

Maximizing the Impact of
the World Bank Group in

Fragile and Conflict-Affected Situations





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Foreword

Half a billion people today face uncertainty, fear and suffering as a direct result of living in countries affected by conflict. By current projections the share of the world's poorest people living amidst fragility, conflict and violence could reach 60 percent by 2030. Poverty trends are directly proportional to the intensity of violence. The World Bank Group aims to end extreme poverty by the end of the next decade, an objective shared with the international community and expressed in the first Sustainable Development Goal. As we and global partners pursue this ambition, the implication could not be clearer: success depends upon greater focus, stronger collaboration and deepening the effectiveness of our work in places where FCV threatens so many lives.

This report reveals how we are leveraging our business model to deliver results in the world's most difficult environments. As you will discover in reading it, we are already making important strides to increase not just the volume but also the impact of our work everywhere that FCV exists. From our Global Practices through to our Regional and Country teams, everyone is putting shoulders to the wheel. That goes also for our colleagues in IFC and MIGA. We all share the same understanding that to succeed in our mission of ending poverty we have to solve the crisis for the two billion imperiled by FCV.

Development challenges associated with the ravages of war, the shock of forced displacement and refugee inflows, as well as the fault lines of ethnic, religious, and other societal divisions demand solutions that get to the root causes of why countries become fragile or get stuck in that dilemma. In other words, business as usual will no longer suffice.

Our FCV Group plays a critical role in helping operational teams understand and address this complexity. Its analytical work enables country units to introduce a "fragility lens" into their diagnostics, programmatic strategies, and project design. It gives technical and strategic inputs into policy dialogue with governments on sensitive issues such as the treatment and protection of refugees. It helps lead recovery and peacebuilding assessments with the United Nations that enable countries to chart a path to peace and recovery in the aftermath of war.

In the context of IDA18, this "alliance to implement" between operational teams and the FCV Group has taken on greater importance. IDA18 has doubled the resources available for FCV settings, from \$7 billion under IDA17 to more than \$14 billion today. It also offers further resources to address fragility-related challenges, for instance the Risk-Mitigation Regime which will fund projects to promote stability in four at-risk countries. A new \$2 billion window will provide more financing to help refugee-hosting governments promote sustainable socioeconomic solutions for refugees and host communities. And in middle-income countries, where most people living in fragile contexts are located, innovative financing mechanisms such as the Global Concessional Financing Facility and the State and Peacebuilding Fund are providing teams with the resources to pilot new remedies for forced displacement and other FCV issues.

But even as IDA18 and other tools offer new opportunities to tackle fragility, maximizing our impact on the ground will require pushing - and in some cases going beyond - our traditional operational boundaries. This report also highlights areas where innovation is happening. Strengthening the nexus between humanitarian, development, and peacebuilding efforts; leveraging implementation partnerships with the UN and INGOs to stay engaged during active conflict; and pivoting to prevention in our approach to conflict, crisis, and extremism - we are going the extra mile to deal effectively with the acute challenges of FCV.

The quest to end poverty is fundamentally about changing lives. Beyond the statistics, our impact must be measured in bringing hope, opportunity, and peace to the world's most vulnerable citizens. While I remain eager to do more and know that we will continue to increase our impact, I am proud of our achievements. I hope that you share in that pride.



Kristalina Georgieva
CEO, The World Bank

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¹The Global Practices list used is that of December 31, 2017, prior to changes made in the Equitable Growth, Finance and Institutions Practice Group Organizational Structure.

Acknowledgment

Fragility, conflict and violence (FCV) is at the forefront of the World Bank Group's business and is among the most pressing challenges as we strive to achieve the WBG's twin goals. This report was inspired by the commitment of the World Bank Group (WBG) to strengthen its strategic and operational approach with the objective to maximize its impact in Fragile and Conflict-affected Situations (FCS). This paper offers an overview of the extent and diversity of the work carried out across the WBG and suggests key priorities moving forward. In doing so, it also identifies several cross-cutting themes and gaps in areas that will require further work over the coming years.

This report was developed under the leadership of Franck Bousquet, Senior Director for Fragility, Conflict, Violence and Forced Displacement, and the coordination of Olivier Lavinal, Senior Fragility Expert, and includes the inputs and contributions of all the Regions, Global Practices, Global Themes, as well as of IFC and MIGA.

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Abbreviations and Acronyms

ACLED	Armed Conflict Location & Event Data
AF	additional financing
AML	anti-money laundering
ASA	Advisory Services and Analytics
ASP	Adaptive Social Protection
CAT Bond	catastrophe bond
CAT DDO	Catastrophe Deferred Draw-Down Option
CCSA	Cross Cutting Solution Areas
CDC	Community Development Council
CDD	community-driven development
CEA	Country Environmental Assessments
CFT	combating the financing of terrorism
CMAW	Creating Markets Advisory Window
CMU	country management unit
CPF	Country Partnership Framework
CSO	civil society organization
DEC	Development Economics Vice Presidency
Dfi	Development Finance (Vice Presidency)
DIB	development impact bond
DNA	Damage and Needs Assessment
DPF	Development Policy Financing
DPG	Development Policy Grant
DPL	Development Policy Loan
DPO	Development Policy Operation
DRM	Disaster Risk Mitigation
ECD	early childhood development
EM	emerging market
EMDE	Emerging Markets and Developing Economies
ERA	education resilience approach
FIL	Financial Intermediary Loan
FCS	fragile and conflict-affected situations
FCV	fragility, conflict, and violence
GBV	gender-based violence
GCFE	Global Concessional Financing Facility
GCMP	Global Crisis Risk Management Platform
GIS	geographic information system
GP	Global Practice
GPSA	Global Partnership for Social Accountability
GEF	Global Environment Facility
GFDRR	Global Facility for Disaster Reduction and Recovery
GIF	Global Infrastructure Facility
HDP	humanitarian-development-peace
IBRD	International Bank for Reconstruction and Development
ICRC	International Committee of the Red Cross
ICT	information and communication technology
IDA	International Development Association
IDA18	[most recent 3-year IDA budget period, July 1, 2017 to June 30, 2020]
IDP	internally displaced person
IFC	International Finance Corporation

IFF	Illicit financial flows
IFI	international financial institution
ILO	International Labor Organization
I-NGO	international non-governmental organization
IP	Incentive Program
IPF	Investment Project Financing
IPP	independent power project
IPV	intimate partner violence
INGO	international NGO
IsDB	Islamic Development Bank
KP	knowledge products
LDCF	Least Developed Countries Fund
LEG	Legal Vice Presidency
LIC	low-income country
MCR	movable collateral registry
MDB	multilateral development bank
MDTF	multi-donor trust fund
M&E	monitoring and evaluation
MENA	The Middle East and North Africa
MGF	MIGA Guarantee Facility
MIC	middle-income country
MIGA	Multilateral Investment Guarantee Agency
MOF	Ministry of Finance
ODK	open data kit
OHS	occupational health and safety
OPCS	Operations Policy and Country Services Vice Presidency
PCG	partial credit guarantee
PCNA	post-conflict needs assessments
PEFA	Public Expenditure and Financial Accountability
PEFM	Public Expenditure and Financial Management
PER	public expenditure review
PFM	public financial management
PforR (P4R)	Program-for-Results
PHC	primary health center
PMU	Project Management Unit
PPA	Power purchase agreement
PPCR	Pilot Program for Climate Resilience
PPI	Private Participation in Infrastructure
PPIAF	Public – Private Infrastructure Advisory Facility
PPP	public-private partnership
PSW	Private Sector Window
RCW	Recurrent Cost Window
RPBA	Recovery and Peacebuilding Assessment
RRA	Risk and Resilience Assessment
SCD	Systematic Country Diagnostic
SDG	Sustainable Development Goal
SEA	sexual exploitation and abuse
SME	small & medium-sized enterprises
SPCR	Strategic Program for Climate Resilience

SPF	State and Peacebuilding Trust Fund
SPJ	Social Protection and Jobs
SSA	Sub-Saharan Africa
SSN	social safety nets
TA	technical assistance
TAR	turnaround regime
TF	trust fund
TPM	third party monitoring
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children’s Fund
UNOPS	United Nations Office for Project Services
UNSG	United Nations Secretary General
VC	venture capital
VE	violent extremism
VPU	vice presidential unit
WFP	World Food Program
WHO	World Health Organization

World Bank Regions:

AFR	Africa
EAP	East Asia and Pacific
ECA	Europe and Central Asia
LCR	Latin America and the Caribbean
MNA	Middle East and North Africa
SAR	South Asia

Global Practices:

Equitable Growth, Finance and Institutions

F&M	Finance & Markets
GGP	Governance
MFM	Macroeconomic and Fiscal Management
P&E	Poverty and Equity
T&C	Trade & Competitiveness

Human Development

Education	Education
HNP	Health, Nutrition, and Population
SPJ	Social Protection and Jobs

Sustainable Development

AGR	Agriculture
EEX	Energy and Extractives
ENR	Environment and Natural Resources
GSURR	Social, Urban, Rural, and Resilience
TDD	Transport and Digital Development
WAT	Water

\$ = US Dollars

Executive Summary

This report provides a comprehensive overview of the World Bank Group's (WBG) engagement in contexts of fragility, conflict, and violence (FCV). Its central message is that the Bank will only achieve its Twin Goals of ending extreme poverty by 2030 and boosting shared prosperity by increasing its impact in FCV settings. The report provides insight on how Global Practices and teams across the WBG are tackling these critical challenges, with a focus on cross-cutting fragility issues that appear across geographies and sectors. In cooperation with local, national and global partners, the WBG aims to strengthen its strategic and operational approach to FCV situations to enhance impact on the ground.

Poverty and fragility are increasingly interlinked. By 2030, projections show that between 43 percent and 60 percent of the world's extreme poor will live in FCV contexts. Several serious risks seem to be increasing: conflict, violent extremism, climate change, pandemics and food insecurity. These risks transcend national borders and can destabilize and hamper the development of entire regions. Conflicts drive 80 percent of all humanitarian needs and reduce GDP growth by 2 percentage points per year, on average. Today, violent conflict kills more people than at any time in the past 20 years, displaces people from their homes in numbers not seen since World War II, and sets affected countries back decades in terms of development progress.

Tackling the development dimensions of FCV stands at the heart of the WBG's mission and business. While fragility impacts many of the world's poorest nations, it is on the rise in middle-income countries (MICs), as well. FCV risks are diverse and increasingly linked with global political, economic, and social systems, meaning that the spillover effects of fragility can extend across the world. Trends such as climate change, demographic shifts, new technologies, illicit financial flows, and transnational ideological movements will only deepen fragility's global reach. The FCV agenda demands new approaches and increasingly sophisticated solutions for low-income countries (LICs) and MICs alike. The magnitude of the challenges linked to fragility therefore requires the WBG to be innovative, and do business differently to be effective in bending the curve of fragility. This report highlights innovations at strategic and operational levels, and showcases solutions across the WBG, including in terms of new partnerships to improve impact on the ground and enhance the effectiveness of WBG programs.

In response to these challenges, the WBG is scaling-up efforts to maximize its impact in fragile and conflict-affected situations (FCS). In this context, the number one priority is to deliver effectively and target FCV factors to ensure better results. The record IDA18 replenishment doubles core resources for these contexts from around \$7 billion under IDA17 to \$14 billion today. IDA18 presents an opportunity to tackle significant challenges of FCV (enhanced focus on forced displacement and scaling-up operations that target refugees, new FCV Risk Mitigation Regime, strengthening operational effectiveness, etc.), also taking into account that fragility exists in both LICs and MICs. The strategic alignment across IBRD, IDA, IFC, and MIGA, coupled with a strong alliance to implement across the Regions/CMUs, Global Practices, and the Global Themes, aims to enhance the Bank Group's effectiveness in FCV settings and provide innovative solutions that these settings increasingly demand.

Building on a renewed understanding of fragility, the WBG’s strategic approach, operational tools and interventions in FCV are structured along five priorities: (i) operationalizing a differentiated and risk-based approach; (ii) scaling-up its response to forced displacement; (iii) operationalizing the humanitarian-peace-development nexus, including through strengthened partnership with the United Nations and non-governmental actors; (iv) maximizing finance for development, catalyzing private sector development, and promoting innovative financing; and (v) enhancing operational effectiveness by improving staffing, enhancing flexibility, and leveraging knowledge. In parallel, the WBG is putting special emphasis on gender in FCV and is expanding its traditional focus on gender-based violence to include additional dimensions linked to the construction and impact of gender roles, youth at risk, and the empowerment of women through political and economic opportunities. As documented in the WBG Gender Strategy, gender equality is central to the twin goals and, in FCS in particular, addressing gender disparities – in participation, economic life, voice and agency – can both contribute to building and sustaining peace as well as to individual, community and family well-being.

This report offers an overview of the strategic and operational engagement of the World Bank’s fourteen Global Practices and five Thematic Groups across the six regions of the world, as well as of the IFC and MIGA. It gives concrete country examples in which the WBG has deployed innovative solutions to address a range of cross-cutting challenges. The report provides concrete examples, draws lessons, and lays out key areas for deeper engagement. Questions raised include: How to respond to the growing global wave of forced displacement? How to supervise programs in conflict areas, including by leveraging IT and third-party monitors? How to conceptually define and operationally deliver the prevention agenda? How to strengthen and operationalize the humanitarian-development-peace nexus in cooperation with the United Nations, and non-governmental organizations but also bilateral agencies?

Looking ahead, having significantly redefined its understanding of fragility, the WBG is refining its operational approach. The FCV Global Theme Group (FCV Group) is playing a key role in this effort, working closely with staff across the Bank to deliver comprehensive solutions and coordinated approaches to the urgent development challenges of fragility, including with MIGA and IFC. Its primary mission is to support country and Global Practice teams in promoting economic and social inclusion and paving a path to peace, stability, and development gains in FCV settings. In parallel, IFC’s FCS/IDA Coordination Unit and its FCS Africa Program work to unlock private sector potential in FCS by developing new tools and practices to increase IFC’s investment and impact in these markets. While they approach the task from different angles, these teams share a clear and compelling ambition: to put the people and places impacted by fragility on a clear path to ending poverty.





Introduction

Prioritizing the Fragility Agenda

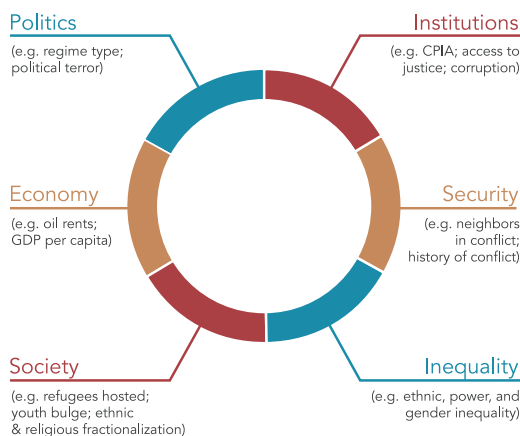
FCV INCREASINGLY DRIVES POVERTY AND HUMANITARIAN CRISES

Poverty and fragility are increasingly interlinked. By 2030, projections show that 60 percent of all those in extreme poverty will be living in countries in situations of fragility, conflict and violence (FCV). Over the last fifteen years, the countries that have faced the largest poverty increases suffered from civil wars, violent conflict, and other severe disruptions to governance and the rule of law, such as political crises or major governance challenges. Today, it is estimated that 2 billion² people live in countries in situations of fragility and poverty, experiencing violent conflict or interpersonal violence. Most of them live in lower-MICs (38 percent) and upper-MICs (37 percent) countries, and 25 percent in low-income countries.³ From a world development perspective, addressing fragility in middle-income countries (MICs) is therefore critically important.

Violence is hampering development. Conflicts drive 4/5th of all humanitarian needs and reduce global GDP growth by 2 percentage points per year, on average (IMF). The aggregate economic cost of conflict on the global economy was estimated at \$14.3 trillion in 2016 – more than 12.2 percent of world GDP.⁴ But the averages mask the diversity of conflict situations and of their victims.

Victims of violence are diverse, with 30 to 40% of political violence directed at civilians, and women and children disproportionately bearing the consequences of violence. The costs and impacts of violent conflicts span well beyond national borders, killing more people than at any other time in the past 20 years, displacing people from their homes in numbers not seen since World War II,⁵ and setting affected countries back decades in terms of development progress. For the World Bank Group (WBG), addressing the challenge of FCV is therefore a strategic priority to achieve its twin goals of ending extreme poverty and boosting shared prosperity.

FIGURE 1: FCV RISK FACTORS



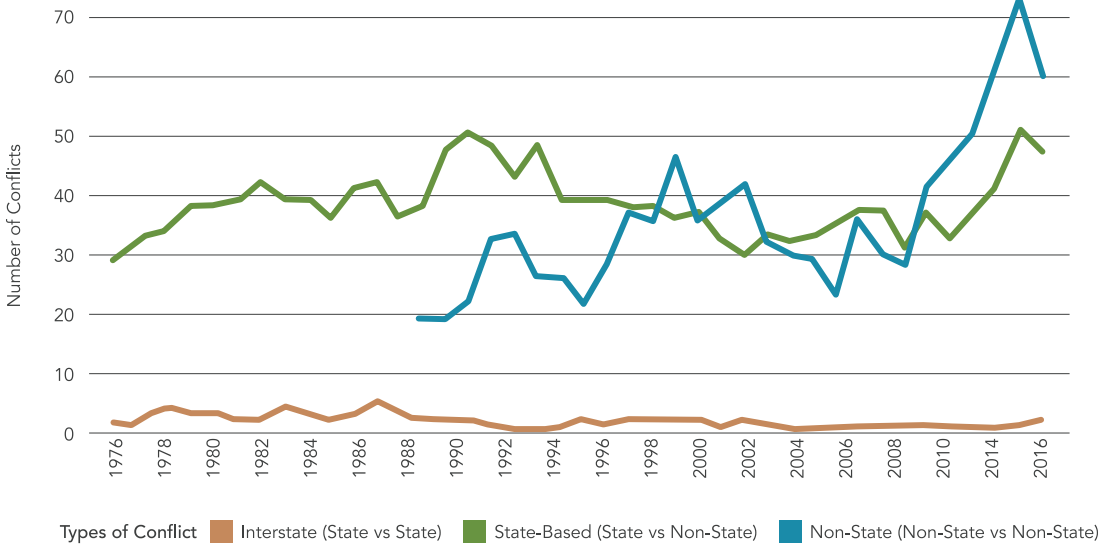
² This estimation of the population whose development outcomes is affected by FCV encompasses the population of countries that meet one of the following three criteria: (i) Countries that meet the IDA-criteria for fragility Country Policy and Institutional Assessment (CPIA) rating below 3.2 (non-harmonized rating) [IBRD and “blend” countries are included. Data Source: CPIA, World Bank]; (ii) Presence of UN Post-Conflict or UNDPKO Missions, or battle-related or terrorism-related deaths higher than 25 (Uppsala Conflict Data Program, UCDP) [Countries with UN Good Office Missions of the Department of Political Affairs and Border missions are also included]; and (iii) levels of intentional homicides well above the WHO level of “epidemic of homicides” (25 per 100,000 population, rather than 10 per 100,000 population) [Data source: WHO]. Source: FCV, staff calculations, 2015 (updated 2017).

³ World Bank 2015

⁴ Institute for Economic and Peace, 2015. “Global Peace Index: Measuring Peace, its Causes and its Economic Value. New York.

⁵ Office of the United Nations High Commissioner for Refugees, 2016. “Global Trends: Forced Displacement in 2015”. Geneva.

FIGURE 2: VIOLENT CONFLICT, GLOBAL, 1975-2016



Source: Pathways for Peace, Inclusive Approaches to Preventing Violent Conflict, forthcoming

THE FCV RISKS HAVE BECOME MORE DIVERSE AND INTERLINKED⁶

Risk factors co-occur to impact low- and middle-income countries in different ways.

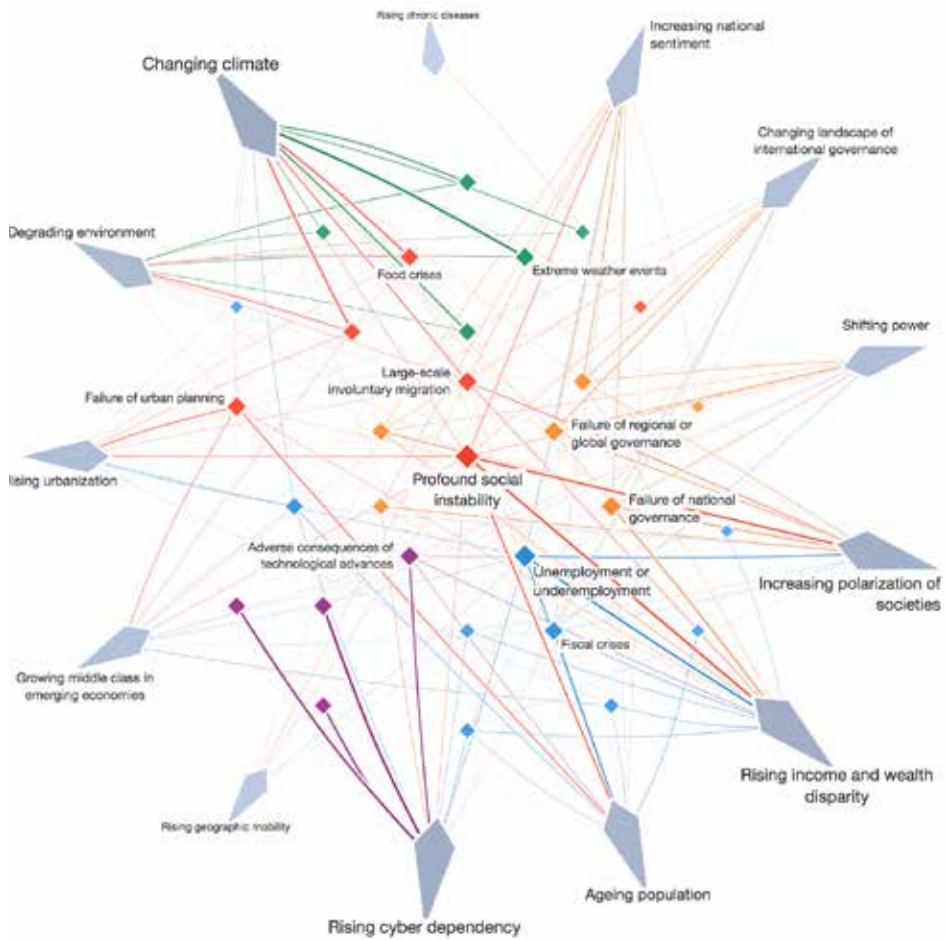
The nature of conflict is changing and challenges related to fragility are not confined to weak state capacity and poor governance of low-income countries (LICs). FCV incidents do not respect state boundaries and have regional and global spillover effects. Global fragility risks are on the rise. While in the post-Cold War period, the number of civil and inter-state wars has decreased, the debilitating effects of conflict, political instability and violence are increasing. Since 2010, the number of people killed by violent conflict has been increasing sharply and conflicts are more interlinked.

Depending on the confluence of risk factors, different risk profiles emerge.

Governments in some middle-income countries have failed to improve local governance and equitably expand development despite achieving impressive economic growth. Localized areas of fragility and subnational violence also exist within the boundaries of otherwise high capacity and skilled middle-income countries, and can be found around the world. In some countries, soaring homicides and organized criminal violence are prevalent and recent conflicts demonstrate that sustainable development is under threat irrespective of geography, income level, or development of institutions.

⁶World Bank, FCV Group, 2017

FIGURE 3: MAPPING GLOBAL RISKS



Source: *Global Risks Report 2018*, World Economic Forum

GLOBAL FACTORS SHAPE COUNTRY AND REGIONAL FRAGILITY DYNAMICS

The greater interconnectivity of today's world contributes to the volatility of the global balance of power. The massive increase in flows of capital, information, and people across borders that accompany globalization brings immense benefits, but also creates additional realms of stress that aggravate the vulnerabilities societies

face, and make it harder to manage conflict constructively. Among these factors, advances in information and communication technology connect local grievances to regional and global narratives, enabling perceptions of exclusion to play an important role in mobilizing violent conflicts and violent extremism. These violent conflicts are driving historic refugee flows and exacerbating the vulnerability of populations to other crises, like floods and extreme weather events that can destroy crop fields, livestock

assets, water, and sanitation systems, and cause food insecurity and malnutrition. Today, 66 million people are forcibly displaced, including 21 million refugees. Climate change can exacerbate scarcity of natural resources and contributes to stresses that can provoke conflict, especially food insecurity, economic shocks, and migration. Direct resource competition from relative scarcity of a specific natural resources – arable land, for example – can create tensions within and among groups. Demographic growth and urbanization intensify pressure on services, increase pollution, and result in new fragile cities. By 2050, cities are expected to absorb an estimated 2.5 billion additional people, with a 90 percent increase in Africa and Asia. Increasing social polarization can contribute to the rise of ideological movements and enhance violent extremism. Illicit financial flows can undermine state institutions, and prolong existing conflict.

THE FCV AGENDA: A CALL FOR ACTION

Building on the 'World Development Report 2011: Conflict, Security, and Development,'

the WBG pointed policy makers and the international community at large in new directions, notably by calling attention to the close link between security and development, to the central role of institutional legitimacy for stability, and to the need to invest in citizens' security, justice, and jobs in order to reduce violence. And yet, since the WDR 2011, the

international context has witnessed a major spike in violent conflict, and is still marked by the dire consequences of the Arab uprisings. Also, the WDR 2011 was mainly focused on conflict reconstruction, and not on prevention. In effect, a new vision to address violent conflicts and take into account recent trends is needed today, and call for an expanded understanding of human well-being, food insecurity, and the cost to individuals and society of conflict and displacement.

This new vision for the FCV agenda increasingly requires sophisticated solutions that deepen and broaden support for both LICs and MICs.

The growing complexity of development challenges present in countries affected by FCV requires increasingly innovative solutions. Discussing the 2030 sustainable development agenda and how the WBG will remain "fit for purpose," the Executive Directors and management have acknowledged that not only will the proportion of fragile and conflict-affected states in Sub-Saharan Africa countries continue to rise,⁷ middle-income countries and higher income countries will also be adversely affected by spillovers from fragility. MICs will harbor much of the growing proportion of moderately poor; an increasing number of such countries—those with under-developed institutions or suffering from economic, climate or political shocks—have already become fragile. Therefore, action is required in both LICs and MICs to reduce poverty.

⁷ *Rethinking Fragility, Implication for World Bank Group engagement on Fragility, Conflict and Violence, 2015.*



FIGURE 4: MIDDLE-INCOME COUNTRIES AND CONFLICT



Source: FCV Group, WBG 2018.

DEFINING FRAGILITY: ACKNOWLEDGING THE MULTIDIMENSIONAL NATURE OF FCV

The understanding of fragility and its impact on development outcomes has evolved considerably in recent years. There is a growing consensus that the challenges posed by fragility, conflict, and violence are widespread and not confined to lower income countries with weak capacity and poor governance. Fragility risks – be it violence, conflicts, or instability – also concern middle-income countries.

The evolving new view acknowledges that fragility (a) has multiple dimensions not limited to low income countries or state institutions; (b) potentially extends beyond national borders or manifests in pockets within national borders; and (c) is associated with patterns of risks that need to be identified and managed to be more effective at preventing negative outcomes such as violence, conflicts, and instability. Fragility results from the complex interplay of weak societal institutions confronted with internal and external stresses.

In 2006, the WBG compiled the first iteration of the *Harmonized List of Fragile Situations*. In 2013, it defined fragile states as “countries facing particularly severe development challenges such as weak institutional capacity, poor governance, political instability, and frequently ongoing violence or the legacy effects of past severe conflict.” And yet, this approach to defining FCS fails to capture the pervasiveness of fragility across the globe and thus limits its ability to identify risks early on.

In its most recent strategy for *Addressing Fragility and Building Resilience in Africa*, the African Development Bank defines fragility as a “condition of elevated risk of institutional breakdown, societal collapse, or violent conflict.” The OECD defines fragility “as the combination of exposure to risk and insufficient coping capacity of the state, system and/or communities to manage, absorb or mitigate those risks”. Its fragility framework is built on five dimensions of fragility – economic, environmental, political, societal and security – and measures each of these dimensions through the accumulation and combination of risks and capacity.

The WBG will adopt an expanded approach to identify and address fragility beyond countries on the harmonized list. This change builds on analytical work carried out by the WBG to improve its metrics for identifying fragility, conflict and violence and to identify countries at risk of conflict. It also reflects the WBG’s recognition that a risk-based approach to conflict can promote earlier interventions and help build institutional resilience and support mitigation of conflict drivers and internal and external stresses.

2 billion people live in countries where development outcomes are affected by fragility, conflict, and violence.



By 2030, more than **60%** of the global poor will live in fragile and conflict affected situations.

Forced displacement is a developing world crisis. 93% of refugees and internally displaced live in developing countries, originating from the same 10 conflicts since 1991.



Conflicts drive **80%** of all humanitarian needs.

Photos: Sierra Leone; Dominic Chavez, Syria; Dominic Chavez, Nepal; Aisha Faquir, Afghanistan; Graham Crouch, All Photos ©World Bank



Section 1

The Renewed WBG Strategic & Operational Approach to Scale up Impact in Fragile and Conflict-Affected Situations

Fragility, conflict and violence (FCV) is on the rise in low- and middle-income countries, with potential global spillover effects.

The growing interdependence and volatility of political, economic, and social systems across the world has also made FCV increasingly complex to analyze and difficult to address.

Globally, trends such as climate change, demographic shifts, new technologies, illicit financial flows and transnational ideological movements are significantly shaping fragility dynamics at country and regional levels.

Understanding these dynamics better and how various risk factors interact is crucial. Simultaneously, many of the new conflicts are about grievances around exclusion, underlying the importance of the development approach and its central role in the prevention of violent conflicts. In this regard, the WBG – and the international community at large – must be sensitive to the underlying triggers of FCV and focus on preventive actions in addition to mitigating adverse outcomes.

Fragility, conflict and violence is at the front and center of the WBG’s business, and is among the most pressing challenges as we strive to achieve the WBG’s twin goals.

Conflict reduces global GDP growth by an estimated of two percentage points per year, and by 2030 over half of the extreme poor are expected to live in settings characterized by FCV. Achieving the twin goals therefore demands working effectively as one WBG to succeed in these most difficult of operational settings.

IDA18 precisely responds to heightened global challenges and escalating risks.

While poverty rates have declined, extreme poverty remains concentrated in challenging environments. Climate change and FCV

threaten progress towards the UN’s Sustainable Development Goals (SDGs) and, if unchecked, could push more people into extreme poverty. In response, under the record IDA18 replenishment of \$75 billion, core IDA allocations for FCV countries are doubling.

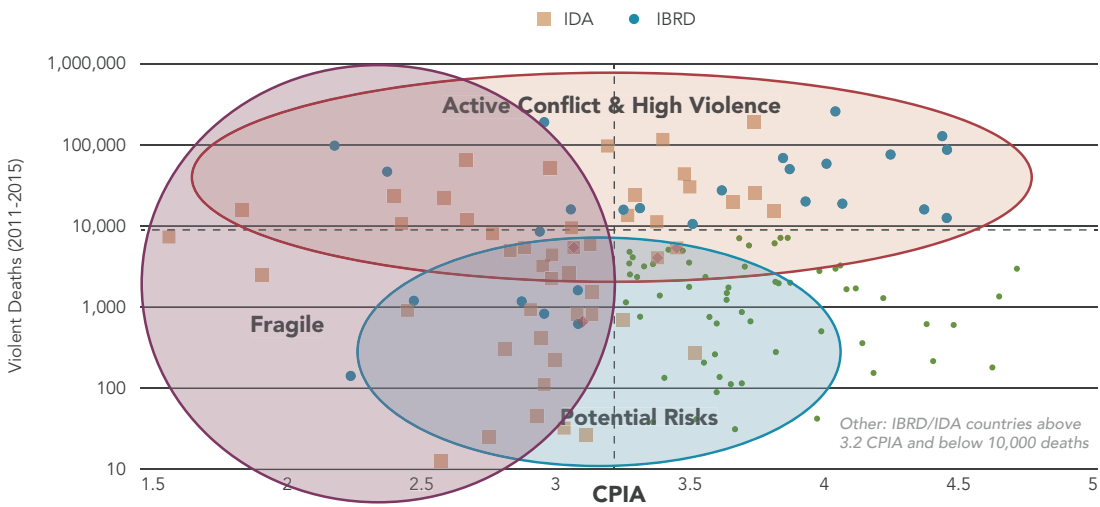
Maximizing the impact of the World Bank Group in fragile and conflict-affected situations

entails both the full strategic alignment of the WBG and a strong alliance to implement across the Regions/CMUs, Global Practices, and Global Themes. It also requires that IBRD/IDA delivers in tandem with IFC and MIGA, to enhance effectiveness and provide innovative solutions to complex global, national and local challenges that are affecting both LICs and MICs. Budget allocation for FCV engagement increased by 5 percent in FY17 and 19 percent in FY18, in terms of Bank budget (BB) for IBRD/IDA operations in FCS countries.⁸ Moreover, the IDA18 Private Sector Window has a particular focus on supporting increased private investment in FCS.

Building on a renewed understanding of fragility, the WBG is aligning its strategic approach and operational tools and structuring its interventions along five priorities: (i) operationalizing the differentiated and risks-based approach; (ii) scaling up the response to forced displacement; (iii) implementing the humanitarian-peace-development nexus, including through strengthened partnership with the United Nations and non-governmental organizations; (iv) maximizing financing, catalyzing private sector development, and optimizing innovative financing; (v) enhancing operational effectiveness of the WBG by improving staffing, enhancing flexibility and leveraging knowledge.

⁸ Figures from the Forward Look.

FIGURE 5: FRAGILITY SPANS ACROSS LOW-INCOME AND MIDDLE-INCOME COUNTRIES



Source: World Bank Group, FCV Group, 2017. Note: As per WBG, Country Policy and Institutional Assessment (CPIA) score below 3.2 refers to countries that present weak policy and institutional frameworks.

1. ADDRESSING FRAGILITY BY OPERATIONALIZING THE DIFFERENTIATED AND RISK-BASED APPROACH

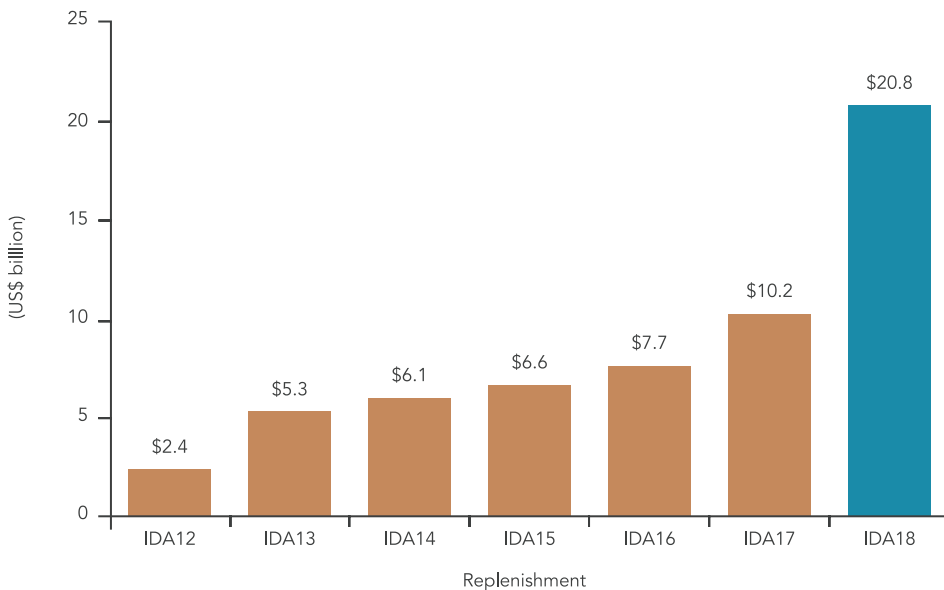
The record IDA18 replenishment places an important strategic focus on the WBG’s work in Fragile and Conflict-affected Situations (FCS), notably by recognizing that fragility exists beyond countries on the Harmonized List, as well as by emphasizing a risk-based approach and making conflict- and fragility-risk reduction a top priority. Addressing challenges of conflict and fragility requires a differentiated approach tailored to the circumstances of each country. There is marked heterogeneity across FCS, with varying causes and manifestations of fragility as well as in levels of conflict and violence. Ways of mitigating and eventually overcoming risks of fragility and conflict will thus have to be context-specific.

The WBG has proven its ability to respond effectively to post conflict situations and address the immediate impact of FCV.

Historically, the WBG has mostly focused on operations such as Disarmament, Demobilization, and Reintegration (DDR), addressing the impact of gender-based violence (GBV), or the return to essential state functions. More recently, it has scaled up its efforts to tackle the formidable challenge of forced displacement. But the challenge now is to further improve the Bank reaction to crisis situations, and to invest effectively in conflict prevention and resilience, as documented in the new flagship report on conflict prevention titled *Pathways for Peace, Inclusive Approaches to Preventing Violent Conflict*.

The challenge now is to further improve the Bank’s capacity not only to react quickly to crisis situations, but to invest effectively in conflict prevention and resilience based on comprehensive analysis of the multi-dimensional FCV risks that could drive a country into violence—before crises erupt.

FIGURE 6: IDA COMMITMENTS TO FCS COUNTRIES, BASED ON ANNUAL FCS LIST



Source: LoanKiosk. Note: IDA17 includes \$100 million to Lebanon, an IBRD FCS country. IDA18 figures reflect estimated resources for FCS. Actual amounts will depend on actual allocations of core IDA resources and the allocation of non-core resources across countries dependent on needs determined during the replenishment period.

The new policy commitments under IDA18 also build the case to operationalize this risk-based approach, notably by: ensuring that all Country Partnership Frameworks in FCS and countries at risk are informed by *Risk and Resilience Assessments (RRAs)*, and by undertaking joint *Recovery and Peacebuilding Assessments (RPBAs)* with the UN and the EU for countries emerging from conflict to help governments and national stakeholders prioritize activities to address FCV and coordinate international support. Also crucial are increasing operations that *support the self-reliance of refugees and host communities*, and increasing the number of operations that aim to *prevent and address Gender Based Violence (GBV)*. As documented in the recent Independent Evaluation Group (IEG) review of the WBG country engagement model:

“Fragility assessments were useful for the preparation of SCD/CPFs in fragile situations (...) Overall, the SCDs and CPFs in this sample made good use of available fragility assessments. Their availability in countries with fragile situations may have made it easier for SCDs, CPFs, or CENs to integrate fragility within the World Bank Group strategy for those countries.”⁹

Finally, the shift to an enhanced risk-based approach is also structured around access to the IDA’s new FCV Risk Mitigation Regime.

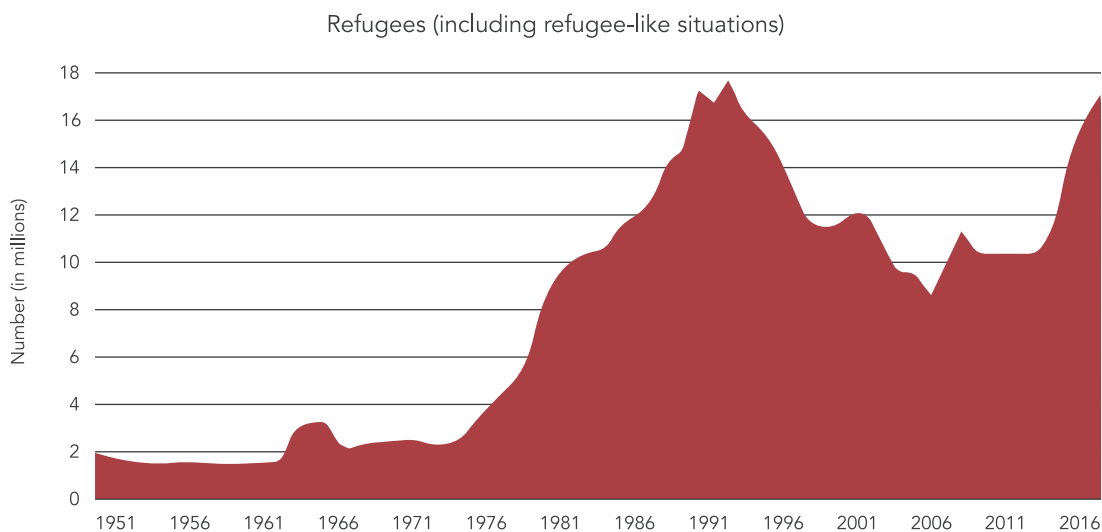
This is a dedicated vehicle to incentivize investments in prevention, that will first allow four eligible countries (Guinea, Nepal, Niger and Tajikistan) to access additional funding of up to 33 percent of their regular IDA18 allocation.

⁹ World Bank Group Country Engagement, *An Early-Stage Assessment of the Systematic Country Diagnostic and Country Partnership Framework Process and Implementation*, IEG, 2017.

TABLE 1: THE WBG'S FCV FRAMEWORK SUPPORTS A MORE DIFFERENTIATED APPROACH

FCV Situations	Description	Engagement Strategies
1. Elevated risks	<ul style="list-style-type: none"> • Systemic FCV risks, e.g., economic marginalization, regional imbalances, political polarization • Increasing levels of violence • External stressors, e.g., conflict in neighboring countries or impact of climate change 	“Mitigating risks” <ul style="list-style-type: none"> • Risk and Resilience Assessments • Conflict-sensitive programming • IDA18 special risk mitigation allocation
2. Active conflicts or political crises	<ul style="list-style-type: none"> • Sharp deterioration in governance, institutional breakdown • Rising levels of violence/hostility, coups, absence of legitimate government • Acute instability, failure to control large parts of territory 	“Staying operationally engaged” <ul style="list-style-type: none"> • Emergency operations, including partnering with UN agencies for delivery • Working with local first responders (civil society organizations and the private sector) • Portfolio restructuring • Humanitarian-development-peace initiatives • Support to policy dialogue
3. Deep fragility	<ul style="list-style-type: none"> • Weak institutions with poor governance • Significant levels of corruption, weak economic management • Weak and uneven delivery of basic public services • Rebuilding the social contract between the citizens and the state 	“Breaking fragility traps” <ul style="list-style-type: none"> • State and peacebuilding operations • Maintain delivery of basic services • Increased staffing and implementation support • Multi-donor trust funds • Investment climate reforms
4. Transition	<ul style="list-style-type: none"> • Peace agreement but continued security issues • Signs of turnaround with opportunities for reform • Economic recovery and transformation opportunity • Underdeveloped private sector 	“Seizing windows of opportunity” <ul style="list-style-type: none"> • Recovery and Peacebuilding Assessment (RPBAs) • IDA Turn-Around Regime (TAR) • Humanitarian-development-peace initiatives • Include women and youth in transition processes at national and community levels • Increasing IFC-MIGA investment (including through IDA 18 Private Sector Window) and Public-Private Partnerships (PPPs).
5. Subnational conflicts and violence	<ul style="list-style-type: none"> • Subnational violence or insurgencies in otherwise stable countries • Organized crime and interpersonal violence • Including high rates of GBV • Economies distorted by illicit trafficking 	“Addressing uneven development” <ul style="list-style-type: none"> • Violence monitoring • Territorial management operations • Portfolio review • Renewing the social contract (jobs, inclusion, and voice and accountability) • Recovery and Peacebuilding Assessment (RPBAs)
6. Regional conflicts and cross-border spillovers	<ul style="list-style-type: none"> • Regional conflict systems • Fragility due to external stresses, shocks, or FCV spillovers 	“Regional approaches to FCV and forced displacement” <ul style="list-style-type: none"> • Development approach to forced displacement targeting (i) the forcibly displaced; (ii) host communities; and (iii) those who stay behind • Global Concessional Financing Facility • IDA18 regional window for refugees/ host communities

FIGURE 7: GLOBAL REFUGEE POPULATION OVER TIME



2. SCALING UP WBG RESPONSE TO FORCED DISPLACEMENT

The WBG has scaled up its efforts to tackle the formidable challenge of forced displacement. While not a new phenomenon, it has increased in scale and complexity over the last few years. At the end of

2016 there were about 23 million refugees worldwide: about 5 million Palestinians and about 18 million people fleeing conflicts in Syria, Afghanistan, and Somalia, as well as Sudan, South Sudan, the Democratic Republic of Congo (DRC), Myanmar, Iraq, and Eritrea, among others. The overwhelming majority of refugees are hosted in neighboring countries, which are often developing countries with limited resources to face the crisis. Significant new internal displacement associated with conflict and disasters takes place every year, mainly in low and lower-middle-income countries. By the end of 2016, there were 40.3 million internally displaced persons (IDPs) as a result of conflict and violence.¹⁰ An unknown number remain displaced due to disasters that

occurred in and prior to 2016.¹¹ Of the 6.9 million new internal displacements by conflict that took place in 2016, most occurred in Sub-Saharan Africa – in the Democratic Republic of Congo there were 920,000 new displacements over the course of the year.

The drivers of displacement and movements of people are increasingly complex. While disasters, conflict and violence cause a direct and urgent movement of people, slower-onset climate change such as drought and environmental degradation are becoming more frequent and persistent. Data from the Horn of Africa suggests that recurring drought, poor access to services and infrastructure, lack of livelihood opportunities and ongoing conflict and insecurity converge in a toxic mix that leaves vulnerable people with no other option but to move.¹² In Syria, people are being displaced internally several times, only to flee the country altogether when they are unable to find safety, and in Iraq a growing number of people are displaced more than once¹³ as well. In El Salvador, Guatemala and Honduras

¹⁰ Countries with the most people internally displaced by conflict and violence are Columbia, Syria, Sudan, Iraq, Dem. Rep. Congo, Yemen, Nigeria, South Sudan, Ukraine and Afghanistan.

¹¹ Global Report on Internal Displacement, Internal Displacement Monitoring Centre and Norwegian Refugee Council, 2017.

¹² Global Report on Internal Displacement, Internal Displacement Monitoring Centre and Norwegian Refugee Council, 2017.

¹³ Iraq Humanitarian Overview, UNOCHA, 2016.

women targeted by gang members say they moved frequently within their countries before going abroad.¹⁴

Displacement challenges are increasingly urban in nature. Over 60 percent of the world's refugees and 80 percent of IDPs live in urban environments.¹⁵ The forcibly displaced – both IDPs and refugees – are among a city's most vulnerable populations. Many experience insecure land and property rights, over-crowding in slum-like conditions, severe economic constraints, crime and violence, food insecurity, and forced evictions. Over time, the displaced can face barriers to accessing services or employment opportunities, especially if they lack legal documents, and they are at greater risk for arbitrary arrest, detention, and eviction. The impact on children and adolescents is particularly grave in terms of interrupted education; the median age of Syrian refugees is 16 in Lebanon, and 17 in Jordan. Women and girls are also disproportionately impacted and at higher risk of gender-based violence including rape, domestic violence, interpersonal violence, sexual violence, exploitation, child marriage, and human trafficking.¹⁶ Given that the world's urban population is set to double by 2050, displacement will continue to have an urban dimension and contribute to urbanization as one of the 21st century's most transformative global trends.¹⁷

In response to the forced displacement crisis, the WBG's objective is to help mitigate the medium-term negative development impact of forced displacement on both refugees, IDPs and their hosts (and to maximize positive impacts where possible).

There is now consensus that addressing medium-term socioeconomic dimensions of the crisis is as critical as providing a humanitarian response. The WBG aims to support government-led national programs as well as broader regional initiatives, and to use financing to underpin policy and institutional reforms. Its efforts are complementary to, but distinct from, both short-term emergency responses and the rights-based protection agenda. They are not aimed at “compensating” refugee-hosting countries, or at substituting for other forms of assistance, but at helping better manage a difficult situation. They are also part of a broader set of WBG engagements, which includes efforts to mitigate the risks and impacts of conflict, build resilient communities, facilitate post-conflict recovery, support poverty reduction and shared prosperity in host countries, and increase engagement in support of internally displaced persons (IDPs).

The IDA regional sub-window on refugees and host countries was created primarily to respond to the demands from refugee-hosting countries for development assistance and concessional financing from the WBG to help advance policy and institutional reforms with a view to enhancing the management of refugee situations. It provides a dedicated source of funding for host governments that are struggling to meet the needs of both refugees and their host communities by financing projects to benefit them, and aims to:

- Mitigate the shocks caused by an influx of refugees and create social and economic development opportunities for refugees and host communities alike;

¹⁴ Women on the Run: First-Hand Accounts of Refugees Leaving El Salvador, Honduras, Guatemala and Mexico. UNHCR, 2015.

¹⁵ UNHCR 2017.

¹⁶ Cities of Refuge in the Middle East. Bringing an Urban Lens to the Forced Displacement Challenge. World Bank Policy Note, September 2017.

¹⁷ Internal Displacement Monitoring Centre, 2017.

- Facilitate sustainable solutions to protracted refugee situations, through the sustainable socio-economic inclusion of refugees in the host country and/or their return to the country of origin.
- Strengthen preparedness for increased or potential new refugee flows.

Under the preparation and implementation of this sub-window, the WBG is engaged in a strong partnership with UNHCR, operationalizing the humanitarian-development nexus.

Scaling up the WBG response to refugee crises also requires providing support to middle-income countries.

While MICs currently host roughly six million refugees, they struggle to access financing at concessional interest rates, making it difficult to afford the costs associated with an influx of refugees. The *Global Concessional Financing Facility (GCFF)* was launched in 2016 by the UN, WBG and Islamic Development Bank (IsDB) as an innovative platform aimed at bridging the humanitarian-development nexus by providing concessional loans to refugee hosting MICs. It provides an open platform that leverages donor resources (each \$1 in donor grant unlocks about \$4 in concessional loans). Within the first year of its launch, the GCFF unlocked more than \$1 billion in concessional financing to support refugees and host communities in Jordan and Lebanon.

Several international initiatives are also underway to enhance the management of refugee situations.

The 2016 New York Declaration for Refugees and Migrants sets out a Comprehensive Refugee Response Framework (CRRF), which calls for specific actions to ease pressure on host countries,

enhance refugee self-reliance, expand access to third-country solutions, and support conditions in countries of origin for return in safety and dignity. It calls upon the UN High Commissioner for Refugees (UNHCR) to apply this framework to particular situations, in close coordination with governments and key stakeholders and to develop a ‘Global Compact on Refugees’ to be presented to the 2018 UN General Assembly. In this context, there has been increasing demand from host countries, UN partners and humanitarian agencies, and other stakeholders for increased WBG engagement.

In a joint effort with six other multilateral development banks (MDBs), the WBG is enhancing its impact on forced displacement and economic migration.

A joint paper on the development dimensions of economic migration and forced displacement was submitted at the G7 Ministerial Meeting on Finance in May 2017, laying out a strategic framework for enhanced MDB coordination in the context of a broader international effort on the two agendas. The collaboration rests on a three-pronged approach, which includes: a) the development of a common framework for action; b) information sharing on planned activities to identify clear areas for collaboration; and c) creation of a coordination platform for increased operational collaboration and to harmonize MDB policy dialogue in priority countries. The Platform initiative received strong endorsement from MDB leaders and senior G7 officials at a high-level event during the 2017 WBG-IMF Annual Meetings, and a series of working-level meetings have since taken place to elaborate the structure and specific activities to be supported by the Platform.

3. DEEPENING THE HUMANITARIAN-DEVELOPMENT-PEACEBUILDING NEXUS: THE “NEW WAY OF WORKING”

Frontier issues for WBG engagement on FCV in LICs and MICs also entail remaining engaged in situations of active protracted and recurring conflict, and to operationalize the humanitarian-development-peace nexus. This requires the WBG to work across the humanitarian-development continuum, in tandem with the United Nations, MDBs, EU and regional organizations as well as humanitarian actors. Developing a comprehensive approach and coordinated response entails complementing the work of the humanitarian and peacebuilding partners by addressing root causes including drivers of fragility, and helping the affected countries build social protection systems and resilient institutions. By stimulating markets and livelihoods and strengthening the longer-term resilience agenda, while addressing immediate life-saving priorities, the WBG will also increase its impact by leveraging strategic partnerships.

