y		
Egypt, Arab Republic of	National Railways Restructuring Project	Y		
Egypt, Arab Republic of	Farm-level Irrigation Modernization	Y		Y
Ethiopia	Irrigation and Drainage Project	Y		
Ethiopia	Road Sector Development Stage III Project (APL3)	Y		
Ghana	Commercial Agriculture	Y		Y
Grenada	Safety Net Advancement Project	Y		
Haiti	Relaunching Agriculture: Strengthening Agriculture Public Sector	Y		Y
India	Neeranchal National Watershed Project	Y		
India	Capacity Building for Industrial Pollution Management	Y		
India	Capacity Building for Urban Development Project	Y		
India	National Highways Authority of India Technical Assistance Project	Y		Y
India	Eastern Dedicated Freight Corridor	Y		Y
India	Financing PPPs in Infrastructure through Support to the India Infrastructure Finance Company Ltd	Y		

Country Name	Project Name	Change in Project Development Objective	Change in Safeguard Category from Lesser Category to Category A	Trigger of Safeguard Policy Not Previously Triggered
Indonesia	Power Transmission Development Project	Y	Y	Y
Indonesia	Research and Innovation in Science and Technology Project	Y		
Indonesia	Village Innovation Program	Y		
Kazakhstan	South-West Roads: Western Europe-Western China International Transit Corridor	Y		
Kenya	Municipal Program	Y		
Kyrgyz Republic	Second Health and Social Protection Project	Y		
Lao People's Democratic Republic	Road Sector Project		Y	Y
Lebanon	Social Promotion and Protection Project	Y		
Lesotho	Smallholder Agriculture Development Project	Y		
Lesotho	Health Sector Performance Enhancement	Y		
Lesotho	Water Sector Improvement APL Phase II: Metolong Dam and Water Supply	Y		
Mali	Urban Local Government Support Project	Y		
Middle East and North Africa	Red Sea and Gulf of Aden Strategic Ecosystem Management GEF Project	Y		
Moldova	Agriculture Competitiveness Project			Y
Moldova	Education Reform Project	Y		Y
Mongolia	Mining Sector Technical Assistance Project	Y		
Mongolia	Ulaanbaatar Clean Air Project			Y
Morocco	Oum Er Rbia Sanitation	Y		
Morocco	Modernization of Irrigated Agriculture in the Oum Er Rbia Basin	Y		
Myanmar	Agricultural Development Support Project	Y		
Myanmar	Essential Health Services Access Project	Y		
Myanmar	Ayeyarwady Integrated River Basin Management Project	Y		
Nepal	Community Action for Nutrition Project (Sunaula Hazar Din)	Y		Y

Country Name	Project Name	Change in Project Development Objective	Change in Safeguard Category from Lesser Category to Category A	Trigger of Safeguard Policy Not Previously Triggered
Nepal	Urban Governance and Development Program: Emerging Towns Project	Y		
Nicaragua	Adaptation of Nicaragua's Water Supplies to Climate Change	Y		
Niger	Public Sector Capacity and Performance for Service Delivery	Y		
Pacific Islands	Sustainable Energy Finance Project	Y		Y
Papua New Guinea	Flexible and Open Distance Education Project	Y		
Philippines	Support for Strategic Local Development and Investment Project			Y
Philippines	National Roads Improvement and Management Program (APL) Phase 2	Y		Y
Philippines	Participatory Irrigation Development Project	Y		Y
Philippines	Studies for Sustainable Flood Management	Y		
Romania	Social Assistance System Modernization Project	Y		
Senegal	Economic Governance Project	Y		
Sierra Leone	Energy Access Project – Sierra Leone Infrastructure	Y		
Sierra Leone	Reproductive and Child Health Project – Phase 2	Y		
Swaziland	Local Government Project	Y		
Timor-Leste	Second Chance Education Project	Y		
Turkey	Project in Support of Restructuring of Health Sector	Y		
Uruguay	Sustainable Management of Natural Resources and Climate Change			Y
Vietnam	Renewable Energy Development Project			Y
West Bank and Gaza	Electric Utility Management Project	Y		
Western Africa	Ebola Emergency Response Project	Y		
Western Africa	Niger Basin Water Resources Development and Sustainable Ecosystems Management	Y		
Yemen, Republic of	Integrated Urban Development Project	Y		
Yemen, Republic of	Second Port Cities Development Project	Y		