The WBG is leveraging key partnerships and/or initiatives to increase impact, notably through:

- *The UN-WB Partnership Framework for Crisis Affected Situations* is a framework that provides foundational principles and operational commitments for a more strategic collaboration, notably on the ground. A joint UN-WB work plan to support the operationalization of the commitments at country level is under development.
- *Development-security nexus*: In partnership with the United Nations Department for Peacekeeping Operations, the WBG has supported the joint thematic analysis/ implementation of public expenditure reviews for the security sector, in particular, the partnership informed Public Expenditure Reviews in Liberia

and Somalia. A jointly produced Security Sector Expenditure Review Sourcebook has also been produced and is offering guidance and various approaches to security sector reform.

- *Humanitarian-Development nexus*: The WB-International Committee of the Red Cross (ICRC) collaboration on Somalia famine response, and WB-UNICEF/WHO partnership in Yemen to deliver basic services, are recent examples of the growing UN-WB collaboration, and collaboration with non-traditional stakeholders, to deliver results in FCV contexts. There is significant interest also from bilateral partners in how to move forward in operationalizing a humanitarian-development-peace (HDP) approach at country level, potentially building on the early UN-WB experience in this area.
- *European Commission*: The First EC-WBG Deep Dive in June 2016 was a commitment to strengthen strategic dialogue, coordinate programming, and joint financing and operational solutions in FCV contexts. A joint action plan is under implementation. Areas of cooperation encompass partnering on risk monitoring and analysis; building on the European Early Warning System; strengthening the use of RPBA to develop a coherent approach to reconstruction; blending for new financing solutions.
- *g7+*: A Memorandum of Understanding for collaboration between g7+ and the WBG was signed in October 2016, which includes: (1) implementing the New Deal principles and SDG goal 16; (2) supporting the mobilization of effective development financial resources for countries affected by FCV; (3) supporting private sector development; (4) supporting Fragile-to-Fragile Cooperation. Work is underway to operationalize the commitments made

under the MoU. In addition, the WBG and g7+ are continuing high level dialogue to discuss the priorities and challenges of the g7+ member countries.

To tackle the challenge of fragility and forced displacement through collective action, the Humanitarian-Development-Peace initiative (HDPI) was developed as a joint effort by the UN and the WBG to implement a ‘new way of working’ towards collective outcomes, and align strategies and operations in situations of protracted crisis at country level. The HDPI emerges from a commitment made at the world humanitarian summit in 2016 to carry out country level pilots on operationalizing the humanitarian-development-peace nexus. The initiative builds on the need to respond to complex risks in complementary ways and the growing recognition that humanitarian, development, and peacebuilding efforts are complementary and need to reinforce each other, to respond to volatile situations around the world. In its first phase, collaboration includes catalytic support towards sharing data, joint analysis and assessment of needs, as well as aligned multi-year planning. Pilot countries include the Central African Republic, Cameroon, Guinea Bissau, Somalia, Sudan, Pakistan, and

Yemen. The lessons from the pilots will further inform UN-WB’s knowledge on the new way of working and point the way forward for further operationalization of the humanitarian-development-peace nexus.

4. MAXIMIZING FINANCING AND PROMOTING PRIVATE SECTOR DEVELOPMENT

The 2015 Development Committee Paper “From Billions to Trillions: Transforming Development Finance” highlighted the need to leverage public and private investments to achieve the SDGs. The argument made is that concessional financing should be used as a strategic lever to crowd in additional finance. The approach laid out for MDBs is to ramp up assistance for domestic resource mobilization and efficient public spending, and catalyze private investment. For the World Bank Group, this has led to committing to the agenda of Maximizing Finance for Development. This agenda complements efforts to improve the efficiency and effectiveness of public financing where this is the optimal solution, to bolster domestic resource mobilization, to reduce illicit financial flows and promote innovative financing.

MAXIMIZING FINANCE FOR DEVELOPMENT

Based on the Addis Ababa Agenda for Action, the WBG has embarked on an effort to help countries maximize finance for development, and to do so responsibly without pushing the public sector into unsustainable levels of debt and contingent liabilities. Introducing the concept of the “Cascade Approach,” the WBG is systemizing its commitment to Maximizing Finance for Development (MFD). This will entail pursuing private sector solutions where they can help achieve development goals, and reserving scarce public finance for where it is most needed. In operational terms, the WBG will test whether a project is best delivered through sustainable private sector solutions (private finance and/or private delivery) while limiting public liabilities, and if not, whether WBG support for an improved investment environment or risk mitigation could help achieve such solutions.

Developing a robust private sector is essential for driving development in FCS markets. The vast needs of populations living in these countries can only be met if private enterprises are able to grow, create employment, provide the goods and services people need to improve their lives, and generate the tax revenue that allows governments to provide essential services. Accordingly, IFC, along with MIGA as well as the joint World Bank-IFC Finance and Markets and Trade and Competitiveness Global Practices, continue to advance their efforts to stimulate private sector growth and job creation. IFC continues to increase private investment in FCS through its own-account investments and mobilizing other investors, including through public-private partnerships (PPPs); MIGA's political risk insurance, for private infrastructure investments, is particularly applicable for FCV settings. Additionally, the joint Global Practices work with governments to stimulate private sector activity through regulatory reforms and other public-sector initiatives, and IFC is engaging various Global Practices on sector reforms to unlock latent opportunities.

Two innovative funding tools have been recently established to stimulate further investment in the private sector in FCS:

- IFC's **Creating Markets Advisory Window (CMAW)** is designed to help IFC respond to the increased demand for advisory services that are needed to develop market opportunities and increase the number of investment-ready projects. A three-year funding window of up to \$213 million, the CMAW launched in July 2017 to support project preparation and other capacity-building activities, and to facilitate implementation of the IDA PSW (mentioned below). It will fund three types of initiatives: (1) Scoping/Diagnostics; (2) Client/Project Development; and (3) Market Creation Projects.

- IDA18 established the new **IFC-MIGA Private Sector Window** (also referred to as the IDA PSW) to support direct private investment in IDA-only, non-gap countries, with a focus on FCS. This \$2.5 billion window will catalyze private sector investment and will focus on the mobilization of private investments that generate positive results and create markets in the most challenging environments, through collaboration among IDA, IFC and MIGA to scale up their work. Successful pioneering investments can help reduce investor risk perceptions and open up these countries to more domestic and foreign capital.

The availability and the strategic use of trust fund resources (grant funding) are critical and allows the Bank to provide catalytic support for FCV as well as to finance seed interventions in non-IDA eligible countries (e.g. Syria as well as MICs) and countries in arrears (e.g. Somalia, Zimbabwe). The trust fund resources support data gathering and analysis, country specific trust funds, i.e. providing early seeding funding and technical assistance (TA) for establishing multi-donor trust funds (MDTFs), and joint delivery platforms through international partnerships.

Existing turnaround regime (TAR): A new exceptional regime for countries facing "turn-around" situations was adopted in IDA17 and will continue in IDA18. All future cases warranting the delivery of exceptional IDA support will be addressed within this new regime, including future post-conflict and re-engaging countries as well as countries that have not experienced significant levels of conflict or accumulated arrears but face a "turn-around" situation. A "turn-around" situation is a critical juncture in a country's development path that provides a significant opportunity for building stability and resilience in order to accelerate its transitioning out of conflict or in making significant political changes. By

providing countries with timely and significantly enhanced levels of IDA financing, the TAR enables countries to tackle the underlying causes of fragility while delivering the rapid results that have been shown to be essential for solidifying the transition out of fragility. The approach has proven to be effective in Madagascar where IDA's commitment helped to crowd in nearly \$8 billion in additional donor and private sector financing. The increase in IDA resources enabled the WBG to focus its support on a few priority areas – tax administration to increase domestic resources, the energy sector, and enhanced education, nutrition, and health services at the community level – and set the stage for a more rapid transformation of those sectors. In the Central African Republic, the TAR enabled the Bank to increase tenfold resources available to the country for its transition and to successfully tailor programs to accompany the peaceful post-electoral process.

5. ENHANCING WBG OPERATIONAL EFFECTIVENESS

Delivering on IDA18 also requires stepping up the Bank's effectiveness in FCV settings. This entails enhanced staffing as well as continued strengthened focus on security and facilities. It also needs further efforts to assess and adapt operational policies and instruments, and make the most of existing flexibility.

Improved effectiveness includes strengthening staffing for FCV contexts by expanding field presence and enhancing the employee value proposition (EVP, ref. Annex). Specific commitments were made under IDA18 to increase the Bank's staff headcount in FCV settings. Efforts to strengthen EVP aim to attract, retain and better support staff in FCV contexts through enhancing career and professional development, rewards, recognition, and corporate services and resources for staff in the field.

The Bank is on track to meet IDA18 commitments on staffing, with the initial target completed (50 GE+ additional Bank staff for IDA countries by September 2017). The Bank is increasing its global footprint in FCV, with enhanced GP and field presence in FCS, and is on track to meet the target of 150 total expansion by the end of IDA18 period. The Bank has designed key principles for minimum FCV presence, including the need for adequate staff for project support and coordination/program, deployment of fiduciary staff and economists, or multi-sector GP staff. The Bank has also committed to an overall increase of facetime, annual monitoring of time spent on the ground by resident staff, consultants and visiting missions in IDA-eligible, blend countries, as well as West Bank and Gaza and Syria, on Harmonized List. The Facetime indicator for FY17 was up by 8.5 percent.

The Employee Value Proposition is structured around career and talent management, compensation and rewards, safety, wellbeing and corporate support and is essential to attract, retain and develop strong staff for FCV posts. It entails better career and talent management, as well as improvement of compensation, rewards and contracting with new benefits underway (including the Hazard and Fragility pay – just made effective), and more targeted training.

'AGILE IN FRAGILE': The WBG is constantly reviewing how to adapt procedures to provide adequate flexibility in fragile settings. WBG senior management is strongly encouraging agile approaches in fragile contexts, wherever possible. Key recent improvements to WBG operational policies and procedures should allow us to be more effective in the way the WBG will respond to FCV situations. Recent innovations include: (i) the Multi-phased Programmatic Approach (MAP) to allow the structuring of long and complex engagements as a set of smaller,

HOW WILL STAFF BE SUPPORTED TO WORK IN FCV COUNTRIES?

World Bank management has committed to adding 50 professional-level positions for IDA FCV settings, with a target of 150 additional recruitments for all FCV staff by the end of the IDA18 period. The Bank is on track to increase GE (professional) level staffing in line with IDA18 targets and face time is on an upward trend. Filling the required additional positions will ensure that all FCV country offices have a staff member to back up the Country Manager or Representative, and better address the increased demands of FCV location, in terms of dialogue, coordination, partnerships and portfolio support. Other explored ideas encompass facilitating next-assignment planning to ensure staff have more certainty and opportunities when returning from the field, and launching a range of in-person and online training to give younger staff the skills and exposure they need to serve effectively in fragile settings.

HOW WILL STAFF BE INFORMED AND KEPT UP-TO-DATE ON THESE DEVELOPMENTS?

Specific training programs have already started and are planned to foster an empowered team of staff with access to reference materials and capacity to analyze the specific FCV context to formulate and support the implementation of fit-for-purpose solutions. The objective is to provide staff with key policy, operational and strategic guidance in areas critical to working in the unique circumstances of FCV and to build the necessary staff skills to respond to such challenges. The Core Curriculum is composed of: (i) an FCV 101 eLearning course covering basic foundational FCV concepts, approaches, and tools; (ii) TTL Trainings; and (iii) clinics and in-depth technical trainings. These clinics are the opportunity for country teams to share their on-the-ground experience and to develop a community of practice. The suite of training and learning events are organized in partnership with units across the WBG to make the most of all knowledge produced in the WBG on FCV.

In addition, the **FCV Operations Portal** is intended to be a key component of the commitment to help staff deliver more effectively. This portal will provide the latest policy, guidance and approaches for staff working in FCV environments. This will include areas such as the new FCV risk mitigation regime, financing tools, but also link to policies, HR, or security. The Portal will be operational in March 2018.

linked operations (defined as phases) under one program, to allow for a more adaptive approach, where phases can adapt to changing circumstances and can be informed by lessons learned from the initial experiences; (ii) condensed procedures for preparation for Situations of Urgent Need of Assistance or Capacity Constraints, to increase flexibility to respond to situations of urgent need or

capacity constraints by deferring several of the preparation tasks, thereby allowing teams to respond faster to FCV contexts; (iii) the use of Catastrophe Deferred Down Option (CAT DDO) under Development Policy Financing has now been extended to cover IDA countries. CAT-DDO can also be used for public health emergencies, providing liquidity not only when a health outbreak escalates but also at



an early stage to prevent an escalation; (iv) and streamlined restructuring to speed the response to clients and increase adaptability of operations.

Improvements to WBG operational policies and procedures also include:

Processing of Operations (under OP10.00 para 12): There are condensed processing instructions for Investment Project Financing (IPF) operations in situations of urgent need of assistance or capacity constraints. The normally sequential stages of identification, preparation, and appraisal may be consolidated. The decision to authorize negotiations may be taken after a single consolidated review of the complete negotiations package. There are accelerated business standards with shorter turnaround times for FCV operations (three days, rather than five days for normal operations). Safeguards requirements that would normally be required before project appraisal may be deferred into the implementation period. If deferred, the type, timing of, and responsibility for safeguards instruments is governed by a simple environmental and social action plan (ESAP) which is annexed to the PAD.

Project Preparation Facility (PPF): In January 2017, the Board approved an increase in the PPF commitment authority from \$290 million to \$750 million, as well as an enhanced scope to allow for a programmatic approach to project preparation. Preparation advances (PAs) can be used for preparation and limited implementation activities for an IPF project, Development Policy Financing (DPF) or Program-for-Results (PforR) operation. PAs are available for both IDA and IBRD countries, and are made on the same terms as the anticipated IBRD loan, IDA credit, or IDA grant. For FCV countries, the maximum PA amount is \$10 million. PAs are approved by the Country Director. With the new programmatic



approach, a single PA can be used (i) to prepare multiple projects; (ii) for pipeline development, identification, and prioritization; and (iii) for cross-cutting core capacity building in operationally critical areas like financial management (FM), procurement, and safeguards. The Operations Policy and Country Services Vice Presidency (OPCS) is developing guidance on the PPF overall and especially on the modalities for the programmatic approach. Instructions for processing a PA can be found in the IPF Processing Instructions.

Project Design: Owing to fluidity of developmental challenges in FCV environments, the Bank has allowed for the inclusion of contingent components in the design of projects which are fully funded or designed as contingent windows—or a combination of both. In cases of emergencies, funds can be reallocated to this window from other components in the shortest time possible

to allow for quick response. The creation of positive lists of goods to be financed in order to achieve Project Development Objectives allow for a quick institutional response. To support the shift towards prevention, the Bank is committed to enhancing the use of Contingent Components in investment operations, as appropriate and for situations where analysis suggests possible risks which could be addressed through the existing portfolio.

Procurement: The Procurement Framework that became effective in July 2016, provides flexibility and simplification in regard to Procurement in Situations of Urgent Need of Assistance or Capacity Constraints and greater delegation of procurement decisions to staff on the ground. The framework also provides for Hands-on Expanded Implementation Support in low capacity situations. The roll out of the new procurement framework is accompanied

by training and outreach to operations staff. During an emergency or a crisis, procurement needs to be fast, flexible and appropriate for the operational context to effectively deliver the goods, works and services required to address the situation on the ground. These situations may require forgoing standard routine procurement processes and use of reactive, accelerated and expedited procurement arrangements that maintain appropriate fiduciary assurance. The World Bank's Procurement Framework is predicated on a fit for purpose approach which enables the Bank to customize procurement methods and approaches to suit the operational context, the relevant market's dynamics, and the capacity to reduce the burden on borrowers, mitigate risks more effectively, and help deliver development results more efficiently. Salient features of the new framework include the possibility for the Bank to, at the request of the Borrower, provide Hands-on Expanded Implementation Support (or HEIS), the use of Alternative Procurement Arrangements (APA) and the possibility to use the framework agreements with partner UN Agencies. Flexible use of Framework Agreements including use of Borrower's existing Framework Agreement, use of the Bank's Framework Agreement with a UN organization, and use of Framework Agreements for goods, works, consulting and non-consulting services.

Financial Management: The financial management framework complements the procurement framework with flexibility in funds disbursement arrangements and options to defer fiduciary assurance requirements, while institutional strength is built in low capacity situations.

WB-UN Collaboration: Centralized support has been set up to bring together experts across the Bank to provide one stop advice and hands on support to task teams working with UN agencies in Bank operations. This global support team is facilitating and supporting the implementation of partnership commitments. Standard agreement templates for the use by Borrowers have been developed with the key UN agencies operating in FCV countries, and operational clinics are being delivered to Bank staff and to UN agencies. Training is planned for harmonizing policy requirements that apply to engagement of UN agencies across different financing modalities and, in particular, for increasing flexibilities in issuing direct grants to UN agencies.

Mandate and authorizing framework: Staff guidance notes that clarify and explain the Bank's mandate and authorizing framework in FCV situations are now available, with clinics and workshops on these topics. In parallel, discussions are ongoing on the need for an over-arching FCV policy, possibly through an update to OP 2.30, Development Cooperation and Conflict. While there is some interest in adding 'fragility' and 'violence' to the coverage of OP 2.30, this could be a long process requiring broad consultation and considerable commitment of resources. OP 2.30 'as is' continues to provide a sufficiently broad framework within which we can work in countries where there is no government.



Section 2

Delivering Across the World Bank Group

2.1 THE VALUE PROPOSITION OF THE FCV GLOBAL THEME GROUP: ALIGNING TO IMPLEMENT, INNOVATING TO DELIVER

In response to the critical development challenges posed by fragility, conflict, and violence, the FCV Group is stepping up its efforts to facilitate comprehensive solutions and coordinated responses across the WBG and beyond. The FCV Group's primary mission is to provide support that enables CMU and GP teams to deliver effective operations in FCV settings. To this end, the Group offers analytical tools and knowledge products, helps develop and deploy new financing mechanisms, and leverages strategic partnerships, working in close cooperation with UN agencies and stakeholders. Ultimately, the FCV Group seeks to catalyze innovative solutions that put people and places impacted by fragility on the path to ending poverty. It also works in partnership with MIGA as well as IFC's FCS/IDA Coordination Unit and its FCS Africa Program to engage a private sector perspective into its knowledge sharing and thought leadership.

The value proposition of the FCV Group is centered around four pillars:

- 1. Enhancing operational impact in contexts of fragility:** Development challenges in FCS are unique and require tailored approaches and specialized support to solve. The FCV Group is stepping up its assistance to provide the programming and support country teams need. This support includes helping country and GP teams trigger a paradigm shift from understanding risks to building risk-informed programs. This shift entails offering strategic guidance and analytical tools to help operational teams embed a fragility lens in Systematic Country Diagnostics (SCDs), country programming, and operational design. It also means helping teams place greater emphasis on innovative operations that directly tackle drivers of FCV to prevent an outbreak of fragility-driven crisis upstream or prevent its recurrence.
- 2. Addressing fragility challenges requires deploying innovative financing:** For both LICs and MICs, the FCV Group develops and deploys tailored financing solutions for public sector activities. Forced displacement provides a key example, as host governments are reluctant to use scarce resources for non-nationals. Providing additional and/or concessional financing helps change the existing calculus. The FCV Group develops, manages, and/or supports country and task teams in tapping into funding specifically targeted at fragility challenges. In addition, the Group is leveraging enhanced partnerships and the strategic refocusing of FCV Trust Funds to increase the impact of financing tools.
- 3. Pivoting to prevention:** Building on the joint UN-WB flagship report, Pathways for Peace, the FCV Group is pioneering efforts to help countries shift from crisis response to prevention through developing inclusive platforms for collective risk monitoring and prioritization at the country and international level,

and integrating peace and security frameworks with development planning and implementation at the country and regional level. Innovations like the Global Crisis Risk Management Platform also leverage synergies on risk mitigation and crisis management to provide solutions across the spectrum of interrelated risks and vulnerabilities facing developing countries today.

4. Shifting the business paradigm:

Leveraging partnerships and enhancing FCV readiness of WBG staff: Through new partnerships with public and private stakeholders, the FCV Group is increasing the bandwidth and effectiveness of the WBG's engagement in fragile contexts. In parallel, the FCV Group aims to position the WBG as a leading knowledge source on fragility issues globally and build the capacity of staff to understand and address the complex challenges in FCV settings. Concretely, the Group is also supporting efforts to sharply increase the presence of staff on-the-ground.

How to achieve success? The magnitude of the challenges linked to fragility requires the WBG to be innovative, and do business differently to be effective in bending the curve of fragility. **In the context of the doubling of IDA core resources for FCS, the number one priority is to deliver effectively and target FCV factors to ensure better results.** This report highlights innovations at strategic and operational levels, and showcases solutions across the WBG, including in terms of new partnerships to improve impact on the ground and enhance the effectiveness of WBG programs.

For the FCV Group, success will entail developing strong and streamlined analytics, early stage interventions to increase prevention and preparedness, ultimately allowing for Bank interventions to shift from crisis response to risk management, and to

operationalize the nexus between humanitarian and development. Seizing windows of opportunities to address global challenges such as with the IDA18 regional sub window on refugees and host countries are central to pushing the fragility agenda forward. Implementation will require an enhanced focus on supporting host communities and lagging regions, regional and country-level approaches and promoting socioeconomic inclusion.

Equally critical, FCV stresses are shrinking the space for development aid. Operating successfully in insecure environments requires enhanced supervision tools and technologies to ensure timely and comprehensive support for the beneficiaries most in need, including in remote places where staff access is severely constrained. Practical solutions like Third Party Monitoring (TPM) to provide CMUs and GPs with appropriate and timely support are being expanded. Innovative solutions with the use of smart ICT tools and geo-enabling methodologies are being rolled out to operate in conflict but also to promote prevention and preparedness.

1. ENHANCING OPERATIONAL IMPACT IN CONTEXTS OF FRAGILITY

This pillar strives to **develop new tools to design risk-informed programs.** Analytics play an essential role to ensure projects are implemented with an FCV sensitive approach, and to strengthen the quality of projects. With an improved understanding of risks, the FCV Group is working with operational teams to apply a fragility lens in their efforts to promote development outcomes in FCV settings. Concretely, and to inform this engagement, the FCV Group provides a range of analytical products to operational teams, such as Risk and Resilience Assessments (RRAs), Recovery and Peacebuilding Assessments (RPBAs), the new Global Risk Scan, global analytical work to inform operations and cutting-edge research on Preventing Violent Extremism.

Tools such as the **Risk and Resilience Assessment (RRA)** serve as the basis for country engagements and inform Systematic Country Diagnostics (SCDs) and Country Partnership Frameworks (CPFs). RRAs aim to identify the multidimensional risks that worsen a country's vulnerabilities to economic, social, political and governance breakdown and propensity for organized violence. The FCV Group completed 50 Fragility Assessments/ RRAs between FY12 and FY17, 30 of them in IDA countries. In the last 12 months, RRAs have been underway or completed in 100% of IDA FCS and risk countries. In addition, the **Recovery and Peacebuilding Assessment (RPBA)** help to identify, prioritize, and sequence recovery and peacebuilding activities and coordinate planning and implementation. RPBA and similar processes have been used in response to subnational conflicts in Mali, Nigeria, and Ukraine; to support political transitions in CAR and Liberia; to address and prevent conflict in Cameroon; and to structure engagement during conflicts in Yemen and Libya. Similarly, supporting teams in addressing gender differentiated impact of conflict and violence, and identifying entry points to supporting women's agency and voice are also important ways to address fragility, as laid out in the FCV Group Business Plan to implement the WBG Gender Strategy.

Second, the FCV Group aims to help operational teams deliver risk-informed programs effectively. The main priority over the coming year(s) is to leverage the FCV Group's alliance with operational teams to maximize the impact of the IDA18 scale-up for FCV, and fulfil the IDA18 policy commitments. Specifically, the FCV Group is working with country management units (CMUs) to establish countries' eligibility for funding under the IDA18 Refugee Window, and will play a key role in advising on the projects financed

through both the window and the IDA18 Risk-Mitigation Regime. The current challenge is to devise a system that allows more effective monitoring of risk factors to tackle fragility at the regional, sub-national and local levels, as well as their potential spillovers.

The FCV group aims to deliver more support in: (i) mainstreaming sensitivity to FCV across the portfolio, ensuring that WBG activities "do no harm" in FCV environments and help projects target conflict-affected people wherever possible; (ii) incorporating activities that address the direct outcomes of FCV, including gender disparities and vulnerabilities in FCS, accelerating reconstruction and recovery, spurring private sector development, and supporting effective local governance and macro-fiscal management; and (iii) advancing programming that tackles the drivers of FCV and ensuring that projects and programs are designed and implemented with more rapidity and flexibility.

Effective delivery of IDA18 also calls for the WBG to be more present and agile in fragile contexts. Ongoing efforts to increase the Bank's capacity to engage in FCV situations **include improving safety and security in FCV situations.** In collaboration with the General Services Department (GSD) Corporate Security (CS), the FCV Group has made it one of its key pillars of intervention. In fragile environments, the WBG is taking steps to: (i) continue to strengthen corporate security assets/staffing, including through standardizing and expanding the security risk management framework and developing a real-time Security Risk Management Dashboard to more quickly communicate threat/risk changes and recommendations to country office management; (ii) provide security-related training, with among others the mandatory E-learning Security Responsiveness Course,

as well as Safe and Secure Approaches in Field Environments (SSAFE) training and Strengthening Personal Safety (SPS) training, both delivered face-to-face; (iii) and deliver joint FCV/GSD support to Bank operations, including through FCV's crisis response capacity, i.e. the Stabilization and Operations Support Team (SOST) set up on a case-by-case basis in high-risk FCV situations, including areas of transition/early engagement as conflict is ending, and areas of intermittent, geographically localized, or protracted intense conflict. Operating in close partnership with GSD Corporate Security and other units, SOST is available on demand to provide targeted and contextualized solutions for CMUs operating in fragile contexts. Specifically, the SOST can design, execute, and/or support, as needed:

- a) Early scoping of options for Bank re-entry (e.g., South-Central Somalia, 2013), resilience (e.g., NE Nigeria, 2016/17), and/or re-engagement (e.g., Central and Northern Mali, 2016/17);
- b) Designing more flexible operations for insecure contexts;
- c) "Smart supervision", including occasional TTL missions in insecure areas, intelligence gathering, logistics, support to installing Third Party Monitoring (TPM), Iterative Beneficiary Monitoring (IBM) or other monitoring tools, on a demand-driven basis;
- d) Strategic use of ICT and geo-enabling tools to improve operational effectiveness;
- e) Strategic partnerships with the UN system and other key security/humanitarian/diplomatic actors on the ground, for operational purposes and/or to strengthen the authorizing environment for Bank operations in insecure/remote areas.

Currently, SOST is engaged in North East Nigeria, Mali, and DRC.

2. ADDRESSING FRAGILITY CHALLENGES REQUIRES DEPLOYING INNOVATIVE FINANCING

The availability of trust fund resources (grant funding) is critical and allows the Bank to provide catalytic support for the quality of IDA18 delivery, as well as to finance seed interventions in non-IDA eligible countries (e.g. Syria as well as MICs) and countries in arrears (e.g. Somalia, Zimbabwe).

The FCV Group helps Regions and Country teams to design and implement facilities that provide financing solutions to support the public sector in contexts of fragility. Going forward, the priority is both to consolidate global FCV trust funds and to promote innovative financing solutions. These include the State and Peacebuilding Fund (SPF), the Global Concessional Financing Facility (GCFF) or the proposed Yemen Reconstruction Trust Fund. A number of these mechanisms are using Bank Group and donor resources in new ways, including the GCFF, which provides concessional financing to middle-income countries for providing a global public good by opening their borders to refugees. The FCV Group will continue to focus on serving as a "go-to" in helping regions and country teams to access innovative sources of financing to address their fragility challenges. More than ever, the aim is to attract new sources of financing (capital markets, social investors) and use scarce grant resources to leverage private investment into support for the public sector. The FCV Group will also support IFC and MIGA in the implementation of the IDA PSW, by providing support to World Bank teams that will undertake sector reforms designed to unlock private sector investment opportunities.

THE GLOBAL CONCESSIONAL FINANCING FACILITY (GCFF)

In cooperation with the UN and the IsDB, the WBG launched the **Global Concessional Financing Facility (GCFF)** in 2016. It targets for middle-income refugee-hosting countries, and provides concessional financing to help Jordan and Lebanon address the influx of Syrian refugees. The Facility uses donor grants to reduce the interest rates on MDB loans to the concessional levels for development projects that benefit both refugees and host communities. These projects are supported by the Bank, as well as by other MDBs, including the IsDB, EBRD, and EIB, thereby making the GCFF a coordinated international platform. The GCFF also bridges the humanitarian-development divide by fostering close linkages and leveraging complementarities between MDBs and the UN system. Finally, the GCFF provides strong value-for-money, with each donor grant dollar leveraging about \$4 in concessional support. In one year, the GCFF approved nearly \$200 million in grants to leverage \$1 billion in concessional financing for projects to improve the lives of Syrian refugees and host communities in Jordan and Lebanon by promoting job creation and expanding vital public services and infrastructure. The GCFF has also expanded to the global level to provide rapid concessional financing and coordinated international support to help MICs address refugee crises wherever they occur. In this way, the GCFF offers lessons for other international efforts to catalyze global public goods in response to cross-border challenges.

The **consolidation process of FCV Trust Funds** has been finalized and accepted by all partners. The FCV Group has re-positioned the State and Peacebuilding Fund (SPF) to: (a) act as an IDA catalyst by supporting the delivery of IDA18 in the most challenging FCV settings; (b) provide special financing for gaps and niches, both geographic and thematic; and (c) serve as coordination platform to ensure a coherent approach to international development in FCV. The FCV group is also exploring promising “frontier” financing solutions (e.g. development impact bonds and the use of concessional financing to “seed” and consolidate peace in conflict-affected settings) and strengthening its strategic partnerships to leverage additional resources. The SPF has a window prevent and counter Gender-Based Violence (GBV). The purpose of these relatively small scale grants (around \$50,000) is to

THE STATE AND PEACEBUILDING FUND

The **State and Peacebuilding Fund (SPF)**, established in 2008, is the WBG’s largest and most agile global multi-donor trust fund designed to finance innovative approaches to state- and peace-building in regions affected by FCV. It is flexible in terms of geographic areas, implementation models, and thematic coverage, and has the capacity to take risks and mobilize financing rapidly across all income country groups. It is expected to serve as a catalyst for the delivery of IDA18 in FCV and fill gaps in conventional financing. It also offers a coordination platform for the international aid community and FCV countries. To date, the SPF has provided over 130 grants worth \$291m for work in 37 countries.

leverage larger-scale IDA and IBRD funding to counter GBV, through the design and preparation of GBV-related components (or activities). SPF supports “GBV injections” into projects ranging from \$7 million-\$600 million. Projects address for instance GBV prevention among displaced populations in Kenya, survey work to support DRC women’s associations in counteracting GBV in the mining sector, improvement of cross-border trade at targeted border locations in the Great Lakes Region to counter violence and abuse of women traders.

3. PIVOTING TO PREVENTION

The World Bank Group is committed to putting prevention first to build a less violent, more stable, more resilient world.

To achieve the goals of ending extreme poverty and promoting shared prosperity, along with the Sustainable Development Goals, it is key to tackle the drivers of violent conflict. And the best way to do so, most importantly in terms of the human lives and economic costs saved, is through preventing these drivers from erupting into crisis. Conflict prevention in countries that bear the direct costs – casualties and losses to economic growth – would avoid over 34 billion dollars in damages per year. For the global community, prevention would save at least 1.2 billion dollars per year that fund humanitarian assistance and peacekeeping interventions.

Yet, global evidence suggests that the evolving nature of violent conflict today is outpacing traditional approaches to prevention. Violent conflicts, surging after decades of decline, are increasingly protracted and recurrent, often part of interconnected regional conflict systems. Today’s conflict spill across borders, occur in both low and middle-income countries, involve a multiplicity of actors, and increasingly impact civilians. These violent conflicts are driving historic refugee flows and exacerbating the vulnerability of populations to other crises,

like floods and extreme weather events that can destroy crop fields, livestock assets, and water and sanitation systems, and bring on food insecurity and malnutrition. Advances in information and communication technology connect local grievances to regional and global narratives, enabling perceptions of exclusion to play an important role in mobilizing violent conflicts and violent extremism. It is also important to prevent deeply ineffective and fragile states without open conflict from deteriorating into chaos and violence.

Prevention should also encompass challenges linked to interpersonal violence.

Today, nine out of ten violent deaths come from interpersonal and gang violence. Urban development answers are at the heart of the response to these challenges.

In light of this evolution, there is a broad recognition that development must play a central role if prevention is to be effective.

Inclusive and equitable development can play an important role in prevention by addressing inequalities and contestation between social groups or between geographical regions of a country before they turn violent. Successful efforts to reduce the risk of violent conflict have relied on simultaneous efforts at building institutional capacity, security reform, and socio-economic development.¹⁸

The FCV Group is leading efforts to improve the Bank’s ability to identify and mitigate FCV risks before violent crises erupt. *Pathways for Peace, Inclusive Approaches to Preventing Violent Conflict* (mentioned on page 31) report brings together existing evidence and knowledge on the incidence of violent conflict, and on the relationship between development assistance and other modes of engagement for the prevention of violent conflict. It provides the analytical underpinnings for the FCV Group’s efforts to shift the focus to prevention through analytic,

¹⁸ Pathways to Peace: Inclusive Approaches to Preventing Violent Conflict, World Bank/United Nations, forthcoming.

THE UN-WBG FLAGSHIP STUDY ON THE ROLE OF DEVELOPMENT IN PREVENTING VIOLENT CONFLICT

Pathways for Peace, Inclusive Approaches to Preventing Violent Conflict is the first study to be produced in full partnership between the WBG and UN – aims to improve understanding of how domestic development processes interact with security, diplomatic, humanitarian, justice, and human rights efforts to prevent conflict from becoming violent. The study provides concrete recommendations for development and humanitarian actors on how to structure their programming to help to prevent or mitigate the risks of violent conflict. In parallel, an intensive effort has begun to operationalize the study's key lessons and recommendations. The main takeaway of the study is that, to effectively address risks of FCV, a long-term perspective is essential, and that development policies have a critical role to play at all three stages – upstream, during conflict and post conflict. Analysis shows that **every \$1 invested in efforts to build peace and prevent violence in conflict-affected countries would save \$16 dollars in costs of conflict over the long run** (Institute for Economics and Peace, 2017, *Measuring Peacebuilding Cost-Effectiveness*). Systematic prevention would lower the total number of refugees by close to 2.5 million, and save UN member states over \$3 billion each year on aid and peacekeeping (Hannes Mueller, 'How Much is Prevention Worth?' 2017). This reality has accelerated momentum for affected countries and the international community to develop new approaches and new partnerships to address complex, multidimensional conflicts that spill across borders, occur in both low and middle-income countries, and involve a multiplicity of actors, including violent extremism groups.

strategic, and operational engagement. These include efforts to help countries improve prevention through strengthened monitoring mechanisms, improved capacity to prepare for and respond to shocks, and by leveraging shocks to undertake needed structural reforms. Innovations like the proposed Global Crisis Risk Management Platform (GCMP) provide an opportunity to shift from crisis response to crisis prevention through strengthened synergies on risk identification, and crisis management to provide solutions across the spectrum of interrelated risks and vulnerabilities facing developing countries today. These are based on new technologies and advanced analytics for more dynamic risk assessments, which can enable more targeted support to WBG country management units (CMUs) and Global Practices

(GPs), which lead efforts to identify, monitor and pro-actively address multi-dimensional crisis risks through country programs.

To effectively address FCV risks, a long-term perspective is essential, and development policies have a critical role to play at all three stages – upstream, during conflict, and once conflict subsides. The FCV Group, through new analytics and the convening power that raises awareness of the need to address conflict and crisis risks pre-emptively, is pushing forth the prevention agenda. The FCV Group is also working with teams across the Bank and beyond to drive innovative solutions and deploy new tools to avert crises, such as preventing famine through pooling insurance mechanisms and developing geospatial tools to monitor and deliver support in crisis settings.

What is new? The FCV Group is coordinating the implementation of the **Global Crisis Risks Management Platform (GCMP)**. The GCMP aims to enhance the Bank's capacity to help client countries prevent, prepare for, and mitigate the risk of both natural and human-made disasters. The Platform aims to balance the Bank's strong and growing capacity on crisis response with much greater emphasis on prevention (when crisis risks can be mitigated) and preparedness (when crisis risks cannot be significantly mitigated). The GCMP brings together, under a single umbrella, the full suite of WBG crisis-related funding mechanisms, instruments, and knowledge-based products. In its initial stages, the Platform has already demonstrated the Bank's strategic and operational responses to crises, such as the ongoing Africa-Yemen famine emergency. The consultations that led to the establishment of the GCMP identified the following priorities: (i) strengthening and streamlining the Bank's crisis risk monitoring, knowledge, and analytical capacities; (ii) aligning strategic crisis risk programming at the global, regional, and country levels; (iii) reinforcing the Bank's crisis risk management financial solutions; and (iv) enhancing implementation effectiveness and support.

Innovating for Impact. Geospatial tools can be leveraged for early warning, dynamic security monitoring, and progressive prioritization of engagement in FCV and crisis contexts. A major requirement for operational effectiveness in FCV and crisis-contexts is flexibility and adaptability in terms of geographic engagement and resource allocation, to ensure effectiveness and avoid risks of disruption or loss of project investments due to security incidents or disasters. In this regard, simple and user-friendly ICT tools can be leveraged for gathering and analyzing field-based information in a systematic way, with increased reliability and accountability. In addition, the bottom-up information can

be complemented and associated with top-down remote sensing and geographic data on relevant developments. For instance, assessing geo-referenced data on security dynamics, such as the Africa-wide Armed Conflict and Location & Event Data (ACLED) dataset, transport infrastructure, and road security can help determine the accessibility of specific areas and thus the feasibility of project activities. Moreover, remote monitoring of contextual dynamics, such as displacement trends, socio-economic indicators, and environmental factors, can support the progressive prioritization of project implementation steps, despite a lack of on-the-ground access. Geo-enabling can also help to enhance the accountability and transparency of third-party monitor (TPM) activities and systematize the analysis of field data in integrated monitoring and evaluation (M&E) systems. TPMs are typically used for auditing and tracking project implementation in areas that are inaccessible for Bank staff and client representatives.

Geospatial analytics allow teams to close crucial information gaps for more preparedness and more crisis response. Geographic Information Systems (GIS) and remote sensing techniques have been increasingly used by different Bank teams for analyzing crisis issues. In particular, the Global Facility for Disaster Reduction and Recovery (GFDRR) has been at the forefront of harnessing technology for quantifying disaster and climate risks and enabling more target-oriented operational responses. Successful case studies of remote sensing technology in crisis contexts include the assessment of localized impacts from natural disasters, such as the **Nepal** and **Haiti** earthquakes; tracking of large-scale forced displacement patterns in **Lebanon** and **Uganda**; and Damage and Needs Assessments (DNAs) conducted on **Syria** and **Yemen**. In this sense, a major added value of satellite-based remote sensing is the ability to conduct specific in-depth assessments

when on-the-ground access is impossible. This, for instance, allows for the targeted preparation of responses already during or in the immediate aftermath of large-scale crises and conflict, such as in the case of Mosul in **Iraq**. Moreover, the FCV Group will support efforts to systematically “geo-enable” the active and pipeline portfolios in areas with limited access, by incorporating GPS-tagging

and remote monitoring techniques into field data collection, project planning, and M&E systems. The structured integration and analysis of spatial bottom-up and top-down data enables CMUs, project Task Teams, and clients to more effectively plan and remotely monitor operational engagement in areas with limited access, in response to specific needs and contextual dynamics.

ICT FOR CRISIS-RELATED ANALYTICS AND EARLY WARNING – THE SOUTH SUDAN RISK MONITOR

Subsequent to the renewed violence and destabilization of South Sudan since early July 2016, there has been a lack of reliable information on the security situation and the various underlying risk drivers in the country. Accessing most parts of South Sudan is currently impossible and even temporary presence in the capital Juba is restricted for most of the WBG Country Team and project teams. Nonetheless, it is crucial for the CMU and Task Teams that operate in the country to be aware of the developing risk dynamics on the ground. Therefore, the South Sudan Geospatial Risk Monitor was launched to close some of these data gaps and provide increased situational awareness to the Bank’s internal stakeholders.

The risk monitor consists of a monthly briefing on the dynamics related to the some of the major risk drivers and outcomes in the country. These include trends in terms of conflict incidents and involves actors, attacks on aid workers, road security and access limitations, food insecurity, and displacement dynamics. The risk monitor has been running since November 2016 and is updated monthly. It is produced in cooperation with the Geospatial Operations Support Team (GOST), GSURR, and GSD Corporate Security.

The underlying analysis relies on the triangulation of diverse data sources, which are partly publicly available and partly acquired through close collaboration with partners. A focus of the analysis is on the most recent violence dynamics and geographic trends as well as their spatial association with other risk factors. These compound risks are illustrated in form of a PowerPoint presentation of about 10 slides that is largely based on illustrations through maps and graphs as well as text boxes with conclusions from qualitative analysis. The monthly output is provided to the Country Director and the CMU, who use the Risk Monitor as a standard information resource regarding the variety of interrelated risk dynamics in the country.

Moreover, the underlying geospatial platform will support operational effectiveness in South Sudan, and will be leveraged as a tool for remote planning and monitoring of project interventions, within the contextual dynamics of the country. To this end, frontline projects in South Sudan are currently ‘geo-enabled’ so that granular information on the individual implementation sites can be integrated as a layer into the GIS platform and spatial associations between risk factors and the projects can be analyzed.

SOUTH SUDAN - MONTHLY RISK UPDATE - JUNE 2017

Aid-Related Overview

FAMINE DECLARATION LIFTED

As a result of humanitarian aid.

ONE ATTACK ON AID WORKER

Shot while driving in Central Equatoria.

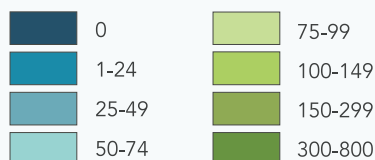
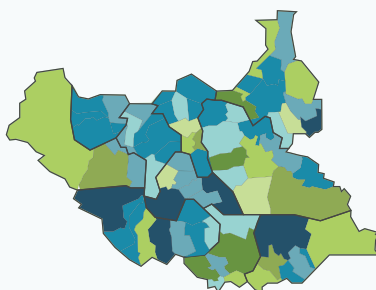
Displacement Overview

1,957,000 IDPS

Across South Sudan.

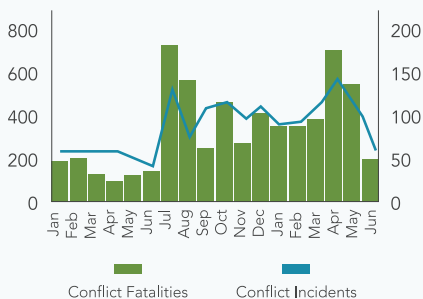
1,855,900 REFUGEES

From South Sudan in neighborhood



Conflict Trend Over Time

Recorded conflict incidents and fatalities per month between January 1, 2016 and June 28, 2017 | Source: ACLED

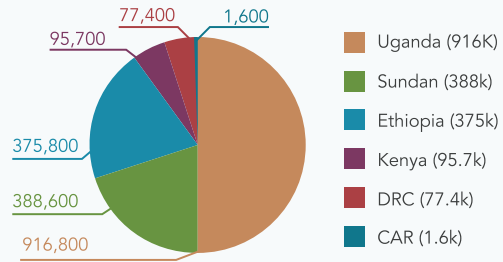


Overall, **1,616 conflict incidents** have been recorded in South Sudan between January 1, 2016 and June 28, 2017, leading to **6,139 fatalities**. July 2016 remains the deadliest month in this time period, when the open hostilities between the SPLA and SPLA-IO reemerged. April comes a close second, being the bloodiest month in 2017 with 645 fatalities, while June shows less than average fatalities. The trend emerging in 2017 seems to be increasing instability in the nation, as South Sudan, followed by other “famine-risk” countries, is the bloodiest conflict country in Africa.

Recent Refugee Movement

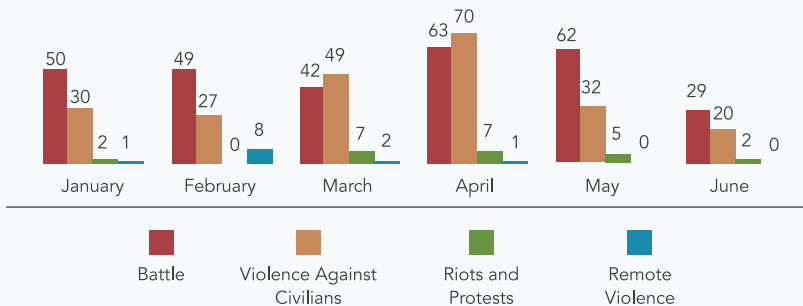
South Sudanese refugees continued to move to neighboring countries in May 2017. Each country excluding the CAR, experienced an increase in refugee numbers, along with Uganda's refugee population approaching 1 million.

Throughout 2017, battles, mostly between pro- and anti-government forces, have been the most prevalent form of conflict in the country, with 295 recorded incidents. Violence against civilians comes at a close second with 228 recorded incidents this year, likely spurred on by continued population fragmentation into militia groups and severe food insecurity. The highest number of recorded incidents in 2017 occurred before the reversal of the famine declaration.



Conflict Types in 2017

Recorded number of conflict incidents broken down categorically
Source: ACLED



4. LEVERAGING KNOWLEDGE AND PARTNERSHIPS

The prospective near doubling of IDA18 resources for FCV presents significant opportunities for the WBG. The need for 'know how' to do things differently in fragile states, and WBG thought leadership on FCV, are essential. Knowledge and analytics are key comparative advantages of the WBG. To ensure it continues meeting the demands for sophisticated and timely products, reaching top level government decision makers, and disseminating effectively, the Bank is also deepening its partnerships globally.

The WBG has accumulated a wealth of information on what works and what does not work in FCV, and is ramping up its efforts to ensure effective engagement on FCV issues. Building on its convening power, global technical and analytical expertise, and financing instruments, a central objective of the FCV group is to leverage knowledge and partnerships to improve the effectiveness of the WBG's engagement in countries affected by fragility. A central component of this is building capacity internally by deploying FCV knowledge and practice-based training on 'what works' to help WBG staff succeed in the field.

What is new? The FCV Group is leading Bank efforts to deepen collaboration among all stakeholders working to support the poor – including humanitarian, development, and peace actors. This “new way of working” recognizes that achieving sustained peace and poverty reduction requires that all actors work in the same strategic direction regardless of whether the scope of intervention is short term or long term. It also recognizes that reaching the poorest, most vulnerable people sometimes require leveraging non-traditional partners. Under the UN – World Bank Partnership Framework for Crisis-Affected Situations, which was signed in April 2017, FCV is deepening the Bank’s partnership with the UN system through collaboration globally and at the country level. This includes, among others, a humanitarian-development-peace partnership, which drives practical collaboration with UN agencies such as PBSO, UNHCR, WFP, UNDP and UNICEF through innovative pilot projects in fragile countries. In the realm of forced displacement, the WBG and six other MDBs are working towards establishing a platform on economic migration and forced displacement to deliver better value for our clients in these areas through an enhanced strategic alignment and synergies on the ground. Targeting

refugees and host communities in MICs, the GCFF was established as a global platform, and developed as a joint platform that could offer lessons for other international efforts to catalyze global public goods in response to cross-border challenges. It is with the same spirit for partnership that the SPF was designed and continues.

Strategic partnerships at global and local levels are key to leverage impact.

Throughout the report, specific concrete examples highlight the increased emphasis on new partnerships with the UN and/or NGOs to deliver more effectively, especially in conflict situations. The FCV Group aims to provide Bank teams with guidance to make it easier for them to leverage local and international NGOs and non-governmental organizations to implement programmatic support in areas with limited government capacity and in conflict situations. Partnering for greater impact is facilitated by new tools and approaches detailed in this report. The bottom line of these varied efforts on partnership is to increase the Bank’s ability to deliver high-impact support in the world’s most challenging environments and to serve our clients in a more inclusive and sustainable manner.

2.2 REGIONAL HIGHLIGHTS

AFRICA:

Fragility cuts across the Africa region, with high economic, social and political vulnerabilities that impede growth and stability. Despite ongoing efforts to increase the capacity of the Bank to engage in FCV situations, there is further need to develop tailored solutions to enhance effectiveness. Typically, the WBG seeks to adjust its operational engagement: for example, early engagement as conflict is ending, or shifting delivery modalities to stay engaged when conflict becomes protracted. These situations are coming into greater focus under the IDA18 FCV scale up. The WBG is developing integrated approaches that lay out innovative solutions to best operate in these fragile settings, with the objective of providing targeted and contextualized solutions to operate during transitional phases, in situations of re-emerging, protracted crises, or to facilitate early engagement. At subnational, national and regional levels, the WBG aims to promote growth and facilitate stability.

Bringing Stability to the Central African Republic: Using Emergency Public Service and Infrastructure Projects to Promote Post-Crisis Recovery

As a landlocked country bordered by unstable neighbors, the Central African Republic (CAR) is one of the poorest and most fragile countries in the world. The resurgence of violence in 2012 shattered the country's already frail economy, tore its social fabric, and created a devastating humanitarian, human rights, and security crisis. CAR faces the tremendous challenge of having to stabilize, while investing in early recovery and lasting peacebuilding efforts aimed at breaking the fragility trap. Sixty percent of the territory is

still controlled by armed groups which clash regularly over control of territory and resources. The key challenge for development actors in such a context is to find ways to support the stabilization process by showing rapid signs of improvement to the population, while starting to address the grievances that are at the roots of the conflict, e.g. the inability of the state to provide security and services, along with regional imbalances.

A Country Engagement Note (CEN) was presented to the World Bank Board of Executive Directors in July 2015.

The strategy comprised two phases: (i) supporting stabilization in order to assist international efforts to break the cycle of violence and maintain confidence in the fragile transition; and (ii) preliminary support to recovery and development. The main focus has been on the restoration of basic government functions, as well as support to livelihoods and basic social service provision. The engagement is principally focused on addressing some of the primary conflict drivers, and building confidence in public sector institutions. This will in turn assure external support to a fiscally weak government. The CEN was updated with a Turnaround Eligibility Note that helped secure exceptional resources for CAR under the IDA17 Turnaround Facility.

Among the key areas of engagement in support of CAR's resilience, the WBG is engaged in health (the **Health System Support Project** aims to increase the utilization and improve the quality of maternal and child health services in targeted rural areas), emergency urban infrastructure (the **Emergency Urban Infrastructure Rehabilitation and Maintenance Project** aims to increase access to infrastructure and urban

services for the population residing in the most deprived districts of Bangui), energy (the **Emergency Power Response Project** aims to partially restore reliable electricity supply to customers in Bangui, and to improve the financial and operational performance of the sector), food security (the **Emergency Food Crisis Response and Agriculture Relaunch Project** aims to protect and rebuild livelihoods and human capital by preventing negative coping strategies by poor households, and to relaunch the productivity of the agriculture sector), and delivery of effective public services (The **Emergency Public Services Response Project** helped to reestablish an adequate payroll and financial management system).

Through the **LONDO (“Stand Up”) project**, the WBG facilitated peacebuilding and stabilization efforts by giving short-term employment to 8,500 men and women in 17 districts outside Bangui at a time when insecurity continued to reign. One of the objectives of the project, which provided jobs to citizens through a transparent public lottery system, was to promote social cohesion. The project also promoted entrepreneurship among beneficiaries who each received a new bicycle and were encouraged to save part of their salaries to start a business once their work shift was over.

In CAR, collaboration and partnerships prove critical to enhance impact and deliver more effectively. The WBG, in partnership with the UN and the EU, co-led the Recovery and Peacebuilding Assessment (RPBA), which informed the international donor conference for CAR that took place in November 2016 in Brussels, and raised more than \$2 billion. The RPBA defined the country’s priorities over the short and medium-term, in a consultative manner and in close collaboration with all international and regional partners. It was adopted as the country’s National Recovery and Peacebuilding Plan. The RPBA also helped



to inform the Bank strategy and Turn Around program, based on the country's urgent and priority needs to support the recovery and peace-building process for the next five years. At the operational level, a strong partnership has been developed with the UN involving the implementation of a road project by UNOPS, with security provided by the UN peacekeeping mission MINUSCA. Another example is the recent Public Expenditure Review of the security sector conducted in close partnership with the UN and the EU as a contribution to the broader Security Sector Reform (SSR) agenda.

Promoting Inclusive Growth and Access to Basic Services in Madagascar

Madagascar is one of the poorest countries in the world. More than 80% of the poor there draw their livelihood from agriculture, and are the most exposed to weather-related disasters such as flooding, landslides, and erosion. Madagascar has the highest occurrence of cyclones in Africa and is one of the ten countries expected to be the most affected by climate change in the world. While progress had been made in the 2000s towards achieving some of the Millennium Development Goals (MDGs), it was brought to a halt by the 2009-2014 political crisis. Today, Madagascar has some of the worst outcomes in education, health, nutrition, and access to clean water. The country is also facing stark economic challenges, despite having unparalleled biodiversity and natural wealth. During the political crisis, macroeconomic stability had been maintained by cutting down drastically on public expenditures and investments.

Coming to grips with the country's fragility, the World Bank adjusted its engagement during the crisis. It undertook a series of analyses to understand the sources of fragility and to shed light on its impact on poverty and human development. This

evidence brought the Bank to focus on two areas: (1) continued work with poor farmers on increasing rice productivity and on connecting them to markets and (2) direct support to the poorest by preserving access to basic services and by piloting a safety net program. The Bank gave preference to multi-sectoral approaches, for example combining interventions in health, education, and nutrition at the community level in the South, the poorest region in the country.

This strategy set a strong foundation for the Bank's expanded engagement since the end of the crisis in 2014. It is now being implemented on a larger scale, with greater strategic leadership from the government. The end of the crisis also meant that the Bank could be more effective in its engagement with the public sector, and is now able to work with them on core issues of public finance management and decentralization which are critical for the financial and institutional sustainability of development programs. The WBG has developed a set of lending and analytical activities – focusing on key sectors such as agriculture, energy, education, nutrition and basic health, social safety nets – to solidify the country's emergence from the crisis, restore inclusive growth and improve resilience (human, environmental, and institutional). These activities are shaped by an active dialogue with the government; the aim is to address selected governance and institutional constraints for a more equitable, efficient, and accountable management of public resources, particularly at the local level. The program is articulated in the 2017-2020 Country Partnership Framework and makes full use of the IDA resources available under the IDA Turnaround regime.

Rebuilding Infrastructure and Improving Access to Employment in Post Crisis Côte d'Ivoire

Côte d'Ivoire has experienced more than a decade of political, social, and economic crisis, culminating in 2010 in a violent post-electoral conflict. Throughout the lengthy crisis period, the lack of investment in roads and transportation infrastructure as well as in water and energy generation and distribution networks, resulted in severe economic bottlenecks and took a toll on the wellbeing of the population. In addition, a poor education system, the politicization of higher education, and high unemployment have negatively impacted the youth population.

Following the post-election crisis in 2011, the Government of Côte d'Ivoire prepared a reconstruction program anchored in the 2012-2015 medium-term National Development Plan. This program, supported by the World Bank Group mainly through IDA resources, was focused on the following key pillars: (i) renewing infrastructure and basic services, (ii) improving the business environment for job creation. Since 2012, more than 500 villages have been connected with all-weather roads and more than five million people have gained access to electricity, water, and rehabilitated schools and health centers. And effective employment opportunities have been provided to about 27,000 vulnerable youth, 35% of whom are women.

Among the strategic priorities defined with the authorities, the **Emergency Infrastructure Renewal Project** was designed to improve access to basic infrastructure in targeted urban and rural areas following the long lasting political crisis. Given the country's emergency needs, a \$100 million IDA project was implemented and matched with government funding of the same amount. Considering Côte d'Ivoire's youth employment challenge, the **Emergency Youth Employment and Skills**

Development Project was put in place to provide a rapid response emergency grant. These two projects provided critical support to Côte d'Ivoire as it embarked on the process of revitalizing its economy.

The WBG is now implementing the Côte d'Ivoire Country Partnership Framework (CPF) approved in September 2015. It supports the country in creating a competitive and inclusive economy, while MIGA is open to analyzing new guarantees. The CPF reflects two pathways and five prerequisites identified in the Systematic Country Diagnostic (SCD) to achieve the goal of eliminating extreme poverty and boosting shared prosperity. The first entails the creation of better quality jobs through sustainable private sector-led growth in agriculture, agribusiness and the non-agribusiness sectors. The second pathway to attain inclusive growth is to build human capital by improving the efficiency and quality of spending in education, health and social protection and improving access to basic services, while strengthening the quality of labor needed for private sector growth. The five main prerequisites are: (a) continued social and political stability; (b) macroeconomic stability and debt sustainability; (c) land market reform; (d) financial sector development and inclusiveness; and (e) improved governance. A Performance and Learning Review is under preparation for delivery in FY18.

Nigeria: Macroeconomic Stability for Accelerated Growth, Job Creation, and Delivering Services for the Poor

Nigeria's economy has been hit hard by a sharp decline in the price of oil, which has aggravated long-standing weaknesses and grievances. Despite a strong economic track record, poverty is significant, and reducing it will require stronger non-oil growth and a greater focus on human development. The country is facing a range of complex conflict and security challenges, although the incidence

and causes of violence differ significantly among its 36 states. The security situation in Nigeria continues to be influenced by terrorism, armed conflict and general crime. The rise to prominence of Boko Haram in North East Nigeria has proven to be a considerable challenge to the country's security forces.

The Government of Nigeria seeks to implement stabilization and recovery measures while addressing the medium and long-term development agenda, including efforts to improve security and combat corruption. The stabilization and recovery measures focus on (a) restoring macroeconomic resilience and growth; and (b) improving security in the NE and Niger Delta. Restoring macroeconomic resilience and growth will be critical not only for Nigeria but for West Africa as a whole, given the strong links between Nigeria and neighboring countries in trade and capital flows. The medium and long-term agenda is to promote job creation and build an economy led by a strong and responsible private sector; provide physical and economic infrastructure; enact social policies that would increase opportunities for the poor and vulnerable; and address climate change and other stressors.

Against this background, the WBG program in Nigeria is extensive and spans across many sectors, ranging from health and agriculture to urban transport, water and public financial management. More recently, the WBG engagement has been expanded to include support to addressing the impact of declining oil prices on public finance and inclusive growth, and to articulating and implementing support to the conflict affected states in north-eastern Nigeria.

In support of the government's effort to lay the ground for economic growth and social inclusion, the WBG's engagement has focused

on actions to improve human development outcomes. The **Saving One Million Lives (SOML) initiative** in the health sector is taking a results-based approach to: strengthen basic services, particularly in rural areas, with the goal of preventing deaths of mothers and children; improving clinical governance across all care levels; strengthening primary and secondary prevention care; and creating an enabling environment for private sector involvement in health services and commodities. An important element of the WBG program has been to help identify, capture and share local solutions to pertinent development challenges, to help bring them to scale across states. For example, as part of the **Lagos Eko Secondary School Project**, the WBG also piloted evidence-based secondary education reforms which include secondary schools in poor and marginalized (migrant) parts of Lagos. The impressive impact at secondary school level has led to impacts on primary school performance and approach. Several other states have been studying Lagos' approach, illustrating that WBG support to one state which proves successful, may have the potential to be transformative more broadly within Nigeria.

Since 2009, nearly 15 million people have been affected by the violence of Boko Haram and the resulting military operations in the North-East of Nigeria. Lessons drawn from the RPBA and the Performance and Learning Review (PLR) highlight the importance of an integrated and balanced approach to recovery and balance peace building, stability, and social cohesion interventions with programs aimed at reconstructing or rehabilitating social, physical, and productive assets. Peace building, stability, and social cohesion interventions aim to ensure the sustainability of recovery interventions on the ground and lay the foundation for human security to prevail.

The WBG tailored its program of support to the North East of Nigeria to include 5 additional financing operations valued at \$450 million (agriculture, health, education, community development, and youth employment and social support), the Multi-sectoral Crisis Response Project (MCRP, \$200 million), and the Polio and Routine Immunization Project (\$125 million). A key cross-cutting objective underpinning the program is building resilience by addressing the service delivery gaps, livelihood deficits and social cohesion issues created by this protracted crisis. This is expected to help create conducive conditions for the return of displaced people, restore normalcy for residents who stayed back and alleviating the burden of neighboring regions hosting the IDPs. It is structured around fast disbursing to ensure rapid responses and develops resilience through medium-long term responses in education, youth employment, social support or community development.

The WBG's efficiency and effectiveness in the North East crucially depends on how to work across sectors and government tiers. It therefore also entails the implementation of a new way of working with the humanitarian, development, and peace actors in North East Nigeria to tackle complex, multidimensional, subnational crises. The Bank's response has been an integrated approach to portfolio implementation, fit-for purpose to achieve development outcomes in insecure environments, with an eye to early peace consolidation in areas of the North East recently freed from Boko-Haram, or still partially under their influence (e.g. Borno State).

Central to this integrated approach, which is supported by a Bank-executed State and Peacebuilding Trust Fund (SPF) Grant, is the deployment of multidisciplinary missions on the ground, led by the FCV Group, and

joined by GSD Corporate Security, covering in parallel (i) portfolio flexibility (smart supervision, third-party execution through UN agencies and I-NGOs, etc.), (ii) geo-enabling solutions, (iii) a security platform maximizing the ability of Bank teams to deploy to the field, to ensure minimum portfolio oversight. The response is led by FCV's Stabilization and Operations Solutions Team (SOST), operating in a problem-solving mode, addressing the CMU's strategic priorities for the North East and supporting the GPs in their projects.

EAST ASIA AND PACIFIC

1. Overarching Strategic Pillar: Enhancing operational effectiveness of the WBG, by improving staffing, enhancing flexibility and leveraging knowledge

PAPUA NEW GUINEA (PNG) AND THE PACIFIC – IDA18 provides an immense opportunity for transformational development, and particularly for these six countries in the region (Kiribati, Marshall Islands, Federated States of Micronesia, Papua New Guinea, Solomon Islands, and Tuvalu). National allocations for these six FCV countries will increase from approximately SDR169 million in IDA17 to SDR417 million in IDA18. Delivering on this scale-up will require the WBG to focus upon areas of most importance for future growth and wellbeing, as well as strengthening effectiveness of delivery, in highly constrained capacity environments.

On the analytical front, and to lay the strategic basis for the IDA18 scale up, the WBG prepared **a flagship report, Pacific Possible, which helped identify the most promising transformational opportunities to generate sustainable economic growth and deliver shared prosperity to the people of the Pacific.** It identified key drivers of growth and employment in the Pacific for the next 25 years – tourism, fisheries, labor mobility and

ICT – as well as some of the significant drivers of fragility, including climate change, non-communicable diseases, gender and limited institutional capacity. The WBG is now working with partners to translate these priorities into operational engagements including support for ICT in countries such as Tonga, Micronesia and Marshall Islands, and support for fisheries in Solomon Islands, Tuvalu and Marshall Islands.

Recognizing the specific challenges of delivery in fragile states, and particularly those where capacity is highly constrained,

the WBG has built upon prior operational experience to consolidate activities, build capacity and maximize the use of new instruments and flexibilities. Recognizing the need to limit the number of new operations, the Bank has exploited the use of platform-based approaches supporting regional initiatives in aviation, ICT, maritime services, disaster risk reduction, and fisheries. The WBG is also developing standardized and replicable forms of engagement such as a series of resilient transport operations combining institutional support and capacity building with climate resilient investments. These regional and standardized approaches enable us to test and refine interventions over time and deploy human resources efficiently as teams progressively enhance their skills in supporting a given set of activities.

The WBG is working in close collaboration with development partners, particularly the Asian Development Bank (ADB) and regional organizations, sharing offices and harmonizing procedures. The WBG in FY17, for the first time, received a waiver from the Board of Directors to apply the ADB procurement rules so that the two institutions could co-finance a transport sector operation in **Fiji** in a seamless way. Similarly, opportunities for harmonizing procedures with the IFC have been utilized for PPP operations requiring concessional finance. In the context of the

Tina River Hydropower Project in **Solomon Islands**, authorization was provided to submit to the Board a financing agreement for an investment operation modelled on the more flexible document used by IFC in the context of PPP operations. This enabled the financing agreement to reflect the fact that some specific information, such as exact contributions by all financiers to Tina River, or the specific time by which some conditions will be met, was not available at the time of Board submission.

The scope to utilize new instruments is being actively explored, including the new Programmatic Preparation Advance (PPA), which is being rolled out in several countries. PPAs have the potential to reduce the transaction costs of accessing preparatory resources for multiple projects, and strengthening critical cross cutting functions (e.g. procurement, financial management and safeguards). The Federated States of **Micronesia** signed the first PPA in the Bank for \$5 million, and will finance the recruitment of consultants, establishment of a Centralized Implementation Unit within the Ministry of Finance, operational costs, studies and analysis to support project design. More generally, and to address capacity constraints, the Bank is building upon earlier experiences with centralized/regional fiduciary support for the regional aviation project and for projects in **Kiribati** to support the establishment of centralized project management units within ministries of finance for preparation of pipeline projects. Work is ongoing to establish such units in **Samoa, Tonga** and **FSM** and a systematic capacity building program for Project Management Unit staff throughout the Pacific is under preparation.

Calibrating staffing to support the scale up is critical. The Bank is working to place World Bank staff much closer to clients in the region to provide hands-on support. By June 2017 the number of World Bank staff based in client

countries in the Pacific increased to 47 from just 11 in FY2010. Over the past 18 months, several international specialists in the South Pacific Hub Office have been placed in Suva. The office now houses a Resident Representative for the South Pacific, five international specialists, a liaison officer and a support staff of three, with two new specialists (ICT and FM) soon to come. Attracting strong talent to Sydney, as a key hub supporting the region, continues to be important as well as remaining a locus for a ramped-up safeguards team.

2. Overarching Strategic Pillar: Addressing Fragility by Operationalizing the Differentiated and Risks-based Approach

PHILIPPINES – Sub-national conflict in one of the fastest growing economies in Asia, is closely associated with poverty. In the southern island of **Mindanao**, some 62 percent of the population has been directly affected by conflict, and poverty is highest in Mindanao's conflict-affected areas. For over a decade, World Bank engagement has aimed to promote peace, social cohesion and institution building along with social and economic opportunity through a complementary range of activities. Strong working relationships with stakeholders and development partners, including the UN, have been integral. Bank investments in knowledge and technical advice intensified also following two key breakthroughs in the peace talks between the government and the Moro Islamic Liberation Front (MILF) – namely, signing of the Framework Agreement on the Bangsamoro (FAB) in 2012 and signing of the Comprehensive Agreement on the Bangsamoro (CAB) in 2014. Program highlights include the following:

- **The Bank-administered \$29 million Mindanao Trust Fund (MTF, 2005-2017) delivered access to basic services for over 650,000 beneficiaries in conflict-affected communities in Mindanao – 53**

percent of whom are women. Among other conflict-affected areas, the MTF delivered community infrastructure, livelihood and functional literacy programs in 25 Base Camps and six Acknowledged Camps of the MILF. Other results of the MTF included reaching over 50,000 MILF combatants and community members through operational support to Sajahatra Bangsamoro, the joint government-MILF development program; delivering \$750,000 in financial and technical assistance to prepare the Bangsamoro Development Plan – the first comprehensive economic blueprint prepared by a non-state armed group; and providing \$2 million in community enterprise development under a grant to the International Labour Organization. The MTF brought together the European Union and the governments of Sweden, Australia, Canada, the United States and New Zealand as contributing partners.

- **More broadly, Bank financing for national-level programs includes projects with direct benefit for Mindanao as a whole.** For example, the USD\$508 million Philippines Rural Development Project includes roughly \$121 million in support of farm-to-market roads in Mindanao, while the \$479 million National Community Driven Development Project includes \$190 million for Mindanao. In addition, the \$450 million Social Welfare & Development Reform Project included support for conditional cash transfers for roughly 1,700,000 households in Mindanao, of which 400,000 households are in the Autonomous Region of Muslim Mindanao (ARMM), the poorest region of the country.
- **Analytical work has had wide reach, promoting informed decision-making.** Key analytical outputs have included a Public Expenditure Review in basic

education for the ARMM; a MILF ex-combatant needs assessment; and an influential study on land conflict for the Transitional Justice and Reconciliation Commission that had significant policy uptake. The government has also adopted a "peace lens" to guide implementation of the \$1 billion National Community Driven Development Program (NCDDP) in conflict-affected areas across the country, also endorsing a special set of procedures for the NCDDP in conflict-affected areas developed with Bank support.

Longstanding Bank engagement in Mindanao points to three main lessons.

First, continuity and sustained engagement matter. A decade of continuity has enabled the WBG to earn the trust of local counterparts and strengthened the Bank's own capacity to tailor and translate global experience into relevant expertise in the Mindanao context. Second, feedback from clients affirms the value of participatory processes for promoting ownership and social cohesion. Stakeholders have proposed that the community-driven development (CDD) approach of the MTF helped to build confidence, ownership and promote peace, and highlighted an increase in women's participation in community planning. Third, efforts to promote cooperation and reduce transaction costs are especially important for development assistance in conflict-affected environments. The MTF played a unique role as a platform for partnership with government, regional and local stakeholders and development partners in Mindanao. Bank partnership with the UN in Mindanao has also been significant, including for technical assistance for the peace process through the joint WB-UN Facility for Advisory Support for Transition Capacities (FASTRAC), which was established in 2013.

Looking ahead, future engagement in Mindanao will build on lessons learned to date. After the MTF's culmination and closing in 2017, the WBG agreed with the government and development partners to carry out a follow-on project for two years (FY18-19) with \$3-4 million in grant financing from donor partners. A grant totaling \$1.5 million from the State and Peacebuilding Fund (SPF) will also amplify the engagement for results in conflict-affected areas. The conflict in Marawi from end-May 2017 through mid-October 2017 has deepened the need to deliver a "peace dividend" for conflict-affected communities in Mindanao; strong engagement through CDD activities can play a role. The Bank is also engaging with government and development partners on a Comprehensive Program for Regional Development in Mindanao to focus on the development needs of Mindanao as a whole. The proposed program would carry forward WBG engagement on peace building while also broadening the engagement to both conflict-affected and non-conflict-affected areas of Mindanao.

EUROPE AND CENTRAL ASIA

Overarching Strategic Pillar: Addressing Fragility by Operationalizing the Differentiated and Risk-Based approach – Development Approaches for Preventing Violent Extremism

CENTRAL ASIA – Violent Extremism (VE) sets back many development gains, and thus preventing it is of strategic importance to the WBG. The WBG is increasingly emphasizing the value of preventing violence and addressing risk factors long before violence starts. VE is an area of concern for governments in Central Asia. For example, Tajikistan has adopted a National Strategy on Countering Extremism and Terrorism for 2016–2020 that aims to consolidate efforts of state institutions, local institutions, civil society,

and international organizations to prevent the spread of extremist ideology and actions. In 2015, Tajikistan became the first country to offer an amnesty aimed at rehabilitating voluntarily returning fighters. The Program of the Government of the Kyrgyz Republic on Countering Extremism and Terrorism for 2017–2022 aims to address social vulnerabilities caused by unemployment and inadequate education, and to limit recruitment to extremist groups. These prevention measures complement security measures to combat VE, drug trafficking, and financing of extremist activities. This is an opportune moment to engage in policy dialogue as governments in the region are reconsidering policies and instruments used to prevent VE in the past that may be counterproductive. These governments are also facing the daunting challenge of reintegrating returning fighters and their families to avoid a further cycle of radicalization in their respective communities.

Citizens of Central Asia and Russia were reported to be the third largest group of foreign militants in ISIS, after Middle Easterners and Western Europeans, yet rigorous Research on VE in Central Asia is very limited. In many cases research dates to the 1990s or early 2000s. The WBG has recently launched a mixed methods study to help close the knowledge gap and contribute to international efforts to prevent VE in Central Asia. Building on the Bank's expertise in development as well as its dialogue with governments in the region, the study will provide critical evidence to define a coherent development approach to VE in the region and lay the groundwork for development operations focused on prevention, which can complement and reinforce other actors' strategies and programming. The study's systematic research also aims to contribute to the understanding of the VE phenomenon globally.

The proposed study aims to (i) provide evidence-based research on the drivers of VE in Central Asia, with specific reference to youth, gender, and local dimensions; (ii) define a development approach for preventing violent extremism (PVE) that can complement security approaches; and (iii) recommend possible development interventions to support client governments in preventing VE and in addressing recruitment and reintegration.

It is expected that this Advisory Services and Analytics (ASA) will shed light on the specific risks of recruitment of young men and women into VE, the extent to which VE movements have grown in Central Asian countries. A special focus will be placed on persons who have returned from joining VE groups abroad or in country, to understand their views on their individual process of radicalization and the drivers of VE involved in such process. The study will also help to clarify the relationship between the state and society with respect to VE and the prospects of PVE development approaches.

LATIN AMERICA AND THE CARIBBEAN

Overarching Strategic Pillar: Addressing Fragility by Operationalizing the Differentiated and Risk-Based approach

HAITI – Developing an approach to deep and longstanding fragility without widespread conflict: Why focusing on Resilience, particularly in cities, in addition to basic service delivery and data development, will reduce overall fragility. Haiti faces challenges of deep poverty, political volatility interspersed with instability, and high recurrence of natural hazards. Over 96% of Haiti's population is at risk of impact from a natural hazard in any given year. Political volatility and natural disasters have been shown to systematically and significantly impact Haiti's economic



and human development performance, with mutually reinforcing effects. Natural disasters cost the country 1.7% of GDP on average per annum and have been shown to be correlated with incidence of political violence and criminal activity. Modest poverty, growth, and service delivery gains are repeatedly offset by political and natural shocks, resulting in declining per capita growth over the last 40 years and rates of moderate poverty of over 58%.

IDA's approach to this variety of deep fragility recognizes that drivers are deeply intertwined and that risk is multi-dimensional. The World Bank program supports: (i) inclusive growth beyond Port-au-Prince; (ii) investments in human capital through education and health, water and energy services (iii) the generation of key data to underpin evidence-based policy priorities, including in public finance. A large portion of the financing and analytical program however, is allocated to building resilience and reducing risk particularly in cities. This includes substantial financing to improve Disaster Risk

Management, preparation and protection of people in the event of a disaster, and build resilient infrastructure (US\$65M) as well as several interventions in the urban sphere.

Haiti's rapid urbanization is closely correlated with increases in instability risk as well as increases in vulnerability and natural hazard risk. Haiti's growing cities are also the locus of a weakened social fabric, where social norms and community support systems loosen, while access to social services is extremely limited. Due to rapid urbanization, despite post earthquake efforts to build safer structures, the vulnerability of city dwellers, continues to increase. Underpinning greater stability means harnessing rapid urbanization to maximize economic opportunities while reducing the risks, which disproportionately affect the poorest. In recognition of this, the Haiti country program supports analytical work and financing of activities in the urban sphere, including with a view to learn about and reduce fragility.

Urbanization Review – The Urbanization Review (January 2018), analyses the momentum of urbanization, its characteristics and the salient need for planning, natural and social risk mitigation, social fabric strengthening, and of prioritizing resilience. Broad dissemination to civil society interlocutors including outside of the capital will bring stakeholders to a necessary conversation around co-habitation, exclusion, and vulnerability in cities. This will form the basis of further work towards urban inclusion.

The Municipal Development and Urban Resilience Project – This project (US\$ 52M) situated in Haiti’s second largest city, Cap Haitien, aims to reduce the risk that over 40,000 city dwellers a year experience flooding, while revitalizing an important and central area of the city, including slum areas. The project supports capacity strengthening of greater Cap Haitian in urban planning and municipal service delivery. It will have a visible impact on living conditions of vulnerable populations alongside a lagoon, the bulk of direct beneficiaries. Extensive social work carried out in preparation of project implementation will help guide activities and support social contract improvements at the local level, strengthen the dialogue between citizens and local government through discussion within a broad group of stakeholders around the use of space and living conditions.. These efforts seek to use territorial development as an avenue to improve living conditions and increase social cohesion in high risk areas. The FY18 PLR for Haiti will further assess what avenues to sharpen the program’s focus on prevention.

Efforts to improve resilience extend to other sectors, including risk management in public financial management, the building of safe schools and clinics, the development of earthquake and hurricane resistant building guidelines, training in the use of such guidelines and the dissemination of knowledge

about their use, spatial entry points to risk mitigation, such as investment in infrastructure and knowledge in the Urban sphere. All these provide coherence and focus to the IDA program. The RRA is undertaken in the context of the FY18 PLR for Haiti to assess what further can be done to sharpen the program’s focus on risk.

MIDDLE EAST AND NORTH AFRICA

Overarching Strategic Pillar: A Robust Strategy Focused on Peace and Stability

In 2015, the World Bank Group adopted a new strategy for the Middle East and North Africa (MENA) premised on the idea that it could no longer afford to shy away from addressing the fundamental drivers of conflict and instability in the region. The costs of post-Arab Spring civil conflicts have been huge, erasing years of development progress and inflicting widespread death, destruction, displacement. And the spillovers from these conflicts have reverberated across the region – and the world. The World Bank’s MENA strategy, therefore, focuses directly on promoting peace and stability in the region and addressing the underlying causes of fragility and conflict, including economic and social inclusion, with activities organized under four broad pillars.

- 1. Renewing the social contract** with a view toward stimulating inclusive growth driven by a dynamic private sector. Under the old social contracts, in place for half a century, development outcomes were positive but not sustainable. The Arab Spring events shed light on the cracks in these contracts, which relied on redistribution through a large and inefficient public sector in exchange for limited voice and accountability. Distortions and limited competition constrained the private sector’s growth, investment opportunities,

and job creation, leading to widespread dissatisfaction and a middle-class squeeze, especially among the relatively young citizens and populations in lagging regions. The sustained downturn in oil prices has made the renewal of the social contract an urgent priority even in the oil-rich economies in the region. The World Bank therefore aims to improve accountability and transparency, open up space for private-sector growth, and create conditions for job creation, particularly for youth and women, with the preferred approach being to crowd-in private investment through a range of measures, from supporting critical policy reforms that improve the investment climate to providing de-risking instruments to attract private capital. **Highlight:** *This approach of “maximizing financing for development” has been successfully applied in Egypt, where the World Bank supported reforms to unlocked private investments totaling more than \$20 billion in oil and gas and \$5 billion in renewable energy.*

2. Regional cooperation is a foundation for resilience and stability and a key component of countries’ efforts to strengthen the private sector, create jobs, and improve living conditions. MENA has remained among the world’s least integrated regions so the benefits from greater cooperation among countries in the region are manifold and important for reducing tensions and armed conflict, increasing cross-border trade and investment, and pooling resources to increase the region’s non-oil competitiveness. **Highlight:** *World Bank activities are currently focused on improving Pan-Arab energy trade, promoting regional water security,*

and modernizing education systems for the jobs and industries of today and tomorrow.

3. Resilience to refugee shocks as a regional and global public good. MENA hosts the second largest percentage of displaced people in the world.¹⁹ Lebanon and Jordan, for example, have taken in over 3 million Syrian refugees. Iraq, which has its own 3 million IDPs, also hosts over 250,000 Syrian refugees. The spillovers from the conflicts are undermining the ability of neighboring countries to provide basic services to their populations, creating societal pressures and destabilizing governments. The World Bank has been proactive in working with client countries to develop responses focused on supporting host governments, host communities, and refugees.

4. Recovery and reconstruction, with an aim to not only build back war-torn countries but to build forward, to build better. Ongoing conflicts are exacting a heavy toll in terms of destroyed human, physical, and institutional capital. State collapse and the fluid political context implies that the reconstruction process will be dynamic, complex, and multidimensional. This approach recognizes that recovery and reconstruction planning cannot be deferred until after conflicts cease. The World Bank’s approach is to be flexible in its assessments, prepared to act under different scenarios, and innovative in partnerships with development and humanitarian actors. **Highlight:** *In Iraq, the World Bank has carried out a Damage Needs Assessment that informed the Government’s Iraq Reconstruction and*

¹⁹ According to UNHRC data, MENA hosts 26 percent of displaced persons worldwide, second behind Africa, with 30 percent.

Development Framework, which was presented at the Kuwait International Conference for the Reconstruction of Iraq in February 2018 (an event co-hosted by the governments of Iraq and Kuwait, the European Union, the United Nations and the World Bank). Together with the IMF, the World Bank also continues to support Iraq's macroeconomic reforms and to assist the Government of Iraq to restore essential basic services in areas liberated from ISIS.

Overarching Strategic Pillar: Deepening the Humanitarian-Development-Peacebuilding Nexus

Yemen Emergency Health and Nutrition Project

The ongoing conflict in Yemen has resulted in a national catastrophe, with the widespread destruction of physical infrastructure and the degradation of public service capacity contributing to a steep deterioration in human development outcomes in a country already facing considerable challenges before the escalation of conflict in March 2015. By November 2016, the situation in Yemen had become dire: More than 10,000 people killed, 50,000 Yemenis wounded, over three million people internally displaced, 14 million people experiencing food insecurity, and 18 million people lacking access to basic health services. A lack of sufficient access to health care facilities further compounded this crisis, contributing to the largest ever recorded cholera epidemic and the worst children malnutrition rates in the world. In response, the World Bank, through a US\$ 483m IDA grant, launched the Yemen Emergency Health and Nutrition Project (EHNP) to preserve the capacity of the health system to deliver critically-needed health and nutrition services to Yemenis and to respond to the cholera outbreak through integrated health and water interventions.

The project was innovative in its use of UN agencies, in this case the World Health

Organization (WHO) and UNICEF, as implementing partners. Building on previous successful engagements in Yemen's health sector through the Health Population Project and the Schistosomiasis Control Project, the World Bank, WHO, and UNICEF leveraged each institution's comparative advantage to provide timely essential services to the Yemeni population in an extremely challenging environment. As of January 2018, 7.3 million Yemenis (60 percent of whom are female, and nearly 70 percent of whom are children under the age of five) have received essential health, nutrition, and population services, and disbursed 65 percent (US\$ 310m) of the allocated funds. The EHNP is an example of the World Bank and development partners, particularly UN agencies, working in partnership to bring to bear multiple sets of expertise in an extremely complex situation.

SOUTH ASIA

Over the last decade, the WBG's engagement in South Asia has put a premium on innovation and inclusion and has developed multi-sector approaches. In such countries as Afghanistan, Pakistan and Nepal, the question is how to best engage and quickly deliver aid to support reconstruction and the state-building process in such a difficult context, or how best to face the challenge of forced displacement.

Overarching Strategic Pillar: Addressing Fragility by Operationalizing the Differentiated and Risk-Based approach – Innovative multi-sector and differentiated approach to respond to state-building challenges

One such example is the **Citizens' Charter Afghanistan Project (CCAP)** – the successor to the highly successful National Solidarity Program (NSP), which introduced a community-driven development approach in Afghanistan towards rural infrastructure and service delivery and reached approximately 35,000

communities over the past 14 years. The CCAP finances the first phase of the broader “Citizens’ Charter National Priority Program” (CCNPP) that introduces a completely new multi-sectoral approach going beyond NSP in response to the Government’s need to build off this community development council (CDC) platform to deliver a broader range of basic services and help foster trust between citizens and the state. The Citizens’ Charter is the first inter-ministerial program where Ministries collaborate on a single program in both rural and urban areas. While most Citizens’ Charters globally cover a single sector, or a small geography (e.g. a city or state), the CCAP has national coverage and offers a basic package of services across six sectors – water, energy, roads, irrigation, health and education. Implementing this package of minimum service standards in the fragile context of Afghanistan is therefore going to be an ambitious effort that, if successful, will have lessons for other FCV countries globally.

Building off the lessons of NSP, the CCAP also brings with it several innovations in terms of social mobilization, women’s participation, and technical service delivery.

First and foremost, it streamlines the various parallel service delivery mechanisms amongst ministries and focuses them on the delivery of the minimum service package needed by communities. Second, by strengthening citizen engagement and monitoring through the roll out of six-monthly ‘citizen scorecards’ and the consolidation of community participatory monitoring (CPM) in the delivery of services such as clean drinking water, education and health, it increases the chances of those services actually being delivered. Third, by transferring resources and responsibilities for local level infrastructure to communities, it frees up technical line agencies to focus upon larger, more technically sophisticated infrastructure. In this way, the Citizens’ Charter provides the next generation of community-driven and inclusive service delivery in a highly fragile context.

More recently, the CCAP was also provided additional financing (AF) to help respond to the regional displacement crisis that Afghanistan is facing.

Over the course of 2016 and early half of 2017, an estimated 775,000 undocumented and unregistered refugees returned to Afghanistan from Pakistan and Iran. In addition, Afghanistan has over 1.2 million individuals at different stages of displacement, and an additional 400,000 internally displaced persons (IDPs) were added in 2016. The Government’s goal has been to grant returnees and IDPs decent and humane treatment in line with their constitutional rights as citizens of Afghanistan that will enable them to become productive and well-integrated members of their community. Given the experience with NSP, the CCAP was intended to also serve as the main community response mechanism for IDPs and returnees (IDP/Rs), providing them access to basic infrastructure and services works such as roads, irrigation, electricity and water. As a result, CCAP has developed operational guidelines to respond to the returnee/IDP crisis, and was designed to be able to expand its geographical scope rapidly to target high returnee areas. Key priorities for CCAP in relation to IDP/returnee integration as per these guidelines include access to basic services and inclusion into decision-making mechanisms such as representation in CDCs, shuras, city governance structures, and municipal advisory boards. The \$172 million AF to CCAP (a) expands the geographic coverage of the project to additional areas of high returnee and displaced population density; (b) adds new activities, including a component around “social inclusion grants (SIG) and maintenance and construction cash grants (MCCG)” to help finance labor intensive public works and collective action activities for both displaced households and host communities; and (c) contributes to regional coordination around the displacement crisis through enhanced returnee data collection. Through the social and economic incentives under the CCAP AF, an estimated 1.5 million direct and

indirect beneficiaries will be supported of which an estimated 660,000 are IDP/Rs located in the 14 highest IDP/R concentration districts in rural/peri-urban areas as well as in the cities of Jalalabad and Kandahar that are under the coverage of the project.

The Afghanistan Reconstruction Trust Fund (ARTF) Incentive Program illustrates cutting-edge WBG work on macroeconomic stability and fiscal/PFM management, helping governments in fragile situations strengthen their capacity and credibility. The incentive program (IP) was set up in 2008 under the Afghanistan Reconstruction Trust Fund (ARTF) to support policy reforms aimed at improving fiscal sustainability by enhancing domestic revenue mobilization as well as strengthening expenditure management. The IP is part of the recurrent cost window (RCW) set up under the ARTF at inception, in 2002, still the WBG's largest single country Multi-Donor Trust Fund (MDTF). Like the baseline ARTF support, funds are disbursed into the government's civilian operating budget. IP funds are released through the Recurrent Cost Window (RCW) and disbursed into the government's civilian operating budget to finance eligible expenditures, including teacher and health worker salaries and Operations and Maintenance (O&M) expenditures. IP funds are covered by the fiduciary controls applied to all RCW funds and are subject to controls by the ARTF monitoring agent. The IP consists of three modalities:

- Revenue Matching Grant: Intended to incentivize improved revenue performance towards agreed revenue targets;
- Structural Reform Scheme: Supports formulation and implementation of reform-oriented actions organized under four areas: Public Financial Management; Governance and civil service reform; Investment Climate and Trade Facilitation; and Sub-National Finance;

- The Operations and Maintenance (O&M) Facility provides an incentive to increase spending for O&M and improve fiscal flows to provinces.

In terms of governance, the ARTF IP Working Group is a technical advisory body which is accountable to the ARTF Steering Group and represents the wider group of ARTF donors. It is a forum for technical discussions between donors, the Government and the World Bank.

More broadly, the ARTF is an example of how to best engage and quickly deliver aid in such a difficult context. The WBG pooled donor financing in the ARTF to support the state-building process and reconstruction. Over the years, instruments have been added and adjustments made to improve implementation and increase effectiveness. Looking ahead, the WBG team is evolving from unconditional budget support during the immediate re-engagement phase to performance-oriented financing in line with growth of institutional capacity (see Section 4 for additional information).

The Risk and Resilience Assessment (RRA) for **Nepal** was completed in June 2017 and is an example of shaping a country engagement through the 'fragile lens.' This RRA is celebrated as frontier work and regarded as best practice among the four countries receiving financing through the new IDA FCV Risk Mitigation Window, which aims to enhance support to selected countries with increasing risk of fragility and allows Nepal and other eligible countries to access additional funding up to 33 percent of their regular IDA allocation. The RRA provides an understanding of the FCV stresses facing Nepal and the potential role of the Bank in helping to mitigate and address these risks. It identifies the multidimensional risks that worsen the country's vulnerabilities to economic, political, governance and social breakdown and propensity for organized

violence. More generally, the *raison d'être* for carrying out RRAs springs from the conviction that it is not enough to “do projects right” (streamlined procurement and financial management arrangements with sensible environmental and social safeguards), it is also necessary to do the “right projects” i.e. those that address fundamental issues at the core of the grievances. To further address the main risks faced by Nepal, the World Bank is increasing support for fiscal devolution, public financial management, institution and capacity building, infrastructure development, improved employment opportunities, social inclusion, and preparedness for natural disasters. At the government’s request, the World Bank is taking the lead to coordinate the development partners to help manage and the transition from a central to a federal system.

Overarching Strategic Pillars: Scaling up WBG response to Forced Displacement & Deepening the Humanitarian-Peace-Development nexus

Many of the WBG’s existing interventions of national scale are already working to support the influx of Returnees and IDPs. In **Afghanistan**, additional financing to the Citizens Charter Afghanistan Project (CCAP) was used for an emergency quick disbursing operation to support grants directly to community development councils (CDCs) for cash for work schemes for the returnees, IDPs and host communities. This also included the construction of additional schools in areas of high return to cope with the growing number of enrollments. Secondly, the WBG’s recent \$100 million Development Policy Grant (DPG) program focuses on strengthening the policy framework around Returnees and IDPs by ensuring certification of all returnees at the border. It is planned that the Education Quality Reform in Afghanistan Project (EQRA) supports re-entry and enrollment to returnees and IDP children. With IDA18 funds, a program to support host communities and Returnees/

IDPs with a primary focus on medium to longer term livelihoods and jobs will be prepared and will include a mix of policy level reforms and investment support to urban cities such as Kabul, Jalalabad and Herat.

In 2016, the World Bank and UNHCR established a joint platform for collaboration, which now includes IOM and OCHA. It supports the Government, coordinates with the UN agencies that are providing immediate assistance, and is mainstreaming the displacement agenda throughout the country portfolio. In addition, the WBG is working closely with UNHCR to conduct just in time analytics that are informing new program designs and geographical targeting of developmental resources, looking at ways to improve social cohesion through local institutions, service delivery and going forward in identifying policy and investment opportunities for livelihoods support. As part of the platform, the WBG is also working closely with the government, and humanitarian agencies (UNHCR, IOM and UNOCHA) on building a common understanding of the current evidence base on displacement including harmonized monitoring data. An inter-agency collaboration has been initiated to undertake analytical work, new data collection to contribute to the evidence base on the immediate needs and understand the legal and policy environment to address longer-term (re) integration challenges.

On **Pakistan**, the overall objective of the proposed program is to support the Government’s effort to improve development outcomes in host communities and to create an enabling environment for better management of refugees and Afghan nationals by (1) adopting and implementing a policy framework that responds to the different needs of refugees and economic migrants; (2) improving education and skills development outcomes

in hosting provinces/areas; and (3) reinforcing social cohesion between refugees and their hosts. The proposed projects under the IDA18 sub-window for refugees and host communities are yet to be designed and implemented but a series of projects are under consideration:

- ***Institutional Reforms Project (IRP).***

The IRP aims to support the design and implementation of the Government's proposed policy reforms and includes the following components: (i) technical assistance to support the design and implementation of the Government strategy, including the visa regime and border management, stakeholder consultation, and communication; (ii) improved management of undocumented Afghans in Pakistan, including maintenance of the database and supporting their use of the new visa regime and border movement systems; (iii) institutional strengthening and support for CCAR to help manage the implementation of the new policy framework; and (iv) strengthened program management, accountability, and monitoring and evaluation.

- ***KP Human Development Project (KPHDP).***

The project objective is to enhance provision of quality education and health services for both refugees and host communities and increase the employability of graduates of skills programs in targeted districts. It complements activities already underway financed by other donors in terms of primary and secondary education as well as basic health care. Project components are expected to include: (i) expanding early education and strengthening the higher secondary and college education sector; (ii) skill development and enhanced employability; and (iii) improved quality of healthcare services in targeted secondary level hospitals.

- ***Khyber Pakhtunkhwa Rural Transformation and Livelihood Project (KPRTP).***

The project would finance community-level infrastructure and create economic opportunities in the 10-12 districts with the largest refugee populations. The project would contribute to job creation, especially for youth and women, develop/support enterprises and entrepreneurship in on-farm, off-farm, and non-farm sectors; support improving local infrastructure and services; and improve agricultural productivity. KPRTP would build on the existing government programs for rural development through both the public and private sectors, and would strengthen the capacity of local governments for improved service delivery. Its components would support (i) Increased number of jobs in project areas, (ii) Increased productivity of targeted farmers, (iii) Improved access to municipal and local services.

- ***Balochistan Human Development Project (BHDP).***

The BHDP, targeting refugees and host communities, aims to enhance the provision of secondary health and education services and increase the employability of graduates from higher education institutes and those enrolled in skills programs, with a focus on improving the economic participation of refugees and host communities. The project will support (i) improvements in the higher secondary and college education sector through teacher training, infrastructure improvement, and providing teaching learning materials; (ii) improved quality of healthcare services at secondary level hospitals in targeted districts; (iii) improved employability through market-relevant programs and courses for students; and (iv) capacity building of staff, accreditation providers, and relevant institutes to better manage their programs and build market and industry linkages.



- **Balochistan Rural Transformation Project (BRTP).** The project aims to leverage existing social capital to mobilize rural refugee and host communities around local economic interests and local entrepreneurship across selected value chains in refugee-hosting areas. In doing so, it will aim to develop enterprises and entrepreneurship in on-farm, off-farm, and non-farm sectors; improve local infrastructure and services; provide job opportunities, especially for youth and women; and improve agricultural productivity. The project will aim to leverage digital technologies to enhance outreach in targeted districts. It would build on the experience with the RAHA program implemented by UNHCR and UNDP, but with a shift to country systems possibly by building on the Multi-Donor Trust Fund (MDTF) experience.

2.3 GLOBAL PRACTICES HIGHLIGHTS

EQUITABLE GROWTH, FINANCE AND INSTITUTIONS IN FRAGILE AND CONFLICT-AFFECTED SITUATIONS

Finance & Markets Global Practice (F&M)
Governance Global Practice (GGP)
Macroeconomic and Fiscal Management (MFM)
Poverty and Equity Global Practice (P&E)
Trade & Competitiveness (T&C)

The core work of the five Global Practices grouped under the heading **Equitable Growth, Finance and Institutions (EFI)** supports sustainable and inclusive growth. EFI provides foundational support for investment in human capital and to enhance resilience. Its focus on supporting stable, equitable, and efficient markets, institutions, and economies provides for an integrated platform of intervention in FCV contexts.

The **Finance & Markets Global Practice (F&M)** works in FCV environments to strengthen financial stability and integrity, access and inclusion, long-term finance and risk management. The focus is on developing critical foundations in the form of strengthened supervisory capacity, financial infrastructure and integrity, while also working on improving financial access for SMEs and individuals, including those in the agricultural sector. While most F&M interventions span across all three stages of the conflict continuum (pre-, in-, post-conflict), there is an increased focus on prevention through mitigation and assessment. F&M provides financing and technical assistance to help mainstream disaster and climate risk management policies into country-level strategies, centered around the concept of risk layering.

Governance Global Practice (GGP) focuses on building resilient and accountable institutions capable of resolving conflict in

non-violent ways and delivering public goods, which is critical to transforming dynamics and placing countries on pathways towards durable peace and development. GGP is engaged across the board, with particular focus on: i) Understanding and engaging on the drivers of fragility (e.g. operationalizing World Development Report 2017), ii) Building core institutions (recurrent cost financing and public financial management [PFM] operations in CAR, Somalia, selective and asymmetric reform strategies with PFM reform in Afghanistan, support to effectiveness, efficiency, and sustainability of public spending in the security sector in various situations of fragility), iii) Delivering public services and supporting private sector development (Program-for-Results [P4R] to address service delivery bottlenecks and incentivize concrete service delivery outcomes in fragile contexts), iv) Providing fiduciary assurance while strengthening country “SMART” fiduciary solutions, which allow for real time oversight, transparency and accountability on the use of funds).

The **Macroeconomic and Fiscal Management (MFM)** Global Practice’s strategic approach to FCS is organized around: i) Monitoring, analysis, and diagnostics of growth and shared prosperity using data and tools adapted to violent conflict contexts (recent innovations include new economic updates that bring together data, analysis, and a forward look that have in many cases been sorely missing), and ii) financing operations that lock in macroeconomic stability and create fiscal space and promote policy reforms aligned with reconstruction needs while recognizing heightened tradeoffs between reforms and social stability in these contexts.

Poverty and Equity Global Practice (P&E) supports the twin goals in FCV through its key lines of work: i) data collection and statistical capacity building, as monitoring progress towards the twin goals and working on closing data gaps is especially relevant in fragile contexts to shed light on who the poor are, with special attention to displaced groups; ii) distributional analysis ex-ante and ex-post, estimating the impact of policy reforms, programs and crisis or shocks, starting with the recognition of how sensitive these contexts are to changes and how social and political implications influence the cycle of conflict. The GP has already initiated work to build evidence for policy making in FCV contexts. For example, new data was collected in Middle East and North Africa countries (Lebanon, Jordan, and Northern Iraq) in 2015/2016, to assess the impact on host communities of influxes of Syrian population in these contexts along several dimensions of living standards and employment. Most household survey work in developing countries does not include data on affected populations- i.e., displaced or refugee population; they are only representative of nationals. Similarly, work is ongoing to assess various characteristics of the asylum-seeking population in Italy and Greece with the objective of understanding challenges to integration of this population into the EU, and on Rohingya refugees and their host community in Cox's Bazaar in Bangladesh to monitor their evolving needs. A more systematic effort is underway to re-assess the household survey work in a broader range of countries under the IDA18 support window. Progress has been made in including forcibly displaced populations in the sample frame of upcoming surveys in high priority African countries like Uganda and Chad, with plans to do similarly in Tanzania, DRC and other contexts in Africa, as well as Afghanistan in

South Asia. The goal is to build a sustainable program of data and evidence within the context of national surveys in countries around the developing world. Such evidence will be key to designing programs and policies in fragile and conflict prone environments for all affected populations.

The **Trade & Competitiveness (T&C)** GP has built its strategy in FCV-affected countries around FCV dynamics and how the private sector contributes to achieving peace and stability through recovering from and mitigating crises, driving growth, and supporting resilience and prevention. Each of these dynamics are at work to varying degrees and in different ways in FCV-affected countries, and often need to be addressed all at once. If the short-term effects of a crisis are not mitigated, the crisis can escalate and opportunities to drive recovery may not take hold. Supporting resilience and prevention of future conflict is always a priority, since conflict is often cyclical and repetitive.

HUMAN DEVELOPMENT IN FRAGILE AND CONFLICT-AFFECTED SITUATIONS

Education

Health, Nutrition, and Population (HNP)

Social Protection and Jobs (SPJ)

The growth, protection, and productive deployment of human capital are central to the twin goals of eliminating extreme poverty and boosting shared prosperity. Fragility, conflict, and violence deter all three dynamics of human capital, which makes the World Bank's cross-sectoral engagement in such contexts especially important. The Bank's engagement during an ongoing conflict/crisis reflects the realization that humanitarian

assistance needs to be supported by developmental interventions: it is essential to maintain development assets, both human and institutional, for there to be a post-conflict future. Partnerships and multi-sectorality form a cornerstone of current Bank work in FCV countries. This section of the report provides an overview of the work across the **Human Development Practice Group**.

All countries need strong education systems that promote learning, life skills, and social cohesion. The Education Resilience Approaches (ERA) program is a special set of tools designed by the Education Global Practice to provide contextual analysis of resilience processes in education systems, with the goal of contributing to an informed in-country dialogue on how to align existing education policies, goals, and programs for a resilience approach to education service delivery. The Education GP also uses other assessment tools, such as the Recovery and Peacebuilding Assessment (RPBA) in coordination with the UN and other partners. Education can however contribute to conflict if it reinforces inequities and social injustice by denying access to some learners, or if curricula or teaching practices are biased. In fact, much of the early evidence on resilience and education services comes from at-risk communities in developed countries. In general, the Education GP's strategic approach in FCV contexts is to engage with both risks and assets.

Managing the humanitarian-development nexus is a challenge. In fragile countries, pandemics and other health sector crises can threaten the viability and capacity of local institutions to deliver basic services. The mission of the **Health, Nutrition, and Population (HNP) GP** is to ensure maximum impact of the Bank's efforts to coordinate with humanitarian and development actors, to ensure that incentives and interventions are

aligned and complementary, and consistent with building longer term resilience. For example, the DARES (Deliver Accelerated Results Effectively and Sustainably) partnership developed between the Bank, WHO, UNICEF and WFP is an attempt to ensure better coordination. Addressing gender-based challenges in FCV settings also requires a cross-sector approach to prevent sexual exploitation, and provide comprehensive support to victims of violence. There is a rich body of knowledge within and outside of the Bank that can guide the development of health operations. HNP's strategic focus will be on: i) developing cross country analyses of public interventions in FCV contexts; ii) identifying innovative service delivery modalities; iii) supporting analyses of financing approaches in FCV.

The **Social Protection and Jobs (SPJ)**

Global Practice engagement in FCV dates back to the 1990s. With a first generation of operations centered on social funds, SPJ had a foundational role in post-conflict reconstruction in fragile countries. A second generation of reforms and projects expanded SPJ to safety net operations and systems. Preparedness and effective response to crises is now shaping the SPJ agenda in FCV. Adaptive Social Protection (ASP) provides a flexible approach to building safety nets; the approach centers on identification, targeting, and registration of poor and vulnerable households. A dedicated early warning system within the GP detects crisis risks and allows rapid response and flexibility in project design and implementation. This allows social safety nets to expand quickly in response to crisis and shocks. ASP approaches are widely adopted in many countries in Sub-Saharan Africa, the Middle East as well as in Southern Africa. SPJ has developed a new Strategic Framework for Jobs in Fragile and a Conflict Situations framework, given their contribution to poverty reduction, productivity and economic growth, and their effect on social cohesion and

reducing the risk of violence. Putting in place adaptive social protection systems that can provide appropriate support and response, as well as jobs strategies, is an important element to rebuilding the 'social contract' between government and the people.

SUSTAINABLE DEVELOPMENT IN FRAGILE AND CONFLICT-AFFECTED SITUATIONS

Agriculture (AGR)

Energy and Extractives (EEX)

Environment (ENR)

Social, Urban, Rural, and Resilience (GSURR)

Transport & Digital Development (TDD)

Water (WAT)

The **Sustainable Development (SD) Practice Group's** core work supports sustainable and inclusive growth. SD's strategic objectives of (i) Meeting basic needs, (ii) Ensuring sustainability, and (iii) Promoting a long-term perspective guide the work that all Global Practices develop in FCV situations. This section of the report provides an overview of the work across the Sustainable Development Practice Group, which includes six Global Practices. Collectively, the work of the SD GPs cuts across all Bank business lines and provides important analytical and operational inputs into the Bank's FCV work.