Country Name	Project Name	Change in Project Development Objective	Change in Safeguard Category from Lesser Category to Category A	Trigger of Safeguard Policy Not Previously Triggered
Yemen, Republic of	Second Rural Access Project	Y		

Annex C. Examples of PDO Changes in IPF Projects

Project	Original PDO	Revised PDO	Rationale for change
<p>Vietnam – ICT Development (P079344)</p>	<p>“(i) to accelerate the use of ICT and support institutional development in order to increase the efficiency and effectiveness of public administration, increase transparency and availability of information, and improve public services delivery to stakeholders; and (ii) to foster private sector development in particular by facilitating the increased adoption of ICT by small and medium enterprises.”</p>	<p>“(i) to support the Ministry of Information and Communication’s (MIC) institutional development and technical and regulatory capacity for ICT sector oversight and to increase efficiency and transparency of public service delivery in MIC, General Statistics Office, Ministry of Financial Affairs, Hanoi and Danang; and (ii) foster private sector development by increasing access to business-related government services and raising awareness and usage of ICT in Hanoi and Danang.”</p>	<p>A Level One restructuring approved in January 2010 revised the PDO. The restructuring resulted from the cancellation of some sub-projects because the beneficiaries of those sub-projects had their own funds to conduct activities similar to those of the project. The changes in the PDO reflected the narrower objectives of the project activities funded by IDA.</p>
<p>Tajikistan – Ferghana Valley Water Resources Management Project (P084035)</p>	<p>“(i) to improve the capacity for increased productivity of irrigated agriculture in the Ferghana Valley by improving land and water management, and (ii) to improve safety and regulation of the Kayrakkum Dam and Reservoir, thereby contributing to enhanced water management security and efficiency at the basin level.”</p>	<p>“(i) increasing the coverage of drained and irrigated areas in Bobojon Gafurov and Kannibodom raions, respectively; and (ii) strengthening the early warning system of the Kayrakkum Dam as well as carrying out a geotechnical study for assessing the risks associated with said dam.”</p>	<p>A Level One restructuring approved in May 2010 revised the PDO. The components were not revised and project activities remained essentially the same as in the original project. However, due to cost-overruns in the first three years of implementation, project outputs were falling considerably short of original design and the achievement of the PDO by closing date was threatened. The revised PDO was a more realistic view of what the project could achieve.</p>
<p>Kosovo – Avian Influenza Control and Human Pandemic Preparedness and Response Project (P102165)</p>	<p>“to strengthen the Government of Kosovo’s capacity to prevent the spread of avian influenza among poultry, to prevent the transmission of avian influenza from birds to other animals and humans, and to prepare for a potential pandemic of avian influenza transmissible between humans.”</p>	<p>“to minimize the threat posed to humans by highly pathogenic avian influenza (HPAI) infection and other zoonoses and to prepare for, control, and respond to influenza pandemics and other infectious disease emergencies in humans.”</p>	<p>A Level One Restructuring approved in December 2009 revised the PDO. The restructuring reflected a broadening in project activities due to the fact that the country never faced the HPAI outbreak that was anticipated at inception, but was dealing with animal diseases of public concern other than HPAI, and apprehension had grown for another A/influenza serotype H1N1. The original Project Components remained, although additional activities were added to support the revised PDO.</p>
<p>Sri Lanka – Public Sector Capacity</p>	<p>“to enhance the effectiveness, efficiency and productivity of the Recipient’s Department of Census and Statistics (DCS) and Auditor General’s Department (AGD).”</p>	<p>“to enhance the effectiveness, efficiency and productivity of the Recipient’s AGD.”</p>	<p>A Level One Restructuring approved in July 2012 revised the PDO. Through the restructuring, <i>Component 1: Upgrading Statistical Capacity</i> was dropped because of weak performance and</p>