The **Agriculture (AGR)** Global Practice works in FCS-affected countries to support food systems that can safely feed every person, every day, everywhere; that can increase the real incomes of the poorest people; and that can better steward the world's natural resources. AGR aims to meet the basic needs for nutritious food, jobs, and livelihoods in FCV-affected countries. In FCV situations, AGR works through operational and analytical programs. For example, in Afghanistan, the GP is supporting a comprehensive agricultural program – that supports improved access to key inputs and agricultural extension services;

enhanced agribusiness opportunities; improved land/water management, including an expanded area under irrigation; and, enterprise development – which can support economic growth and the creation of more, sustainable, and inclusive job opportunities for Afghans. A recently released report, *Jobs from Agriculture in Afghanistan*, highlights how agriculture is an essential pillar to address poverty and jobs, and highlights the role of the private sector and the relevance of the food-water-energy nexus to stabilization and ultimately, to peacebuilding. Building resilient agricultural systems in fragile and conflict-affected systems requires both the short- and long-term to be considered in planning, bridging the humanitarian-development divide. Lack of opportunities and unmet aspirations in rural areas breed fragility, such as rural unemployment or rural-urban migration.

The **Energy and Extractives (EEX)** Global Practice work in FCV conditions fall into three broad categories, depending on the time of intervention. They can either focus on (i) enhancing energy sector resilience, including by promoting energy security and energy poverty alleviation through long-term development operations, and contributions to state-formation, and to peace-building processes; (ii) they can be formulated as an immediate crisis response (in-conflict support or responses to refugee crises in neighboring countries); or (iii) they can focus on reconstruction of energy sector infrastructure. The EEX GP works in FCV situations through operational support and analytical and technical activities.

The **Environment and National Resources (ENR)** Global Practice engagement in Fragile State Operations has been traditionally through environmental safeguards. Although this approach remains a critical element of sustainable operational impact, ENR is responding to demands to integrate

environmental and natural resource issues into forced displacement work. Examples of natural resource management impacts include soil degradation, tree-cutting, artisanal mining, bushfires for land clearing, soil degradation resulting from cultivation of marginal lands, competition for scarce water resources, as well as pollution from solid, hazardous, and human wastes. ENR GP cooperates with humanitarian partners to address environmental sustainability in forced displacement activities. Examples of this include collaboration in Yemen emergency operations with WHO and UNICEF, as well as current work on famine relief in Somalia with the ICRC. ENR also contributes to the FCV agenda by breaking the cycle of poor governance of natural resources which can lead to, finance, and/or exacerbate already-weak governance structures and economies.

The **Social, Urban, Rural, and Resilience Global Practice (GSURR)** works on FCV issues in both low-income and middle-income countries as well as in a variety of situations – from fragile states, in-/post-conflict situations, and sub-national conflict areas, to violent cities and refugee-hosting countries. GSURR work in FCV situations focuses on analytics for operations and operations. GSURR has developed its Analytics for operations (“peace lens”) and geospatial analysis to enhance real-time analysis and operationalize it in conflict situations. A “peace lens” helps design projects that address the causes and consequences of FCV, while proactively and purposively contributes to peace-building. GSURR operational assessments cover different areas of engagement including forced displacement assessment; in-conflict damage and needs assessments (DNAs); and Social Assessments (SAs), among others. GSURR is engaged in multi-sectoral operations in FCV contexts for example, through community-driven development/reconstruction operations in conflict-affected areas, gender-based violence prevention and responses in FCV settings, post-disaster emergency recovery responses, and violence monitoring systems.

In FCV situations, the **Transport & Digital Development (TDD)** Global Practice views physical and virtual connectivity as a catalyst for reducing extreme poverty and promoting inclusive growth even in the most challenging contexts. This strategic approach emphasizes three main areas of impact: (i) promoting safe and affordable physical and virtual connectivity to grow and integrate economies, connect at-risk populations, rebuild social cohesion, mitigate conflict, and sustain fragile peace; (ii) enhance governments’ ability to deliver critical services, including in response to refugee crises, in order to build state legitimacy and acceptance of state institutions; and (iii) build capable and lasting institutions to deliver resilient development impact, including climate-resilient development outcomes.

In FCV environments, the **Water (WAT)** Global Practice interventions address capacity building of country institutions to provide, protect and preserve water as well as addressing the immediate needs in situations of conflict and crisis. In protracted crises, this requires flexibility to respond both to periods of development opportunity and to critical needs. During positive periods of development opportunity, the Water GP works in two areas: (i) visible water infrastructure and services, such as water supply and irrigation and (ii) strengthening water resources management and water-related disaster risk management. During shocks and crises, the Water GP supports and reinforces existing water sector institutions and infrastructure, investments are focused on (i) maintaining water and sanitation services for basic needs, (ii) protecting water resources that utilities and populations rely upon from private or factional interests; (iii) restoring flood protection infrastructure in areas at high risk of flooding.



2.4 PROMOTING PRIVATE SECTOR DEVELOPMENT IN FCS

In line with the WBG's goal of maximizing finance and promoting private sector development in FCV contexts, the focus on supporting the private sector's growth is increasing. IFC works directly with private companies to increase private sector investment in FCS; similarly, MIGA, through its political risk insurance, supports private investors in these markets. The joint World Bank-IFC Global Practices T&C and F&M assist governments in creating the enabling environment for private sector growth, through investment climate reforms and development of financial infrastructure, respectively. Additionally, both the WB and IFC have groups working closely on Public Private Partnerships (PPPs) that increase private investment for critical infrastructure. Finally, several other GPs advise on policy reforms that can facilitate private investment in their specific sectors. Coordinated efforts across the WBG have been taking shape to help harness the private sector's potential to deliver much-needed economic growth, job creation, and other benefits in FCV contexts.

INTERNATIONAL FINANCE CORPORATION

A. Strategic Approach

FCS is a critical component of the International Finance Corporation (IFC)'s overall strategy. IFC's new strategy, "IFC 3.0—Creating Markets," aims to stimulate more investment activity with a focus on investments in FCS and low-income IDA Countries (LICs). To that end, IFC will aim to support clients in riskier markets, and proactively work in these countries to create, deepen, and expand

the markets themselves. As opportunities are unlocked, IFC will invest, bringing best practices to clients and demonstrating viability. IFC will scale up through platforms, deliver new Advisory Services aligned to the strategy, and enhance mobilization capacity to crowd in private finance.

IFC's focus is on the most challenging markets where the potential for greater private sector investment exists. IFC's strategic focus on FCS is joined by a focus on Low-Income IDA Countries (LICs) due to the recognition that many low-income countries face similar obstacles in attracting private sector investment and face a similarly acute need for increased economic opportunities—challenges which may increase fragility and conflict. Specific targets for FCS, tools designed for FCS, and close monitoring of IFC's engagement in FCS, however, remain in place.

Strategic approach to FCS and LICs. In addition to making FCS and low-income IDA a key component of IFC 3.0, IFC has developed a clear strategy to guide its work in these difficult markets. This includes a differentiation of country contexts, so that IFC can 1) prioritize those markets most ready for increased private sector engagement and 2) work with the World Bank and other partners to help put in place the conditions necessary for increased private investment. IFC recognizes that a more coordinated approach is required to effectively expand the pipeline of bankable private sector projects, and will continue to expand its collaboration with World Bank counterparts regarding upstream reforms that

address market failures and other constraints to private sector investment. Additionally, IFC will deploy Advisory Services to help deepen the impact of its investments and to identify and create new market opportunities—targeting regulatory barriers to investment, helping new and existing clients build capacity to overcome investment constraints, and developing bankable projects.

New tools and resources for increased engagement. In FY18 and beyond, IFC will deploy tools and instruments to unlock private sector potential, most notably, the IDA18 Private Sector Window (IDA PSW) and Creating Markets Advisory Window (CMAW), both described in further detail below. These tools will support increased engagement in FCS by, for example, eliminating upstream bottlenecks or de-risking investments. To operate in these complex markets and to have a good

understanding of the context, IFC plans to devote more staff to locations in, or close to, these markets.²⁰

A dedicated FCS platform in Sub-Saharan Africa. IFC's *FCS Africa Program* is a comprehensive platform for both Advisory and Investment teams dedicated exclusively to conflict-related situations in Sub-Saharan Africa. Experiences in FCS have shown that critical success factors to bring private sector development to these challenging markets are long-term engagement, market intelligence and flexible funding. The FCS Africa Program provides IFC teams with an enabling platform through a combination of presence on the ground and flexible funding for advisory services, removing bottlenecks to investments and knowledge management. It also facilitates coordination among World Bank teams at country and sub-regional

TAKING A CONFLICT SENSITIVE APPROACH IN SUB-SAHARAN AFRICAN PROJECTS

To enable private enterprise to play a catalytic role in breaking the cycle of fragility and conflict, IFC needs to work differently to support the private sector in FCS markets. IFC's FCS Africa Program has developed a conflict-sensitive approach to help identify and navigate the complex workings of FCS where risks and dangers are commonplace, but not always obvious. The FCS Africa Program takes both macro and micro level approaches. At the macro level, country analysis is conducted with the Conflict Research Unit of the Clingendael Institute of the Netherlands. To date, two in-depth studies were completed: in Zimbabwe and Somalia. At the micro level, project analysis, which complements the work done at the country level, is implemented jointly by field-based country coordinators and operational teams. IFC has applied its conflict lens in 13 conflict-affected Situations in Africa.²¹

²⁰ IFC's approach relies partly on a 'hub' model, which locates staff in regional offices to be deployed as needed to nearby markets.

This is in recognition of the fact that in some FCS, few investment opportunities exist, and this presents challenges to the need for efficient use of resources. That said, there are a number of FCS in which IFC staff are located based on the market activity.

²¹ CASA countries include Burundi, CAR, Côte d'Ivoire, DRC, Guinea, Liberia, Madagascar, Mali, Malawi, Sierra Leone, Somalia, South Sudan and Zimbabwe.

level. An overwhelming 82 percent of IFC’s FCS investments in Africa have happened in countries where the FCS Africa team is present on the ground. In FY18, IFC plans to replicate aspects of the FCS Africa model in other regions to scale up its impact in FCS markets.

IFC coordination with the FCV Group.

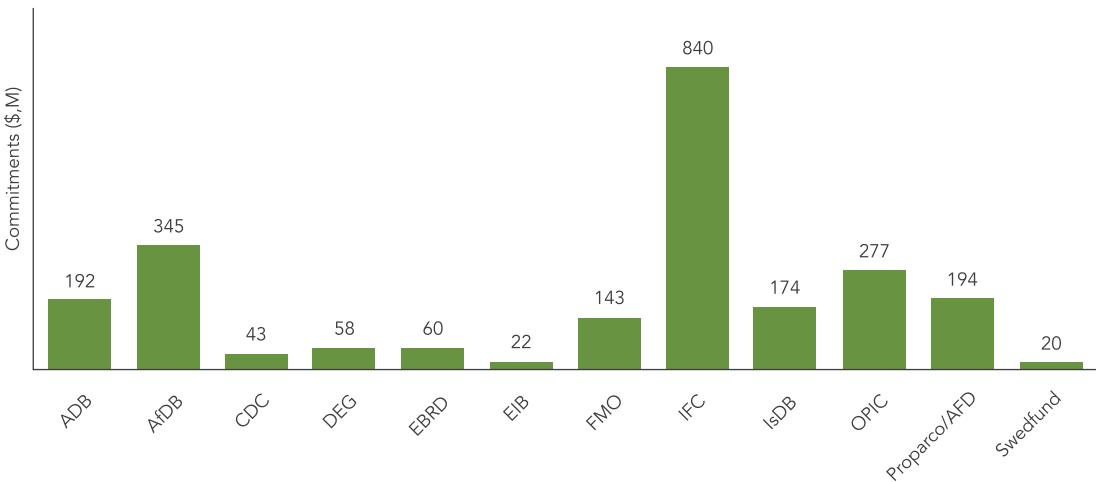
As part of IFC’s alignment with a WBG approach to FCS, IFC’s dedicated FCS/IDA Coordination Unit will also engage on joint activities with the World Bank’s FCV Group. These will include a further integration of the two units’ thought leadership and knowledge-sharing activities, as well as further integration of FCV-focused staff training.

B. Pipeline

IFC has achieved a shift in focus over the past few years in increasing its investments in FCS.

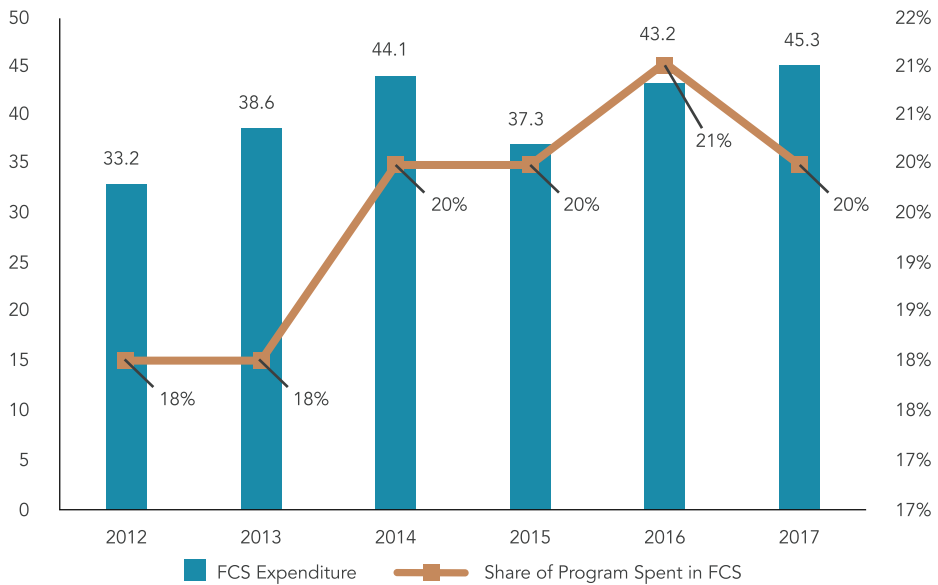
It exceeded its goal of achieving, by FY16, a 50 percent increase in annual own-account investment commitments in FCS over the FY12 baseline. In FY17, 5 percent of IFC’s total long-term finance volume and 20 percent of its Advisory Services program were in FCS. While IFC is gearing up to do more in FCS, it is worth noting IFI is already the leading international financial institution (IFI) in private sector investment in FCS (2015-6 data), as illustrated in Figure 8.²²

FIGURE 8: IFI PRIVATE SECTOR COMMITMENTS (TOTAL 2015-2016)



²² The IFC benchmarking study assesses data from IFC, the Asian Development Bank, African Development Bank, the UK’s CDC, the German Development Bank (DEG), European Bank for Reconstruction and Development, the European Investment Bank, Finnfund, the Dutch Development Bank (FMO), Inter-American Development Bank, Inter-American Investment Corporation, the Danish Development Bank (IFU), Islamic Development Bank, Nordic Investment Bank, the Overseas Private Investment Corporation (OPIC), Proparco and Swedfund.

FIGURE 9: ADVISORY SERVICES PROGRAM SPENT IN FCS, FY 12-17



In FCS and low-income IDA countries combined, in FY17, IFC total long-term finance volumes and project count reached 8 percent and 18 percent, respectively. Additional resource redeployment to implement IFC 3.0 approaches and instruments, such as the Creating Markets Advisory Window and the IDA18 Private Sector Window, will further boost support for FCS and low-income countries. By FY20, IFC aims to achieve a 60 percent increase over the FY14-17 average investment volume in these markets (including own-account and mobilization). With the IDA PSW, IFC expects not only a larger pipeline in FCS and LIC but also the ability to invest in new sectors and approaches.

Concurrently, IFC’s advisory activities in FCS have averaged approximately \$40 million per year in expenditure, representing about 20 percent of IFC’s overall advisory program (see Figure 9). IFC’s activities in FCS and low-income IDA countries are expected to get a boost from the CMAW, which is designed to unlock investment opportunities in relation to markets, clients, or projects.

C. Innovating for Impact

The following examples indicate IFC innovative approaches in FCS markets, including a focus on sectors where increased collaboration between IFC and the World Bank has generated opportunities for impact.

INVESTING IN DIGITAL INFRASTRUCTURE IN AFRICA

IFC's Digital Infrastructure Initiative (DII) is an example both of IFC's new initiatives and its increased efforts to coordinate with the World Bank for unlocking private sector potential. With broadband penetration of only around 6%, Africa is substantially behind the rest of the world and other emerging markets. Despite abundant international bandwidth from several submarine cables, the continent remains largely "unconnected" due to insufficient terrestrial infrastructure. This remains a key obstacle to Africa realizing its tremendous human and economic potential. There is compelling evidence that better broadband connectivity leads to overall economic growth by directly impacting job and skill creation, productivity, entrepreneurship, government transparency, social inclusion and gender equality. Furthermore, due to connectivity gaps, multiple socio-economic benefits delivered by broadband – known as "digital dividends" – are not sufficiently supplied or fairly distributed.

In August 2016, a joint WB/IFC taskforce formed to undertake an ambitious program of policy reform and private investment in Africa's broadband sector through: (i) development of "open access" broadband infrastructure projects; (ii) regulatory assistance to governments; and (iii) strategic partnerships with other investors for commercially viable projects. The initial diagnostics of over 30 countries are underway.

In opening the broadband market to new opportunities, the WBG will leverage its expertise to help governments develop telecom sector policies conducive to competition, investment and further sector growth. IFC brings extensive sector knowledge and investment experience, particularly, in financing complex broadband infrastructure deployments in other emerging markets, along with proven capacity to mobilize continued private capital. The program is expected to deploy up to \$4 billion over the next ten years and to provide internet access to 200 to 250 million people.

BRINGING ENERGY TO MYANMAR THROUGH AN INTEGRATED WBG APPROACH

Myanmar has one of the lowest electrification rates in the world, with less than 30% of the population having access to electricity and annual per capita electricity consumption at less than 100 kWh. As access to electricity is a key driver of economic and social development, the WBG is taking a coordinated and integrated approach to mobilize public and private resources, to help alleviate acute electricity shortages and increase people's energy access. A combination of WB credits and technical assistance, and IFC's advisory services, long-term investment, mobilization, and sector expertise have improved the investment environment in the power sector.

In 2012, the World Bank Group prepared an Interim Strategy Note to guide the Bank's activities as part of the organization's re-engagement with Myanmar. In 2014, the World Bank helped the Government of Myanmar develop a National Electrification Plan (NEP), with the goal of bringing electricity to everyone in Myanmar by the year 2030. This means 7.2 million new household connections over the next 15 years, requiring a doubling of the current rate of grid extension.

In September 2015, the Bank approved a \$400 million IDA credit to Myanmar for technical assistance for the NEP that includes grid extension and off-grid electrification. IDA and IFC advise the Government on tariff reforms and power sector viability. The WBG achieved another recent success with the Ministry of Electricity and Energy committing to a systematic increase in retail tariffs to achieve full cost recovery for the power sector over the next five years without which the burden on the government would become unsustainable and the private sector would be unwilling to invest.

An important recent achievement is the restructuring and corporatization that has been initiated in the power distribution sector. To improve performance and overall efficiency in power distribution, the Government of Myanmar is corporatizing the Yangon Electricity Supply Board (YESB) with support from IFC.

The WBG has actively engaged with key government decision makers, building trust and providing support on key policy and regulatory decisions in the power sector. In 2013, it was decided that the refurbishment of the Thaton gas-fired power station would be funded by the public sector using a \$140 million IDA credit. A year later, IFC worked with the Ministry of Electric Power to structure an independent power project (IPP) transaction for a 225-megawatt gas-fired power plant in Myingyan, near the Mandalay region—the largest of its kind in the country. The model power purchase agreement (PPA) developed by IFC and Allen & Overy as part of this transaction is precedent-setting and will help Myanmar attract further foreign direct investment by providing a template for future PPAs. The Myingyan gas-fired power plant is the first IPP project in Myanmar to be awarded through a transparent international competitive bid, leading to “price-discovery” and setting a credible benchmark for tariffs in the country. IFC is providing long-term debt financing to the private operator of the plant and mobilizing parallel loans from commercial banks. This transformational project is poised to become one of the most efficient, lowest cost gas-fired IPPs in the country, providing access to improved electricity services to over 1.5 million people daily and facilitating over \$300 million in private investment. Myingyan was expected to reach financial close in December 2017. IFC will commit \$58 million and sell down \$20 million to the Asian Infrastructure Investment Bank (AIIB).



MULTILATERAL INVESTMENT GUARANTEE AGENCY

A. Strategic Approach

Supporting private sector development in settings of fragility, conflict, and violence is a core objective of the Multilateral Investment Guarantee Agency (MIGA)'s FY18-FY20 strategy. While FCV has been a strategic focus of MIGA for almost two decades, MIGA's 2020 strategy reinforces its commitment to expand its engagement in FCV environments. Private sector insurers typically are unwilling to work in FCV settings, and foreign investors perceive heightened political risks in these situations. MIGA's mission is to provide political risk insurance in these circumstances so that underlying risks can be mitigated, and there can be a positive impact on private investment flows into these challenging environments.

MIGA's strategic approach to working in FCV has been to grow the Agency's contribution by increasing its presence

and development impact. In pursuit of this objective, from FY14 to FY17 MIGA's guarantees in FCV have represented over 10% of the Agency's rapidly growing portfolio. MIGA works with private sector investors and other partners in the development community to seek out projects with a significant development impact that are environmentally and socially sustainable. MIGA's presence can help in restoring investors' confidence, reverse the flight of private capital and encourage new investment.

MIGA's ability to do more in FCV settings will be supported by two new initiatives: the IFC-MIGA Private Sector Window (PSW) and Maximizing Finance for Development.

The FY18 launch of the MIGA Guarantee Facility (MGF) is part of the innovative \$2.5 billion PSW—an important pillar of the IDA18 replenishment. The \$500 million MGF is expected to increase the reach of MIGA's traditional political risk insurance products in markets where currently these are underutilized, including in FCV, by helping

to expand the coverage of MIGA guarantees through a shared first-loss structure and through a risk participation mechanism akin to reinsurance.

MIGA's objective to increase its development impact in FCV will also be supported through the WBG's efforts to Maximize Finance for Development by seeking to leverage the private sector and optimize the use of scarce public resources.

Two of nine pilot countries identified to launch this initiative are FCV, an indication that this initiative can help address binding constraints even in the most challenging environments. Working closely with the IFC and the World Bank to identify the sequenced actions needed at the country, sector and project level, MIGA will use the new focus of Maximizing Finance for Development to help unlock newly-identified private sector opportunities, including in FCV.

MIGA's political risk insurance instruments are especially applicable to FCV settings.

MIGA offers coverage against war and civil disturbance, expropriation, breach of contract, and currency transfer and convertibility risk—risks that private investors seek to mitigate when investing overseas and especially in FCV. Moreover, MIGA, as a multilateral institution with 181 shareholders, can play a unique role as an “honest broker” to address investment disagreements before they escalate unduly—an especially important role in unfamiliar FCV environments. MIGA's approach in FCV is also to leverage the knowledge of the WBG. MIGA uses its country expertise to provide investors with the benefit of its in-depth understanding of country risk environments that private investors may lack, particularly in FCV states.

By helping to bring investors into projects that are high profile and have high national importance, MIGA can have a powerful demonstration effect that can mobilize

private sector investment well beyond the MIGA-supported initial investment. From FY14 to FY17, MIGA issued over \$1 billion in guarantees in FCV countries. These guarantees in turn helped to support \$3 billion of capital flows into these countries. Looking forward, MIGA's objective is to work to augment private flows in challenging environments well beyond MIGA's directly supported projects.

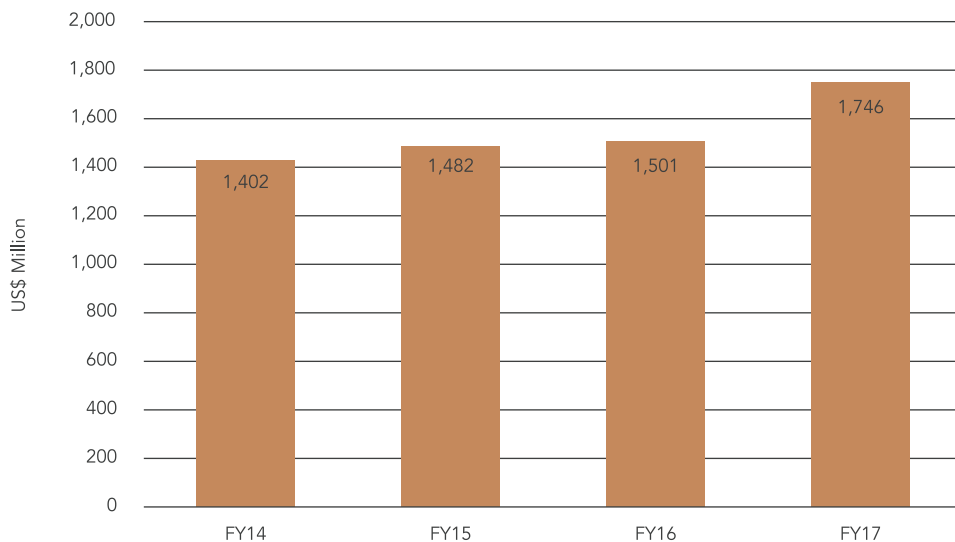
B. Pipeline

The Agency's support of projects in FCV has grown significantly. MIGA's gross portfolio in FCV has increased rapidly from \$1,402 million as of end-June 2014 to \$1,746 million as of end-June 2017 (see Figure 10).

Most of MIGA's present gross exposure in FCV is in the infrastructure and oil and gas sectors, together accounting for 86% of MIGA's gross outstanding portfolio in FCV at end-June 2017 (see Figure 11). As measured by outstanding gross exposure at end-FY17, the majority of MIGA-insured investment projects in FCV have been in Sub-Saharan Africa, reflecting the distribution of FCV settings globally, followed by East Asia and the Pacific Region.

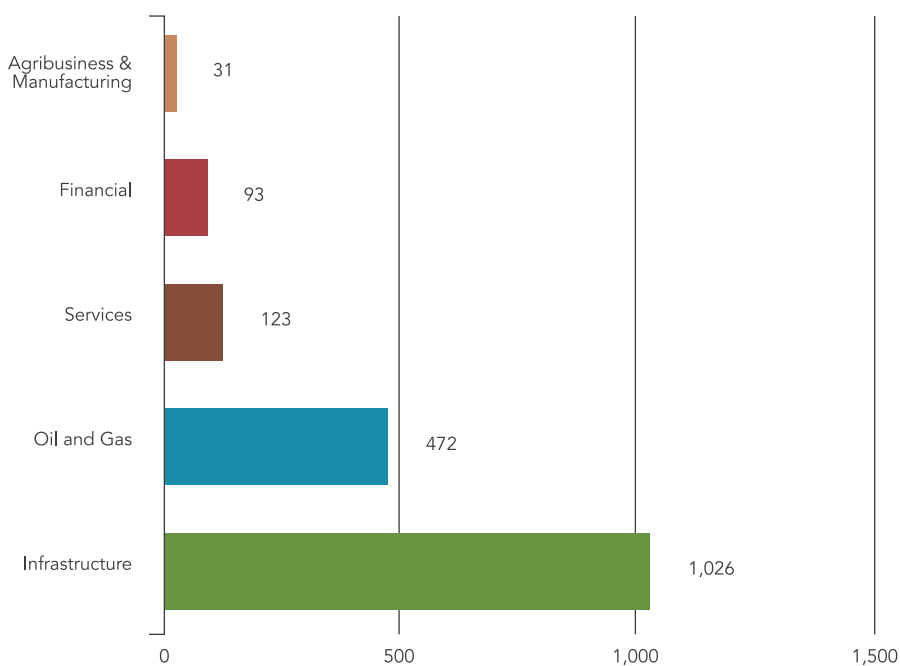


FIGURE 10: OUTSTANDING GROSS EXPOSURE IN FCV FY14-FY17*



Source: MIGA Issuance and portfolio data. *Uses FCV harmonized country classification of FY17 and includes exposure from MIGA administered trust funds.

FIGURE 11: OUTSTANDING GROSS EXPOSURE IN FCV BY SECTOR AT END FY17*



Source: MIGA Issuance and portfolio data. *Uses FCV harmonized country classification of FY17 and includes exposure from MIGA administered trust funds.

MIGA is looking to increase its exposure and development impact in FCV as it implements its 2020 strategy.

Going forward, MIGA is expecting to see infrastructure projects constitute most of the projects supported in FCV, a reflection of the huge infrastructure gap that exists in these settings. The regional distribution of MIGA projects is also expected to follow a similar pattern as in the past with an emphasis on Sub-Saharan Africa.

C. Innovating for Impact

MIGA has been active in FCV with guarantees backing private sector projects in the real economy.

Most of these projects have development impact beyond the direct contribution of the projects themselves. Therefore, while the dollar value of MIGA projects in FCV is typically smaller than in non-FCV situations, their development impact can be far greater. This is illustrated in the sectoral nature of the projects that MIGA has supported, which has often been in infrastructure sectors that support connectivity. It has also been evident in the role that MIGA projects often play in supporting the development of a positive environment for private sector investment.

The many MIGA projects in FCV that facilitate connectivity contribute to economies of scale and network effects.

These types of projects are particularly important to increase information flows in FCV settings, as well as the movement of goods and people, and transparency and trust. Such projects thereby indirectly contribute to mitigating aspects of the conflict and to creating positive development prospects going forward in FCV settings.

For example, MIGA political risk insurance guarantees in FCV have been deployed in the telecommunications, trade logistics (including ports and customs), and transport sectors. Telecoms generally involve enabling and expanding access through

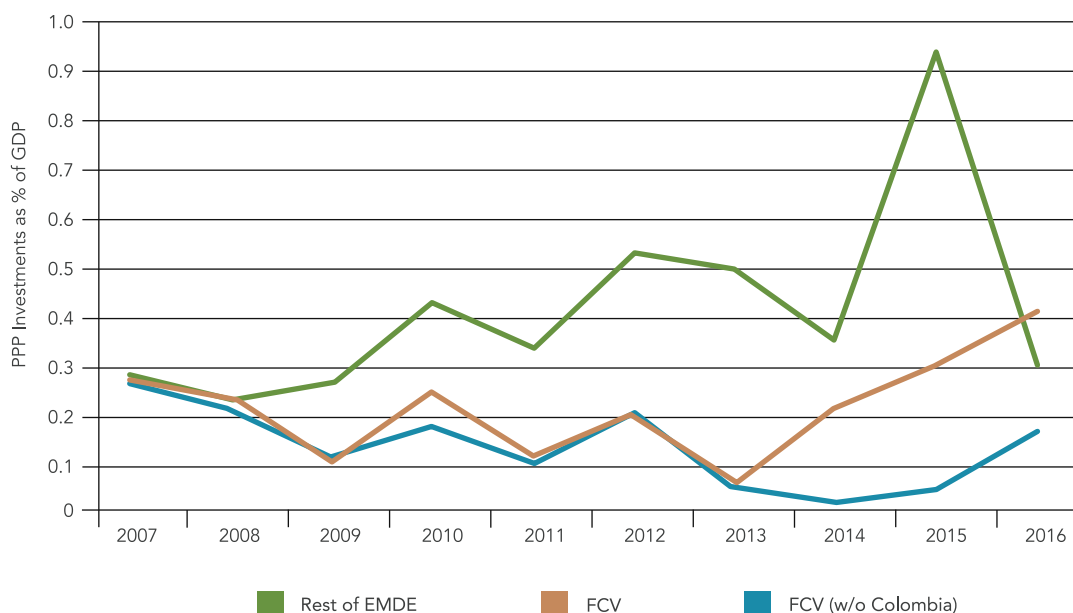
the installation, operation and maintenance of telecommunications networks, wireless communication services, internet and satellite services, and even public pay phones. MIGA's support of telecoms projects is especially prevalent in FCV settings. For example, in **Afghanistan** MIGA successfully supported the initial phase and then expansion of the GSM network, wireless communications and internet services. In the **Central African Republic**, a MIGA political risk insurance guarantee helped support the installation, operation, and maintenance of a state-of-the-art telecommunications network.

On trade logistics, MIGA has been involved in providing guarantees to projects in FCV that facilitate exports as well as the movement of goods into ports of entry and out to inhabitants.

For example, in Djibouti MIGA enabled the development, design, construction, management, operation, and maintenance of a new container port terminal, located in the city of Doraleh. In **Iraq**, MIGA is providing a guarantee to a Jordanian company focused on the movement of goods in and out of Umm Qasr Port by means of reducing congestion of trucks at the port gates. It does this primarily via technological devices and algorithms that enable rapid identification, queuing, and processing in a transparent way. In the **Republic of Congo** and **Togo**, MIGA is successfully assisting on the customs side by enabling outsourcing of customs inspections to the private sector.

MIGA has also insured the financing of the construction of the Henri Konan Bédié (HKB) toll bridge in Abidjan, Côte d'Ivoire. The project was also supported by IFC, which assisted the Government of **Côte d'Ivoire** in drafting the concession agreement. Government reforms in the transport sector supported by the World Bank provided the necessary enabling environment. Lessons from MIGA, IFC and the World Bank's early involvement in the construction of the HKB

FIGURE 12: PPP INVESTMENT AS A PERCENTAGE OF GDP (2007-2016)



Source: World Bank - May 30th, 2017 / Note: Data excludes ICT, divestitures and merchant. Rest of EMDE are all countries not classified as FCS during 2011-2015 excluding India, Brazil, and China.

Bridge are being used to inform planning for the proposed fourth and fifth bridges being considered by the government for Abidjan.

Overall, MIGA's involvement helps to bring transparency to projects in FCV situations.

Often the rule of law may be weak or laws may contribute to discouraging private sector investment and encouraging weak governance practices—both of which directly or indirectly may be connected to the conflict. MIGA's contribution in these situations goes beyond the direct project level benefits to help mitigate the impact of the conflict on the business environment and by doing so, helps to catalyze future private investment flows into these challenging environments.

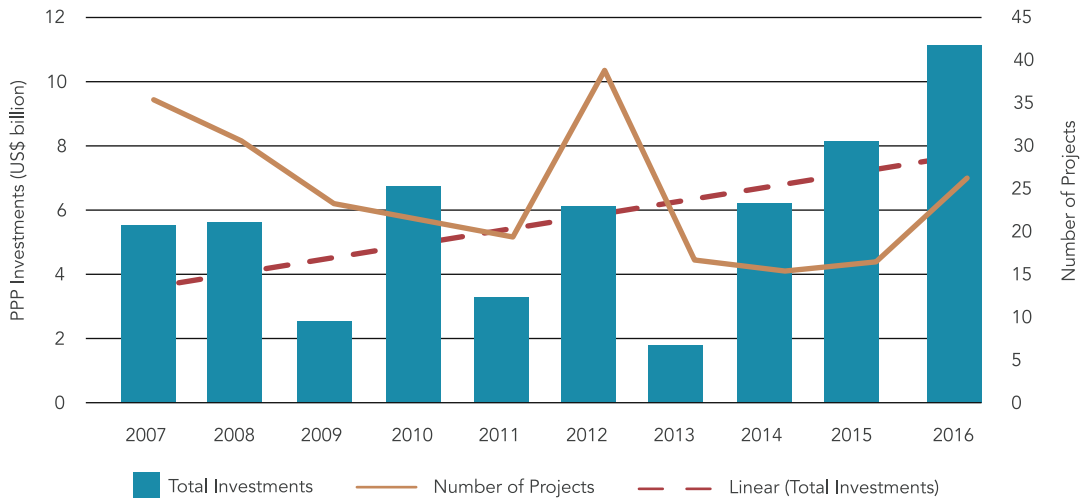
BRINGING THE PUBLIC AND PRIVATE SECTORS TOGETHER: PPP IN FCS

A. Main Trends affecting the PPP market in FCS

Financing infrastructure projects in FCS can be challenging and especially so when there is private sector involvement, as most private investors have relatively low appetite for risk. This is reflected in the lower levels of Private Participation in Infrastructure (PPI) investment²³ in FCS, which accounted for less than 1% of total global PPI investment in 2016. Almost three-fourths of the cumulative PPI investments in FCS over the last five-year period have been concentrated in the Energy Sector. The two projects recorded in FCS in

²³ PPI database records investments commitments at financial closure.

FIGURE 13: PPP INVESTMENT BY SECTOR AND NUMBER OF PROJECTS IN FCS COUNTRIES 2007-2016



Source: World Bank - May 30th, 2017 / Note: Data excludes ICT, divestitures and merchant

2016 received support from IFC, while only 10 projects out of the 34 projects recorded in the five-year period from 2011-2015 received some form of multilateral support.

The State of PPP in FCS²⁴ is an on-going research project led by the Infrastructure, PPPs & Guarantees (IPG) Group, that provides an assessment of the broad trends of Public Private Partnerships (PPP)²⁵ in FCS:²⁶

- **Investments in FCS countries remains low** in absolute numbers as well as a percentage of GDP. Levels have increased in recent years but mainly driven by a few countries, **Colombia, Nepal** and two IBRD/Blend countries. Except for these four countries, the remaining 17 FCS countries that had projects in the past five years did

so in one or two years and brought no project to financial closure in the rest of the years. This illustrates their difficulties in remaining present in the market.

PPP Investments in FCS countries were mainly concentrated in energy and particularly in small renewable energy projects. Energy was also the sector with higher concentration of greenfield projects and therefore the sector that generated more new assets among projects in FCS countries.

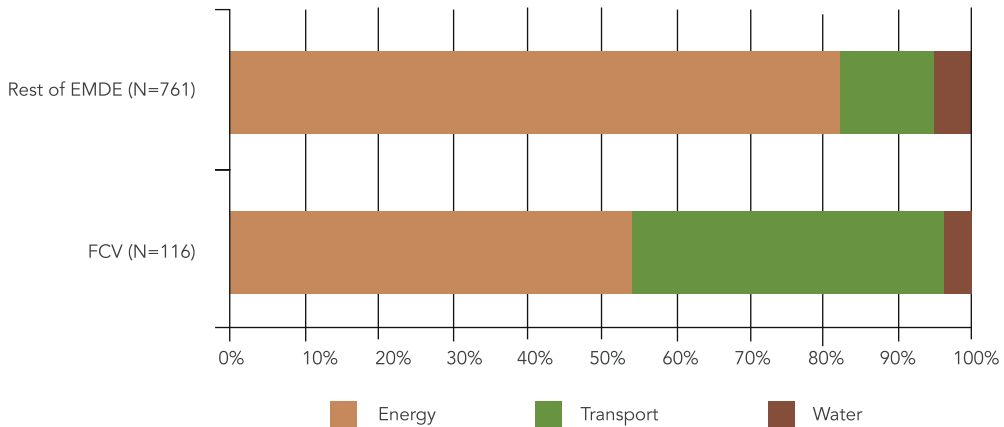
- Contrary to perception, projects originated through unsolicited proposal and projects awarded through direct negotiations are as frequent in FCS countries as in the rest of Emerging Markets and Developing Economies (EMDE).

²⁴ Annex 2

²⁵ It excludes divestitures and merchant projects from WB PPI database.

²⁶ Please note, the research applied broader definition than that of Harmonized List of Fragile Situations. The research defines FCS as countries with CPI less than 3.2., presence of UN Missions, and Refugees/IDP comprising more than 1- percent of the population. As a result, 61 countries are analyzed in the research.

FIGURE 14: PPP PROJECTS IN FCS AND REST OF EMDE BY SECTOR (PERCENTAGE) 2012-2016



Source: World Bank - May 30th, 2017 / Note: Data excludes ICT, divestitures and merchant. Rest of EMDE are all countries not classified as FCS during 2011-2015 excluding India, Brazil, and China.

- The proportion of projects receiving **direct government support was higher for FCS countries** than for the rest of EMDE and the support in FCS projects was almost exclusively capital subsidies. The proportion of projects receiving guarantees did not differ between the two groups. However, exchange rate, interest rate and construction cost guarantees were more frequent in projects in FCS countries.
- The proportion of projects receiving **MDB support as well as bilateral support was higher in FCS countries** than in the rest of EMDE for any type of support. Loans were the most common type of MDB support to projects in FCS countries.
- **Private financing was less significant in PPP projects in FCS countries** while MDB and particularly bilateral banks contributed to a large share of financing. International commercial banks had a significant role only in upper middle-income countries.

Cancellation rate for PPP projects in FCS countries (5.1%) was only slightly higher than in the rest of EMDE (3.6%) and lower when assessing cancellations by percentage of investments (3.2% and 5.8% respectively) indicating that smaller projects were canceled.

B. Opportunities for the World Bank Group and IPG Group:

Given the vastly growing and unmet demand for infrastructure in FCS, there is a **strong need and ample opportunity for the World Bank Group** to assist with channeling private investment into infrastructure in FCS. The IPG Group can contribute in:

- Bringing together different WBG teams and products such as loans, TA, transaction advisory support, strategy and planning linked to capital mobilization, equity and debt investments, and guarantee instruments

- Support in the development of appropriate prioritization techniques for sector project selection and development of suitable funding and financing options and solutions

- **Upstream (Pre-project) Preparation:**

- Institutional and regulatory support for PPP laws, enabling environment, creation of PPP unit or regulator, institutional capacity building initiatives etc.
- Developing a viable and credible project pipeline
- Mobilizing preparation funds, feasibility assessments, and other advisory support in order to structure bankable projects

- **Project development/ transaction support:**

- Developing and supporting specific transactions with high quality transaction advisers and government project teams
- Assisting with preparing bid documents with appropriate risk allocation, including drafting suitable contracts
- Communicating the benefits sought and the importance of the transaction with stakeholders
- Mobilizing WBG products to assist with credit enhancement/cover risks/create a “halo effect”

- Effectively deploying the most appropriate credit enhancement techniques utilizing the WBG instruments from WB, IFC and MIGA.

- **Post transaction support:**

- Contract compliance and monitoring
- Support to regulatory functions
- Specific technical and commercial advice
- Structure additional interventions complementary to the PPP transaction with other WBG interventions, for example in support of a sector e.g. funding of a regulator
- Knowledge and analysis, sharing of best practices and understanding of trends

C. Upstream Support–Public – Private Infrastructure Advisory Facility PPIAF

Since its establishment in 1999, the WBG’s Public – Private Infrastructure Advisory Facility (PPIAF) has facilitated private investment in infrastructure and been a catalyst for increasing private sector participation in emerging markets. Through grants and technical assistance, PPIAF helps governments of low and middle-income and fragile countries to create a sound enabling environment for private investment in infrastructure. In recent years, PPIAF has dedicated between 10 and 15 per cent of its program budget to fragile countries. Currently, PPIAF has 30 countries selected for more systematic and focused support, 9 of which are fragile countries.²⁷ PPIAF also develops new knowledge²⁸ through research and helps make

²⁷ Afghanistan, Côte d’Ivoire, Djibouti, Haiti, Madagascar, Myanmar, Papua New Guinea, Somalia, West Bank & Gaza

²⁸ One example of knowledge work focused on FCS is ‘State of PPPs in Fragile and Conflict States.’ The objective of this study is to assess private participation in infrastructure (PPI) investments in FCS countries and examine the links between regulatory reforms and PPP investments. It will also identify the main challenges to develop more sustainable and robust approaches to support PPPs in FCS countries.

existing knowledge more accessible to policy makers and other stakeholders. The offerings aim to identify solutions to infrastructure challenges and disseminate the best practices and lessons learned through PPIAF's technical-assistance activities which captures unique situations in fragile countries. Understanding the drivers for fragility vary significantly, and responding effectively to fragility requires customized approach, PPIAF has come up with a new strategy for operation in fragile countries in FY18-22 (annex 3), emphasizing a pragmatic, opportunistic, and flexible approach.

D. Midstream Support-GIF

The Global Infrastructure Facility (GIF) is a global open platform that facilitates the preparation and structuring of complex infrastructure PPPs to enable mobilization of private sector and institutional investor capital. The GIF works with MDBs, such as the World Bank and IFC, to support governments in bringing well-structured and bankable infrastructure projects to market. The GIF platform coordinates and integrates the efforts of MDBs, private sector investors and financiers, and governments to mobilize private investment and long term commercial financing for infrastructure projects.

The GIF focuses on complex projects and investment climates, such as those found in fragile states. In four fragile countries, the GIF is supporting the first PPP projects in key infrastructure sectors. Among them is **Myanmar**, where the GIF is supporting transaction advisory provided by the IFC's PPP Advisory Team for the first liquefied natural gas

(LNG) PPP project in the country. The project will support 1,680 MW in planned gas-fired generation capacity, in addition to the 1,820 MW of existing generation capacity, increasing Myanmar's generation capacity by 40% and supporting a diversification in the country's energy mix. The GIF activity includes support for: technical feasibility study; environmental and social assessment; regulatory and contract review; capacity building; and transaction advisory support.

E. Downstream Support-Financial Solutions' Work in FCS

While the need to build and develop new infrastructure in developing countries is vast, it is even more so in FCS countries.

Government alone cannot meet all these needs given the urgency and the funding it requires. The World Bank Group has helped governments bring in private sector investors to contribute towards new infrastructure development. Through a risk mitigation instrument, Financial Solutions has been working with the government to improve bankability of these projects so they can attract the much-needed private sector investment. In addition to the Myanmar energy sector projects, **Sierra Leone** and **Afghanistan** are noteworthy examples.

In **Sierra Leone**, the WBG team has jointly developed the Western Area Power Generation Project, the first Independent Power Producer (IPP) project in the country. This project also marks the first joint World Bank Group

operation in Sierra Leone and serves as an important signal to the private sector that the country is ready for investments even as it continues to recover from the Ebola epidemic in the context of a fragile economy.

In **Afghanistan**, the WBG team is currently developing two private sector projects.

- The first one is **Mazar IPP project**, a 50MW greenfield gas power plant. While the project is still at an early stage of preparation, the proposal is for the IFC to provide long-term financing to the project company, whereas the Bank will use its risk mitigation instrument to backstop certain government obligations towards the private sector project company in the event of termination.
- The second one is **Kajaki hydropower project**, a brownfield project that involves an expansion of an existing power plant, from current 51MW to 151MW (i.e. adding new capacity of 100MW). The proposal is for private sector investors to take over the operation of the existing assets, while at the same time investing in expanding the capacity of the project. This project is unique in nature, not just because it is in Afghanistan, but because it is located in the Helmand Province, one of the most insecure regions in the country. The development impact of the project is significant, as it will provide electricity to the region that is starved of it, and at much cheaper price.





Section 3

Global Engagement, Innovative Solutions

GENDER IN FCS

Addressing gender disparities in fragile and conflict affected settings promotes peace and security. Women and men, boys and girls, experience conflict and fragility differently, and play different roles in generating, resolving and preventing conflict. Women and girls are among the groups most vulnerable to violence and conflict, and often the most vulnerable to its indirect effects, such as poverty and mortality as a result of increased exposure to Gender-Based Violence (GBV),²⁹ acute malnutrition, infectious disease, poor sanitation and a lack of health services. As a rule, women are marginalized in efforts at prevention of conflict and peacebuilding, yet when given the chance, have played instrumental roles as agents of change and leaders in the prevention of violence within their communities and countries. Men and boys represent the majority of mortality rates in conflict, with large demographic, economic and social repercussions on households and communities. The mental health consequences for men and boys having engaged in conflict and the issues related to reintegrating into society, including accessing the labor market, are often overlooked, yet fundamental to the rebuilding of societies and prevention of further violence, including GBV. Gender roles and social norms embedded in society are often at the heart of understanding violence and conflict. Understanding the different vulnerabilities and needs of men and women in FCS and, importantly, their agency to create peace, not only offers a more nuanced way

of understanding why conflict occurs, and its impact on communities and their resilience, but may also offer insights on how to prevent conflict from re-occurring.

The WBG is addressing the gender-specific impacts of conflict and fragility on various fronts. Large investments have been made into preventing and responding to GBV, recognizing its use as a weapon of war—mainly, but not exclusively, against women and girls—during conflict and in situations of forced displacement. Levels of GBV, including Intimate Partner Violence (IPV) tend to rise with conflict with far reaching consequences for mental health, productivity, labor market participation and economic growth. GBV is also believed to catalyze further violence and increase the risk of conflict reoccurrence, and is thus an impediment to efforts at peace and stability efforts.

The Bank recognizes that an effective response to the dynamics of conflict and violence must engage men and boys in championing gender equality. An increasing number of operations are studying and addressing the role of male identity, masculinities and power dynamics in conflict and violence prevention. It is important that the Bank increases its focus on the reasons that drive men, but also women, to engage in conflict and violence in all its forms. Operations also address the successful reintegration of both male and female ex-combatants into society and households, including livelihood and psychosocial support, and prevention of GBV within the household.

²⁹ According to GBV Guidelines, 'Intimate partner violence' applies specifically to violence occurring between intimate partners (married, cohabiting, boyfriend/girlfriend or other close relationships), and is defined by WHO as "behavior by an intimate partner or ex-partner that causes physical, sexual or psychological harm, including physical aggression, sexual coercion, psychological abuse and controlling behaviors." This type of violence may also include the denial of resources, opportunities or services.

The gender dynamics of forced displacement are increasingly being studied and addressed.

The Bank is developing new operations and approaches to respond to the needs of refugees and host communities. As part of this, an increased focus is placed on challenges faced by women and girls during flight and in refugee camps, and helping to improve the conditions and economic opportunities for them in host communities.

Conflict and its aftermath can open new opportunities for women,

as it allows them to live outside of traditional societal structures and gender norms that may otherwise limit them. In some countries, there is evidence of women being able to play more active leadership and economic roles during and after conflict, learning new skills and creating livelihood for themselves, and contributing to rebuilding local economies and communities. The Bank recognizes that investing in the economic empowerment of women, is also investing in peace and development. As this chapter will show, the WBG is supporting women's access to economic opportunities, including employment and skills training. It facilitates women and girls' access to assets and services, education and health services, and is a strong supporter of women's entrepreneurship and social enterprises for resilience and peacebuilding. Working closely together across global practices and cross-cutting areas, in unison with the private sector and humanitarian actors, the WBG is increasing opportunities for women and girls in FCS.

AN OVERVIEW OF GENDER GAP ADDRESSED IN OPERATIONS IN FCS

In FY17, 188 projects were working to address specific gender issues and close gender gaps,³⁰ 49 of these in fragile and conflict affected settings (as per the harmonized list of fragile states).³¹

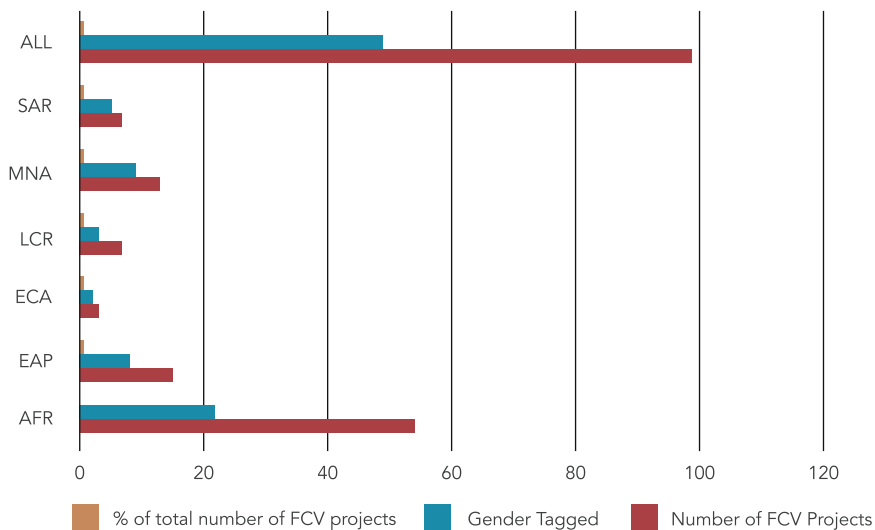
10 projects are operating in countries experiencing drivers of fragility that put them at risk of conflict, including Angola, Tunisia, Egypt, Guinea, Nepal, Niger and Tajikistan, where issues such as the prevention of GBV and the creation of opportunities for women's equal participation in society are key to preventing conflict. In countries experiencing subnational conflict, including in Cameroon, Pakistan, the Philippines, Nigeria, and the Ukraine, 15 projects included components aimed at increasing women's empowerment through the conflicts. There were also 10 projects working in countries that experience regional drivers of FCV and/or situations of forced displacement, such as in Ethiopia, Jordan, Kenya and Turkey, with considerations to women and girls' vulnerabilities and possibilities to re-building their lives. Finally, 5 projects that specifically benefit women were tagged in Yemen, which is experiencing an active conflict, and 2 in Madagascar, which has been emerging from its longest political crisis.

The majority of projects that address gender disparities and vulnerabilities are led by the global practices GSURR, MFM and SPJ, followed by the GOV, HN&P, and Transport & Digital Development GPs. As the implementation of the WBG Gender Strategy increases, we expect to see a rise in operations that address and seek to reduce gender disparities and vulnerabilities, and help to create opportunities for women's leadership and economic empowerment in FCS.

³⁰ These are operations marked according to a new World Bank monitoring system for operations entitled 'Gender Tag', launched in January 2017. This distinguishes and highlights projects and programs that identify relevant gaps between women and men, boys and girls, aim to address these gaps through specific actions supported by the project, and link them to indicators in the results framework.

³¹ <http://www.worldbank.org/en/topic/fragilityconflictviolence/brief/harmonized-list-of-fragile-situations>

FIGURE 15: NUMBER OF PROJECTS ADDRESSING GENDER GAPS IN FCS



The following sections provide select examples of the sorts of investments the WBG has made to date to address gender in FCS.

A STRONG WBG RESPONSE TO GENDER-BASED VIOLENCE

GBV in fragile and conflict affected settings is manifested through, but not exclusive to, forms of sexual violence as a weapon of war, interpersonal violence in the household and in public, Female Genital Mutilation (FGM), trafficking, child marriage and harassment. The Bank has dedicated a number of operations to mitigating and preventing GBV. A selection of these are presented below.

Global initiatives to inform and support programming on GBV

Global GBV Task Force: At the initiative of WBG President Dr. Jim Yong Kim, the Global GBV Task Force was established with the mission to strengthen the Bank’s “capacity to identify, mitigate and prevent risk of sexual exploitation and abuse (SEA), as a

manifestation of GBV, and to respond in a survivor centered manner should incidence of SEA occur.”

The World Bank Group and the Sexual Violence Research Initiative (SVRI) have partnered up to create the Development Marketplace (DM) for Innovation on GBV Prevention and Response. The DM, a crowdsourcing method, has awarded more than \$65 million in grants to more than 1,200 innovative social enterprises, and raised the profile about the role of social enterprises in addressing challenges facing the poor. Projects are currently active in 12 countries, including several FCS; **Solomon Islands, Uganda, Pakistan, Nigeria, Honduras, Kyrgyzstan, Peru, Egypt, Jordan, Uganda, Swaziland, and the Dollo Ado refugee camp in Ethiopia.**

The State and Peacebuilding Fund allocated \$1.0 million in FY17 to support the preparation of operations which include a GBV component.

The Violence Against Women and Girls (VAWG) resource guide was developed through a partnership between the Global Women's Institute (GWI) at George Washington University, the Inter-American Development Bank (IDB), and the World Bank Group (WBG). The VAWG resource guide highlights evidence-based practices to reduce VAWG and promote women's rights, including highlighting the operational implications that VAWG can have in several priority sectors of the IDB and WBG.

The Global Platform on Sexual and Gender Based Violence, funded by the State and Peacebuilding Trust Fund (SPF), supports survivors of GBV, addresses prevention of occurrence, public awareness raising, and capacity building of client countries in the DRC, Nepal, Papua New Guinea, and Georgia. In **DRC**, SPF funding provided services to 4,000 GBV survivors, while 114 Village and Savings Loan Associations have been created to help restore livelihoods. In **Nepal**, a funding scale up of an ICT pilot funded by the Umbrella Facility for Gender Equality (UFGE) was used to promote awareness about GBV through social media, and is in the process of creating a 24 hour/7-day helpline, that brings together all support services providers helping GBV survivors.

The projects under the platform have been groundbreaking in advancing the Bank's work on engaging men and boys into violence prevention programs to foster behavioral change. This is in line with the fourth pillar of the Bank's 2015 Gender strategy on increasing the voice and agency of women and engaging men and boys, with the successful violence prevention model SASA! being applied to an increasing amount of project preparations across the Bank.

A SELECTION OF GBV OPERATIONS

Multi-regional operations

The Great Lakes Emergency Sexual and Gender Based-Violence and Women's Health Project is a Regional intervention covering Burundi, the Democratic Republic of Congo (DRC), and Rwanda and providing support to the International Conference of the Great Lakes Region (ICGLR), an intergovernmental organization with 12 member states. The project draws on lessons-learned and global best practices in GBV programming, and on extensive analytical work on GBV conducted with WB support in the Great Lakes Region. It is a multi-sectoral intervention which focuses on implementation of GBV prevention interventions, provision of multi-sectoral response services for survivors; and provision of health services (including mental health). Approved for \$107 million, the project expects to reach over 641,000 people, including female and male survivors of GBV and vulnerable women and girls. The project supports and complements the ongoing efforts of the beneficiary governments and their partners operating in these countries and helps promote regional and national knowledge sharing bringing together stakeholders from across the countries under a community of practice.

The Multi-Sectoral Crisis Recovery Project for North Eastern Nigeria, comprising a comprehensive gender component, was approved for \$200M in March 2017. The conflict in Nigeria has disproportionately affected women and girls as targets of violence, including GBV which has exacerbated due to the conflict; abduction by armed groups; forced displacement; and increased burdens as the breadwinners of the household while men and young men have either engaged in the conflict or migrated to the cities. The project is increasing utility delivery and access



to public services for women and seeks to both mitigate and prevent GBV. It also promotes the engagement of women in peace building and conflict resolution.

Country operations

In Lebanon, the Health Resilience Project, funded by the Global Concessional Financing Facility is working closely with the Ministry of Health to offer and strengthen healthcare services to poor Lebanese and displaced Syrian refugees, 70 percent of whom are women and children. A new scale up of the system will benefit up to 340,000 Lebanese and 375,000 Syrians. Healthcare services will include an integrated response service to victims of GBV and attention to the mental health of refugees, two key issues of concern for forcibly displaced populations in this area.

In Papua New Guinea, the IFC-sponsored Business Coalition for Women (BCFW) helped a group of companies develop and implement GBV policies for employees and reduce the financial costs of the occurrence of GBV in the workplace. In Papua New Guinea, GBV is widespread, with 94 percent of employers saying their staff has likely experienced GBV. The impacts on the workplace increases liabilities, creates occupational safety and health risks, and reduces productivity by affecting victims' performance and attendance. It also contributes to turnover and hinders career progression. For the private sector, the direct costs of GBV adds 3 to 9 percent to total payroll expenses and indirect costs another 45 percent. Through the BCFW, companies were able to reduce cases of GBV and associated costs while also retaining jobs and prosecute perpetrators.

WORKING WITH MEN AND MASCULINITIES

As seen in the section on GBV, the Bank is engaging men and boys in successful violence prevention programs. WBG operations also include programs aimed at addressing the impact that conflict and fragility has on men and boys who have been either forcibly or voluntarily recruited into fighting, responding to the psychosocial and developmental effects on them and their families as they reintegrate into society.

The Reinsertion and Reintegration Project in the Democratic Republic of Congo supports the socio-economic reintegration of more than 4,000 demobilized ex-combatants. Designed to support ex-combatants in various stages over time, the project offers livelihood and career advice, training in skills such as business, finance, and other vocational training, referral services and psychosocial support. The project also assists spouses and other household members with reinsertion sensitization, training and psychosocial counseling, acknowledging that families often lack the resources, capacity and skills to reestablish their lives in the aftermath of conflict, let alone accommodate the special needs of returning ex-combatants.

The Learning on Gender and Conflict in Africa Program (LOGiCA), a multi-donor initiative chaired by the World Bank, funded and implemented various studies and projects to generate knowledge and operational good practice on effective approaches to incorporate gender concerns into demobilization and reintegration programs, to respond to GBV, and to address masculinity, power and violence in post-conflict settings. Studies included the research project *The Impact of War on Somali Men* undertaken by the Rift Valley Institute and projects in post-conflict **Liberia** to reduce violence and poverty among urban street youth.

AN INCREASED ANALYSIS OF GENDER DISPARITIES AND GENDER-BASED VULNERABILITIES IN SITUATIONS OF FORCED DISPLACEMENT

The Bank is building up knowledge on the gender disparities and gender-based vulnerabilities facing refugees and host communities, and implementing projects addressing the effects of forced displacement on households, vulnerabilities and challenges faced by women and girls, but also the opportunities for women's empowerment that can arise.

Selected operations helping refugees and host communities

The Development Response to Displacement Impacts Project (DRDIP) in the Horn of Africa, covering Ethiopia, Uganda, Kenya, and Djibouti, supports host communities to manage the development impact of the influx of refugees. The project seeks to build the resilience of refugee hosting communities by improving their access to basic social services, expanding economic opportunities, and enhancing environmental management. DRDIP is a government-led and implemented development response complementary to traditional humanitarian agencies with Community-Driven Development (CDD) as the operational approach, embedding an inclusive and conflict sensitive participatory process to identify needs, improve self-reliance among refugee-hosting communities, and contribute to social cohesion in these communities. Key to the project is ensuring that all voices are heard and included in decision-making, placing a special focus on women, female-headed households, and youth, who are among the most vulnerable in refugee and host communities. At least 50 percent of host population beneficiaries and the total refugee population are women. Their needs and perspectives are central to project implementation along with measures to reduce,

BUILDING THE EVIDENCE BASE ON GENDER AND FORCED DISPLACEMENT

A research project led by the FCV and Gender Groups, conducted in partnership with UN High Commissioner for Refugees (UNHCR). This project builds on the flagship report, *Forcibly Displaced*, launched by the FCV Group last year, and the 2015 WB-UNHCR study *The Welfare of Syrian Refugees: Evidence from Jordan and Lebanon*, which provides a poverty profile of Syrian refugees living in Jordan and an analysis of the main predictors of welfare and poverty. This new work will apply a gender lens to existing data on refugees and IDPs with the aim of demonstrating how existing data sources can be used to identify gender specific vulnerabilities among those in target groups. The work will inform programs and operations for forcibly displaced populations (refugees, asylum seekers and internally displaced people) in MENA countries and programs supported by the new IDA18 window.

A Rapid Evidence Review (RER) of the impact of interventions targeting forcibly displaced populations on gender equality and gender-based vulnerability is being undertaken with the International Red Cross. To inform new WBG's investment in working with forcibly displaced women, men and children, this RER seeks to evaluate the effectiveness of humanitarian interventions with forcibly displaced populations, to extract key lessons from them relevant for development programming and identify where more work is needed to understand impacts.

prevent and mitigate the risk of GBV through operational tools and guidance and culturally appropriate sensitization of communities, traditional and religious leaders, project staff and local government staff to gender related risks and solutions. An impact evaluation is proposed for the Ethiopia operation to look at gender outcomes in the areas of education and health based on project interventions.

INVESTING IN THE ECONOMIC EMPOWERMENT OF WOMEN FOR PEACE AND STABILITY

The WBG recognizes that equality of economic opportunity between women and men drives productivity, profitability, and performance, which has a direct positive impact on families, communities, and economies to achieve sustainable growth

and prosperity. In fragile and conflict affected settings, women play a key role as agents of change and leaders within their environments to not only build resilience but also prevent further violence and conflict.

WeMENA is a business model challenge for women entrepreneurs in the MENA region working on innovative and financially sustainable private sector solutions to address challenges in urban resilience. The project seeks to create pathways for employment for women through entrepreneurship, promote economic inclusion of women and resilience thinking in entrepreneurial ecosystems, and support mission driven business to create jobs and receive investments. Financed by the Global Facility for Disaster Reduction and Recovery (GFDRR), the WeMENA project supports innovative business models that enhance their



communities' ability to survive, adapt and grow in the face of stresses and shocks, by investing in challenges ranging from food security to healthcare and civic engagement. By investing in female entrepreneurs, the Bank is supporting not only individual businesses, but entire families, local and national communities, as well as economies and societies at large.

The Great Lakes Trade Facilitation Project (GLTFP) is a World Bank regional operation that aims to facilitate cross-border trade by increasing the capacity for commerce and reducing the costs faced by traders, especially small-scale and women, at selected border and port locations in the Great Lakes Region of Africa. Women represent up to 80 percent of beneficiaries in some cases, the reason for which the project implements measures that are specifically intended to ease challenges faced by female traders in target locations, including infrastructure such as solar-panel lighting along the DRC-Rwanda border to allow for greater security and extended trading hours, and measures to improve health and environmental conditions.

IMPROVING AND INCREASING WOMEN AND GIRLS' ACCESS TO HUMAN ENDOWMENTS

Improving human endowments, education, health care and social protection, is a key pillar of the WBG Gender Strategy (FY16-23) and a particular challenge in fragile and conflict affected states.

In June 2017, the World Bank and the International Center for Research on Women released a report entitled “Economic Impacts of Child Marriage: Global Synthesis Report.” As part of a 3-year research and capacity building project on child marriage funded by the Bill and Melinda Gates Foundation, the Children’s Investment Fund Foundation, and the Global Partnership for Education, this study demonstrates the negative impacts of child marriage, a practice in many fragile and conflict affected states and of increasing concern in situations of forced displacement, and its associated economic costs. Every year, 15 million girls marry before the age of 18 years old. The impact of child marriage can be devastating for children in terms of education lost and the opportunities at making a living, as well as health risks related to giving birth at a young age. Looking at five domains of impacts, (i) fertility and population growth; (ii) health, nutrition, and violence; (iii) educational attainment and learning; (iv) labor force participation and earnings; and (v) participation, decision-making, and investments, the study establishes that the economic costs associated with the impacts of child marriage are also very high, suggesting that investing in ending child marriage is not only the right thing to do, but also makes sense economically.

REMOVING THE BARRIERS TO WOMEN'S ACCESS TO ASSETS AND SERVICES

Conflict and insecurity can increase or perpetuate the barriers that women and girls in FCS face in accessing assets such as property and land, and public and private sector services including finance and legal aid.

A cross-sectoral team from the IFC; Women, Business and the Law (WBL – a WBG project); and the Finance & Markets GP, came together under the project “Advancing economic opportunities for women-led SMEs in the Democratic Republic of Congo”.

Supported by the DRC’s ministries of Gender and Justice, the team led reform efforts to change the DRC’s Family law, leading to the

adoption of a new Family Code in 2016 that now allows women in DRC to start businesses, open bank accounts, register a company and perform a host of other economic activities. The new law also raised the legal marriage age for girls from 15 to 18. In the first year after the adoption of the Family Code, the project helped increase demand for the services of the IFC client “Rawbank” by 15% increase in applications from women entrepreneurs. The pilot has further informed the preparation of a \$100m IDA operation to support SMEs in the DRC (FY18 deliverable) and is a good example of how the WB and IFC delivers integrated services in fragile situations, addressing the barriers that restrain women’s access to assets and services.

CLIMATE CHANGE AND FRAGILITY

Climate variability and change, especially extreme floods and recurrent droughts, will significantly affect the world's fragile and least developed countries.

Such countries are usually most reliant on climate-dependent sectors of the economy, such as rain-fed agriculture, and their histories of poverty and weak governance undermine resilience and capacities to respond to climate risks. Moreover, climate impacts could undermine any development achievements gained so far. To address and reduce the risk that climate change and variability may pose to a fragile state's population, policy-makers and development stakeholders should integrate climate resilience planning and when possible, consider opportunities for low Carbon emission activities to ensure short and long term resilient development.

The World Bank Group Action Plan calls for the consideration of climate risks in all its projects and initiatives. In addition, The World Bank Group is committed to achieve a target of 29% of climate related activities within its lending portfolio by 2020. This target includes both adaptation and mitigation actions and the assessment of additional co-benefits.



WHAT ARE CLIMATE CHANGE CO-BENEFITS?

Development activities provide climate change co-benefits when they contribute to climate change adaptation (increased resilience) and/or mitigation (reducing greenhouse gas emissions), even when that is not their main objective.

WHAT ARE ADAPTATION CO-BENEFITS? An activity provides adaptation co-benefits if it reduces the vulnerability of human or natural systems to the impacts of climate change by maintaining or increasing adaptive capacity and resilience. Examples include:



Mangrove restoration for coastal settlements



Ecosystem-based climate resilient fisheries



Introduction of climate-adaptive rice varieties



Upgrade roads to climate-resilient standards



Climate change and disaster risk microfinance and micro-insurance

WHAT ARE MITIGATION CO-BENEFITS? An activity provides mitigation co-benefits if it: reduces greenhouse gas emissions OR enhances their removal from the atmosphere (reference to a no-project situation). MDBs agreed on a positive list of activities that are eligible for climate mitigation co-benefits. Select activities require demonstration of net GHG emission reductions, notably:



Reducing energy use in irrigation



Reduce energy intensity of existing water supply systems



Flood protection through carbon sequestration (mangrove plantations)



Reducing emissions from deforestation and forest degradation



Agricultural management activities that improve/do not deplete existing carbon pools

TABLE 2

Fiscal Year	Total WB Commitment (\$m)	Total WB Climate Co-benefits (\$m)	% Climate Over Total WB Commitment	% Adaptation Co-benefits	% Mitigation Co-benefits
FY13	2,602	144	6%	0%	6%
FY14	2,960	679	23%	7%	16%
FY15	2,786	419	15%	14%	1%
FY16	3,375	454	13%	0%	13%
FY17	6,595	1,103	17%	7%	10%
FY18*	5,335	1,036	19%	7%	13%

*Data downloaded August 31, 2017. FY18 consists of projects approved as of August 31, 2017, and pipeline projects (A, B, C, FY probability) that have been assessed for climate Co-Benefits. Thus far, 53% of the FCS projects in the pipeline have been assessed. In FY18, preliminary climate Co-Benefits estimates amount to 19% of the total IDA/IBRD commitments in FCS. This number is subject to change as to date only 53% of the FCS projects of the FY18 pipeline have been assessed.

FRAGILE & CONFLICT-AFFECTED STATES' CLIMATE CO-BENEFITS

Analysis at corporate level

In the FY13-17 period, the climate co-benefits amount and ratio in FCS increased significantly from \$144 million (6%) in FY13 to \$1,103 million (17%) in FY17 (Table 2).

The climate co-benefits ratio has fluctuated over the years, ranging from 6 to 23%.

HOW IS THE WBG ASSESSING CO-BENEFITS IN FRAGILE STATES?

Analysis by Global Practice

The Global Practices of: Energy; Transport; Water, Macro Economics and Fiscal Management; Social, Urban, Rural and Resilience are the **largest contributors of climate co-benefits** in FY13-17. A handful of projects with large financing amounts have driven the volume of climate co-benefits. For instance, in FY15, the Lebanon Water Supply Augmentation Project accounted for 45% of FCS's climate co-benefits. Similarly, in FY16, the Iraq Emergency Fiscal Stabilization, Energy Sustainability, & SOEs DPF had \$360 million in climate co-benefits, which accounted for 79% of the FCS climate co-benefits.

FIGURE 16: FY13-17 CLIMATE CO-BENEFITS BY GLOBAL PRACTICES IN FCS

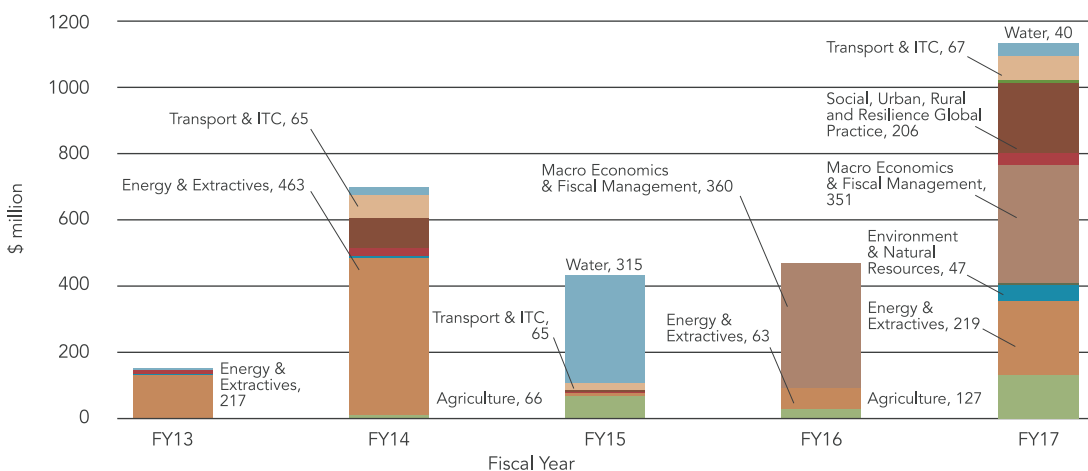


TABLE 3: WBG CLIMATE CO-BENEFITS IN FCS BY REGION (FY13-17)

Region	AFR	EAP	ECA	LCR	MNA	SAR
WB Climate Co-benefits in FCS (\$M)	785	498	209	180	1078	50
WB Climate Co-benefits in FCS (% of total commitment)	11%	17%	56%	31%	19%	13%

MOBILIZING PRIVATE SECTOR INVESTMENT IN CLIMATE MITIGATION IN FCS

As it does across its climate portfolio, IFC's approach in FCS is to unlock private capital, as exemplified in Côte d'Ivoire to achieve its ambitious renewable energy target in line with its nationally determined contributions (NDC) of the Paris Agreement on climate change. The country aims to meet 42% of its energy needs with renewables by 2030, and IFC is working with energy companies, the financial sector, utilities, and governments in a structured process to unlock private investment in biomass, solar, and hydro energy.

Analysis by Region

As shown in Table 3, from the regional perspective, around two-thirds of the FCS climate co-benefits between FY13 and 17 come from the Middle East & North Africa, and Africa regions, which are the two largest contributors in terms climate co-benefits amount (\$1078 million, \$785 million). The Europe & Central Asia, and Latin America & Caribbean regions have the highest climate co-benefits ratio (56%, 31%).

Mainstreaming Climate Resilience in Vulnerable Countries

Pilot Program For Climate Resilience (PPCR)

The Pilot Program for Climate Resilience (PPCR) is one of the largest adaptation and resilience funds (\$ 1.2 billion), operating under the Climate Investment Funds (CIF).

PPCR supports highly vulnerable countries to pilot ways to integrate climate risk and resilience into the countries’ core development planning through a 2-prong approach: a) technical assistance to prepare Strategic Programs for Climate Resilience (SPCRs); and b) scaled up investments to implement the SPCR pipeline of resilience projects. By design, the PPCR program focuses on the most vulnerable groups (women, children, elderly, indigenous groups, poor, etc.). The PPCR programs are supported by all multilateral development banks (WB, IFC, ADB, AfDB, IDB and EBRD), while the World Bank has the largest portfolio (about \$ 0.5 billion in PPCR grants and loans).

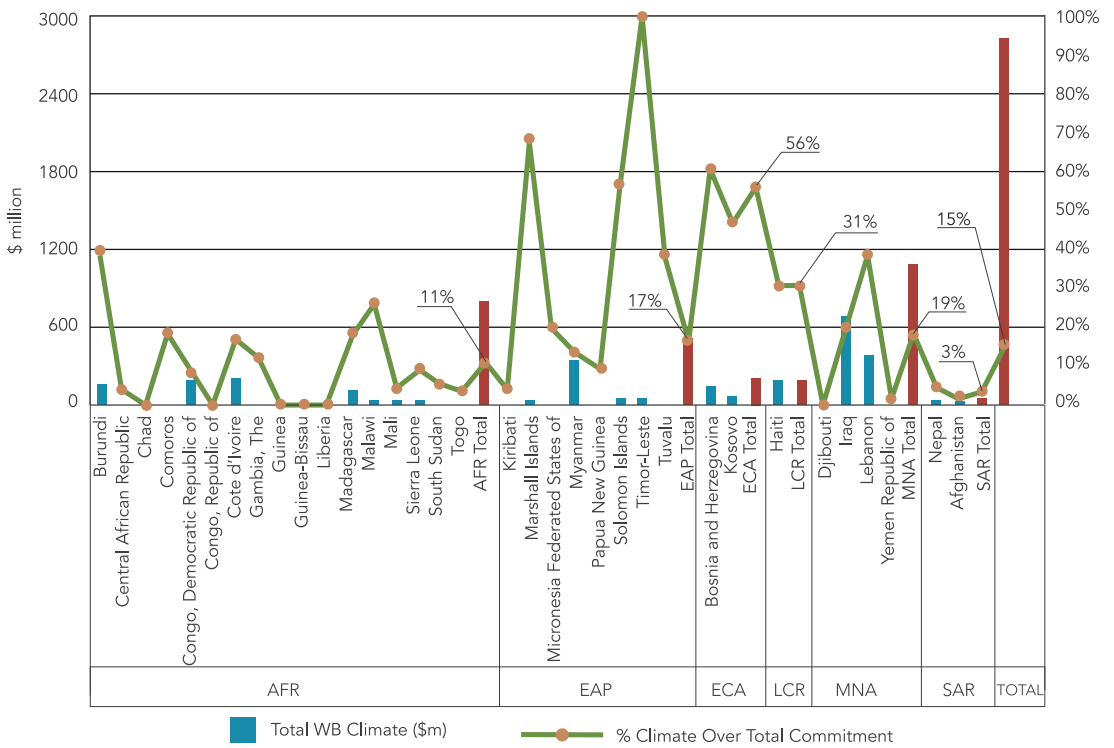
Twenty-eight countries and two regions (the Caribbean and the Pacific) are participating in and have been benefiting from the PPCR program—

Bangladesh, Bolivia, Bhutan, Cambodia, Dominica, Ethiopia, The Gambia, Grenada, Haiti, Honduras, Jamaica, Kyrgyz Republic, Madagascar, Malawi, Mozambique, Nepal, Niger, Papua New Guinea, The Philippines, Rwanda, Samoa, St. Lucia, St. Vincent and the Grenadines, Tajikistan, Tonga, Uganda, Yemen and Zambia. Fourteen out of these 28 countries are LDCs. Ten of the PPCR countries have fallen within the FCV group at one time or the other (see figure below). Among these countries, Haiti and Yemen are the two countries that have been “fragile” states since 2009, when these countries entered the PPCR program. Other fragile countries that are currently participating in the PPCR program are: Mozambique, Gambia and Papua New Guinea.

FIGURE 17: YEARS OF PARTICIPATION

PPCR “FCV” Countries	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10	FY09
Haiti	Participating	Participating	Participating	Participating	Participating	Participating	Participating	Participating	Participating	Participating
Yemen	Participating	Participating	Participating	Participating	Participating	Participating	Participating	Participating	Participating	Participating
Nepal					Participating	Participating	Participating	Participating	Participating	
Gambia	Participating	Participating	Participating						Participating	Participating
Madagascar		Participating	Participating	Participating	Participating	Participating				
Papua New Guinea	Participating	Participating							Participating	
Tajikistan								Participating	Participating	Participating
Tonga									Participating	Participating
Malawi					Participating					
Mozambique	Participating									

FIGURE 18: FY13-17 CLIMATE CO-BENEFITS BY FCS



MAINSTREAMING CLIMATE RESILIENCE IN PILOT COUNTRIES: PILOT PROGRAM FOR CLIMATE RESILIENCE (PPCR)

The Pilot Program for Climate Resilience (PPCR) is one of the largest adaptation and resilience funds (\$1.2 billion), operating under the Climate Investment Funds (CIF). PPCR supports highly vulnerable countries to pilot ways to integrate climate risk and resilience into the countries' core development planning through a 2-pronged approach: a) technical assistance to prepare Strategic Programs for Climate Resilience (SPCRs); and b) scaled up investments to implement the SPCR pipeline of resilience projects. This includes private sector investment; for example, PPCR is co-investing alongside IFC in an SME risk capital fund in Nepal, to promote growing businesses that can support climate resilience. By design, the PPCR program focuses on the most vulnerable groups (women, children, elderly, indigenous groups, poor, etc.).

Twenty-eight countries and two regions (the Caribbean and the Pacific) are participating in the PPCR program. Fourteen out of the 28 PPCR countries are LDCs. Ten PPCR countries have fallen within the FCV group at one time or the other. Among these countries, Haiti and Yemen are the two countries that have been "fragile" states since 2009, when these countries entered the PPCR program.

Haiti's SPCR (2013) was developed with a recognition of the fragility of the country due to nascent democracy after dictatorship, military, and populist governments and with the expectation that the pro-environment policies should be able to transcend the political divide as well as individual and private interests. While the PPCR program in Haiti is expected to contribute to the development of a set of laws contributing to climate resilience, along with Ministers, political parties, the private sector, civil society organizations and society, the adaptation and resilience is now entirely mainstreamed in the Haiti portfolio.

As part of the Haiti PPCR program, the World Bank is currently implementing three projects (\$20 million in total), out of which the following two projects have components that addresses institutional issues with the aim to build long term capacity: a) Strengthening Hydro-meteorological Services Project and b) Municipal Development and Urban Resilience Project.

The forthcoming flagship report “Groundswell – Preparing the Way for Internal Climate Migration”³² provides scenario-based projections of possible internal climate migration over the period 2020 - 2050 for Sub-Saharan Africa, South Asia, and Latin America to serve as a baseline for climate-resilient development planning. The purpose is to understand the potential scale, magnitude and trends in spatial shifts in population distribution over the next few decades for a select set of regions (Africa, South Asia and Latin America). The modeling is novel in that it is the first attempt to provide spatially and temporally explicit national-level projections of population distribution under a range of plausible climatic, demographic, and socio-economic scenarios for all developing countries.

While there are different forms of mobility, this report focuses on climate induced internal movement because of the higher probability and substantial impact related to climate change. Numerous studies have found that the most frequent form of movement will be internal; but when people cross borders, they will mostly move to close neighbors, often from one low-income country to another (Foresight 2011; R. A. McLeman, Schade, and Faist 2016).

The focus is on slow onset climate change effects to illustrate longer-term deviations from the normal, including ecosystems and livelihoods viability as well as permanent mobility and settlement outcomes. The report focuses on impacts on water availability, agriculture, and sea level rise. Short-term climate variability or extremes will thus not be investigated – except where successive shocks accumulate over multiple years – but the focus is rather on deviations from baseline conditions over decadal time scales. This approach is generally supported by the literature, which shows that rapid onset climate hazards generally result in short-term displacement, whereas slow onset hazards that unfold over multiple years may test household coping capacities and result in longer-term mobility as a household livelihood strategy, or possibly distress migration.

Overall, the report finds that patterns of human mobility will be increasingly induced by slow onset climate impacts by 2050. Climate impacts on human movements are spatially and temporally differentiated, depending on a country’s development context and location-specific interactions between ecosystems and livelihoods. While the impacts of climate change on mobility are naturally locally differentiated, they seem strongest in rural areas and for those with climate-sensitive livelihoods. For example, because of Mexico’s high rates of urbanization and services oriented economy, the influence of climate factors is lower than for Ethiopia and Bangladesh.

Future climate impacts and related movements of people will play out at different time scales driven by the climate signal. While some of this mobility, as induced by climate, tends to be due to the scale of population growth, the largely distress driven nature of this mobility means that it must be managed proactively. This distress mobility compounded with the understanding that the strength of the climate signal will increase in a much more detrimental and non-linear way beyond 2050 makes the years ahead essential for adequate preparation to tackle spatial mobility. Climate migration will be a reality, but it does not have to be a crisis. The report presents key takeaway messages and proposes some key areas of action. The report was being finalized, and the plan was to launch it in January 2018.

³² 2018 World Bank (forthcoming)- Groundswell – Preparing the Way for Internal Climate Change



HIGHLIGHT: THE GLOBAL FACILITY FOR DISASTER REDUCTION AND RECOVERY (GFDRR)

The Global Facility for Disaster Reduction and Recovery (GFDRR) supports fragile and conflict-affected countries with weak governance systems to prepare for and respond to disasters. Since its inception, GFDRR has had engagements in 27 fragile and conflict-affected countries, with over \$50 million in grant commitments. The nature of GFDRR's existing and potential engagements has been evolving over the past few years. This includes vulnerable and marginalized communities in fragile countries to build resilience to disasters; generating and collecting data on damage, loss and needs in countries facing ongoing conflict and areas that have been difficult to access by international partners; and supporting the World Bank's engagements within the agenda.

In FY17, GFDRR engaged with fragile and conflict-affected clients by: a) supporting analytical activities such as the Recovery and Peacebuilding Assessments; b) continuing to develop methodologies that can be applied in FCV situations; and c) ensuring that GFDRR staff that work in FCV situations are sensitized to issues of conflict and fragility. In FY17, examples of how this guidance was implemented include:

- A Rapid Damage Assessment methodology was developed with the technical support of the World Bank Group's Disaster-Resilience Analytics and Solutions team and GFDRR financing. It was used to quickly assess the damages from Hurricane Matthew in **Haiti** in October 2016 and the Tropical Cyclone Enawo that hit **Madagascar** in March 2017.
- In **Somalia**, findings from the GFDRR-supported post-disaster assessment on the impacts of the 2016/17 drought in Somalia were influential in the design of the \$50 million Somalia Emergency Drought Response and Recovery Project, particularly in informing which affected areas the project should focus on and on the choice of partners to implement the project based on comparative advantages, informed by the assessment's gap analysis.
- PDNA and DRF training was provided in April 2017 to enhance **Sudan's** capacity to assess and recover from natural disasters.
- A leadership and training specialist was brought into the Resilient Recovery team at GFDRR who will work to enhance FCV awareness as well as contribute to the development of the World Bank Group's Global Crisis Management Platform.

WORKING IN CONFLICT: THIRD PARTY MONITORING AND ICT

As the World Bank expands its operations in countries affected by FCV, its mission to deliver development will be threatened by high levels of insecurity.

This challenge is especially relevant for the delivery of IDA18. Given severe constraints such as dangerous conditions in the field and limited data, creative approaches to supervising projects will be paramount for the success of World Bank interventions.

The World Bank cannot let insecurity dictate where it operates and whom it can assist.

Third Party Monitoring (TPM) – defined as monitoring by parties that are external to the project's direct beneficiary chain or management structure to assess progress on outputs, outcomes, and impacts – is therefore likely to become a common feature of interventions, as IDA18 begins to work more – and differently – in FCV.

Depending on each context and project, TPM usually monitors operational aspects such as:

beneficiary satisfaction related to project implementation; beneficiary targeting, especially in health, education, community driven development (CDD), and social protection projects; the quality of service provision; the effectiveness of grievance redress mechanisms (GRM); safeguards implementation, including resettlement action plans; and the integrity of financial management systems and procurement practices. Some of the most recent examples include:

- **Afghanistan** – The Afghanistan Reconstruction Trust Fund (ARTF) features separate windows for recurrent costs (for paying civil service salaries) and

investments. TPM agents were contracted for both the fiduciary and procurement functions under the recurrent cost window, as well as for seven projects in the water, energy, agriculture, and education sectors, as well as the National Solidarity Program. TPM duties included monitoring the execution of program activities (i.e. building: schools, irrigation systems, roads and bridges). Two TPM agents were contracted for a cost of \$22 million and \$3.1 million respectively, against ARTF-financed projects totaling \$3.8 billion;

- **Cameroon** – The Bank is financing a transport project executed by the Army Corps of Engineers in the Far North, where Boko Haram has killed at least 1,300 civilians and 120 soldiers, and abducted an estimated 1,000 people since 2014. The TPM contract is focused on supervising the implementation of the project on behalf of the Bank in two domains: (a) monitoring of social and environmental risks and community engagement; and (b) monitoring road works execution and quality. The TPM contract is worth \$1.3 million for a total project cost of \$409 million;
- **South Sudan** – Since the resumption of conflict in 2013, World Bank staff have had little access outside Juba. Since the second evacuation in two years in July 2016, the Bank has begun re-engagement and is preparing the delivery of IDA18. The TPM contract to be implemented by the International Organization for Migration (IOM) is financed from the State and Peacebuilding Fund (SPF), and is worth \$2 million against a country portfolio of \$260 million.



Three factors influence the quantity and cost of TPM:

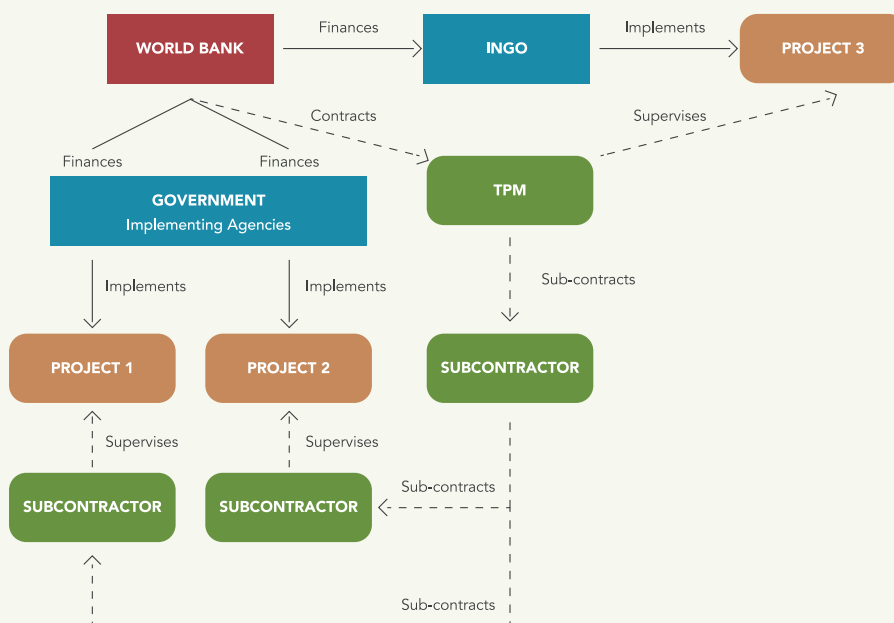
- **Insecurity** – the level of danger increases the cost of TPM and the lack of access for Bank staff increases the need to resort to this supervision instrument. According to World Bank Corporate Security, missions to such FCV settings can be either restricted or suspended due to high or substantial risks. In restricted cases (e.g. Afghanistan, Nigeria, Cameroon, Iraq, Philippines, Ukraine), mission approval is contingent upon the availability of Country Office resources (e.g., security teams, accommodation, vehicles) and the prevailing security conditions. Common limitations include caps on the number of mission staff and Country Office approval of travel to higher-threat field locations. Suspended missions (e.g. Yemen, Syria) are not being approved by the Head of Office and the Country Office may also be closed.
- **Portfolio size** – the greater the amount of resources devoted to FCV settings where staff cannot go, the more likely TPM will be employed and the higher the cost.
- **Technology** – revolutions in ICT (e.g. using tablets instead of actual questionnaires) will drive down the cost of TPM.

SPOTLIGHT: TPM ARRANGEMENTS AND THEIR RISKS

A simple TPM arrangement typically involves three actors: The World Bank (development project financing); the government's implementing agencies (project execution); and the TPM provider which is hired by the Bank to supervise the project in insecure areas.

In reality, this scenario can be more complex – as shown in figure below. The World Bank provides financing for development projects to the government, which through various agencies implements Projects 1 and 2. Since this is a conflict-affected location, the Bank has also been providing financing to an international NGO to execute Project 3. But due to high insecurity, the TPM agent hired by the Bank can only monitor Project 3 effectively. When the Bank hires the same TPM agent for Projects 1 and 2, the agent then sub-contracts to local NGOs. Under this scenario, there are thus three grant agreements, two recipients, one TPM provider, and three sub-contractors.

FIGURE 19: MAPPING THE ACTORS



This schematic illustration highlights some of the risks and opportunities inherent in the use of TPM in fragile settings. On the one hand, third party monitors can ensure that the World Bank keeps “eyes on the ground” and can supervise projects even in the most insecure areas. The additional layer of information provided through TPM can also complement monitoring and evaluation systems by cross-validating data. The avoidance and prevention of fraud and corruption is another potential benefit. On the other hand, TPM systems can involve complex institutional arrangements that are prone to reputational risks and conflicts of interest. Assessing the real capacities of TPM providers can be a challenge for the World Bank, as well as determining the robustness of TPM agents’ security arrangements. Lastly, there is a tremendous variation in costs, which range from \$1-20 million, depending on country context and technology employed. To help navigate some of these challenges, the FCV Group has launched a Bank-wide exercise to gather data, share lessons learned, and systematize the knowledge on TPM in order to better serve operations.

As the World Bank Group supports IDA18 implementation, emphasizing a risk-based approach, the FCV Group is systematically scaling up the use of information and communications technology (ICT) to strengthen operational effectiveness.

Many large-scale crises as well as violent conflicts do not only result in vast destruction, displacement, and devastation, but also often allow only very limited access on the ground, for security-related and logistical reasons. The lack of physical access and insights into specific dynamics and needs on the ground effectively inhibits operational engagement, precisely in some of the areas where development interventions are needed most urgently. ICT and geospatial analytics can help facilitate early warning and proactive risk management, effective programming and targeting, remote project supervision, TPM, M&E, and citizen engagement in areas with limited access. Geospatial data is especially critical to analysis and prioritization in data poor fragile environments, where it can be used as a proxy for population, infrastructure and contextual data. In the Haiti Urbanization

Review, the WBG team drew on geospatial data to assess urbanization trends. Therefore, the FCV Group will support the systematic harnessing of these tools, to close some crucial information gaps in FCV and crisis contexts and to improve operational effectiveness even in areas that cannot be accessed by Bank staff. More broadly, as the Bank pivots toward a more risk-based approach to FCV, ICT tools can support activities along the risk chain, from preparedness and prevention, to recovery and reconstruction.

The most immediate priority will be supporting engagement in situations experiencing active conflict, where physical access is difficult, but where efforts are ongoing to reach those furthest behind and, ultimately, to strengthen resilience. The aim of FCV’s ICT initiative is to build capacity among clients and enable GPs to effectively and sustainably leverage these tools based on their specific operational requirements. The strategic focus stands in contrast to providing one-off support or costly service contracts with external firms.

Development activities will be supported across sectors, including infrastructure, agriculture, service delivery, social and human development. The ICT tool that is most fit-for-purpose may vary depending on sector and conditions on the ground, with the main criteria being that it can be leveraged efficiently and sustainably. For example, while geo-enabling can be applied to most types of operations, remote sensing-based support will primarily target the agriculture sector, which is particularly amenable to geospatial tools and satellite-based analysis. Agriculture is also recognized under IDA18 as central to economic transformation, jobs, resilience, and gender, while over 80 percent of the damage and losses caused by conflict and droughts is to agriculture, especially livestock and crop production.

The central value proposition is that, while technology cannot fully compensate for inadequate Bank access, these tools can significantly enhance project design and supervision by: (a) facilitating more targeted and timely programming; (b) empowering implementing agencies to more efficiently and effectively track project progress while strengthening their institutional capacity; (c) encouraging and tracking beneficiary engagement and feedback; (d) helping the Bank execute its due diligence functions, including verifying and accounting for results; and (e) enhancing reliability, accountability, and costs of third-party monitoring, including TPM used by government agencies and other

donors. To this end, the FCV Group will provide direct technical assistance and leverage support from internal and external partners.

In partnership with the World Bank's Geospatial Operations Support Team (GOST) and Information Technology Services (ITS) department, FCV will offer capacity-building in geo-enabling for near real-time supervision of operational engagement, M&E, and tracking of dynamics on the ground. "Geo-enabling" relates to the systematic use of ICT tools for the collection and analysis of granular spatial (geo-tagged) data in the field, in order to contribute to effective programming, prioritization, remote supervision, and M&E of interventions. Once established, a geo-enabled M&E system allows for quick, easy, and semi-automated remote verification of project implementation and in-field activities through digital platforms like web maps as well as common desktop data analysis applications like Excel. Information that can be automatically uploaded in near real-time and remotely analyzed includes survey responses, citizen feedback, project result indicators and any qualitative and quantitative data as well as photographs collected in the field. The system is easily replicable and scalable to cover additional interventions, and is thus ideal for coordinating engagement across country or sector portfolios and with external partners. This system has recently been successfully implemented with a large-scale CDD project in Azerbaijan.

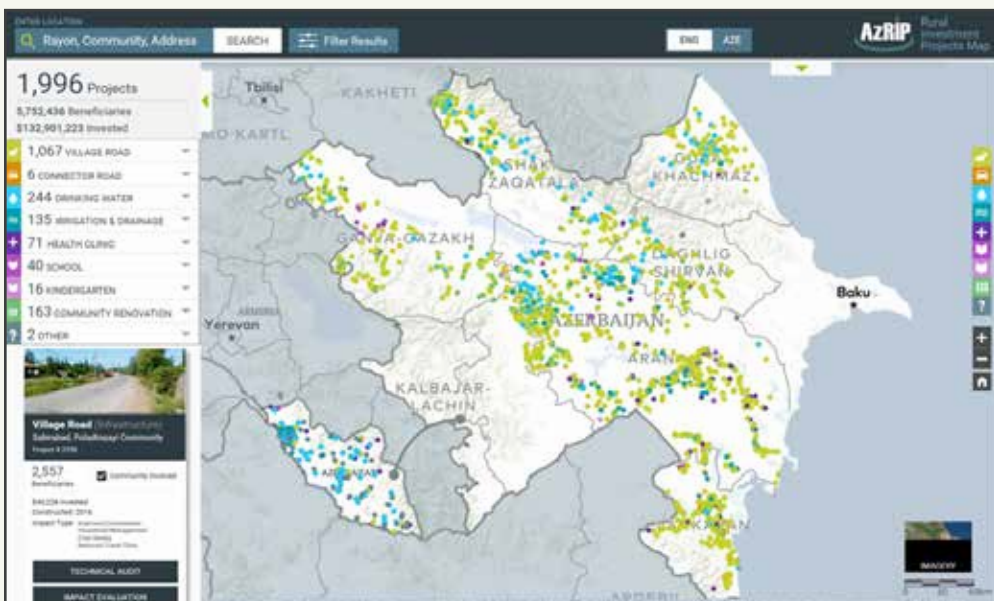
CASE STUDY – ICT FOR OPERATIONS – GEO-ENABLING THE AZERBAIJAN RURAL INVESTMENT PROJECT

The Azerbaijan Rural Investment Project (AzRIP) is a Community-Driven Development (CDD) project that has been implemented since 2005 at about 2,000 individual sites in rural areas across the country. In early July 2017, the M&E system of AzRIP was geo-enabled by establishing a systematic approach for collecting location data, project indicators, and photos from the field. The aim of the exercise has been to enhance the effectiveness of the M&E system and allow for real-time tracking and visualization of the project's scope and impact through an interactive mapping application.

The system has enabled the client's Project Management Unit (PMU) to finalize the collection of comprehensive M&E data from all 1,996 individual project sites, including GPS tags and embedded pictures from the field, within two weeks. The M&E data has since been integrated into an interactive web map that is used as a communications tool for engaging with the government and population of Azerbaijan. The interactive citizen engagement map was officially launched by Azerbaijan's Minister of Finance during the World Bank Annual Meetings in October 2017.

Moreover, the capacity-building exercise has strengthened the government M&E systems overall. The participants acquired the necessary skills to act as multipliers regarding the learned material and themselves delivering training for in-field enumerators, partners and third-party monitors. In this regard, the established system will serve for monitoring all implementation activities of the ongoing project and enhancing project supervision of subsequent operations in Azerbaijan.

FIGURE 20: EXCERPT FROM THE INTERACTIVE AZRIP M&E MAPPING APPLICATION



SUMMARY OF THE GEO-ENABLING METHODOLOGY

- Systematic use of common ICT tools (smartphones, tablets) to remotely monitor interventions in near real-time, verify in-field conditions, and directly feed structured field data into a project M&E platform.
- Data recorded automatically includes the precise date, time, location, GPS accuracy, and photographic evidence of in-field activities, as well as qualitative and quantitative project and survey data.
- The method allows for quick, easy, and semi-automated remote verification of activities in areas inaccessible for Bank staff to enhance the accountability of PIU and TPM activities (“monitor the monitors” approach).
- The technology is designed for application in remote contexts with limited capacity and weak digital infrastructure and has been successfully used in country contexts like Afghanistan and South Sudan.
- The field data collection works fully offline and neither internet nor phone network access are required.
- The system is easily replicable and scalable to cover entire country portfolios within and across sectors.
- Collected geographic bottom-up data can be integrated with top-down data from remote sensing, big data sources, and spatial information provided by partners to contextualize project interventions.
- Technically, the method requires the setup of smartphones, digital accounts for questionnaire creation and back-office analysis, as well as capacity-building training delivered to client PIUs and project teams.

The geo-enabling technology is cost-free and can be applied within short time frames.

Technically, the geo-enabling methodology requires (i) the set-up of project-specific or portfolio-wide accounts with an ICT-based data collection and M&E platform, such as the cost-free Open Data Kit (ODK); (ii) the configuration of smartphones or tablets for field data collection; and (iii) dedicated training provided to Project Implementation Units (PIUs)

and Task Team members to build capacity in terms of questionnaire creation, field data collection, geospatial data verification, and back-office analysis. Despite being highly impactful, the technology is designed for application in developing countries with limited capacity and weak digital infrastructure and has been successfully used in country contexts like **Afghanistan**, the **CAR** and **South Sudan**.

All necessary steps for the geo-enabling methodology, including a hands-on training workshop offered by the FCV Group, can typically be carried out within the time frame of one week, and can cover several projects at the same time.

Geospatial analytics can inform geographic targeting for proportionality and impact maximization of interventions. Geospatial analytics can support systematic and criteria-based targeting of implementation areas, based on specific needs and risk factors. For instance, correlating geographic data layers on food insecurity, refugee and IDP camps, or disaster hotspots with socio-economic indicators or service infrastructure can inform gap analyses and help determine priority areas in terms of specific needs for individual interventions. Relevant contextual information that can feed into geospatial analysis for operational effectiveness includes, among others: (i) epi-centers of specific crises; (ii) large-scale destruction; (iii) concentration of displaced populations; (iv) sub-national socio-economic indicators; (v) areas with limited access to basic services or markets; (vi) security-related information, such as conflict hotspots and road security; (vii) aggregated survey data; and (viii) information on environmental issues, etc. A Geographic Information System (GIS), can be used to integrate and correlate geo-referenced data that has been collected on the ground or accessed through open source channels and partners. Additional data can be derived through remote sensing. Multispectral satellite imagery can, for instance, be used for sophisticated analysis of agriculture and environmental conditions or to establish baseline data on infrastructure, such as roads, hospitals and schools, where not covered by 'traditional data.' Moreover, a systematic recording and monitoring of the geographic footprint of projects can serve to facilitate the

coordination with development partners and to identify potential geographic overlaps with ongoing and proposed programs by partners. This can help to make sure that World Bank projects complement existing aid provision in the most efficient way.

Geo-enabling can help enhance the accountability and transparency of third party monitoring activities and systematize the analysis of collected field data in integrated M&E systems. Third-Party Monitors are typically used for auditing and tracking project implementation in areas that are inaccessible for Bank staff and client representatives. Consequently, a part of a project's results framework is outsourced to an agency that is external to the project's management structure and is thus subject to the quality standards and reliability of that agency. The use of 'geo-enabled' ICT tools and procedures in the context of TPM allows for remote monitoring of the progress and output of data collection and verification activities, in near real-time and through a highly-structured process that can be embedded in a project's M&E system. Data that can be recorded automatically and analyzed in a systematic way through the geo-enabling methodology includes the precise date, time, location, GPS accuracy, and photographic evidence of TPM activities, as well as all collected qualitative and quantitative data related to the project itself. This "monitor-the-monitors" approach can be implemented through straightforward processes and the use of simple-enough ICT tools, such as common smart phones. Whilst the used of these tools is no panacea for overcoming some of the inherent caveats when resorting to third party support, they can provide valuable insights into TPM activities on the ground to increase their accountability, and thus significantly facilitate Bank engagement in areas that do not allow for direct access.