Project	Original PDO	Revised PDO	Rationale for change
Building (P097329) Azerbaijan – Second Education Sector Development Project (P102117)	<p>“to (i) enhance the effectiveness of teaching in general secondary schools; (ii) improve learning results in schools which receive new school libraries and where teachers adopt improved teaching practices as a result of in-service training; and (iii) improve efficiency of spending on general education.”</p>	<p>“to enhance the effectiveness of teaching and learning conditions in general education schools through curriculum reform and teacher in-service training.”</p>	<p>the funds were allocated to <i>Component 2: Improving Auditing Standards</i>. The PDO change reflected the removal of one public sector agency as a primary beneficiary.</p> <p>A Level One restructuring in February 2014 revised the PDO. This project was the second phase of an APL program whose long time frame meant that developments in the country during the period resulted in shifts in the Ministry of Education’s program. The revised PDO sharpened the focus on improved teaching and learning and dropping the reference to learning outcomes related to school libraries and the objective related to improved efficiency of spending in education. Activities related to the teaching/learning process at the primary and secondary levels were scaled up. Some activities were deemphasized where either: (i) adequate progress had already been achieved or Government had allocated other funds (e.g., Education Management Information System development and per capita financing); or (ii) where further consensus-building was needed (e.g., with respect to the preparation of a national framework for rationalizing the school network).</p>
China – Liaoning Third Medium Cities Infrastructure (P099224)	<p>“to assist Liaoning Province in improving the energy efficiency and environmental performance of heating and gas services in Project areas of the Project Cities.”</p>	<p>“to assist Liaoning Province in improving the energy efficiency and environmental performance of heating services in the Project areas of the Project Cities.”</p>	<p>A Level One restructuring in January 2014 revised the PDO. The reference to ‘gas services’ was dropped from the PDO because Part B (Component 2) of the project, which comprised the only gas subproject, was cancelled as a result of the counterpart opting to use local financing.</p>
China – Liaoning and Shandong Technical and Vocational Education and Training Project (P117107)	<p>“to improve the quality and relevance of technical education in eight schools in Liaoning and Shandong Provinces and produce lessons from this experience as a guide for future school reforms and policy development.”</p>	<p>“to improve the quality and relevance of technical education in project schools in Liaoning and Shandong Provinces and produce lessons from this experience as a guide for future school reforms and policy development.”</p>	<p>A Level One restructuring in January 2015 revised the PDO. The Liaoning Labor Economy School withdrew from the project and given that the original PDO made specific reference to eight schools, the restructuring revised the PDO to remove that reference.</p>

Project	Original PDO	Revised PDO	Rationale for change
<p>Turkey – Project in Support of Restructuring of Health Sector (P102172)</p>	<p>“(i) increasing the effectiveness of the Ministry of Health (MoH) and the Social Security Institution (SSI) in formulating and implementing reforms in provider payments and health systems performance; and (ii) piloting output-based financing for Non-communicable diseases prevention and control.”</p>	<p>“to increase the effectiveness of the MoH in formulating and implementing reforms in provider payments and health systems performance.”</p>	<p>A Level One restructuring in January 2014 revised the PDO. In the original Project design, the output-based financing scheme was envisaged as a pilot. In accordance with the MoH’s decision not to pilot this option using Project funds but to implement it nationwide, this part of the PDO was no longer relevant and, therefore, removed. References to SSI were also removed in the revised PDO as the Borrower decided to carry out activities originally planned under Component C (Capacity building of the Social Security Institution) using its own funds, and therefore the Component was dropped.</p>

Annex D. Summary of Changes Proposed to OP/BP 10.00 and Bank Policy/Bank Directive for PforR