DEMOCRATIC REPUBLIC OF CONGO – CALLING FOR CASH: USING CELL PHONE TECHNOLOGY TO ACCESS PAYMENTS

In 2004 the Democratic Republic of Congo (DRC) started an ambitious demobilization and reintegration program that included a one-time payment of \$110 and monthly payments of \$25 to ex-combatants. Making these monthly payments proved difficult because in many areas there was no banking system, no transport infrastructure, no strong fiduciary control, and no insurable system for transferring funds. Accordingly, most of the traditional methods for delivering payments were not possible. A solution to the payment problem was found in Celpay. The communications company created a system whereby customers could securely access their bank accounts using a cellular phone and a secret pin number. The technology provided a way to allow remote populations to access their money and track and verify payments in real time.

The DRC government, working with Celpay and Celtel, used this technology to pay transitional allowances to ex-combatants. Operations began in February 2006. The transitional allowance was deposited into the beneficiary's bank account. Using their unique pin number, beneficiaries would access their funds by visiting a Celtel phone card vendor, calling a phone number linked to their bank, and requesting a specific amount of money. Originally, vendors paid beneficiaries using the money vendors collected through selling phone cards (also known as "top-up" cards). It soon became clear, however, that vendors did not have enough cash on hand to supply beneficiaries with their allowances. Therefore, cash points were set-up. These cash points functioned like an ATM, but were manned by an individual with a cell phone that the beneficiaries used to access their bank accounts. The teller would then give them the requested funds.

The continued conflict in the eastern part of the country either hindered or cut off cell phone service making it difficult to implement this program in that region. Nevertheless, it was largely successful, with over 100,000 ex-combatants collecting \$50 million.³³

³³ Source of this text box: Ernst and Young (2007), correspondence with the DRC Country Office (2007).

ICT MONITORING IN BANGLADESH

An “ICT monitoring” tool was developed to increase transparency and accountability in the construction process of cyclone shelters in Bangladesh under the Multipurpose Disaster Shelter Project and the Emergency Cyclone Recovery and Restoration Project for the local government engineering department. The two projects have constructed, or are in the process of constructing, hundreds of cyclone shelters in remote areas of the Bangladesh Coastal Zone. The application that was developed is based on Java and sends photos/progress reports to Dhaka daily from construction sites, thus allowing the WB to have better oversight of construction works. Engineers in Dhaka are able to double check construction standards and ensure regular, detailed inspections in the field. Engineers in Dhaka can also quickly communicate with the monitoring teams should there be any queries or issues. The app has been extremely successful to this point, and the development team has now been asked to link financial progress to the physical progress of construction works. Payments will be linked to the bill of quantity directly through forms developed for the app.



RESPONDING TO FORCED DISPLACEMENT: REFUGEES AND IDPS

Forced displacement is a development issue. At the end of 2016, about 65.6 million people were forcibly displaced globally. More than 95 percent of the displaced population live in developing countries. As global poverty becomes increasingly concentrated in specific groups of vulnerable people, supporting the forcibly displaced and their hosts is critical to achieve the Sustainable Development Goals (SDGs) and the WBG's own Twin Goals. The forced displacement crisis thus calls for a collective action by the international community backed by coordination and complementarity of various interventions within a broader framework.

A complementary development approach is crucial in addressing medium- and long-term challenges. The issue of forced displacement has historically been considered as a humanitarian issue. Emergency responses and the rights-based agenda of humanitarian actors have been significant in bringing short-term assistance to the forcibly displaced. While humanitarian assistance remains critical, forced displacement is often a protracted situation and short-term assistance is not sufficient in addressing medium- and long-term socioeconomic challenges. There is a growing recognition that a development approach is crucial in bridging such a gap and is complementary to conventional humanitarian assistance.

The WBG has embarked on a development approach to the forced displacement crisis. The Development Committee paper submitted in April 2016 outlined the urgent need for the WBG and the international community to focus on the development aspects of forced displacement and to leverage its comparative

advantage to address such challenges. For this reason, the WBG is mobilizing a significant amount of resources to respond to forced displacement crises. For low-income countries, the IDA18 replenishment created a new \$2 billion sub-window financing projects for refugees and host communities. The purpose of the sub-window is to help refugee-hosting countries better manage the socio-economic dimension of refugee situations. It aims to provide resources on attractive terms to host countries for medium-to long-term investments that will benefit both refugees and host communities. It also aims to help advance a "progressive" policy agenda through policy dialogue with host governments.

The WBG has been actively engaged in policy dialogue with host governments to operationalize development responses to refugee crises. The WBG has initiated dialogue with the governments of refugee-hosting countries through joint missions with UNHCR. The missions yielded *Forced Displacement Strategy Notes*, a comprehensive document series outlining refugee situations, government responses, and priority areas and the WBG's possible activities to address the challenges. In addition, governments have devised their own action plans to respond to refugee situations in their countries.

There is a significant window of opportunity for a change of policy in many refugee-hosting countries. A host of international conversations over the last few years, which culminated in the September 20, 2016 New York Declaration for Refugees and Migrants, highlighted governments' commitments to shift toward "progressive" refugee policies. The WBG's efforts and resources can provide what

UNDERSTANDING THE POTENTIAL FOR PRIVATE SECTOR SOLUTIONS: KAKUMA CAMP (KENYA)

IFC's FCS Africa program spearheaded a study, "The Consumer and Market Survey of Kakuma Camp," produced with support from the FCV Group and UNHCR. The initiative intends to provide a better understanding of the context and identify entry points for the private sector to deliver necessary goods and services to the refugee and host communities.

Looking at the Kakuma camp as a "market", the study collected data on consumption levels, consumer patterns and preferences, access to finance, telecoms, employment, and business ownership. It showed that while the Kakuma market is, by population, significant, it has low levels of education, access to credit, and mobile penetration. Yet the area provides a diverse number of income and business prospects for both local and refugee populations, supporting household expenditures of KES 5.8 billion (\$56.2 million) per year. The study also shows that interventions will not fully benefit refugees unless they are granted freedom of movement, the right to work, and the right to own property.

Following the study, internal consultations have helped identify potential interventions to improve power provision, access to capital for businesses, and education opportunities in Kakuma camp and town—laying the foundation for private sector initiatives that can harness and strengthen the existing market in Kakuma, and benefit refugee and host communities.

is needed to follow up on these commitments and to ensure that the host governments' intentions are translated into actual policy measures that can make a difference on the ground.

The WBG is also promoting private sector responses to the refugee crises, recognizing the private sector's potential to support economic inclusion of displaced persons and simultaneously strengthen host communities' resilience. In Jordan, WBG efforts have included a project to develop the enabling environment for Syrian refugees

and Jordanians (see below), along with an IFC investment in a Jordanian vocational and technical skills training provider. In Lebanon, IFC recently signed an agreement with the country's largest microfinance institution to design a Very Small Enterprise (VSE) Loan program and a Very Small Equity Product, to cater to the needs of refugees and host communities. In Africa, IFC has completed a study of potential private sector solutions to the refugee presence in Kenya (below), as the first step to engaging the Kenyan private sector to benefit the refugee and host communities.

DEVELOPMENT RESPONSE TO DISPLACEMENT IMPACTS PROJECT (DRDIP) - IN THE HORN OF AFRICA

The development objective of the Development Response to Displacement Impacts Project for Africa is to improve access to basic social services, expand economic opportunities, and enhance environmental management for communities hosting refugees in the targeted areas of Djibouti, Ethiopia, and Uganda. This project has five components:

- 1. Social and Economic Services and Infrastructure** aims to improve access to basic social services and economic infrastructure and improve the service-delivery capacity of local authorities at the target subnational and local levels by financing community and strategic investments as well as capacity-support initiatives. It has two subcomponents: (i) Community Investment Fund; and (ii) Capacity support for local planning and decentralized service delivery.
- 2. Sustainable Environmental Management** aims to ensure that environmental and natural resources are carefully and sustainably managed so they can support current and future needs and livelihoods. It has two subcomponents: (i) Integrated natural resources management; and (ii) Access to energy.
- 3. Livelihoods Program** seeks to improve livelihoods and increase the incomes of refugee-hosting communities based on a market-system approach. It has two subcomponents: (i) Support to traditional and nontraditional livelihoods; and (ii) Capacity support of community-based organizations for livelihoods.
- 4. Project Management, and Monitoring and Evaluation (M&E)** follows a decentralized approach, using existing government structures at the national, subnational, and local levels and community institutions to be established and/or strengthened.
- 5. Regional support for coordination, capacity and knowledge** aims to support the establishment of the Regional Secretariat on Forced Displacement and Mixed Migration, primarily for the Horn of Africa (HoA), but with relevant linkages to the Great Lakes Initiative.

MALI – USING INNOVATIVE METHODOLOGIES TO TRACK DISPLACED PEOPLE

Tracking people on the move is difficult and costly. The security crisis in north Mali created a need to track people while they were on the move to answer urgent questions about their living conditions. By using mobile phone interviews, the Listening to Displaced People Survey collected such information over an extended period, even when respondents moved between locations. Its approach is relevant for many other situations. The instruments, data and metadata of the Listening to Displaced People Survey are publicly available.

RESPONDING TO FORCED DISPLACEMENTS OF SYRIANS AND YEMENIS

As part of its work to respond to the Syrian conflict and refugee crisis, the Bank is supporting provision of essential services. In many countries, health systems have been overburdened by the influx of refugees. In Jordan, the Bank has financed the provision of drugs and vaccines to both Syrian refugees and Jordanians who have been crowded out of public hospitals and has a new \$50 million Jordan Emergency Health project to reimburse the Government of Jordan for the provision of health services to poor Jordanians and Syrian refugees and provide technical assistance and capacity building to improve the efficiency of the health system in the long term. This is part of a larger \$150 million health project which is co-financed with the Islamic Development Bank and is through the Global Concessional Financing Facility. In **Lebanon**, the Bank's support to the health system through the recently approved \$120 million **Lebanon Health Resilience Project** aims to provide a wide range of services to 340,000 poor Lebanese and 375,000 Syrian refugees.

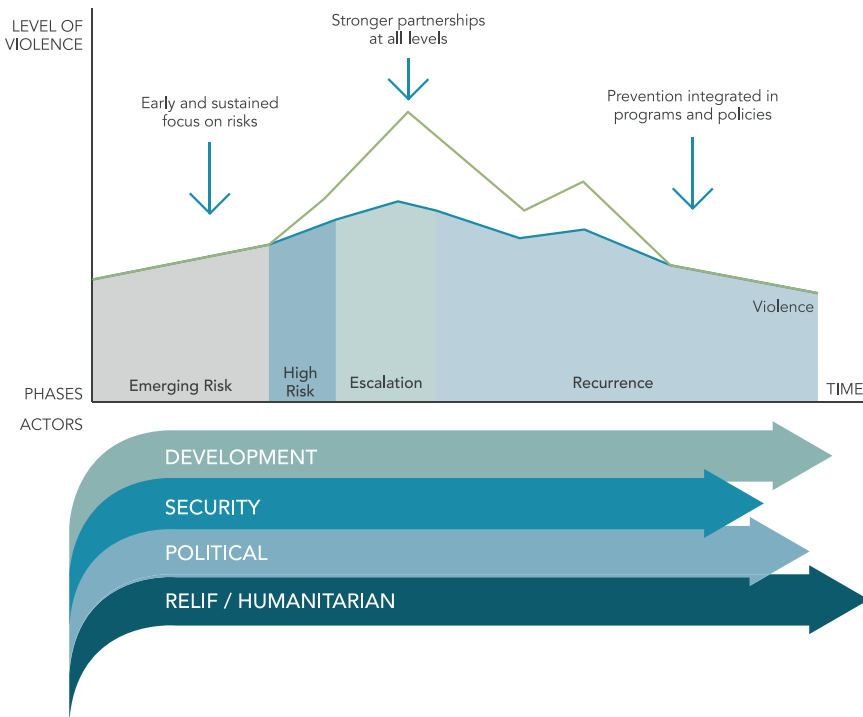
In January 2017, the Bank's Board approved a \$200 million grant to UNICEF and WHO under the **Yemen Emergency Health and Nutrition Project (EHNP)**, which aims to provide basic health and essential nutrition services to seven million people. The Bank is also working with partners in **Libya** to develop an operation that addresses the health needs of migrant refugees and IDPs in the West, East, and Southern regions of the country. The proposed design will explore the options for providing services in public health facilities and detention centers.

BENDING THE PATHWAYS TO PEACE: OPERATIONALIZING THE PREVENTION AGENDA

The priority areas for prevention—better monitoring of grievances, ensuring that contestation is productive by making it more inclusive in key sectors, aligning different institutions to work in concert, and working from the community-level up—should be calibrated to address the type and the level of risk within a society. Sustained prevention requires actions to mitigate shocks or triggers that can strongly influence actors’ calculations and behavior in the short term, while making sustained investments to address deeper structural and institutional risks over the longer term.

Different actions are needed—in situations of emerging risk, high risk and open violence, and in post-violence contexts. This, in turn, requires actors across development, security, political and humanitarian sectors to work more closely together across all levels of risk to capitalize on their comparative advantages so that, even if the immediate circumstances demand a relative balance that emphasizes quick action to prevent escalation of violent conflict, the structural factors underlying that conflict are being addressed too. In the recommended model all actors have a role at all times, while acknowledging that

FIGURE 21: YEARS OF PARTICIPATION



Source: *Pathways for Peace, Inclusive Approaches to Preventing Violent Conflict*.

different actors can be more or less prominent at different times.³⁴ For example, development actors are increasingly playing a larger role throughout cycles of escalating risk, conflict, and recovery, and should continue to do so; while this shift is an important part of sustaining prevention, however, the relative advantages and constraints of development actors means that earlier action at the first signs of emerging risk opens space for using development more explicitly in prevention.

The Pathways report sets out an ambitious agenda for improving the ability of the World Bank Group to effectively manage FCV risks before they lead to violence. It argues that making investments in pre-FCV situations to address horizontal inequalities and exclusion enables national actors to ensure that grievances are managed through productive contestation. And it demonstrates that doing so creates enormous cost savings for both national and international actors that can be invested in people and institutions to create more resilient societies. Finally, the Pathways report shows that, just as traditional methods of prevention—focused on mediation and security—require the perspective, expertise, and resources of development actors to meet the increasingly complex conflicts of today, so too do development actors like the WBG rely on security, diplomatic, and humanitarian actors to achieve the twin goals of reducing poverty and boosting shared prosperity.

These insights lead the way for action along three initiatives, and the World Bank Group is taking action in each one of them. Across the institution, the FCV Group is at the center of the enhanced focus on prevention and preparedness to better manage heightened global challenges and escalating risks through the following:

- 1. First, development policies need to address grievances around social and economic exclusion,** which can create fertile ground for mobilization to violence. Institutions also need to improve efforts to reinforce inclusion. Participation of women and youth in decision-making – as well as long-term policies to address the economic, social and political aspirations of young women and men – are fundamental to sustaining peace at all levels.

The FCV Group, in partnership with GSURR, is deploying innovative approaches that can serve as the basis for ensuring that development interventions in high-risk situations respond to exclusion-related grievances. Survey tools with specific perception components attached to them have proven valuable in informing prioritization of national development strategies that cut across security, peace and development dimensions. Such tools have been used successfully to inform policy dialogue in the Central African

³⁴The prominence of the role of any actor, relative to others, is indicated by the thickness of the lines that run along the x-axis.

Republic, for example, where the use of perception data was instrumental in the design and finalization of the 2016 National Plan for Recovery and Peacebuilding, which focused on the three interlinked priority pillars of (i) supporting peace, security, and reconciliation (ii) renewing the social contract, and (iii) promoting economic recovery.

Significant progress has been made in applying new information and communication technologies to collect perception data in hard-to-reach or inaccessible locations; such data illuminate changing patterns of behavior that can inform the risk of violent conflict. Working closely with operational task teams, the FCV Group is helping to strengthen monitoring efforts to harness these technologies to access remote and conflict-affected areas, where exclusion is likely to be the worst.

2. Second, governments hold the primary responsibility for prevention, but civil society, the private sector, international and regional organizations – among others – need to be included. The study emphasizes that successful prevention is built on coalitions of various actors. The private sector is already playing a key role in post-conflict reconstruction, and it has the potential to play an equally important role in prevention, which development partners can support.

Innovations to the joint WB-UN-EU-World Bank Recovery and Peacebuilding Assessment is one way that the FCV Group is developing multi-stakeholder platforms that provide an inclusive process to support dialogue and participation of a broad range of stakeholders to identify, prioritize and sequence recovery and peacebuilding activities. The goal is not a technical output but a joint narrative and framework for needs and prioritized interventions. Currently used mostly during and immediately following conflict, these kinds of approaches should be brought upstream and developed into joint platforms for prioritizing risk. The example of Cameroon shows the value added that

this approach offers for violence prevention; there, the Recovery and Peacebuilding Assessment (RPBA) methodology has been used successfully to help the government respond to subnational pressures and prevent an escalation and spillover of the security and displacement crisis created by Boko Haram.

3. Third, global issues play a significant role in today's conflicts, creating stress and triggering violence in tense environments. Climate change, demographic transition and migration, illicit trafficking, and advances in communications technology need to be considered in prevention efforts at the country and global levels.

Innovations like the Global Crisis Management Platform (GCMP), in collaboration with the United Nations' Peacebuilding Fund, enable the multilateral system to strengthen synergies on risk mitigation and crisis management to provide solutions across the spectrum of interrelated risks and vulnerabilities facing the countries today. Platforms like the GCMP can provide an opportunity to leverage the existing prevention mechanisms of international partners as well as more collective risk prioritization and management as the basis for the coordination to address global systemic challenges for prevention. Such collaboration can bring strategic decision-making, joint analysis and planning together with the financial means for implementation, and provide the platform for driving strategic discussions with governments on country- and region-specific risks and opportunities.

Prevention also entails taking the long view, engaging early to address risks when development policies and programs can achieve the best results. And when crises do happen, this approach calls for staying engaged to help prevent societies from falling into violence. During conflict, it is key to help to prevent escalation and protect essential institutions that will be needed to build the peace. Long after the violence ends, development efforts are needed to avoid a relapse.

SOMALIA AND SOUTH SUDAN – MONITORING PRICE DATA

A High Frequency Survey was used to better understand fragility by tracking product and exchange rate prices disseminated in a public dashboard. This provides an early warning system for economic shocks. It helps to understand the volatility in purchasing power of households and relates conflict and economic shocks through prices on households.

THE SAFER MUNICIPALITIES PROJECT IN HONDURAS

The project is improving the capacity of national and local authorities in their efforts at violence prevention, and addressing the risks associated with crime and violence in selected municipalities. The project has been successful in implementing an innovative methodology for preventing violence, through the construction of safe routes, installation of lighting, and the improvement of educational centers, sport facilities and public spaces, benefitting more than 30,000 people. By targeting certain groups such as women and youth, community leaders and fathers, the project has improved social cohesion and reduced both risk for and actual levels of violence with intervention in areas including substance abuse, unemployment, interpersonal violence, male identity and pervasive social norms, using the successful violence prevention model SASA!.

CENTRAL AFRICAN REPUBLIC - AGRICULTURE REHABILITATION AND RECOVERY PROJECT

This \$25 million IDA project is currently under preparation with a Board date planned for July 2018. **The project aims at transforming subsistence farming into commercial smallholder agriculture** and promoting agribusiness to create jobs for youth. The project intends to reduce cross-border conflicts caused by a crisis of pasture land in Chad, Sudan and Cameroon and reduce conflicts between herders and farmers. The project will also include the rehabilitation of rural roads and related infrastructure (such as storage facilities). This will be critical to the reconstruction of the agricultural sector. This pathway could contribute to break the cycle of violence.

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The Peace Lens approach involves a set of topics for discussion and analysis to be included in the dialogue between country management and task teams, mainly at the project inception and concept stages. Topics are based on a list of principles of good engagement in an environment of a transition towards peace, considering the Colombian context (i.e., upper middle-income country not completely reliant on ODA, isolated regions suffering from violence, social and economic exclusion, high levels of inequality, presence of illegal armed groups and economies, etc.), and the commitments associated with the negotiations between the Government and the FARC-EP.

The topics developed as part of the Peace Lens are designed to help task teams address the complexities of the transition to peace and its relation to Bank operations, by identifying location-specific conflict drivers, key stakeholders, risks, mitigation measures, and opportunities to increase a project's impact on peace-building.

The Peace Lens allows a better understanding of local, regional and national dynamics and peacebuilding perspectives from the past and present:

- Using the Peace Lens, task teams can better **identify the risks to operations coming directly from the political and social conditions** of both the area where the project will take place, and the national context. This allows them to implement mitigation measures and to achieve better results;
- The application of the Peace lens **reduces the risk of feeding violent cycles**, avoiding empowering specific actors who are part of political, armed or social power disputes; and
- It also **increases the impacts of the project by making it more adaptable and resilient to changing political and security conditions**, encouraging the reduction of inequality among regions and population groups, increasing accountability and participation, and allowing economic development to benefit more people.

ENGAGING WITH NON-TRADITIONAL STAKEHOLDERS

Addressing the increasing complexity of violent conflict requires coherence and complementarity of actions across the humanitarian, development, peacebuilding and security divide that encompasses political, security, human rights, economic and social dimensions. These dimensions speak to the complementarity between the UN and the World Bank Group (WBG) mandates. Over the last decade, the relationship between the UN and WBG in fragile situations shifted from competition to cooperation and coherence both at headquarters and country levels. The partnership has been enabled by special instruments such as the UN-WB Fragility and Conflict Partnership Trust Fund. Moreover, there is the experience of working jointly on complex issues such as forced displacement and recent famine response. The need for stronger collaboration was emphasized in the 2017 UN-WB Partnership Framework for Crisis-Affected Situations signed by the Secretary General and World Bank President on 22 April, which also responds to the call by member states for closer UN-WB collaboration across the humanitarian-development-peace (HDP) nexus. At country level, the WB-ICRC (International Committee of the Red Cross) collaboration on Somalia famine response, and WB-UNICEF/WHO partnership in Yemen to deliver basic services exemplify the growing engagement with partners to deliver results in FCV contexts.

The relationship between the WBG and UN humanitarian agencies is therefore stronger than ever. The objective is to implement the framework at all levels, especially at the operational level. In addition to International Financial Institution (IFI)/UN partners, other stakeholders – including civil society organizations (CSOs), faith-based organizations, foundations, and private sector partners – are integral to the crisis management ecosystem. In a joint statement during the 2017 Spring Meetings, the UN Secretary General and the WBG President reiterated the stance of a group of 50 leaders who represented a variety of development partners, including NGOs, signaling the need for greater urgency in the international community's approach to famines and fragility. More effort is required to fully understand ways in which the WBG can collaborate systematically and effectively with INGOs and other humanitarian actors. The Bank envisages a broader engagement with such groups in order to carry out more effective conflict prevention and response.

To ensure greater coherence and effectiveness in its engagement on the FCV agenda, the World Bank Group is exploring how engagement with INGOs can be made more systematic in crisis and conflict settings. Issues relating to the specific conditions in which engagement with INGOs is merited, along with the possibilities of using

WB-ICRC COLLABORATION

In 2017, Somalia was one of the four countries that were threatened by famine

(together with South Sudan, Nigeria and Yemen). Even though large-scale famine was eventually prevented, many people remained in need of assistance and the risk of severe food-insecurity persisted in many areas. Given the arrears outstanding on its international debt, including to the World Bank, the Federal Government of Somalia was in non-accrual status and not eligible for International Development Association (IDA) financing. However, the WBG Board recognized the pressing humanitarian needs and agreed to take action to save lives and restore the livelihoods of communities threatened by famine. It was therefore decided to support the International Committee of the Red Cross (ICRC) with a grant of \$20 million coming from the IDA Crisis Response Window. This is the first time the Bank is providing direct financing to the ICRC, whose neutral, impartial and independent approach to humanitarian work allows it to serve communities in some of the most remote and difficult areas of the country to reach. The Bank's support to the ICRC resulted in distribution of food rations to tens of thousands of families, rehabilitation of water infrastructures and access to drought-related health services for nearly 40,000 people.

pre-defined selection criteria and scope of collaboration, need to be addressed. Other aspects of working with INGOs—including legal and fiduciary issues, safeguards, and risk mitigation measures – also require a comprehensive practical approach. This line of work will be informed by taking stock of past and current World Bank engagement with INGOs, and by drawing upon experience from other donors.

Engaging private sector actors in FCS is an essential component of Maximizing Finance for Development. Beyond its private sector

clients, IFC also engages with other non-governmental stakeholders in FCS to facilitate greater private sector activity. This engagement takes various forms: for example, the Public-Private dialogue program, led by the joint IFC-WB Trade & Competitiveness Global Practice (T&C GP), has worked in many FCV-affected contexts to facilitate private sector participation in dialogue on policy reform and development agendas; and IFC invests in some INGOs that seek to promote economic opportunities in FCS through financing models, such as FINCA International, a network of microfinance institutions.

DEMOCRATIC REPUBLIC OF CONGO - PROVIDING BANKING SERVICES TO LOW-INCOME CUSTOMERS

IFC, in partnership with the microfinance institution FINCA International, developed a network of Digital Financial Service agents to provide banking services to low-income customers. Bringing formal banking services to those without access to financial services particularly benefits women, who are more likely than men to be excluded from access. During the network's roll-out, it was discovered that working with women agents helped FINCA to connect with more people without access to formal banking services. Furthermore, factors such as the location of women's businesses and how women handle finances had an impact on the growth of the company. IFC and FINCA joined forces under the Partnership for Financial Inclusion, a \$37.4 million joint initiative of IFC and The MasterCard Foundation, to expand microfinance and advance digital banking services in Sub-Saharan Africa. In a country where only 8 percent of registered firms are owned by women, FINCA has been successful in recruiting female business owners as agents and has recruited women into 27 percent of agent positions in Kinshasa.



LEVERAGING KNOWLEDGE AND PARTNERSHIPS FOR IMPACT

In a context marked by a global urgency to end violent conflict, the prospective near doubling of IDA18 resources for FCV presents both unique opportunities and challenges for the Bank. The need for ‘know how’ to do things differently in fragile states, and WBG thought leadership on FCV, are essential. Knowledge and analytics are the core DNA of the institution and a key comparative advantage of the Bank. To ensure it remains a key player in this agenda, meeting the demands for sophisticated and timely products, reaching top level government decision makers, disseminated adequately, the Bank will also need to deepen its partnerships and collaborations globally.

The Bank has accumulated a wealth of information on what works and what does not work in FCV. As described in the Strategy Update to the Board in May 2016, the WBG is ramping up its efforts to ensure effective engagement on FCV issues. Building on the WBG’s convening power, global technical and analytical expertise and financing instruments, the main objectives of the FCV group are to improve the effectiveness of the WBG’s response in countries affected by FCV, through transformational knowledge and partnerships.

First, the WBG is deepening partnerships in FCV by partnering with bilateral and multilateral agencies on both a global and a country level. This includes the new humanitarian-development partnership with operational UN agencies such as UNHCR, WFP and UNICEF, and joint analytics at both global and country level (UN-WB flagship study on prevention of conflicts, UN-WB-EU Recovery and Peacebuilding Assessments, etc.); and at regional level working with the EU, developing a joint work program with

MDBs on forced displacement; and working with local and international NGOs and non-governmental organizations, especially in areas with limited government capacity and insecure environments. The FCV Group is also working closely with the International Network on Conflict and Fragility (INCAF), G7+, and bilaterally through strategic consultations, sharing of data, assessments, and identification of areas of further collaboration to increase the impact, relevance and effectiveness of WBG’s operation in FCV situations.

Second, the Knowledge Strategy put in place by the FCV Group aims to enhance the development effectiveness of Bank operations in environments affected by fragility, conflict and violence, and to establish the WBG as a leading knowledge source, a strong advocate, and an influencer on FCV issues globally. The FCV Group’s knowledge vision is to foster an environment that encourages the creation, sharing and effective application of knowledge to improve WBG engagements in FCV; (ii) to develop mechanisms for creating, sharing and using knowledge. The FCV Group’s learning vision is to foster an empowered team of staff with access to reference materials and capacity to analyze the specific FCV context to formulate and support the implementation of fit-for-purpose solutions.

Specifically, the Bank has developed a training program that aims to provide staff with access to reference materials and capacity to analyze the specific FCV context to formulate and support the implementation of fit-for-purpose solutions. It will focus in priority on WBG Staff (including in HQ and in-country, Regions, GPs) but may also include staff from external partner

agencies (e.g. UN, bilateral donors, INGOs) on an ad hoc basis. The priority is to support IDA18 implementation and scaling up; but also, to ensure WBG operational effectiveness in FCV contexts in MICs and other situations.

The revamped FCV knowledge and learning strategy will combine live events, e-learning, face-to-face courses, clinics and other knowledge exchange opportunities around three pillars: (i) the global intellectual leadership and influence of the FCV Group; (ii) the capture and dissemination of past and new knowledge for effective WBG engagement in FCV; (iii) enhancing staff capacity.

The proposed learning program is meant to provide staff with key policy, operational and strategic guidance in areas critical to working in the unique circumstances of fragility, conflict and violence; and, to build the necessary staff skills to respond to such challenges. The program will integrate: (a) online information on the FCV portal with research materials, toolkits, and best practices, as well as about the different kinds of support from the FCV group to teams; (b) an introductory online e-learning covering basic foundational fragility, conflict and violence concepts; (c) a face-to-face and peer-driven core course on strategy, programming and implementation; and (d) a series of clinics involving in-depth training on subject matters covered in the core course and thematic deep-dives in collaboration with GPs/VPIs. Activities at the core of this pillar will include: FCV Core Curriculum (e.g., FCV 101 eLearning covering basic foundational FCV concepts, approaches, and tools and TTL Training Core Course) and Clinics and in-depth technical training (e.g., Responding to Forced Displacement, Recovery & Peace Building Assessment, Risk & Resilience Assessments).

As for the overall WBG's knowledge and learning strategy, FCV's K&L approach will be supported by: (i) implementing a standardized way of getting knowledge to flow; (ii) creating clarity around roles and responsibilities for knowledge management at all levels of staff (including senior management); (iii) building a new incentive structure around knowledge-sharing; and, (iv) putting in place a rationalized, simplified, suite of tools that underpins our knowledge management for operations. Key enablers to the implementation of the strategy will include external knowledge partnerships, the launch of communities and networks for knowledge generation and sharing (e.g., Communities of Practice), modernized IT Platforms; and, the leveraging of other WBG Knowledge & Learning Offerings across the WBG.

Finally, a key objective of the FCV knowledge strategy is to foster an environment that encourages the creation, sharing and effective application of knowledge to improve World Bank Group engagements in FCV. The upcoming **FCV Operations Portal** will be a key component of this commitment to help staff deliver more effectively. This portal will provide the latest policy, guidance and approaches for staff working in FCV environments.



Section 4

Operationalizing the WBG approach in FCS: Global Practices in Action

FINANCE & MARKETS GLOBAL PRACTICE

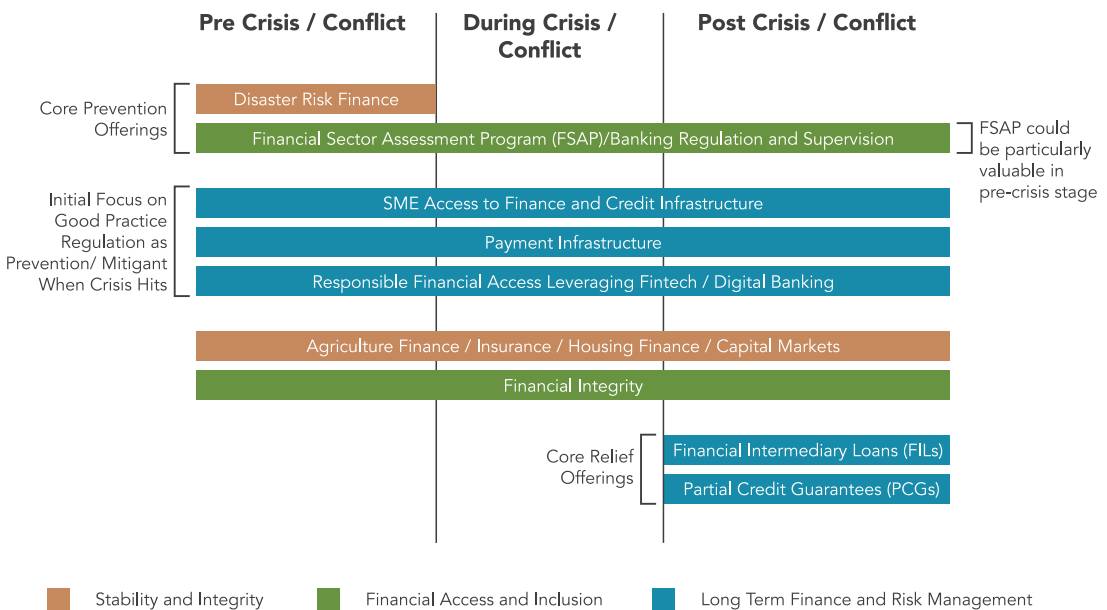
A. STRATEGIC APPROACH

The Finance & Markets Global Practice (F&M GP) supports the WBG’s achievement of the twin goals by contributing to stable, deep, diversified, efficient, and inclusive financial systems. The Global Practice works in FCV environments in all regions and across all three of its global solution teams through supporting initiatives to strengthen financial stability and integrity, access and inclusion, long-term finance and risk management. It provides the full range of financial, analytical, advisory, and convening services. The main focus remains on developing critical foundations in the form of strengthened supervisory capacity,

financial infrastructure and integrity, while also working on improving financial access for SMEs and individuals, including those in the agricultural sector.

While most F&M interventions span all three stages of the conflict continuum (pre-, in-, post-conflict), there is an increased focus on prevention through mitigation and assessment. Financial losses from natural and man-made disasters continue to rise, with the greatest impact on developing countries and their low-income populations. With FCV countries often among the most exposed to a high risk of adverse environmental and natural disasters, there is a significant need to invest in early prevention measures to build resilience and address underlying crisis risk factors and stresses.

FIGURE 22: LENDING PIPELINE



³⁵ Note that three GPs in EFI – F&M, MFM and T&C – were merged into two GPs – Macroeconomics, Trade and Investment (MTI) and Finance, Competitiveness and Innovation (FCI) – effective January 1, 2018.

F&M provides financing and technical assistance to help mainstream disaster and climate risk management policies into country-level strategies, centered around the concept of risk layering. These strategies rely on an optimal combination of domestic disaster contingency (to cover recurrent, moderate disasters),³⁶ contingent credit lines such as Catastrophe Deferred Draw-Down Options (CAT DDOs) and similar instruments from other development partners (to cover less frequent, more severe disasters), and catastrophe risk transfers such as insurance or cat bonds (to cover infrequent but severe disasters). Countries can also join forces to develop regional solutions as was the case with the Pacific islands having established a regional catastrophe risk pool, following the example of the Caribbean islands in 2007.

Financial Sector Assessment Program (FSAP) assessments, introduced in the wake of the Asian financial crisis of the late 1990s are the only regularly updated diagnostic vehicle that provides an independent assessment of the stability, vulnerability and development of a country's financial sector with a view to strengthen the monitoring of financial systems.

National Payments System (NPS) underpins the efficiency of the payment flows in any economy. Developing or restoring the NPS will strengthen the effectiveness of crisis response by facilitating relief efforts through cash transfers to help affected people recover from the impact of a crisis. Recent examples of World Bank interventions in this space include the response to the earthquake in Haiti and the payment of hazard incentives to Ebola response workers.

Promoting SME access to finance is a critical component of facilitating private sector growth. To improve access to credit for SMEs, F&M teams also support countries in building

legal and regulatory frameworks, and related infrastructure to establish credit infrastructure to improve credit bureaus, movable collateral registries (MCR) and modern insolvency regimes. F&M GP recently helped Liberia establish a modern MCR regime, facilitating more than \$230 million of financing.

F&M supports access to finance in innovative ways. Three FCV countries – Myanmar, DRC, and Côte d'Ivoire are on the priority list for the **universal access to finance initiative** – where national financial inclusion strategies set the approach for reaching this goal.³⁷ Developing a regulatory basis for digital financial services/mobile money as the driver of financial access is an often-used assistance strategy, which could then also be leveraged and used effectively during post-crisis humanitarian relief responses. Equally relevant, financial inclusion is critical to reduce isolation and increase opportunities at the household level. Financial inclusion is a tool for empowerment and citizen's participation, as demonstrated in Haiti.

Illicit financial flows (IFF) are one of the main transnational drivers of vulnerability of state institutions and instability as they perpetuate poverty and erode resources of developing countries that could be used to fund essential services for people, such as health and education. Sustainable Development Goal (SDG) 16 sets a target to "significantly reduce illicit financial and arms flows ..." F&M interventions support countries to improve financial integrity and governance systems to ensure compliance with international standards; to strengthen anti-money laundering (AML) and combating the financing of terrorism (CFT), asset disclosure and other corruption prevention systems and tools; and to assess national AML/CFT risks.

³⁶ Sovereign Climate and Disaster Risk Pooling: World Bank Technical Contribution to the G20. World Bank Group, 2017. <http://documents.banque mondiale.org/curated/fr/837001502870999632/pdf/118676-WP-v2-PUBLIC.pdf>

³⁷ See <http://www.worldbank.org/en/topic/financialinclusion/brief/achieving-universal-financial-access-by-2020>

Financial instruments are also effective in a post-conflict period. Depending on market conditions prior to and in the aftermath of a crisis, Financial Intermediary Loans (FILs) and/or partial credit guarantees (PCGs) can be powerful instruments to help mitigate banks' financing shortfalls. PCGs can also help rehabilitate the productive sector, as many firms will have lost collateral or have difficulty accessing financial resources for reconstruction. Ultimately, either a FIL or PCG can serve to support economic growth through enabling eligible financial institutions to issue new loans or restructure existing loans without damaging their asset base, since credit risk could be shared with the partial credit guarantor. Bosnia and Herzegovina was one country where this instrument was recently offered to mitigate the impact of natural disaster.

B. PORTFOLIO & PIPELINE

The F&M portfolio in FCV has been relatively stable over the last several years.

At the end of last FY, the practice had 75 active

projects in 27 FCV countries (out of total of 35). The current pipeline is consistent with the overall GP's strategic approach and types of offerings.

C. INNOVATING FOR IMPACT

Working with the private sector

In the **West Bank and Gaza**, the F&M GP is piloting innovative financial interventions to incentivize private sector investment and job creation, through the launch of a Development Impact Bond (DIB). The DIB focuses on enhancing the skills of the Palestinian workforce in a more market-driven way to foster improved job outcomes. This is arguably one of the most advanced use of impact bonds to engage the private sector in an FCV environment today. In addition to \$1.5 million for DIB outcome payments, the State and Peacebuilding Fund also supports the impact evaluation of this financing innovation with an additional \$0.5 million grant.

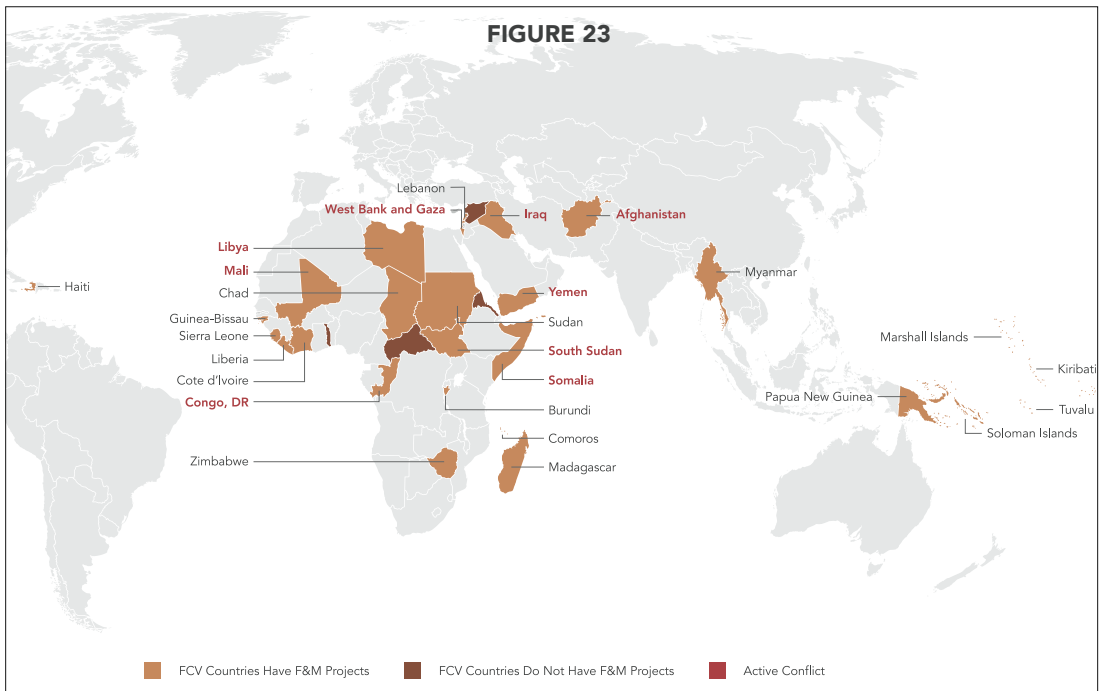
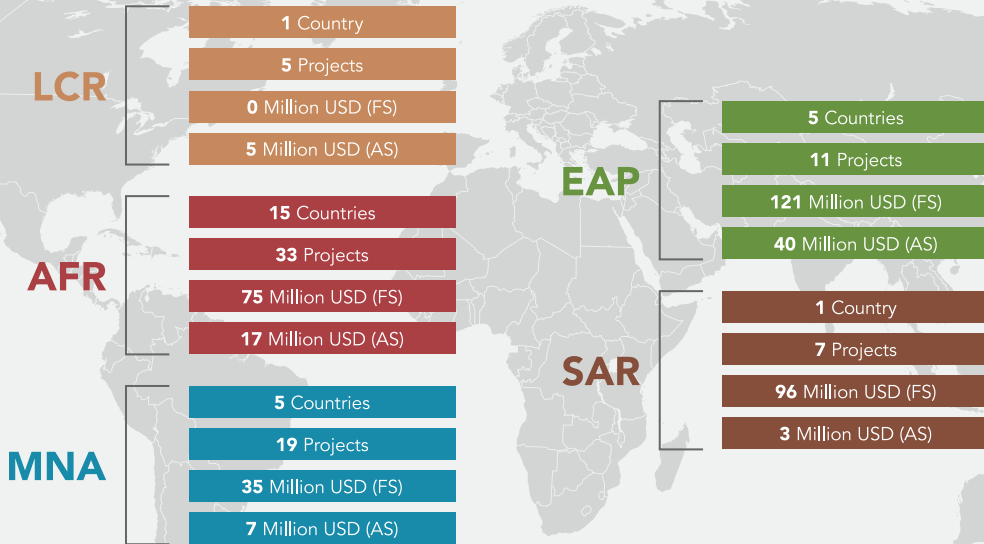


FIGURE 24: PRESENCE OF F&M IN FCV COUNTRIES: NUMBER OF COUNTRIES, PROJECTS, AND VOLUME OF FUNDING BY REGION



FS = Financial Services (lending projects) AS = Advisory Services and Analytics

FIGURE 25: NUMBER OF ACTIVE PROJECTS IN FCV COUNTRIES BY TYPE OF SERVICE

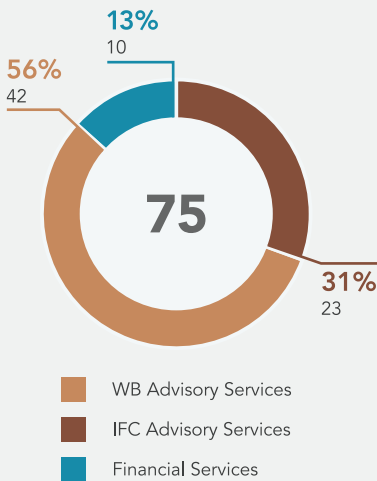


FIGURE 26: NUMBER OF FCV COUNTRIES WITH ACTIVE PROJECTS

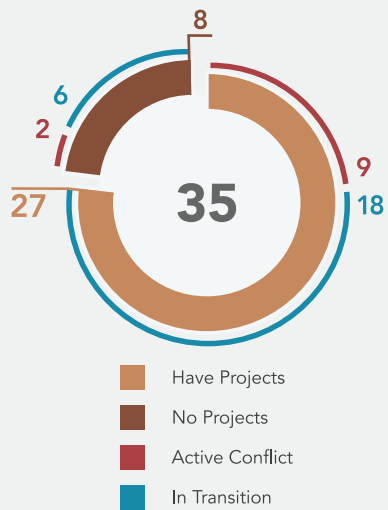
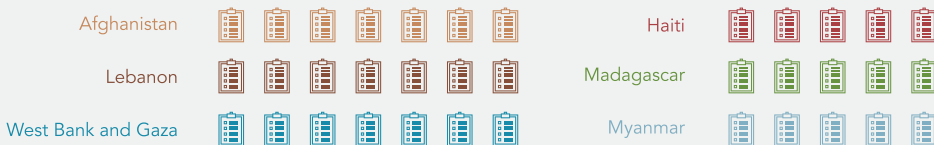


FIGURE 27: TOP 6 COUNTRIES BY NUMBER OF ACTIVE PROJECTS



GOVERNANCE GLOBAL PRACTICE

A. STRATEGIC APPROACH

Governance issues are at the heart of the challenges confronted by many countries affected by fragility, conflict and violence (FCV). Building resilient and accountable institutions capable of resolving conflict in non-violent ways and delivering public goods are critical to transforming dynamics and placing countries on pathways towards durable peace and development.

In FCV, accountability mechanisms are challenging since information in general, or neutral information in particular, may be lacking, civic mobilization is impeded by the absence of a social contract, and inclusive interfaces are difficult to establish. Open government reforms such as deliberative transparency, citizen engagement, and freedom of information laws that facilitate inclusive decision-making processes, strengthen accountability, and build citizen stakeholders' capacity to engage in development dialogue are nonetheless crucial to rebuild trust, and in many different contexts, such reforms have been supported. Transparency, civic mobilization and inclusive interfaces must be supported in parallel. Promoting the free flow of information depends on such factors as an enabling environment (rules and legislation related to improving transparency, access to information and open data), reducing information asymmetries by supporting disclosure of key data (including budget data which can also be analyzed along specific fault lines such as regional breakdown of expenditures), supporting independent accountability institutions (ombudsmen) and a free environment for the traditional and new

media. Promoting civic mobilization depends on such factors as support to organically formed associations and clear selection criteria emphasizing the internal governance of CSOs to involve them in the design, implementation and oversight of projects. State-citizen inclusive interfaces are promoted by such measures as supporting national and local level spaces for engagement and dialogue that bring state and non-traditional stakeholders (including the private sector) together to discuss core development priorities.

The Governance Global Practice (GGP) plays a crucial role in this regard, through its own portfolio but also its collaboration and participation in other sector-led operations. The complexity and volatility of FCV calls for different approaches. The GGP portfolio has evolved from a lending-centric model towards a problem-solving and evidence-based approach that seeks to improve results by identifying sustainable improvements in the public-sector results chain. This is even more relevant for FCV. GGP is engaged across the board, with particular focus on:

- **Understanding and engaging on the drivers of fragility.** The *World Development Report 2017: Governance and the Law* highlights the role of governance including the role of sanction and deterrence, power-sharing, wealth redistribution, and dispute resolution, to prevent or mitigate violent conflict. The ongoing operationalization of the WDR opens up stronger entry points for such support, building on the GGP's solid track-record in problem-driven political economy analysis and its experience in supporting the justice sector, among others.

- **Building core institutions.** The GGP is innovating its approaches in post-conflict countries. Recurrent cost financing and PFM operations (CAR, Somalia) aim at re-establishing core public sector management functions – including domestic revenue mobilization - at a critical time. Where political cohesion is weak, selective and asymmetric reform strategies, although not a panacea, can reduce resistance, seeking to build “islands of effectiveness” (Afghanistan). In the security sector, in close partnership with the UN, GGP is answering governments’ requests to examine the effectiveness, efficiency, and sustainability of public spending in the security sector in various situations of fragility: high rates of crime and urban violence (El Salvador, Mexico), fragile transitions with a large peacekeeping presence (Liberia and Somalia), external threats and crises (Mali, Niger).

- **Delivering public services and supporting private sector development.**

Two recent examples illustrate innovative approaches. Operationally, GGP is assessing the potential of Program-for-Results (P4R) funding in providing institutional development support to address service delivery bottlenecks and incentivize concrete service delivery outcomes in fragile contexts (Sahel region). Analytically, a recent report, *Social Delivery in Violent contexts*,³⁸ studies how bargains (collusion, rent-sharing) between insurgents, service providers and local elites influence service delivery and offers insights on how different forms of violence are more or less amenable to negotiating such bargains. In low-capacity environments, services will typically be partially delivered by private actors. However, even when the state does not

deliver services itself, it needs to set and enforce standards, be accountable to citizens, and create an environment conducive to the private sector. Regulatory predictability, transparency and consistency are key when private sector stakeholders consider investments. The GGP is developing guidance material and a toolkit for “Governance of Regulators” in FCV. The aim is to support crowding in of private sector investment in FCVs through a more transparent and predictable regulatory environment, thus enabling the “Cascade” effect.

- **Providing fiduciary assurance while strengthening country systems.** An increased focus on the balance between “capacity fixes” and “institutional sustainability” will promote the avoidance of harmful practices that arise from parallel delivery structures in FCV settings. Developing basic country fiduciary systems for the medium term is paramount (Liberia). The use of third party fiduciary monitoring (South Sudan, Somalia) is both a necessity and a strategic choice to support more accountable and open government systems. The Bank is exploring the prospect of adopting “SMART” fiduciary solutions which allow for real time oversight, transparency and accountability on the use of funds and which would complement the traditional Ex-Post techniques. Smart Fiduciary would facilitate community engagement and feedback loops with users of the services provided.

A special theme of Governance and Institutions for IDA18 allows the WBG to deepen its engagement and develop the tools necessary for identifying the entry points for sustained reform. The WBG has provided significant resources under previous

³⁸World Bank 2017.

IDA Replenishments to support public sector reform and strengthen institutional capacity. Under IDA18, the WBG proposes a set of “enhanced” interventions that: (i) build an integrated “One WBG approach” to strengthening Governance and Institutions with greater synergies with other special IDA themes; (ii) leverage opportunities provided by the new Global Practices model to mainstream governance in sectors; (iii) support global demand for policy reforms in Tax, and Illicit Financial Flows (IFFs); and (iv) Pandemic prevention. Specifically, IDA18 will focus on the following Governance and Institutions policy actions:

- Increase domestic resource mobilization (DRM) by conducting Tax Policy Assessment Frameworks in 6 IDA countries by FY20, of which 2 are in FCV;
- Improve public expenditure and financial management (PEFM) through an increase in the coverage of IDA countries that undertake Public Expenditure and Financial Accountability (PEFA) assessments to inform preparation of their Systematic Country Diagnostics (SCDs);
- Increase coverage of Open Contracting principles in IDA countries (including preliminary procurement assessments), leading to improved disclosure of contract data and compliance with international open contracting transparency standards;
- Perform IFF assessments in 10 IDA countries by FY20;

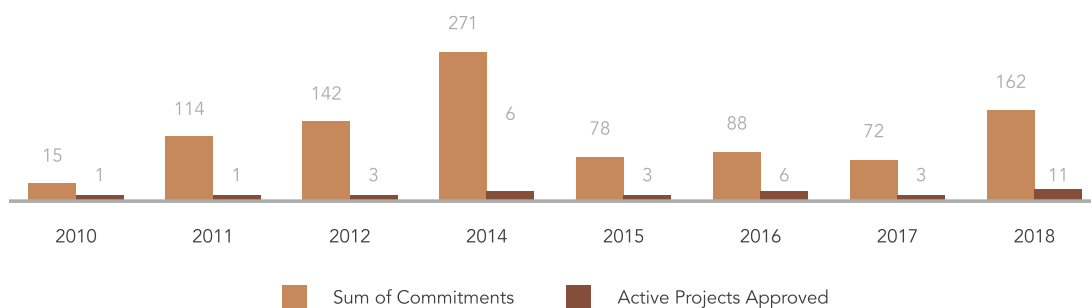
- Support at least 10 IDA countries on enhancing service delivery performance in State-owned Enterprises (SOEs) through: (i) Performance Agreements and/or (ii) increased Transparency through Annual Published Independent Audits;
- Support health institutional capacity to respond to pandemics by supporting 15 IDA countries to develop pandemic preparedness plans;
- Develop frameworks for governance and institutional arrangements for multi-sectoral pandemic preparedness, response, and recovery in 15 IDA countries.