Investment Project Financing

Current text	Modified text	Proposed new text
<p>OP 10.00 paragraphs on Restructuring</p> <p>14. For existing Projects supported by a Bank Loan, which are restructured to add contingent emergency response components that meet the requirements of the Immediate Response Mechanism (IRM), the Executive Directors have delegated to Management the authority to approve Level One restructurings (see paragraph 24 of this OP) that require changes in the Project's development objectives.</p>	<p>14. For existing Projects supported by a Bank Loan, which are restructured to add contingent emergency response components that meet the requirements of the Immediate Response Mechanism (IRM), the Executive Directors have delegated to Management the authority to approve Level One restructurings (see paragraph 24 of this OP) that require changes in the Project's development objectives.</p>	<p>Paragraph deleted.</p>
<p>24. Restructuring. During implementation the Bank, the Borrower, and the member country, as appropriate, may agree to restructure the Project to strengthen its development effectiveness, improve Project performance, modify indicators, address risks and problems that have arisen during implementation, make appropriate use of undischursed proceeds of a Bank Loan, cancel unwithdrawn amounts of a Bank Loan prior to the Loan Closing Date, extend the Closing Date¹⁰, or otherwise respond to changed circumstances. A restructuring involving the original Project's development objectives, an extension of the Bank Guarantee Expiration Date, reliance on alternative procurement arrangements referred to under Section III.F of the Procurement Policy, or a change in safeguard category — from a lesser category to a Category A (as defined in OP 4.01 or OP4.03 as applicable) or the trigger of a safeguard policy not triggered originally by the Project —, is referred to as a level one ("Level One") restructuring and is submitted for consideration by the Executive Directors (or by Management, in cases where the original Investment Project Financing was approved by Management). A restructuring involving any other modification of the Project is referred to as a level two ("Level Two") restructuring. Management has the delegated authority to approve Level Two restructurings.</p>	<p>24. 23. Restructuring. During implementation the Bank, the Borrower, and the member country, as appropriate, may agree to restructure the Project to strengthen its development effectiveness, modify indicators, address risks and problems that have arisen during implementation, make appropriate use of undischursed proceeds of a Bank Loan, cancel unwithdrawn amounts of a Bank Loan prior to the Closing Date¹⁰, or otherwise respond to changed circumstances. A restructuring involving a modification of the original Project's development objectives, an extension of the Bank Guarantee Expiration Date, reliance on alternative procurement arrangements referred to under Section III.F of the Procurement Policy, or a change in safeguard category — from a lesser category to a Category A (as defined in OP 4.01 or OP4.03 as applicable) or the trigger of a safeguard policy not triggered originally by the Project —, an extension of the Bank Guarantee Expiration Date, or reliance on alternative procurement arrangements referred to under Section III.F of the Procurement Policy, is referred to as a level one ("Level One") restructuring and is submitted for consideration by the Executive Directors (or by Management, in cases where the original Investment Project Financing was approved by Management). A restructuring involving any other modification of the Project is referred to as a level two ("Level Two") restructuring. Management has</p>	<p>23. Restructuring. During implementation the Bank, the Borrower, and the member country, as appropriate, may agree to restructure the Project to strengthen its development effectiveness, modify its development objectives, improve Project performance, modify indicators, address risks and problems that have arisen during implementation, make appropriate use of undischursed proceeds of a Bank Loan, cancel unwithdrawn amounts of a Bank Loan prior to the Loan Closing Date, extend the Closing Date¹⁰, or otherwise respond to a change in safeguard category — from a lesser category to a Category A (as defined in OP 4.01 or OP4.03 as applicable), an extension of the Bank Guarantee Expiration Date, or reliance on alternative procurement arrangements referred to under Section III.F of the Procurement Policy, is referred to as a level one ("Level One") restructuring and is submitted for consideration by the Executive Directors (or by Management, in cases where the original Investment Project Financing was approved by Management). A restructuring involving any other modification of the Project is referred to as a level two ("Level Two") restructuring. Management has the</p>