B. PIPELINE

The GGP has 24 active operations in 13 FCS countries, with net commitments of US \$5.4 billion, including \$400 million in IDA funding.³⁹ Except for one Development Policy Financing (DPF) project in the Central African Republic, all projects are Investment Project Financing (IPFs). 71% of active projects are in the Africa Region, and 21% in South Asia. The bulk of these engagements involve Administrative and Civil Service Reform and Public Expenditure and Financial Management (PEFM), and notably, provision of recurrent cost financing in emergency situations. Other areas of intervention include decentralization, capacity building for more effective service delivery, tax policy, and justice reform.

³⁹ Total of US \$ 5.4 billion includes the US \$ 4.5 billion Afghanistan Umbrella Trust Fund, managed by the GGP, which funds projects across sectors in the country.

FIGURE 25: NUMBER OF ACTIVE PROJECTS IN FCS COUNTRIES - BY FY OF APPROVAL, AND SUM OF COMMITMENTS (\$M) (FY18 IS PLAN AS OF SEPTEMBER 1, 2017)



Note on Graph: Please note that the Umbrella TF for Afghanistan (\$ 4.5 Billion approved in 2002) is not included in the graph, as it is an outlier in terms of volume.

The FY18 pipeline in FCS: 11 projects - with net commitment of US \$162 million (all IDA funding) - represents a significant increase in the GGP’s FCS engagement, compared to previous FYs.

AFR leads the regions with six operations, followed by EAP with two, and LCR, MNA, and SAR with one each. All operations are IPF, excepting a follow-up DPF in CAR. Core issues of improving public financial management (PFM), and strengthening capacity for service delivery, remain the cornerstones of GGP lending operations in FY18. New operations are placing increased focus on domestic resource mobilization (beyond simply improved tax policy; e.g. in Chad and Afghanistan), and citizen security and accountability (Haiti, Liberia). There is also a focus in Afghanistan on adopting a programmatic approach to PFM which will see the consolidation of projects in the portfolio.

Global Partnership for Social Accountability (GPSA) and Fragility. The GPSA is playing its part to ensure that citizens’ voices are heard in FCV. Boosting its FCV portfolio, initiated with a grant in the DRC, GPSA launched in February

2017, in partnership with the FCV CCSA, a pilot to develop resilience and mitigation approaches in Guinea, Nepal, Niger and Tajikistan, as well as an initiative focused on addressing the spillover effects of the refugee crisis in Jordan. Through these interventions, the GPSA is demonstrating the importance of social accountability to restore trust and governance in fragile contexts, and is testing new approaches to expanding effective citizen engagement in fragile contexts.

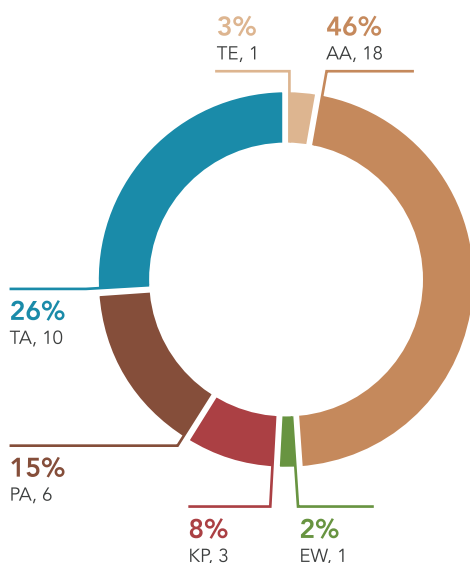
Nordic Trust Fund – Human Rights in FCV.

Since its inception in end-2008, the Nordic Trust Fund (NTF) has helped the Bank develop an informed view of the relationship between human rights and the work of the Bank. Areas of support span a broad range of themes and situations: support to increase participation and a more transparent way of targeting in Sudan, studies looking at human rights and civil registry in various FCV contexts in Africa, the involvement of religious leaders in sexual and reproductive health rights in the Sahel Region, promotion of the right to education in Haiti through coordinated data collection, intervention design and stakeholder

engagement, improvement of minority children’s participation in education in Kosovo, support to the Myanmar CMU to conduct an analysis of the interaction between human rights and Bank operations in the country, and improvement of the representation and participation by Indigenous Peoples in DRC. Moreover, the NTF supports the Transitional Demobilization and Reintegration Program (TDRP) work with the African Union to provide assistance on integrating a human-rights based approach in the disarmament, demobilization and reintegration of former combatants, with a specific focus on DRC, CAR, the Chad Basin countries, Somalia, and Guinea-Bissau.

On the knowledge and learning side, GGP has 39 active Advisory Services and Analytics (ASA) projects in 23 FCS countries, covering all product lines, and representing a wide range of core public sector issues. Analytic sector work is the most dominant product (19 of 39 tasks), including traditional work such as Public Expenditure Reviews and Public Expenditure and Financial Accountability (PEFA) assessments, along with new areas of engagement such as PforR Readiness Assessments (Mali), study on citizen engagement (Togo), and analysis of Governance and Political Economy (Comoros). The GGP is also providing 10 technical assistance products, ranging from strengthening mining governance in Sierra Leone, to urban safety in Port Mosby (Papua New Guinea), to ensuring accountability using ICT in the education sector in the Democratic Republic of Congo. Complementing these are longer-term programmatic engagements, e.g., governance analytics in Solomon Islands, technical assistance (TA) on municipal PFM in West Bank and Gaza, and TA on capital budgeting in Zimbabwe (Knowledge Products [KP] and External Training [TE] are only small parts of the ASA portfolio).

FIGURE 26: GGP ACTIVE ASA IN FCS



C. INNOVATING FOR IMPACT

ENGAGEMENT IN COUNTRIES WHERE THERE IS ACTIVE OR RECURRING CONFLICT

In Libya, the GGP has devised an innovative and flexible approach to continue its engagement and provide targeted technical assistance.

Following Libya's popular revolution of 2011, and subsequent political upheaval since 2014, immediate challenges are to achieve peace that would lead to macro-stability and to establish a functioning and inclusive government for delivery of basic public services. In light of diminished fiscal and external buffers, the Libyan authorities face significant short-term challenges that need to be addressed to reduce the probability of a relapse into conflict after peace is achieved. While responding to urgent social demands remains a priority, ensuring macro-economic stability and maintaining investor confidence require greater policy coordination among various institutions. A peaceful political transition, underpinned by commitment to good governance and the rule of law, is essential to securing long-term economic progress.

Working within the constraints of a very fluid political and security environment, **the GGP built on a well-established public financial management program (PFM)** by forming a broader, yet targeted, program aimed at providing the building blocks for supporting the public administration in the transition process from conflict and instability to peace and an inclusive state able to effectively deliver services.

The flexible design of the program has enabled the GGP team to adapt its targeted technical assistance to the shifting nature of the political environment. In particular, the broad governance program (also supported by the EU and DFID) details two separate scenarios for engagement: under the first scenario characterized by continued political instability, the Bank team is implementing capacity building activities, analyses, and knowledge sharing in the broad areas of PFM and governance which can be rapidly scaled up (or scaled down) as the situation requires; under a second scenario, conditioned by a more stable political environment, the Bank's team has proposed a much more systematic engagement with the government focused on state building to ensure the effective, inclusive and accountable functioning of the government.

The components of the GGP engagement include: (i) Technical assistance to support Public Financial Management (PFM) interventions and strengthening the functioning of the public administration and accountability institutions; (ii) Targeted capacity building on PFM issues and broad governance issues; (iii) Development of a solid national statistical system; (iv) Technical assistance to support the introduction of a comprehensive and effective social safety net; (v) Building partnership between the public administration and civil society.

INTEGRATED APPROACHES FOR RECURRENT COST SUPPORT, PFM AND CIVIL SERVICE REFORM

In **Somalia**, the first program of the Series of Projects (SOP) for the Somalia Governance program, the Recurrent Cost and Reform Financing Project, was implemented for 8 months from August 2014 to April 2015. During this short implementation period, the number of civil servants who were paid was doubled (from 1,970 to 3,890); and the number of payroll verifications by independent agents exceeded the original target. Based on these rapid results, the Somalia Governance program has been taking an integrated approach through i) transparent and sustainable support to civil service salary payments—this serves as a mechanism for legitimizing the Government; ii) strengthening the financial management system via support to an effective PFM system and strong oversight including the engagement of citizens; and iii) merit-based recruitment and enhanced capacity of civil servants. This troika of projects is underpinned by upstream knowledge activities with cross-cutting objectives such as promoting fiscal federalism and public expenditure reviews in sensitive yet strategic sectors (security and justice).

In the **Central African Republic**, the Emergency Public Services Response Project (EPSRP) was approved in May 2015. This \$40 million fast-response project has played a critical role in the post-conflict transition phase. The project reestablished an operational payroll system by contributing to the payment of six months of back wages for 17,421 eligible civil servants and state employees. More than 80% of civil servants have resumed work. There are no longer salary arrears. The Government payroll system is now operational. The project supported the establishment of the Central Accounting Agency of the Treasury as a fundamental step in the PFM reform process. Following this, a two-year programmatic DPO is being prepared. Given the need to increase revenues and improve the fiscal space to increase priority spending, the DPO will focus on mitigating and tackling revenue shortfalls, increasing priority spending, and key strategic reforms such as PFM in view of stimulating the economic recovery of the country.

SUPPORTING ACCESS TO JUSTICE

In Jordan, supporting access to justice for vulnerable populations including refugees, thus lowering the risk of conflict between refugees and host communities.

The GGP is seeking to increase access to legal aid services for poor Jordanians as well as for refugees in host communities, thus helping prevent conflicts between refugees and host communities (e.g. housing, labor cases) and between refugees and the state (e.g. access to civil documents, arbitrary arrest/detention). The services are delivered by CSOs, which have MoUs and referral mechanisms with relevant public sector entities. Syrian lawyers, themselves refugees, have provided information services and thus created trust in refugee communities. New services, better tailored to address problems more specific to refugees, were developed (access to civil documents, dealing with child marriage and arbitrary arrest or detention by security forces). To date, more than 17% of beneficiaries of counseling/legal representation are Syrian refugees.

INSTITUTION BUILDING

In Afghanistan, the capacity of the civil service is being strengthened.

Despite successes in a number of areas in Afghanistan (PFM, customs), there remain serious weaknesses across the civil service, linked in part to the history of donors paying staff, contracted under projects, salaries that are multiples of civil service norms, as well as the continued existence of the so-called “parallel” civil service employed and paid by donors or otherwise off-budget. A programmatic approach to improve governance is therefore supported in Afghanistan, the key instrument being the CBR (*Capacity Building for Results Facility*). The aim is to increase on-budget service delivery and reduce reliance upon the “parallel” civil service, which is fiscally unsustainable and drains capacity away from the core civil service. This is done by clarifying the mandate and HR practices of core ministries, recruiting staff according to agreed, merit-based criteria, with a common salary and HR management base, and facilitating the transition away from previous ad hoc practices. By 2020, CBR, through the injection of enhanced capacity into the core civil service, is expected to contribute to the reduction by half (50%) of the over 15,000 externally-funded staff responsible for the delivery of services and execution of core government functions. (Around 5,000 are currently employed as consultants by government through donor finances, with many more employed off-budget). Reduction of the prevailing heavy reliance on externally-funded staff will improve both accountability and policy development ownership, and will considerably enhance the fiscal sustainability of the civil service.

In Myanmar, GGP supports a strong and complex procurement process to bring off-grid electricity to rural households.

The IDA financed National Energy Project's off-grid component targets communities in rural areas, located far beyond the existing national grid and unlikely to receive grid access in the foreseeable future. A 60 Watt peak (Wp) solar home system is capable of meeting a typical household's basic electricity needs such as providing lights and a dependable source of energy for phone battery charges and for the TV or radio.

The first procurement package for the supply and installation of solar home systems (12 lots by regions/locations) was launched through international competition in early 2016, with an estimated budget of \$64 million. After international and national advertisements, 354 bids for a total of 12 lots were submitted by the bid submission deadline. It took two days to open the bids and 3 months for the Department of Rural Development (DRD) to evaluate them. The Bank issued its No Objection to contract awards within four working days. The contracts awarded amounted to \$27 million. The savings of \$37 million were used for increasing the number of solar home systems, thus benefitting more families, and for reducing households' contribution by 30%, thus making it more affordable for all. With the strong partnership between the DRD and the World Bank team, such a large and complex procurement was successfully concluded with a very transparent process, producing highly efficient results.

SMART GOVERNANCE

The ieGovern Initiative is a portfolio of 20 Impact Evaluations (IEs), five of which in FCV.

They are designed with the objective of embedding rigorous research into Governance GP operations. This is meant to improve project performance by: i) systematically and rigorously collecting evidence from operations to inform project design; and ii) helping operational task teams in designing public sector management (PSM) operations in a results-oriented way that is firmly based in evidence on “what works” and “why”. The program is a collaboration with the Impact Evaluation Division of the World Bank Research Group (DECIE/DIME).

Five of these IEs are currently being implemented in FCV settings:

- **Attracting & Deploying Talent to Reform Civil Service (Democratic Republic of the Congo – Civil Service Reform):** This IE is exploring the optimal recruitment and training strategy for a new Young Professionals (YP) program.
- **Measuring the Effect of Extrinsic and Intrinsic Factors in Improving Performance in the Public Sector (Liberia – Civil Service Reform):** The IE seeks to estimate the contribution of different sources of motivation – pecuniary (money)-based, task-based, and mission-based on the performance of public sector workers.
- **Mining for Development: Improving Concessions Agreements in Sierra Leone (Sierra Leone – Justice):** This IE explores whether legal aid and mediation services make mining and agricultural firms invest more in local development.
- **Making Services Work for the Poor in Fragile and Conflict-affected Contexts (Democratic Republic of the Congo -- Subnational Governance):** The main policy question underlying this project is how to best harness accountability mechanisms to improve service provision in developing countries.
- **Governance and Grievance IE (Solomon Islands -- Subnational Governance and Justice):** This IE explores how increasing deconcentrated state capacity -- via trained Community Officers (COs) -- can help strengthen local governance and justice capabilities, by improving the functionality of both: (i) local/provincial service providers; and (ii) local governance structures.

MACROECONOMIC AND FISCAL MANAGEMENT GLOBAL PRACTICE

A. STRATEGIC APPROACH

The Macroeconomic and Fiscal Management (MFM) GP's strategic approach to FCS is organized around:

- **Monitoring, analysis, and diagnostics of growth and shared prosperity** using data and tools adapted to violent conflict contexts, and
- **Financing operations which lock in macroeconomic stability and create fiscal space and promote policy reforms** aligned with reconstruction needs while recognizing heightened tradeoffs between reforms and social stability in these contexts.

The scope of engagement ranges from extensive monitoring of economic developments (often published as Economic Updates), to in-depth analytical work (e.g. Country Economic Memoranda, Policy Notes), to technical assistance, to budget support and recurrent cost operations. Most of the work the GP does is carried out jointly with other practices and development partners. This engagement is constantly evolving from rapid response and reconstruction to long-term capacity and institution building, taking careful account of the limited load-bearing tolerance in post-conflict situations.

The GP's work in Africa illustrates the breadth of its engagement and the challenges its client countries face. In all Sub-Saharan Africa (SSA) FCVs, the GP carries out macroeconomic monitoring and corporate due diligence (e.g. IDA reporting). Recent innovations include new economic updates that bring together data, analysis, and a forward look that have in many cases been sorely

missing and are, as a result, greatly appreciated by the government, development partners, and WBG teams. A recent update in Burundi, for example, analyzed the distortions in the foreign exchange market due to overvaluation and developments in various sectors of the economy. In the first economic update on South Sudan, the GP focused on options for coping with hyperinflation and its effects on the real economy. In Sudan, the GP looked at the impact of potential sanctions relief and (jointly with SURR) provided an in-depth analysis of refugees and forced displacement, and in Somalia, the GP provided options for domestic revenue mobilization in a context where domestic revenues are only around 2 percent of GDP.

The economic monitoring helps set the stage for our comprehensive engagement with the governments of FCVs, including through technical assistance (TA), policy lending, and, more broadly, in support for donor meetings including those focused on reconstruction finance. In each of the above cases, the Bank has a more sustained ground presence than the IMF (which often conducts surveillance missions outside the country), and the Bank is thus the primary source of fresh macroeconomic analysis for these countries.

While public expenditure reviews (PERs) and country economic memoranda remain the staples of analytical work, MFM has led the development of innovative methodologies for assessing the costs of conflict in the form of Economic and Social Impact Assessments (ESIAs). The latter have become a staple of our engagement in MENA. This kind of assessment was developed for situations that did not fit the typical post-conflict needs assessments (PCNA), such as the one done in Ukraine,

because of ongoing hostilities or spillovers from conflicts (PCNAs had also increased in institutional complexity, which was becoming a deterrent for stakeholders to undertake them). The new assessments work out both the direct and indirect costs of the conflict, while avoiding double-counting, and go beyond the emphasis on damage to physical infrastructure. For example, a recently concluded assessment of Syria focused on the destruction of human lives, of physical and institutional capital that led to a slowdown in growth, government capacity, and of resources. In recent years, the GP has carried out similar assessments for Lebanon and northern Iraq – both cases where the issue was not physical damage from conflict, but spillovers due to forced displacement and disruption to economic activity from wars in nearby areas (Syria and northwestern Iraq, respectively).

Because of its continuous macroeconomic monitoring and maintenance of macro-fiscal frameworks, MFM is well equipped to lead FCV budget support operations along with other GPs and in collaboration with development partners. In Iraq, for example, the GP is currently preparing a \$1 billion Development Policy Loan.

The GP's work in Afghanistan is extensive in scope and innovative, supported by MFM presence in the country. On the TA side, the GP has brought all Bank support of the Ministry of Finance (MOF) – a key part of our support to Afghanistan – into three pillars: an incentive program; an Investment Project Financing (IPF) instrument across all aspects of the Ministry of finance; and TA financed by a Bank executed trust fund (TF). The incentive program is innovative; from the outset, it provided unconditional budget support with modest conditionality. There is a monitoring agency controlled separately by the Bank. This set-up helped boost the government fiscal space, contributed to strengthening its institutions, and provided a reasonable monitoring mechanism. Over the years, despite the

country's fragility, public financial management (PFM) systems became much more robust. The GP continues to innovate by transitioning the incentive program into a mixed program, with a reform matrix for the following three years.

B. PIPELINE

As of September 18, 2017, the MFM GP had an active portfolio of \$2.2b (12 operations) across FCV affected countries with a pipeline of \$1.5b (12 operations) and 40 active Advisory Services and Analytics (ASA) projects in FY18. All our operations are multi-practice, carried out in close collaboration with development partners.

In recent years, with the collapse of global oil prices, persistently unstable security situations, and the high fiscal cost of ongoing humanitarian efforts, MFM's lending operations have focused on providing timely response to FCV countries to cover their urgent short-term financing needs, while supporting them to better manage fiscal risks, promote economic diversification, and more effectively protect the poor and vulnerable in a difficult economic and security environment (e.g. Chad). This support has helped governments mitigate the impact of the crisis and boost resilience, while setting conditions for growth recovery and economic diversification in the medium term.

Thus, the pipeline is emphasizing a more integrative approach by mobilizing experience across practices (including Governance, T&C, Energy, Water and Sanitation, Education, and Agriculture) to enhance policies and regulatory environment for private sector investment and increased productivity. Several operations in FCV focus on fiscal sustainability and business environment. The GP is aligning our engagement closely with the cascade approach.

A few examples of projects follow.

West Bank and Gaza Fiscal Stability and Business Environment (\$30m, Q2FY18)

- **This proposed \$30m Development Policy Grant (DPG) will support the Palestinian Authority (PA)'s efforts to strengthen fiscal stability** by improving the alignment of incentives and payment discipline underlying fiscal transfers linked to utility financing shared by the PA, the Government of Israel (Gol) and Local Government Units (LGUs) – where currently unpaid bills of LGUs distort revenue transfers between Gol and the PA.
- **The \$30 million provided by the proposed operation for the PA's 2017 budget will directly leverage other donor financing in the amount of roughly \$60 million per year** through the Palestinian Recovery and Development Plan (PRDP) Trust Fund. The operation also sends a strong positive signal to other donors that directly provide bilateral budgetary support to the PA.
- **The operation proposes a Cascade approach:** Upstream reforms to ensure more transparent, accountable, and sustainable public finances are critical to lay the foundation for stronger private sector development and attract private investment. The DPG supports improvements to the business environment, which encourages formal private sector development. The proposed DPG will complement the private sector enhancement facility under development. Its prior actions will continue progress to create the foundations for improved creditworthiness and payment discipline in the utility and social sectors, while streamlining and modernizing the legal and regulatory framework for private firms. This is a multi-sectoral DPG that includes contributions from T&C, Water and Energy. This is the eighth operation to support WB&G.

Chad: First Programmatic Economic Recovery and Resilience Grant Development Policy Operation (DPO) (\$60m, Q4FY18)

- **This proposed First Programmatic Economic Recovery and Resilience Operation is designed to support the Government of Chad** as it strives to better manage fiscal risks, promote economic diversification, and protect more effectively the poor and vulnerable.
- **Building on two emergency operations disbursed in FY16 and FY17** which have helped the government cover its urgent short-term financing needs and supported the government's policy response, this series aims to re-focus World Bank support on substantive structural reforms in support of better management of fiscal risks, economic diversification, and more effective protection of the poor and vulnerable in a very difficult economic and security environment.
- **The operation builds on the reform agenda** supported by the predecessor operations, particularly with respect to rationalizing public expenditure, improving the quality of public resource management and establishing a social safety net.
- **Building on recent emergency development policy financing operations and the planned debt restructuring,** this series will support the government in its efforts to shift gears towards a medium term structural policy agenda. To mitigate the impact of the crisis and boost resilience, the authorities are promoting the development of programs supporting coping mechanisms for the poor and vulnerable, while setting conditions for growth recovery and economic diversification in the medium term. In this context, the reforms supported by the proposed series focus on reducing fiscal risks while boosting growth in the non-oil sector and enhancing social protections and services for the poor and vulnerable.

- **The proposed series is articulated around three intertwined pillars**, and supports measures to (i) enhance fiscal management and improve oversight and transparency of State-Owned Enterprises (SOEs), (ii) boost agricultural productivity and develop Information and communication technologies (ICT) for more inclusive growth and economic diversification, and (iii) put in place a well-targeted and fully operational social protection system for the poor and vulnerable. These measures build on progress achieved under the Emergency Fiscal Stabilization Operation (EFSO) approved in June 2017.

C. INNOVATING FOR IMPACT

Afghanistan: Recurrent Cost Window/ Incentive Program

The Afghanistan Reconstruction Trust Fund (ARTF), established in 2002, is the WBG's largest single country, Multi-Donor Trust Fund (MDTF). The program development objective is to support fiscal stability and a reform program that aims at achieving greater fiscal self-reliance and sustainability through increasing domestic revenue mobilization and strengthening expenditure management. To date, the ARTF has absorbed \$9 billion in resources despite a challenging and high-risk operating environment. One of the most important factors for success and high level of absorption are the Recurrent Cost Window (RCW) / Incentive Program (IP).

In 2001, several decades of conflict left the country with a destroyed economy and devastated infrastructure and human capital. The new government and donors had little knowledge and understanding of capacity and political economy constraints. The question was how to best engage and quickly

deliver aid in such a difficult context. The WBG pooled donor financing in the ARTF to support state-building process and reconstruction with the help of two instruments. One is the recurrent cost window (RCW) and the other the investment window.

The RCW was the dominant financing instrument in the early years of country engagement. It financed part of the Government's civilian operating budget in the form of quasi-unconditional budget support. It evolved into a hybrid budget support instrument commanding half of today's ARTF resource envelope (approximately \$900 million per year). Initially, disbursements were made against the submission of expenditure statements that meet a set of eligibility criteria related to expenditure category and compliance with public financial management (PFM) laws and procedures. The only pre-condition was an approved national budget. To maintain incentives for strengthening revenue collection, the original intent was to phase out RCW support once revenues increased and the government could sustain its operations.

The RCW was the MOF's flagship program and there was very large degree of ownership. The external nature of the independent Monitoring Agent added credibility and proved essential for donor acceptance and confidence. The light administration allowed the capacity-constrained team and client to focus on core activities and problem-solving. Afghanistan achieved greater fiscal self-reliance and fiscal stability.

The question is: which instrument to choose? The team proposes to regularize the RCW/IP type operations as a Program-for-Results (PforR) & DPO hybrid with some additional flexibility to allow for an evolution from unconditional budget support during the immediate re-engagement phase to

performance-oriented financing in line with growth of institutional capacity. This will allow for very simple restructuring processes or a series of operations approaches to allow for frequent adjustments through implementation. It will also have FCS appropriate PFM control mechanisms such as the Monitoring Agent.

Iraq: Structural Fiscal Consolidation, Stabilization, and Expenditure Rationalization Programmatic (DPF)

In December 2016, the World Bank Board approved a Development Policy Financing (DPF) loan in the amount of \$1.44 billion as part of a programmatic series of two operations. This operation followed an emergency DPF operation of \$1.2 billion approved by the Board in December 2015. Iraq has been facing the dual shock of a fiscally, socially, and politically costly brutal war waged by the self-styled Islamic State of Iraq and Syria (ISIS), and the sharp fall of the price of oil. The December 2016 operation is part of the international community's support to the government's efforts to bring peace and stability to Iraq through the provision of timely and large external financing, and the support to measured structural reforms. The DPF series is part of an international support package to Iraq, which includes \$443.8 million of the DPF loan guaranteed by Canada and the United Kingdom, a \$5.3 billion three-year Stand-By Arrangement (SBA) approved by the IMF Board in June 2016, and budget support operations that were expected to be provided by Japan and France by mid-2017.

The proposed operation is essential to safeguard economic stability and basic service delivery while setting the ground for structural reforms that would support private sector development and inclusive growth. This operation is implemented in a context of high macroeconomic, social

and political risk. It aims at supporting the government in maintaining macroeconomic stability through a gradual adjustment to lower oil prices, and provide fiscal space to implement reforms. It supports reforms around three pillars: improving (1) budgetary spending; (2) energy efficiency; and (3) the transparency of state-owned enterprises.

The DPF series supports policy actions and institutional changes that contribute to increasing private sector participation in the gas sector, addressing constraints identified by business owners and creating a regulatory environment that defines a level playing field for the public and private sectors.



POVERTY AND EQUITY GLOBAL PRACTICE

A. STRATEGIC APPROACH

In FCV settings, the Poverty and Equity GP supports the achievement of the twin goals of eradicating extreme poverty and boosting shared prosperity through its key lines of work:

1. Data collection and statistical capacity building

Monitoring progress towards the twin goals and working on closing data gaps is especially relevant in fragile contexts. By 2030, half of the global poor will be living in low-income fragile and conflict-affected states. Due to the challenges faced in these settings their move out of poverty will be harder. The work done on measurement sheds light into the following key questions: who the poor are, where they are, how they live, what the drivers of those conditions are, and how they are being impacted by conflict and violence.

Different ways to collect data to monitor welfare in FCV. The data collection work carried out in fragile contexts across AFR, MNA and SAR focuses on including underserved areas and population, keeping in mind that displaced groups are often neglected in program design and service delivery. This is often due to their absence from nationally representative surveys or difficulties in reaching them to conduct traditional interviews that can help understand their welfare and vulnerabilities. That is why the GP has been working with national statistical agencies to revisit the listing and sampling frames to ensure adequate coverage of the entire population – including internally displaced persons (IDPs) in Afghanistan, Syrian refugees

and inhabitants of informal settlements in Iraq, and nomadic populations and immigrants from Yemen in Djibouti. At the same time, high risk and rapidly changing environments require innovation in the modality through which the information is gathered. The surveys conducted in Somalia and Mali, among others, leverage new technologies to measure welfare and identify service delivery rapidly and frequently – and even follow respondents across time and space using tracking devices (nomads in Somalia) or mobile phones (internally displaced persons in Mali).

Building local capacity by working through local agencies: In contexts where the government's capacity was insufficient to implement a survey while ensuring sufficient quality, like in Somalia, a firm was hired, but the WBG at the same time established shadow assignments and capacity building workshops. In addition, a long list of government enumerators was used. In the West Bank and Gaza, capacity for improved data management was supported through the development of a data tool for systematic data quality management, which is currently used by the Palestine Central Bureau of Statistics.

2. Distributional analysis ex-ante and ex-post

The distributional work on estimating the impact of policy reforms, programs and crisis or shocks determines -ex-ante or ex-post- how they affect the welfare of different groups and through which channels. In FCV settings this work starts with the recognition of how sensitive these contexts are to changes and how social and political implications influence the cycle of conflict.

3. Diagnostics, Systematic Country Diagnostics (SCDs) and beyond

The GP provides a strong analytical lens through the work in Systematic Country Diagnostics (SCDs). Specific guidance is developed to make sure that the cross-cutting nature of conflict and the adverse impacts of violence are incorporated throughout. For example, the Palestine Inclusive Diagnostics note examined the relationship between episodes of conflict and labor market outcomes. Episodes of conflict increased volatility in already fragile labor markets, which are characterized by movements of workers into and out of employment over short time periods.

The GP is also developing other methods to produce global approaches and cross-sectoral diagnostics in FCV countries.

The WASH-Poverty initiative lays the ground for more and better service delivery. The work, in collaboration with the Water GP, was conducted in FCVs like Yemen, Nigeria, Haiti and West Bank Gaza, where it identified binding constraints and possible solutions to providing services to the most vulnerable.

4. Operationalizing the twin goals: strengthening the impact of operations

The Poverty & Equity Practice supports the design and implementation of interventions to increase the impact of Bank operations on reducing poverty and improving the welfare of the bottom 40 percent of the population. It does so by providing sound analytics and monitoring and evaluation to underpin operations and policies. This includes interventions that seek to address welfare-related causes of fragility and mitigate their impact:

Liberia - Economic impact of pandemics and humanitarian response.

This project supported the measurement of the economic impact of Ebola using a high frequency cell phone survey designed to monitor conditions over the course of the Ebola crisis. This helped identify risk to social stability as well and helped with the humanitarian response. The study was designed to provide rapid indicators from households at a time when conducting face-to-face surveys was extremely challenging.

Myanmar – Targeting of interventions.

The Poverty and Equity GP worked with the SPJ, Education, and Health teams to conduct conflict sensitive geographic and individual targeting. To build a database of conflict issues, the team have collaborated with DFAT and the Asia Foundation. In the field of education, the team is supporting the collection of the first ever survey covering both government and non-government schools, typically run by self-administered authorities. The module is part of an extended service delivery module in a nationwide household survey. The data analysis will be conducted in collaboration with the education team, and will feed into an upcoming education project.

Afghanistan – Design of projects supporting returnees.

The team informed the expansion of the flagship Citizen's Charter Afghanistan Project. The project guarantees a minimum standard of core infrastructure and social services to participating communities by identifying districts with high rates of return of Afghan refugees. The surveys and primary data collection will also inform the design of a livelihoods project and support UNHCR's return monitoring.

B. PIPELINE

TABLE 4: PIPELINE OF LENDING PROJECTS IN FCV SETTINGS LED OR CO-LED BY POVERTY AND EQUITY GP

Country	Project	Delivery	Size	Poverty mapped component
Nigeria	Fiscal Governance and Institutions Project	FY19	200M	30M
South Sudan	Statistical Capacity Building	FY18	8M	8M
Liberia	Statistical Capacity Building	FY19	5M	5M
Sierra Leone	Statistical Capacity Building	FY19	5M	5M
Mali	Improving Mali's statistical system	FY18	20M	20M
Niger	Statistics for a fact based society	FY19	20M	
Rep Dem Congo	Additional Financing Statistical capacity building	FY18	20M	20M
Mali	Second poverty reduction and inclusive growth DPO	FY18	40M	40M
Myanmar	Data Analysis and Statistical Capacity Building	FY18	2.4M	2.4M

C. INNOVATING FOR IMPACT

The challenges faced in identifying and addressing poverty and exclusion in FCV contexts has required the development of innovative solutions. The WBG has adopted novel approaches that have allowed us to generate a useful evidence base for policy and programs aimed at improving welfare of the least well-off. Special emphasis on reaching excluded areas and populations, including internally displaced, refugees, and nomadic populations, which are not typically covered in traditional data collection and thus often do not benefit from interventions to improve welfare. Operating in FCV contexts has required creative methodological approaches and flexibility to respond to challenging situation on the ground, and the use of new technologies to rapidly answer relevant policy questions.

1. Building the evidence base for policy on forced displacement

South Sudan – Representative IDP Survey and Measuring Consumption of IDPs. IDPs are not only often excluded from national household surveys, but little is known about the bias introduced by different sampling techniques used in chaotic environments like IDP camps. To close this knowledge gap, the WBG conducted a census in an exemplary IDP camp in South Sudan and thereafter implemented different sampling techniques to assess how to minimize the bias. This will help to determine the trade-offs between sampling techniques, their complexity and costs with the precision of estimators. Experience working with displaced communities shows that IDPs often tend to under-report consumption in the belief that this will help to receive more aid. By developing behavioral nudges like truth primers in the questionnaire design and testing the impact of the nudges on reporting behavior for consumption, the WBG is improving the quality of questionnaires and the ability to accurately measure consumption and poverty levels for vulnerable populations relying on aid.

2. Responding to challenging contexts in data collection: innovative methodologies

Innovation is always good and is all the more critical in these contexts. To this end, WBG teams have adapted tools and approaches to follow displaced people across space and time, getting comprehensive information from a variety of sources (high frequency data, satellite data, qualitative evidence etc.). The main results have been to: (i) create a strong evidence base to improve design of development policies and projects; (ii) include excluded populations in programs; (iii) achieve better targeting and more effective and efficient use of resources; (iv) estimate impacts and transmission mechanisms of conflict and violence; and (v) integrate risks with policy and service delivery decisions.

Iraq – Rapid survey with small expenditure sample. The team is providing technical assistance to the Central Statistics Office (CSO) and the Kurdistan Regional Statistics Office (KRSO) to use innovative methodologies to measure and track the well-being of the population in a context where a nationally representative household survey for poverty is currently not feasible and yet much needed for targeting.

3. Measuring the impact of shocks, conflict and fragility for policy response

Nigeria, Somalia, South Sudan, Yemen – Emergency Response Survey. In collaboration with the FCV CCSA, an innovative phone survey was developed. The surveys will help to inform the World Bank's emergency drought response at the humanitarian-development nexus.

Mali - Assessing progress of peace accord. The Iterative Beneficiary Monitoring system has introduced a solution to limited supervision and monitoring due to insecurity by directly involving beneficiaries. This has resulted in just-in-time, effective engagement of citizens in project implementation and monitoring, in the absence of resources for third party monitoring. The system depends on a network of local

enumerators who provide monthly feedback on welfare, security and economic activity to assess progress in the implementation of the peace accord.

Sierra-Leone – Ebola survey. Collecting data face to face during or following a disaster is not always possible. The Ebola outbreak in Sierra Leone was such a case. By using mobile phone interviews, it was none the less possible to collect representative and reliable data from households affected by this crisis. This information was instrumental in the Bank's assessment on the welfare consequences and economic impact.

Approach to cross-sector themes such as preventing crisis/conflict and leveraging IT, innovative financing, third-party monitoring, non-governmental organizations, and partnerships in your FCV engagements.

Afghanistan – The WBG works to improve third party and project monitoring systems using remote sensing to inform design and conduct monitoring (for infrastructure projects), and detect impact (e.g. irrigation), building in citizen engagement and feedback.

Yemen – Collaboration with the WFP to leverage their ongoing monthly food security surveys covering each governorate. In cooperation with WFP, which has set up a rotating panel of households via random digit dialing to better understand the evolution of food security amongst the broad population, the WBG is piloting a short employment/livelihood module in their survey to ensure that the addition of a short module will not affect their ongoing survey, with the hopes of implementing a set of rotating modules that can help to better inform the country team of urgent needs.

TRADE & COMPETITIVENESS GLOBAL PRACTICE

A. STRATEGIC APPROACH

As an integral part of society, businesses and entrepreneurs both large and small face the caustic effects of fragility, conflict and violence (FCV) in their countries -

loss of life, loss of trust among people and communities, social discontent and discord, forced displacement, physical destruction, and unemployment. The private sector accounts for 90 percent of jobs in the developing world, so providing favorable conditions for business is fundamental to restoring livelihoods. A community's resilience to and ability to recover from the effects of FCV can, to an extent, be gauged by the vibrancy of its local businesses – from the bakery or internet café down the street to the local factories and banks. At the same time, local businesses, particularly the smaller ones, have limited means to cope with the effects of conflict, and consequently many reduce or even cease their business activities outright. They and their workers then join the ranks of the unemployed and discontented. Jobs, goods, and services are lost to the community, further contributing to fragility and insecurity.

The Trade & Competitiveness GP has built its strategy in FCV-affected countries around FCV dynamics and how the private sector contributes to achieving peace and stability through recovering from and mitigating crises, driving growth, and supporting resilience and prevention. Each of these dynamics are at work to varying degrees and in different ways in FCV-affected countries, and often need to be addressed all at once. If the short-term effects of a crisis are not mitigated, the crisis can escalate and opportunities to drive recovery may not take hold. Supporting resilience and prevention of future conflict is always a priority, since conflict is often cyclical and repetitive.

Recovering from and Mitigating Crisis.

Common responses to active conflict situations, such as cash for work and support for service delivery are important interventions to respond to urgent needs, but often are not designed to leverage private enterprise as a channel for shoring up community resilience and sustainable recovery. T&C strategy focuses on enabling local enterprise revival and restoring supply chains that contribute to recovery and reconstruction, to mitigate further losses to jobs and livelihoods, reestablish economic ties between different groups, and provide essential goods and services to the population. In contexts of forced displacement, employment programs that link the labor force to competitive sectors address the medium to long-term aspects of displacement and can help mitigate tensions between host communities and displaced persons.

Driving Growth. In countries in transition or emerging from conflict, private enterprise represents the pathway to sustained recovery and growth. Fragility and vulnerability to recurring conflict and violence often persists even in post-conflict contexts. Private enterprise in such contexts is risky, with manifold effects on businesses including insecurity, reduced access to labor, loss of creditworthiness, disruption of supply chains and access to markets. Beyond the challenges of unreliable power supply, corruption, and limited access to finance typical to developing countries, private enterprises in FCV-affected countries usually face weaker investment climates. 70 percent of the economies on the Bank Group's Harmonized List of Fragile Situations rank in the bottom quartile of the Doing Business ranking, discouraging potential investors and making investment climate reform a priority for countries

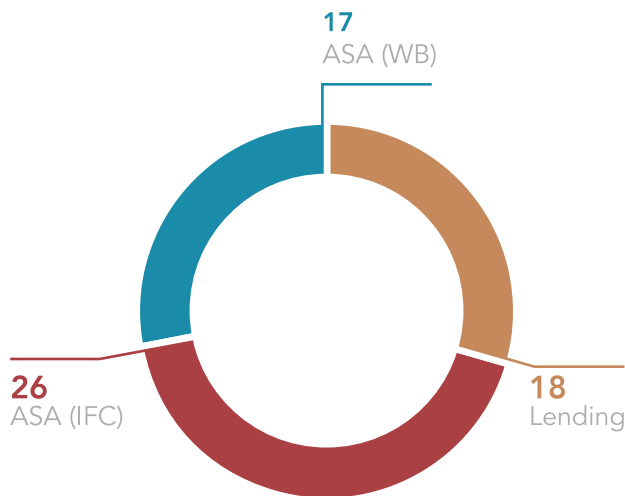
emerging from conflict and seeking to boost private investment. Firms in FCV-affected countries also tend to be smaller and less innovative and competitive than their counterparts in non-FCV countries. They need support to upgrade managerial capabilities, production skills, and market connectivity. Development interventions that help private enterprise overcome the distortive effects of FCV, mitigate their risks, and create new growth and market opportunities can help sustain recovery and even contribute to addressing some of the fundamental drivers of fragility and conflict by providing economic opportunity and livelihoods.

Supporting Resilience and Prevention.

Strong institutions are the backbone of resilience and prevention, and that includes a robust and competitive private sector as well as regulatory and other government structures that enable private sector activity. T&C’s work on public-private dialogue focuses on creating accountability and cooperation between the public and private sectors. Supporting the capabilities of business organizations enables those institutions to advocate for better policies and programs and can contribute to strengthening coalitions for peace and stability.

FIGURE 27: T&C ACTIVE PORTFOLIO IN FRAGILE STATES

As of September 2017, # Projects



B. PIPELINE

T&C currently manages or is partnered on an active lending portfolio of 18 lending projects with a value of \$801 million in 14 countries. This has been steadily growing since FY15.

The growth in T&C’s FCV lending portfolio reflects a concerted effort within the GP to adapt its products and develop new solutions relevant to FCV contexts, using a variety of Bank lending instruments. In fact,

the FY18 pipeline includes two Development Policy Financing (DPF) loans and a Program-for-Results (PforR) operation with a value of \$500 million. T&C’s Advisory Services and Analytics (ASA) portfolio in FCV remains broadly in line with previous years, with an increased emphasis on enabling competitive sectors, such as agribusiness and trade logistics, and identifying opportunities for the private sector to contribute to recovery and reconstruction in FCV contexts.

FIGURE 28: T&C ACTIVE LENDING PORTFOLIO BY COUNTRY

As of September 2017, In \$M

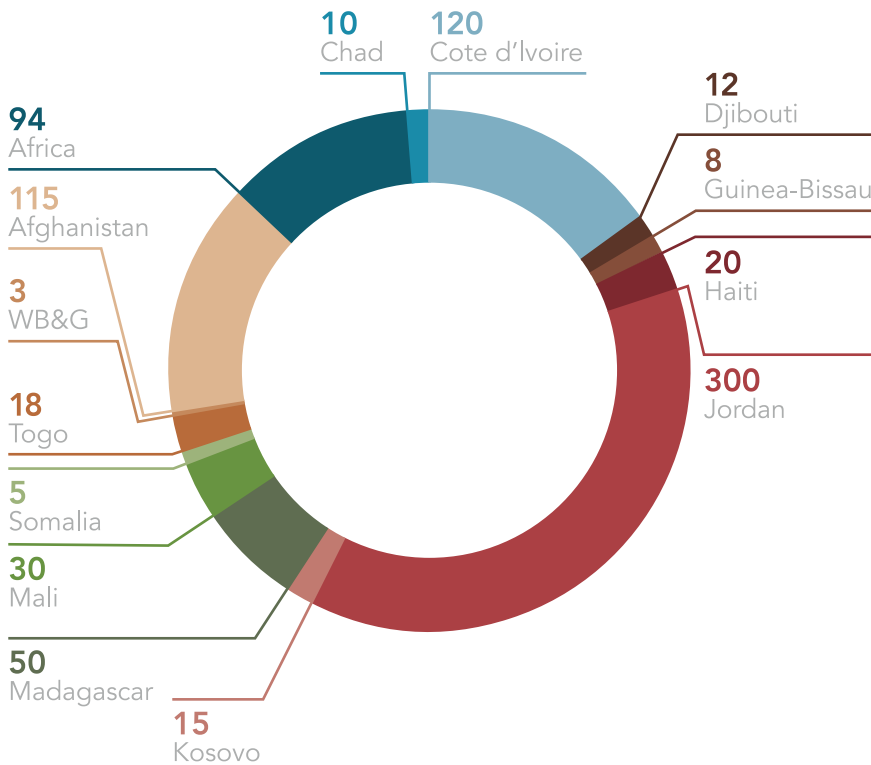


FIGURE 29: T&C LENDING PORTFOLIO (BY YEAR OF APPROVAL)

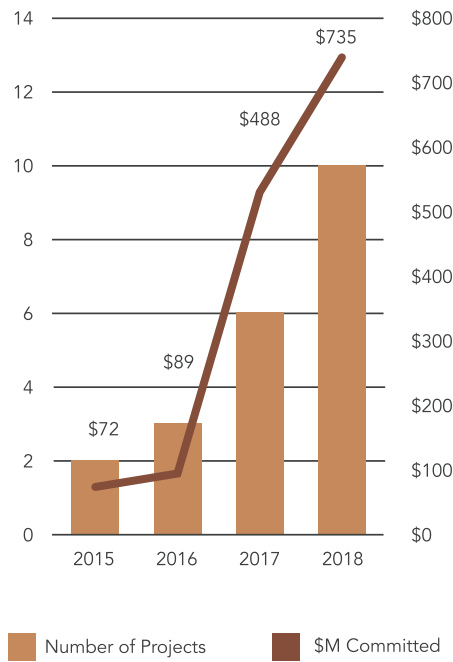


FIGURE 30: T&C ADVISORY PORTFOLIO (BY YEAR OF APPROVAL/DELIVERY)

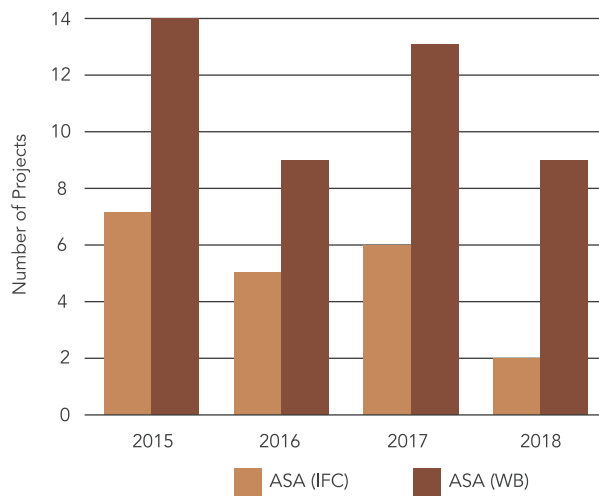


TABLE 5: LIST OF T&C PROJECTS IN FCV CONTEXTS TO BE APPROVED/ DELIVERED IN FY18 AND FY19

FY	WBG Commitments or Budget	WBG Product Type	WBG Project Country	WBG Project Name	WBG Project Status
2018					
2018	1,250,000	ASA (IFC)	Lebanon	Tripoli Special Economic Zone Enabling Regulatory Environment	Pipeline
2018	2,550,000	ASA (IFC)	Sudan	Sudan Investment Climate Program	Pipeline
2018		ASA (WB)	Togo	TG-ASA Sources of Core Growth & Compet	Active
2018		ASA (WB)	Mali	Mali Transport and Trade Logistics Study	Active
2018	-	ASA (WB)	Côte d'Ivoire	Côte d'Ivoire Infrastructure Financing	Active
2018	-	ASA (WB)	Haiti	Haiti Complement: Strengthening Competitiveness Implementation	Active
2018	-	ASA (WB)	Iraq	Improving Business Environment in Areas Covered by the Doing	Active
2018	-	ASA (WB)	Lebanon	Lebanon Economic Opportunities Diagnostics (LECOD)	Active
2018	-	ASA (WB)	Libya	Libya Supporting PSD	Active
2018	-	ASA (WB)	Lebanon	Lebanon- Privilege Resistant Policy- Deep Dive	Active
2018		ASA (WB)	Madagascar	Madagascar - Leveraging Partnership thru Coordination Development	Active
2018	100,000,000	Lending	Africa	Accelerated Program for Economic Integration DPO-2	Pipeline
2018	75,000,000	Lending	Africa	AFCC2/RI-Great Lakes Trade Facilitation SOP2	Pipeline
2018	5,000,000	Lending	West Bank and Gaza	Innovative Private Sector Development	Pipeline
2018	10,000,000	Lending	Sierra Leone	Sierra Leone Sustainable Development Tourism Project	Pipeline
2018	200,000,000	Lending	Lebanon	Lebanon National Job Creation Program	Pipeline
2018	50,000,000	Lending	Burundi	Local Development for Jobs Project	Pipeline
2018	50,000,000	Lending	Afghanistan	Additional Financing for Afghanistan New Market Development	Pipeline
2018	10,000,000	Lending	Sierra Leone	Sierra Leone Agro-Processing Competitiveness Project	Pipeline
2018	35,000,000	Lending	Afghanistan	First Public-Private Partnerships Project	Pipeline
2018	200,000,000	Lending	Myanmar	Myanmar Development Policy Lending for Private Sector Competition	Pipeline
2019					
2019		ASA (WB)	Iraq	Bringing Back Business - Iraq	Active
2019		ASA (WB)	Sudan	Sudan Developing Agribusiness SMEs and Integrated Agri-Parks	Active
2019	-	ASA (WB)	Burundi	Coffee quality improvement and market access	Active
2019	20,000,000	Lending	Comoros	Integrated Development and Competitiveness Project	Pipeline
2019	65,000,000	Lending	Madagascar	Madagascar Integrated Growth Poles and Corridor SOP-2	Pipeline
2019	-	Lending	Chad	Chad Value Chain Support AF	Pipeline

C. INNOVATING FOR IMPACT

Responding to forced displacement.

Given the long-term nature of many active forced displacement situations, forced displacement requires not only short-term humanitarian interventions but development solutions as well. T&C is supporting refugee-hosting governments in providing economic opportunities for local communities and refugees, as exemplified by a Program for Results (PforR) project in Jordan. The project includes labor market reforms that grant free work permits to Syrian refugees allowing them to work in several sectors in Jordan, while supporting reforms in the investment climate and investment promotion, along with improvements to industrial zones. This innovative developmental approach to the refugee crisis provides refugees, along with workers in the host communities, the opportunity to be self-reliant and contribute to the economy of the host country through their labor and increased income and spending. Improvements to the predictability of business regulations focus on SMEs and home-based businesses as key vehicles for female and youth employment among both Jordanians and Syrian refugees.

Supporting the recovery of conflict-affected local enterprises.

Local enterprises, particularly SMEs, are central to economic recovery in fragile conflict-affected areas, as illustrated by T&C's ongoing engagements in the North of Pakistan and in Yemen. In response to the 2010 Post-Crisis Needs Assessment (PCNA) findings and recommendations in the case of Pakistan, T&C launched the first private sector development operation in the region - Economic Revitalization of Khyber Pakhtunkhwa (KP) and Federally Administered Tribal Areas (FATA) - to provide financial support and business advisory to conflict-affected SMEs in 2011. The project provided recovery grants to 1,601 crisis-affected SMEs, creating 8,843 direct jobs in the KP/ FATA area. Service delivery was improved through support to private providers of public services,

including 25 micro-hydropower projects in remote districts previously off-grid; 45 K-12 schools enrolling 20,000 students (including 6,000 girls), and 15 hospitals and laboratories serving more than 20,000 patients per month. The project has received additional financing at the request of the Government of Pakistan. A similar but smaller scale pilot project financing 200 SMEs as well as youth employment in Yemen resulted in demonstrated impacts of 63% increased likelihood of capital investment and a 16% increased likelihood of employment for the participating youth, post-intervention.

Cross-border trade. Cross-border trade is typically an important source of goods, services, and incomes for populations in the border regions of fragile and conflict affected states. Research on the links between trade and conflict shows that greater bilateral trade reduces the probability and intensity of conflict because of the opportunity cost associated with the loss of trade gains. Furthermore, cross-border trade has been found to be strongly associated with reduction in conflict involving citizens, and in particular, gender-related violence. Cross-border trade can improve resilience and social cohesion of neighboring communities and enhance growth prospects for all countries in the region. Moreover, many of those who participate in cross-border trade in FCV-affected areas are women, one of the most vulnerable groups, and these benefits from trade are more likely to be directly invested in the household, thereby further decreasing vulnerability to shocks. Hence, it is important to integrate a gender focus to interventions aimed at facilitating trade in the region. A practical example is the Great Lakes Trade Facilitation project which is supporting the improvement of infrastructure and the implementation of improved rules and regulations for trade and better governance at key border crossings between the DRC and Burundi, Rwanda, Tanzania, Uganda and Zambia. The project includes specific interventions to address harassment and violence against traders, especially women.