Current text	Modified text	Proposed new text
<p>Management periodically informs the Executive Directors of the Level Two restructurings.</p> <p>¹⁰ “Closing Date” refers, collectively or as the context requires, singularly, to a Loan Closing Date and/or a Bank Guarantee Closing Date, as defined in paragraphs 25 and 26 respectively.</p> <p>BP 10.00 paragraph on Restructuring</p> <p>45. Restructuring. If the Borrower or a Project Participant proposes changes to the Project or Investment Project Financing, the Bank determines if this is a Level One or Level Two restructuring, as defined in OP 10.00 and prepares the documentation accordingly. The documentation describes the rationale for the proposed restructuring and the analysis of associated benefits and risks. Executive Directors or Management decide on the restructuring approval as appropriate. Restructurings take effect through amendments to the legal agreements or, if so established in the original legal agreements, by written notice to the Borrower. A list of all approved restructurings is included in regular operational reporting to the Executive Directors. All restructurings are taken into account in conducting self- and independent evaluation.</p>	<p>the delegated authority to approve Level Two restructurings. Management periodically informs the Executive Directors of the Level Two restructurings. Information on all restructurings is available to Executive Directors.</p> <p>¹⁰ “Closing Date” refers, collectively or as the context requires, singularly, to a Loan Closing Date and/or a Bank Guarantee Closing Date, as defined in paragraphs 2524 and 2625 respectively.</p> <p>45. Restructuring. If the Borrower or a Project Participant proposes changes to the Project or Investment Project Financing, the Bank determines if this is a Level One or Level Two restructuring, as defined in OP 10.00 and prepares the documentation accordingly. The documentation describes, among other things, the rationale for the proposed restructuring and the analysis of associated benefits and risks. Executive Directors or Management decide on the restructuring approval as appropriate. Restructurings take effect through amendments to the legal agreements or, if so established in the original legal agreements, by written notice to the Borrower. A list of all approved restructurings is included in regular operational reporting to the Executive Directors. All restructurings are taken into account in conducting self- and independent evaluation.</p>	<p>delegated authority to approve Level Two restructurings. Management periodically informs the Executive Directors of the Level Two restructurings. Information on all restructurings is available to Executive Directors.</p> <p>¹⁰ “Closing Date” refers, collectively or as the context requires, singularly, to a Loan Closing Date and/or a Bank Guarantee Closing Date, as defined in paragraphs 24 and 25 respectively.</p> <p>45. Restructuring. A restructuring proposal describes, among other things, the rationale for the restructuring and the associated benefits and risks. Restructurings take effect through amendments to the legal agreements or, if so established in the original legal agreements, by written notice to the Borrower. All restructurings are taken into account in conducting self- and independent evaluation.</p>

Program-for-Results Financing

Current text	Modified text	Proposed new text
<p>Bank Policy on PforR paragraph on Restructuring</p> <p>18. Restructuring. During the implementation of the Program, and as part of Bank implementation support, the Program may, with the agreement of the Bank and the Borrower, be restructured to strengthen its development impact, modify its development objectives or disbursement-linked indicators, improve Program performance, address risks and problems that have arisen during implementation, make appropriate use of undisbursed financing, cancel unwithdrawn amounts prior to the Closing Date, extend the Closing Date, or otherwise respond to changed circumstances. A restructuring involving a modification of the original Program objectives is referred to as a Level One restructuring and is submitted for approval by the Board. A restructuring involving any other modification of the Program is referred to as a Level Two restructuring. The authority to approve Level Two restructuring is delegated by the Board to Management. Management periodically informs the Board of Level Two restructurings.</p>	<p>18. Restructuring. During the implementation of the Program, and as part of Bank implementation support, the Program may, with the agreement of the Bank and the Borrower, be restructured to strengthen its development impact, modify its development objectives or disbursement-linked indicators, improve Program performance, address risks and problems that have arisen during implementation, make appropriate use of undisbursed financing, cancel unwithdrawn amounts prior to the Closing Date, extend the Closing Date, or otherwise respond to changed circumstances. A restructuring involving a modification of the original Program objectives is referred to as a Level One restructuring and is submitted for approval by the Board. A restructuring involving any other modification of the Program is referred to as a Level Two restructuring. The authority to approve Level Two restructurings is delegated by the Board to Management. Management periodically informs the Board of Level Two restructurings. Information on all restructurings is available to Executive Directors.</p>	<p>18. Restructuring. During the implementation of the Program, and as part of Bank implementation support, the Program may, with the agreement of the Bank and the Borrower, be restructured to strengthen its development impact, modify its development objectives or disbursement-linked indicators, improve Program performance, address risks and problems that have arisen during implementation, make appropriate use of undisbursed financing, cancel unwithdrawn amounts prior to the Closing Date, extend the Closing Date, or otherwise respond to changed circumstances. The authority to approve all restructurings is delegated by the Board to Management. Information on all restructurings is available to Executive Directors.</p>
<p>Bank Directive on PforR paragraph on Restructuring</p> <p>41. Restructuring. If, as part of Program implementation support, the task team identifies, normally with the Borrower's input, a need to restructure the Program, the restructuring takes place in accordance with Section III, paragraph 18 of the PforR Policy.</p>	<p>No change.</p>	<p>41. Restructuring. If, as part of Program implementation support, the task team identifies, normally with the Borrower's input, a need to restructure the Program, the restructuring takes place in accordance with Section III, paragraph 18 of the PforR Policy.</p>