Investment climate. Most fragile states and post-conflict economies are at the bottom of the World Bank's Doing Business rankings. Improving the business environment by easing the conditions of doing business can bolster formal private-sector activities, state authority and service delivery. The agenda for investment climate reform in fragile countries is long, yet institutional capacity is typically low and patience for results is limited. Thus, such reforms must be designed both for the long-term goal of institution building and an eye on the short-term goal of creating jobs and attracting investment. So, the long-term effort of building institutions and developing regulatory capacity should be combined with faster-yield reforms that target priority sectors and support value chains. Active and recent projects in FCV include business environment reform projects in Sudan, Guinea and Bosnia & Herzegovina. In partnership with IFC's FCS Africa Program, the T&C GP is also working on the implementation of business environment reforms in many FCV countries in Africa.

Agribusiness. In many conflict-affected areas, agribusiness accounts for a sizeable share of economic activity. To this end, T&C is partnering with other parts of the WBG (Agriculture GP, F&M GP, IFC and others) to foster economic growth in agribusiness by facilitating market linkages, gender inclusion, value chain finance links, and public private dialogue. In Haiti, the WBG has engaged in value chain development for honey, coffee and cocoa. In Côte d'Ivoire, close to \$16 million of loans have been facilitated for cashew processors as a result of the passing of the Warehouse Receipt Systems law, a 'first' in francophone Africa. It was achieved thanks to effective collaboration, notably with the Agriculture GP, as well as with IFC's Financial Institutions Group (FIG), including the group's Global Warehouse Finance Program.

EDUCATION GLOBAL PRACTICE

A. STRATEGIC APPROACH

All countries need strong education systems that promote learning, life skills, and social cohesion.

Systems struggle to deliver education services in adverse contexts such as natural disasters, political crises, epidemics, pervasive violence, and armed conflict. Yet education can also help mitigate the risks of such adversity and help children and youth to succeed despite severe challenges. In emergency situations, through to recovery, quality education is considered to provide physical, psychosocial, and cognitive protection that can sustain and save lives, contributing directly to the social, economic, and political stability of societies. Learning spaces are often at the heart of the community, symbolizing opportunity for future generations and hope for a better life. Until recently, humanitarian relief entailed the provision of food, shelter, water, sanitation and health care – and education was seen as part of longer-term development work rather than as a necessary response to emergencies. Today, education's life-sustaining and life-saving role has been recognized and the inclusion of education within the humanitarian response is now considered critical. In this regard, fostering education resilience is key, i.e. providing the ability of human beings (and their communities and the institutions that serve them) to recover, succeed, and undergo positive transformation in the face of adversity.⁴⁰

The Education Resilience Approaches (ERA) program is a special set of tools designed by the Education GP to provide contextual analysis of resilience processes in education systems

based on local data on adversity, assets, school-community relations, and education policies and services in adverse contexts. The ERA program's ultimate goal is to contribute to an informed in-country dialogue on how to align existing education policies, goals, and programs for a resilience approach to education service delivery.

The Education GP also uses other assessment tools, such as the Recovery and Peacebuilding Assessment (RPBA) in coordination with UN and other partners.

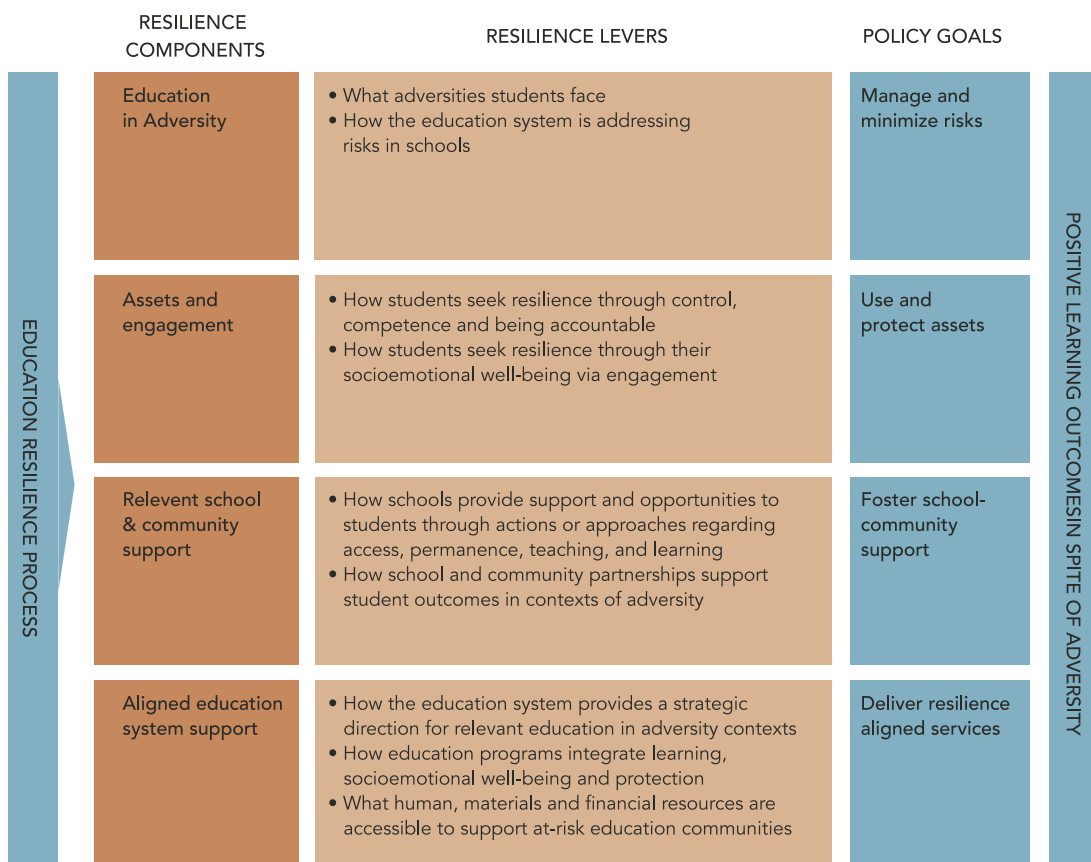
The RPBA supports more effective and coordinated reengagement in countries emerging from conflict or political crisis. It has been used successfully in a multi-sector assessment in northern Nigeria, including assessment of education needs.

Education can however contribute to conflict if it reinforces inequities and social injustice by denying access to education for some learners, or if curricula or teaching practices are biased.

Education facilities can be targeted during conflict or students and education personnel can be attacked on their way to and from school. Well-designed education reform, which can start soon after an emergency, is necessary to help ensure the protection of education systems and set conflict-affected societies on paths to sustainable peace and development.

⁴⁰ Joel Reyes. May 2013. What Matters Most for Education Resilience: A Framework Paper. SABER Working Paper Series Number 7, World Bank.

FIGURE 31: THE EDUCATION RESILIENCE APPROACHES FRAMEWORK



While the ERA program was designed in the first instance to support the design of education services in FCV contexts, it can also be applied to other at-risk communities. In fact, much of the early evidence on resilience and education services comes from at-risk communities in developed countries.

In general, the Education GP strategic approach in FCV contexts is to engage with both risks and assets; work with the community as first respondents in emergency; and to build education systems for adaptable response to emergencies, recovery and continued development to promote the safety, socioemotional wellbeing, and school success of learners (see Figure 31).

B. PIPELINE

Project Name	Region	Country	Commitments - Total (\$M)	Commitments - IBRD (\$M)	Commitments - IDA (\$M)
Myanmar Basic Education project	EAP	Myanmar	100.00	0.00	100.00
Event II	SAR	Nepal	60.00	0.00	60.00
EQRA	SAR	Afghanistan	100.00	0.00	100.00
Congo - Skills Dev. for Employability	AFR	Congo, Republic of	20.00	0.00	20.00
NE-Skills Development for Growth - AF	AFR	Niger	50.00	0.00	50.00
Gambia Education Sector Support Program	AFR	Gambia, The	30.00	0.00	30.00
Guinea Bissau Education Project	AFR	Guinea-Bissau	10.70	0.00	10.70
Burundi Skills Development	AFR	Burundi	30.00	0.00	30.00
Early Grade Learning Project	AFR	Burundi	50.00	0.00	50.00
Basic Education Support	AFR	Madagascar	55.00	0.00	55.00

C. INNOVATING FOR IMPACT

As noted before, the Education GP approach to the FCV context is to combine support for safety, psychosocial support and on-going development of education systems. This section presents a few examples of projects and interventions within this approach.

Safety:

Afghanistan EQUIP Project: Facing increased attacks on schools, the World Bank supported the Ministry of Education of Afghanistan to build boundary walls and to mobilize community support for the safety of children, teaching staff and schools.

Guinea, Liberia, Sierra Leone Ebola recovery and reconstruction project:

Following the Ebola Virus Epidemic in which the countries had about 30,000 people falling ill and over 11 thousand deaths, the three affected countries received WB support to assist the post-Ebola-crisis return to schools, cleaning and sterilization, early warning signals, psychosocial training and prevention. These programs complemented the activities of other development partners and the Governments' efforts to re-establish education services in the three countries.

Psychosocial Wellbeing:

Northeastern Nigeria Education Additional

Financing: the design of the additional financing includes psycho-social training for teachers to assist their own recovery as well as improving the well-being of the students. Upon completion of the training, teachers also receive a supplement to their salary.

Lebanon – Reach All Children with Education

(RACE) Project: the implementation of the project included the provision of after-school activities and psychosocial referrals for displaced Syrian children and youth studying in double shift Lebanese schools.

On-Going Education System Building:

Turkey Re-engaging Out of School and

At-Risk Youth. Following the preparation of the Resilience Education Infrastructure Project (mapped within the Global Practice for Social, Urban, Rural, and Resilience (GSURR), to support access of Syrian refugees to Turkish schools, the Education GP is preparing a project to continue to build the capacity of the Ministry of Education to provide education services for at-risk populations. This project integrates psychosocial and grant support to the existing open education programs. It also builds long-term preparedness capacity for education response for migrants, including for reasons of displacement.

Working with non-state schools and agencies:

Liberia, Nigeria, Sierra Leone school grant programs:

As in other FCV countries, especially in Sub-Saharan Africa, Global Partnership for Education- and IDA-financed basic education projects provide direct support to schools. The key innovations include supporting non-public schools (Sierra Leone), working with NGOs monitoring such programs (Liberia) and establishing the foundations of performance-based financing for schools (Sierra Leone).

Haiti: The Project for an Education of Quality in Haiti (IDA \$30m) focus on the government priority of improving education quality by providing a comprehensive approach of interventions at the school level to improve the quality of the public and non-public school environment, management, learning conditions and teaching practices while also maintaining access to non-public school and strengthening the institutional capacity to measure the key dimensions of the school learning conditions.

HEALTH, NUTRITION, AND POPULATION GLOBAL PRACTICE

Global portfolio of operational and analytical activities.

The Health Nutrition and Population (HNP) GP has a \$2billion portfolio of active lending operations in FCV contexts in all six regions of the world. This includes projects across Latin America (Haiti); sub Saharan Africa (Burundi, Chad, Congo DRC, Congo Republic Of, Cote D'Ivoire, Gambia, Liberia, Sierra Leone, South Sudan, Togo, Zimbabwe); Middle East and North Africa (Yemen, Djibouti, Iraq, West Bank and Gaza); Eastern Europe and Central Asia (Kosovo, Bosnia); South Asia (Afghanistan); and East Asia and the Pacific (Myanmar, Papua New Guinea). The projects apply innovative health service delivery and financing tools such as performance based contracting and results based financing to FCV contexts. They are responsive to the unique health needs of FCV contexts including maternal child health, gender based violence and mental health.

Forced displacement and health. In the top refugee and IDP hosting countries, the HNP practice has \$6.4 billion in active health projects including projects in LAC (Colombia), MENA (Iraq, Jordan, Lebanon, Yemen, Djibouti), ECA (Turkey, Ukraine), AFR (South Sudan, Sudan, Nigeria, Chad, DRC, Somalia, Uganda, Kenya, Ethiopia, CAR), SAR (Afghanistan, Pakistan, Bangladesh), EAP (Myanmar). These projects focus on strengthening host community health systems to ensure medium to long term benefits for all. Middle Income refugee hosting countries like Lebanon and Jordan have access to concessional lines of credit through the Global Concessional Financing Facility. There are two new emergency health projects in these countries which focus on providing

health services to both refugees and host communities. Low income countries have access to the IDA 18 refugee. In the health sector, Cameroon and Pakistan have projects being prepared.

Analytical and advisory activities. To create a body of evidence of what works and does not in FCV contexts, the HNP GP is pioneering several impact evaluations in the Democratic Republic of Congo and Republic of Congo. In addition, the GP is providing technical assistance to FCV clients to improve health sector performance including statical capacity building to the Ministry of Public Health in Lebanon and to the Government of Myanmar for pandemic preparedness and universal health coverage strengthening. Finally, the GP is supporting a global work program on “big questions” around forced displacement and health in concert with UNHCR and supported by DfID, the results which will directly funnel into country based programming among other activities.

A. STRATEGIC APPROACH

Managing the humanitarian-development nexus. In fragile countries, pandemics and other health sector crises can threaten the viability and capacity of local institutions to deliver basic services. World Bank engagement during an ongoing conflict/crisis reflects the realization that humanitarian assistance needs to be supported by developmental interventions: it is essential to maintain development assets (both human and institutional), for there to be a post-conflict future. For example, in Haiti and Yemen, to

address the cholera outbreak, in addition to treatment and prevention measures, the Bank is building the capacity of the relevant water institutions' staff and improving local capacity at the institutional, community and household levels in water safety planning, and water quality testing and monitoring. In addition, the Bank is building the capacity and provision of training to water user associations to address public health outbreaks. Similarly, in the Jordan Emergency Health Project for Syrian refugees and poor Jordanians, the project is building the capacity of the Ministry of Health to create a more efficient and resilient health system.

Leveraging partnerships. The Bank cannot operate in isolation in FCV contexts. In addition to the UN partners, many INGOs have a field presence and knowledge about the political economy and implementation capacity of state actors. The Bank needs to coordinate with humanitarian and development actors, to ensure that incentives and interventions are aligned and complementary, and consistent with building longer term resilience. For example, the DARES (Deliver Accelerated Results Effectively and Sustainably) partnership developed between the Bank, WHO, UNICEF and WFP is an attempt to ensure that there is coordination on knowledge and analytical products, and where applicable, joint operational approaches will be developed. A similar approach is being developed for INGOs.

Balancing innovation, flexibility, and risk. FCV settings run the gamut from active conflict to fragile political and institutional contexts, to countries emerging from civil war. Operating in these environments requires flexible

design that facilitates implementation while reducing risk. In Yemen, the health project's implementation is reviewed every 3 months to identify where implementation is possible and targets are reset based on local conditions. This flexibility has allowed the project to maximize its reach during an active conflict.

Addressing gender-related challenges in FCV settings. Fragility and conflict affects all individuals who are caught up in these situations. It creates vast populations of displaced people and refugees, and exposes those affected to extreme and unnecessary violence and sexual exploitation, especially in the case of girls and women. This not only affects their physical and mental health, but also increases the likelihood of unwanted pregnancies, sexually transmitted infections, and complications related to reproductive health. Of the estimated 54.5 million people who needed humanitarian assistance in 2014, about 80 percent were women, children, and young people.⁴¹ To better respond to these challenges, Bank projects in FCV countries should ensure that essential health services include reproductive and maternal health services, including emergency obstetrics care, as well as mental health services. Addressing gender-based challenges in FCV settings also requires a cross-sectoral approach to prevent sexual exploitation, and provide comprehensive support to victims of violence. For example, the Lebanon Health Resilience Project supports mental health, reproductive health and GBV services as part of the package of services being offered to poor Lebanese and Syrian refugees through primary health centers (PHCs).

⁴¹ <http://www.unocha.org/stateofaid/>

Building knowledge. There is a rich body of knowledge within and outside of the Bank that can guide the development of health operations. While the ability to rapidly deliver services and support institutions in FCV contexts is crucial, this must be balanced by improvements in the quality of interventions. A recent meta-analysis of health interventions in humanitarian/development settings showed that many were not evaluated, and showed limited impact, and most had no assessment of their cost effectiveness. Against this background, HNP’s strategic focus will be on: i) developing cross country analyses of public interventions in FCV contexts; ii) identifying innovative service delivery modalities; iii) supporting analyses of financing approaches in FCV.

Expanding Cross GP approaches. The solution to many health challenges in FCV contexts require cross GP support. For example, Domestic Violence requires a wide range of sectoral inputs; and the recent Cholera operation in Yemen required inputs from both WASH and Health. The synergies within the HD sector need to be exploited further: social protection approaches can be used more extensively to create demand for services, while the ECD agenda provides an opportunity for health and education to identify synergistic approaches for securing the potential of the future human capital. FCV contexts provide an opportunity to develop systems that do not recreate the past, with its inherent weakness, this requires new collaborations that bring innovations that can allow countries to develop more effective and efficient systems.

FIGURE 32: APPROVALS BY FY (# OF PROJECTS, FCV COUNTRIES)

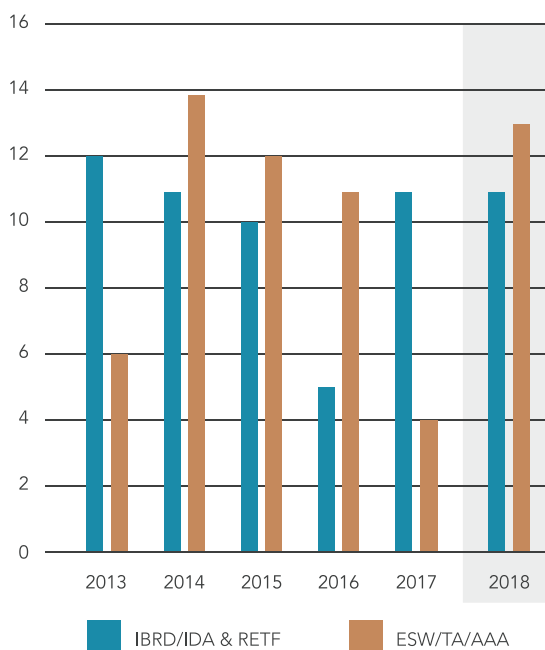
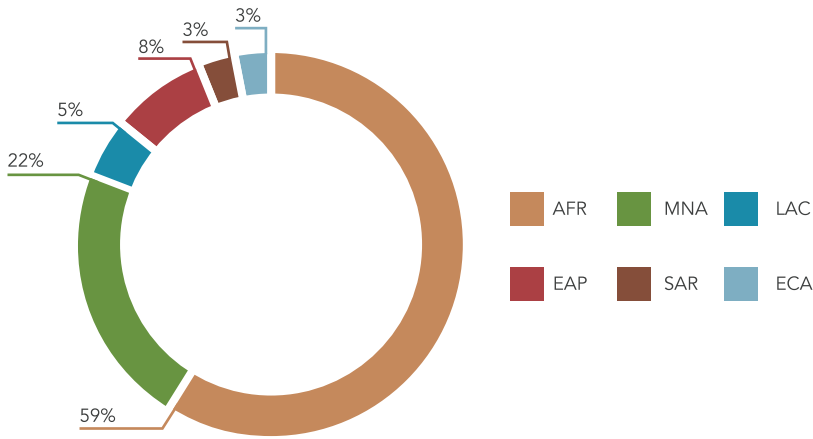


FIGURE 33: PROJECTS IN FCV COUNTRIES (ACTIVE, BY REGION)



B. PIPELINE

In FY18, the HNP Global Practice will deliver 11 new operations, and secure funding for 2 operations through the Refugee Window and 1 through the Risk Mitigation Window (See Table x). These engagements bring the overall HNP FCV engagement to \$2.5B.

TABLE 7: HEALTH, NUTRITION, POPULATION GLOBAL PRACTICE FY18 FCV PIPELINE

Country	Project Name	IDA	Re/SF	Co-Financing
Cote d'Ivoire	Multisectoral Nutrition and Child Development Project	50.00		10.40
Mozambique	Mozambique Primary Health Care Strengthening Program	80.00		25.00
Guinea-Bissau	Strengthening Maternal and Child Health Service Delivery	25.00		
Zimbabwe	Zimbabwe Health Sector Development Support Project III – AF		5.00	
Democratic Republic of Congo	Health System Strengthening for Better Maternal and Child Health Results AF2		10.00	
South Sudan	South Sudan Health Services Support Project	40.00		
Myanmar	Additional Financing: Essential Health Services Access Project	100.00		10.00
Djibouti	Djibouti Nutrition Project	15.00		
Yemen	Yemen Emergency Health & Nutrition Project Second Additional Financing	200.00		
Afghanistan	Afghanistan Sehatmandi Project	140.00		460.00
Republic of Congo	Health System Strengthening Project - Additional Financing	20.00		

SPOTLIGHT: CENTRAL AFRICAN REPUBLIC

The Central African Republic (CAR) has experienced repeated conflict and unstable governments since independence in 1960. Sectarian violence uprooted and displaced about 1.2 million of the country's population. Nearly two-thirds of the country's population lives in extreme poverty and about half (2.3 million people) are in urgent need of humanitarian assistance. In the health sector, only 55 percent of health facilities are functional. While 25 percent have a source of energy and only 2 percent have a potable water source.⁴²

The Bank's engagement on CAR is guided by its new Country Engagement Strategy, which aims to invest \$250 million into 11 projects in the country as part of its "Turn Around Program". This includes support to improve health systems and provide health services to the country's population. Currently the Bank's support to CAR for health, nutrition, and population is about \$39 million in three related projects, two active and one under preparation.

The development objective of the Health System Support Project for Central African Republic is to increase utilization and improve the quality of maternal and child health services in targeted rural areas of the recipient's territory. Over 1.3 million people have been reached with basic health services under the project, which includes provision of maternal and child care services. The number of health facilities operating daily has reached 103. The project also provides specialized services to women victims of violence, with over 3300 reached between 2014 and 2016. This project has been augmented with additional financing that focuses on improved service delivery through performance based financing, expanding provision of emergency services to IDPs and building capacity of the Ministry of Health and Population

C. INNOVATING FOR IMPACT

The World Bank Group's engagement is crucial in fragile and conflict-affected situations. This engagement takes a two-pronged approach focused on (a) helping governments cope with immediate pressures on already fragile institutions, and (b) developing long-term strategies to address deep-seated challenges to inclusive growth and prosperity.

Working in conflict: innovative service delivery mechanisms through contracting with the private sector

In Afghanistan, the World Bank has supported an innovative public-private model of health system delivery by contracting with NGOs to provide a basic package of health services for more than a decade. NGOs are paid based on their ability to delivery key health services in

⁴² Source: <http://www.worldbank.org/en/country/centralafricanrepublic/overview>; <https://www.cia.gov/library/publications/the-world-factbook/geos/ct.html>

defined contracts with the Ministry of Health. This performance based contracting model has been shown to deliver strong results with increases in maternal and child health indicators across the country and as compared to similar countries. The health system gains were sustained despite increase in conflict in some provinces and resulted in an increase in capacity of local NGOs.

Working in conflict: humanitarian support and managing risk

In South Sudan, additional financing for the South Sudan Health Rapid Results Project supports the provision of critical health services and pharmaceutical commodities in the states of Jonglei and Upper Nile, which are among the most conflict-affected states in the country, the only source of financing for the delivery of critical health services in these states since June 2016.

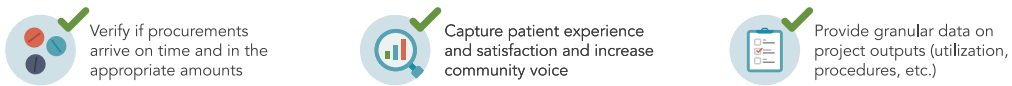
Working in conflict: Leveraging IT and third-party monitors

Under the Yemen Emergency Health and Nutrition Project (EHNP), the Bank is supporting third party monitors to verify health intervention results. Thus far, data show that as of January, 2018, (i) around 5.3 million Yemeni children have been vaccinated against polio and measles, (ii) 640,665 persons have been treated for cholera, and 16 million reached by cholera prevention campaigns; (iii) and, 730,00 million have received basic nutrition services. Importantly, the TPM system has been able to verify if are services are provided, and collect data on clients’ satisfaction with the health services provided. (see Figure 34)

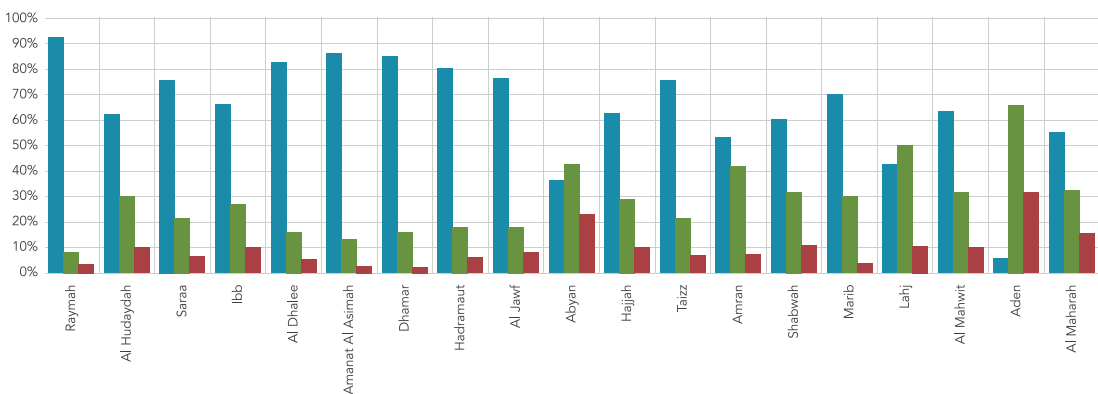
Working with the private sector

The \$120 million Lebanon Health Resilience Project services are delivered at the PHC and hospital level through a network of private

FIGURE 34: YEMEN: THIRD PARTY MONITORING IS A POWERFUL TOOL



How satisfied are you with the services you have received at the health facility? Very Satisfied, Averagely Satisfied (I hope it gets better), Not Satisfied



Sample of 8,430 Respondents Courtesy: UNICEF, Jan 2018

providers that are contracted by the Ministry of Health. The project will expand the network from 75 to 204 contracted NGO PHC facilities.

Innovative financing for Reproductive Maternal Child and Adolescent Health: The Global Financing Facility (GFF)

The Global Financing Facility in support of every woman and every child pioneers a country driven model that brings together multiple sources of financing in a synergistic way to support national priorities. A key element of this model is drawing on the other sectors that influence health and nutrition outcomes, such as education, water and sanitation, and social protection. To date, US\$342 million of GFF Trust Fund grants have been linked to US\$2.3 billion IDA and US\$100m IBRD, a ratio of 1 to 6.9 with operations in 16 countries, currently expanding to 26. At present, GFF actively supports reproductive, maternal, newborn, child and adolescent health in nine FCV countries including Democratic Republic of Congo, Liberia, Mozambique, Myanmar, Sierra Leone, Afghanistan, Central African Republic, Cote D'Ivoire, and Haiti. Interventions supported include community nutrition packages, procurement of family planning commodities, gender based violence training and referral, and reducing early marriage and childbearing among adolescents.

Leveraging knowledge and partnerships for impact

Knowledge and capacity building are important aspects of mitigating negative impacts of fragility and conflict. The Bank's Lebanon Health Resilience Project includes capacity building and strengthening health information management systems. This will include a comprehensive assessment of hospitals focusing on accuracy of hospital case mix; use of hospitalization data in medical auditing; and development of performance indicators incorporating actual patient outcomes, resource allocation decisions, and institutional/

organization structures to identify gaps and recommend actions for improvement.

Under Yemen's EHNP the Bank is leveraging the capacity of UN partners and Yemeni institutions to fight cholera, strengthen service delivery supply chains, and promote transparency in the flow of funds. The microplanning for each service, district, and governorate has been finalized in close coordination with the relevant health offices. For each hospital selected by WHO under EHNP there is network of 10-15 health centers and units supported by UNICEF. As of May 1st, the disbursement from the Bank under the EHNP has reached \$80 million to both UNICEF (\$50 million) and WHO (\$30million) representing 40 percent of the funding.

In Djibouti, in addition to the existing Health project (\$14 million) the Bank is beginning discussions with the Government on a new nutrition operation. The team is working with UNICEF to ensure that the findings of the soon-to-be completed SMART survey guides the operation's design.

The World Bank, UNICEF, WFP and WHO have also recently launched DARES - the "Deliver Accelerated Results Effectively and Sustainably" collaboration. DARES emphasizes prevention, national capacity building to deliver life-saving services, and effective outbreak response in fragile contexts. The collaboration builds on successful partnership experience in Yemen and focuses on 8 high priority countries.⁴³ It aims to improve planning and coordination, have faster and more flexible, adaptable and stronger response through leveraging the relative strengths and resources of each organization at the country level. The partnership is already at work in Yemen and Libya where the Bank is collaborating with partner agencies on needs and mid-term assessments of projects. The Bank is also collaborating closely with UNICEF and WHO in Djibouti to ensure cohesive dialogue with the Ministry of Health on a new nutrition project.

⁴³ CAR, Djibouti, DRC, Haiti, Libya, Syria, Somalia, Yemen

SOCIAL PROTECTION AND JOBS GLOBAL PRACTICE

A. STRATEGIC APPROACH

The Social Protection and Jobs (SPJ) Global Practice engagement in FCV dates to the '90s. With a first generation of operations centered on social funds, SPJ had a foundational role in post-conflict reconstruction in fragile countries including in the Balkans, throughout Africa, in parts of the Middle East, and in Central America. By leveraging Community Driven Development (CDD) approaches, SPJ adapted and integrated preexisting arrangements and institutions into a crisis response platform and in support of refugees and displaced populations. That's been the case in **Madagascar** and **Uganda** where existing social funds have been used to respond to new vulnerabilities created by social and political unrest. In other cases, such as **Liberia** and **Kosovo**, the Bank's involvement was instrumental in creating new institutions to support post-conflict reconstruction of small infrastructure in key sectors such as schools, health centers, community centers and roads. Such operations have been accompanied by a strong policy focus on government ownership and local community involvement, in support of reconciliation, coexistence and stabilization. In addition, social funds supported by SPJ have helped transfer knowledge to—and build institutional capacity of—central and local governments to then take on these responsibilities and link to Disaster Risk Mitigation (DRM) responses.

A second generation of reforms and projects has expanded SPJ to safety net operations and systems. During a second wave of projects, the Bank promoted safety

nets to address vulnerabilities with a growing emphasis on targeting households rather than just communities and by offering a variety of services, including cash transfers, cash for work opportunities, microfinance, and nutritional and school feeding programs. This transition was grounded in the realization that rehabilitation of infrastructure, while important and necessary during crises, was not a sufficient response and that conflict and fragility required a more targeted and context-specific response based on building appropriate capacities that could move to scale during crises. Vulnerability aspects related to poverty, gender, age, ethnicity, or malnutrition were also included in the analytical work, the policy dialogue, and the operational approach. In **Togo**, **Yemen**, and **Sierra Leone**, existing projects underwent this transition considerably enriching their approaches to safety nets and emergency response.

Preparedness and effective response to crises are now shaping the SPJ agenda in FCV. In the past decade, the world has grappled with an increased number and intensity of crises and shocks related to food and fuel prices, financial volatility, conflict, forced displacement, climate change, natural disasters, and pandemics such as Ebola. FCV countries are more exposed than others to such shocks. For instance, 80 percent of people affected by natural disasters already live in FCV. Projections for the next 20 years, estimate that between 50 to 64 percent of the global poor will reside in such countries.^{44 45} Hence, preparedness and capacity to respond to crises, effectively and flexibly become central to the current SPJ strategic approach in FCV countries.

⁴⁴ Overseas Development Institute (2013): "When disasters and conflicts collide: Improving links between disaster resilience and conflict prevention." ODI; London.

⁴⁵ World Bank (2011): World Bank Development Report 2011. World Bank Group; Washington, DC.

SPJ GP has developed a new framework and strategic approach on safety nets and on jobs. Adaptive Social Protection (ASP) provides a flexible approach to building safety nets that centers on identification, targeting, and registration of poor and vulnerable households; a dedicated early warning system within the GP to detect crisis risks and respond rapidly; and flexibility in project design and implementation. This allows social safety nets to expand quickly in response to crises and shocks. ASP approaches are widely adopted in many countries in Sub-Saharan Africa, the Middle East as well as in Southern Africa. Similarly, SPJ has developed a new framework on jobs, given their contribution to poverty reduction, productivity and economic growth, and their effect on social cohesion and reducing the risk of violence. The new *Strategic Framework for Jobs in Fragile and Conflict Situations* highlights the following principles: i) the need for an integrated approach that keeps all economic actors involved; ii) an emphasis on the jobs impact of macro-fiscal policy, regulation, and infrastructure investment; iii) the design of short-term recovery support with an eye on longer-term goals, and iv) the importance of early engagement to re-establish domestic markets. As part of such an approach, the SPJ GP support to jobs diagnostics and strategies takes an integrated view of the labor market, macro-economic conditions, the business environment, labor demand and supply, and workforce skills. Strategies are under preparation for **Iraq, West Bank and Gaza, Nepal and Tajikistan.**

Partnerships and multi-sectorality are a cornerstone of current SPJ work in FCV countries. It is in the realization that no actor alone can effectively address the complexities and the intersectoral nature of crises in FCV countries, that the SPJ GP has forged robust partnerships with other actors in virtually all FCV countries. In **Yemen**, where the Bank cannot enter a financing agreement with the government and has no presence on the ground, the SPJ GP has nonetheless established strong partnership with the UN to deliver IDA-funded emergency operations, while arranging to engage national SP institutions to support their resilience and capacity. In **Lebanon**, SPJ is joining the Transport and Digital Development GP in a Program for Results project to support jobs with targeted actions across sectors.⁴⁶ In **Mali**, a partnership between SPJ and the UN aims to support jobs for youth in active conflict areas, leveraging third-party monitoring and promoting both economic opportunities and stability. In Madagascar, to strengthen households' resilience, SPJ is supporting a multi-sectoral approach to address simultaneously livelihood development, nutrition, education and early childhood development.

SPJ interventions support peace building efforts. By delivering urgently needed income protection and critical services, SPJ engagement in contexts such as **Yemen, Iraq, Lebanon** or **CAR** helps nurture hope for peace. Political neutrality in targeting and bringing IDPs/refugees, host communities and vulnerable groups together in implementation helps enhance social cohesion, peaceful

⁴⁶ "Lebanon Jobs Program" (P163576)

coexistence and collective development. Moreover, the transparency and absence of mediation of safety nets (e.g. cash transfers) help establish a direct link between the authorities and the people and contributes to reinstating a sense of trust in society.

Humanitarian Aid and Forced displacement

Moving out of humanitarian assistance towards long-term solutions. While in theory humanitarian assistance should be temporary, in many FCV countries it represents the norm instead of the exception. In the case of forced displacement (FD), 75% of the estimated 65 million people currently in a situation of FD are in protracted displacement and expected to remain so for some time. Their presence puts pressure on access to natural resources, land, basic services, and income opportunities, and can become a security challenge with deep political, social and cultural implications. It is in such contexts that humanitarian assistance may substitute for key government functions and may put at risk the development of state capacities, which are key for the establishment of safety nets and effective job policies. Evidence from FCV show that humanitarian assistance, national safety nets, and job strategies can complement and mutually-reinforce each other and can strengthen state capacity for crisis response and DRM.

Re-thinking social protection and jobs.

Within such context, re-thinking support to livelihoods, access to basic services and to economic opportunities of FD people and host communities alike is a key development issue. Inevitably, safety net systems and jobs strategies must face new operational issues such as targeting, data and benefits management in highly volatile/mobile contexts, or the benefits' incentive rationale between FD integration into host communities and/or incentive to relocate. Moreover, the long term financial sustainability of SPJ measures requires new collaborations to maximize the impact of available resources and entice the participation of the private sector.

A diagnostic effort leading to partnerships and policies. The challenge that FD poses to existent or nascent safety net systems and job strategies requires a sequenced approach by governments and development partners based on a thorough diagnostic of the needs of FD populations, their plans to relocate/return, and their interaction with local communities. Part of the diagnostic is on how safety net systems and active labor policies can help respond to such needs, given their capacity, financial situation, and overall performance. Policy options are part of the diagnostic and lead to the establishment of partnerships among various governmental agencies and ministries, local development stakeholders, and international technical and financial partners.

B. PIPELINE

The SPJ operational volume in FCV countries currently includes 29 projects with \$1.2 billion in commitments. In addition, there are 11 projects worth more than \$900 million in the pipeline.

TABLE 8		
Project Name	Country	Commitments -\$M
IDA FY 2018		
Emergency Crisis Response Project AF	Yemen	200.00
Safety Net and Skills Development AF	South Sudan	30.00
Social Protection Project	Guinea-Bissau	15.00
Promoting Social Youth Employment Project	Comoros	3.00
Social Safety Nets AF	Sierra Leone	20.00
IBRD FY 2018		
Emergency Social Stabilization Project	Iraq	200.00
Emergency Social Fund for Development	Iraq	300.00
TF FY 2018		
Social Protection Enhancement Project	West Bank and Gaza	15.00
IDA FY 2019		
International Labor Market and Domestic Labor Market Insertion (co-financing)	Afghanistan	5.00
Productive Inclusion Project	Congo - DRC	100.00
Refugees and communities	Chad	40.00

C. INNOVATING FOR IMPACT

CAR: An innovative example comes from the recent engagement of the World Bank in Central African Republic to respond to the forced displacement emergency. Because of a long-standing conflict and an unstable political and security situation, roughly one fourth of the CAR population has been displaced. The Board has approved a two-GP project (GSURR and SPJ) which has innovative design features and implementation approaches, including the provision of both public services and transfers to individual households affected by displacement (15,000 households), the concurrent and complementary targeting approaches to forcibly displaced populations

and hosting communities, and relying on a specialized UN agency (UNOPS) to implement the work program under the commitment to progressively transfer all competencies to ministerial authorities as they strengthen their capacity.

Fiji: In response to cyclone Winston, the government tapped both its social protection programs and international humanitarian assistance, the latter coordinated by the international Pacific Humanitarian Team. The country presents a compelling experience in how to appropriately sequence emergency humanitarian assistance and social protection, including through different institutions (disaster authority and social welfare ministry). Four

weeks into the disaster, the government had disbursed \$9.4 million through its national social protection schemes; following these provisions, the humanitarian community delivered a top-up voucher payment to government social assistance recipients amounting to a total of \$2.1 million.

In **Iraq**, the ongoing SPJ program includes technical assistance, reform support through DPF (FY17), and two emergency operations. The latter includes the Iraq Emergency Social Stabilization and Resilience Project (ESSRP; \$200m IBRD loan) delivered in record time after the end of the battle of Mosul. The ESSRP will provide cash for work to returning and existing populations in the liberated areas, as well as other support to address the impact of the conflict on the population with emphasis on women and children.

War-torn **Yemen** shows that the elements of the social protection system that are still active (e.g., Social Welfare Fund, Social Fund for Development, etc.) benefit from nuanced coordination between humanitarian and social protection assistance. UN agencies such as UNICEF are delivering social protection projects assisted by the WBG. Also, the design labor-intensive activities (implemented by SFD) are connected to and informed by humanitarian efforts. e.g., WFP's food security data is used for targeting by WBG-funded operations.

Lebanon: The National Poverty Targeting Program (NPTP) and National Volunteer Services Project (NVSP) serve as examples of adaptive and innovative Social Safety Nets (SSN) with emphasis on integrated approaches (including social service delivery complementing cash transfers). NVSP provides Syrian refugee youth aged 15-29 with civic engagement opportunities, employability training, and psycho-social support. The first phase of NVSP (2013-2016), benefited 6,500 youth aged 15-24 and involved close to 150 NGOs, universities, schools and municipalities. The project also supported soft

skills training tailored specifically for Lebanon. The curriculum design and content reflect the country's diverse religious factions. A robust impact evaluation, shows that NVSP had a positive impact on social cohesion in Lebanon.

Liberia is an example of institutional collaboration to respond to a major health pandemic (Ebola). In such a context, the WBG financed projects implemented by humanitarian actors to augment government social protection systems, including leveraging logistics for in-kind and cash transfers to targeted affected populations. The Government, working with the World Bank and WFP, agreed to use \$5.6 million of the Bank's Ebola Emergency Response Project for the provision of emergency commodities. This helped reach 120,000 people who were: patients in hospitals receiving medical care, contact cases in quarantine/observation, and communities with widespread and intense Ebola Virus Disease (EVD) transmission with limited food availability.

Madagascar: The Social Safety Net Drought Response (FIAVOTA) program was part of the WBG interventions following the government's declaration of a humanitarian emergency brought on by severe drought (September 2016). The program showed several innovative design features that dovetailed with humanitarian response. These included, for example, the provision of emergency food by the humanitarian community and that of cash by the WBG, including in areas served by functioning markets. Also, cash transfers were provided free of conditionalities and delivered through mobile banking arrangements where infrastructure was accessible.

Nigeria: The Youth Employment and Social Support Operation (YESSO) is part of a broad approach to social protection made of various projects aiming at establishing a robust safety net system in the country. The YESSO increases access of the poor to youth employment opportunity and social services. The program was recently extended in all six



North Eastern States affected by Boko Haram violence and insurgency, and includes a new targeted cash transfer component focusing on IDPs and on the poor and vulnerable who are registered in the Unified Register compiled at state level. To coordinate such assistance and other national interventions, the government set up Humanitarian Response Teams, with membership consisting of officials from across relevant government ministries and agencies as well as other key stakeholders at state level.

South Sudan: The WBG is implementing a \$21 million IDA credit for the Safety Net and Skills Development Project (SNSDP). South Sudan is currently facing a humanitarian crisis, with over 50 percent (6 million) of the population facing severe food insecurity, and nearly 35 percent either internally displaced (2 million) or refugees (1.8 million). The Safety Net and Skills Development Project is addressing emerging vulnerabilities and deprivations caused by the conflict by focusing primarily on safety nets assistance to provide temporary income to the poorest and the most vulnerable, including IDPs. The Project has already generated 240,000 total person work days under challenging security, political

and implementation conditions. Plans are now underway to scale up the public works component, and options for engaging with UN agencies are being explored.

West Bank and Gaza offers a 'good practice' example of how various official institutions have devised a common registry and targeting framework and organized different safety net interventions based on them. Actors like the WBG, UNHCR, WFP, ECHO and others use a common programmatic framework to support the Palestinian Authority in implementing schemes in cash, vouchers and in-kind. These reach, in total, nearly 480,000 people. Such systems were used, for example, to ramp-up emergency humanitarian assistance by other actors like UNICEF, including for the delivery of schooling, water and sanitation items to about 100,000 people.

AGRICULTURE GLOBAL PRACTICE

A. STRATEGIC APPROACH

Each day 795 million people go to bed hungry. Estimates suggest that some 40-45 percent more food will need to be produced by 2030 to ensure global food security – in the context of increasingly stressed land and water resources, and with the threat of reduced crop yields from climate change. Eighty percent of the poor worldwide reside in rural areas and most rely on agriculture for their livelihoods. Improving the performance of the agriculture sector for better and more sustainable incomes, food security and nutrition remains central to the Bank Group’s twin goals of eradicating extreme poverty and boosting shared prosperity by 2030, and to achieving many of the Sustainable Development Goals. To achieve these goals, the world needs a food system that can safely feed every person, every day, everywhere; that can increase the real incomes of the poorest people; and that can better steward the world’s natural resources. There is an urgent need for a food system that is more resilient and that shifts from being a major contributor to climate change to becoming part of the solution. To this end, the Agriculture GP lending and analytical program is giving emphasis to:

- Climate-smart agriculture;
- Food quality and nutrition-sensitive agriculture;
- Agribusiness/inclusive value chains; and
- Jobs/livelihoods.

Nutritious food and agriculture is needed in existing and potential FCV environments—both to meet urgent humanitarian needs and to support the peace-building process.

Sharing food, creating livelihoods, and promoting entrepreneurship is key for preventing conflicts, poverty reduction and shared prosperity. Conflicts and crises are making more people food insecure as the world is experiencing its largest refugee crises and numerous conflicts. As many as 65.6 million people worldwide were forcibly displaced at the end of 2016, according to UNHCR, and meeting their daily food and nutrition needs is a major challenge. On top of this, four countries are experiencing famine due to fragility and conflict.

The food and agriculture sector is typically the first sector to recover from crisis, because the factors of production it uses can be more rapidly mobilized.

Agriculture is also a key input to recovery in other sectors and a first point of entry for mitigating the impact of conflict on food insecurity, poverty, employment and economic growth. This happens through producing and selling food, generating rural incomes and employment, rebuilding household-level food security, and rebuilding social cohesion and institutions from the bottom up. Agriculture is key to stabilization and ultimately to peacebuilding.

Building resilient agricultural systems in fragile and conflict-affected systems requires both the short- and long term to be considered in planning, bridging the humanitarian-development divide.

Lack of opportunities and unmet aspirations in rural areas breed fragility, such as rural unemployment, rural-urban migration, job

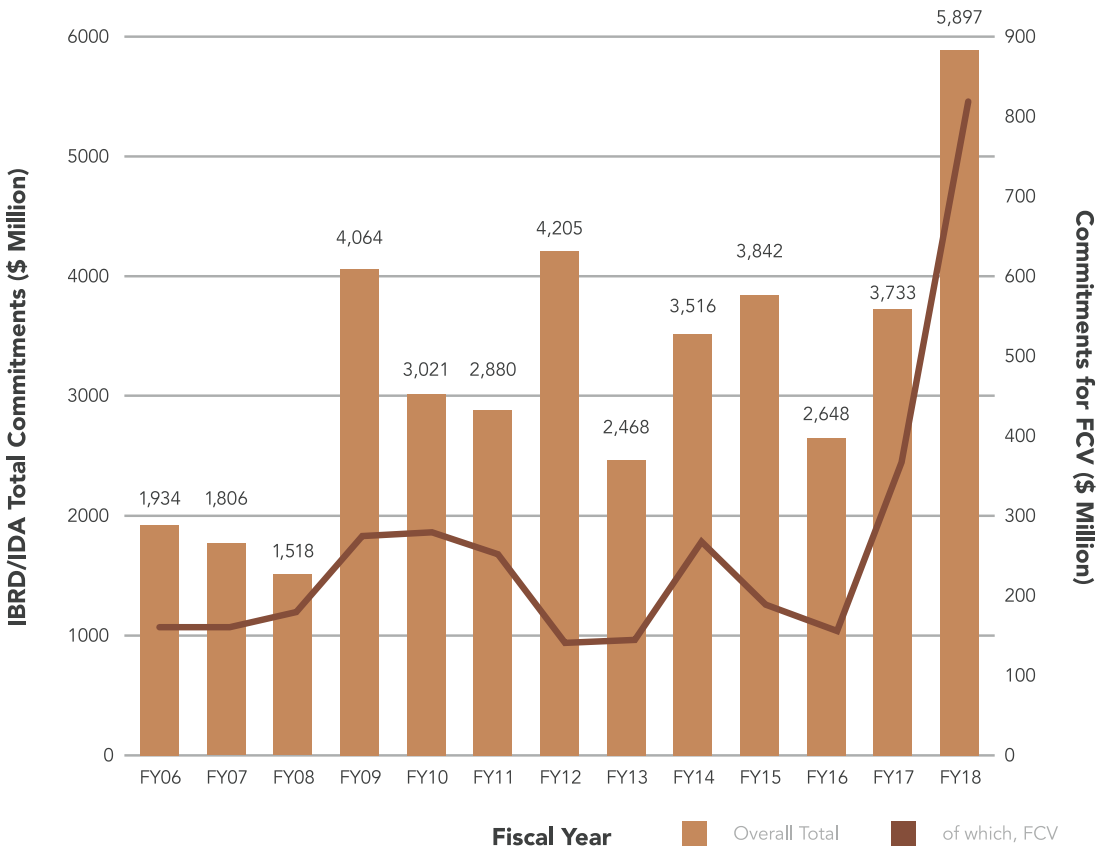
competition and price inflation. Regions where a large portion of employment and livelihoods depend on agriculture are particularly exposed to these types of risks.

B. PIPELINE

The Agriculture GP has invested more than \$3.4 billion since 2006 across core FCV-affected countries. The needs for nutritious food, jobs, and livelihoods are large and increasing in FCV countries.

The Agriculture GP's IBRD and IDA portfolio share for FCV countries has been on average 7.9 percent during FY06 - FY17 with a rising trend reaching 13.9 percent in FY18 (see Figure 34). The overall amount for countries on the Harmonized List of Fragile Situations increased from \$154 million in FY06 to \$816 million in FY18. There are also grants being provided, for example to address famine in Yemen, which are not included in Figure 34 below.

FIGURE 35: IBRD/IDA TOTAL ANNUAL COMMITMENTS TO AGRICULTURE SECTOR, FY06-FY18



More than 600,000 farmers in an FCV situation benefited from Agriculture GP projects for agriculture assets and services in the last three years, including 144,000 women (see Table 8). During FY15-17, nearly 93,000 female farmers adopted improved agricultural technologies out of approximately 134,000 total in FCV situations. Finally, in the same period more than 148,000 hectares were provided with irrigation services.

In East Asia and the Pacific, fragile states are concentrated in the Pacific region, where half of the twelve member states are officially classified as fragile situations – Kiribati, the Marshall Islands, the Federated States of Micronesia, Tuvalu and the Solomon Islands (with a combined population of around 875,000), as well as Papua New Guinea (with a population of 8.1 million). In addition, Timor-Leste, despite having graduated from the FCS list in FY16, remains a young democracy with very weak institutions that could still be considered as a fragile situation.

The Agriculture GP’s work on these fragile states had focused on those with the largest population at risk of chronic food insecurity (Timor-Leste) or with the greatest potential to lift rural households out of poverty (Papua New Guinea). This will continue in the near future. There is unlikely to be a shift towards further engagement in the smaller FCS states, as they have not identified agriculture as a priority area for investment. The pipeline is likely to include a second investment in Papua New Guinea, but the value and scope of this investment is yet to be determined.

In view of a growing insurgency and uncertainty in Afghanistan, the Agriculture GP has been promoting cross-GP collaboration to achieve sustainable outcomes, and tailoring its interventions to the volatile circumstances. Yet, while the ultimate goals of WBG agriculture projects in Afghanistan are to achieve poverty reduction and shared prosperity in a fragile and conflict setting, they are also designed and implemented to achieve these goals by improving the livelihoods of farmers and the rural poor.

The FCV prevention agenda has been translated across the agriculture portfolio in Central Africa by essentially leveraging knowledge and partnerships for impact. Some examples are the engagement with the FCV Group, Global Facility for Disaster Risk Reduction (GFDRR) Just-in-Time rapid response window, and Gender Innovation Lab in the DRC. Since 2015, during project preparation, studies have been undertaken on “drivers of conflict” to inform project design and target interventions to prevent conflict, and promote stability and recovery, such as in the Regional Great Lakes Integrated Agriculture Development Project. The studies also assist in the identification and management of risks. These studies have helped to target beneficiaries (women & youth), avoid elite capture, test assumptions and pilot innovative interventions. Initially, one way to manage risks during project implementation in fragile contexts was to engage with non-traditional stakeholders. More recently, projects have also been increasingly working with the private sector (ICT, agribusiness, and private financial institutions).

TABLE 9: AGRICULTURE SECTOR PROJECTS' RESULTS, FY15-FY17

	Total	FCV
Farmers reached with agricultural assets and services	20,666,593	601,092
Female farmers reached with agricultural assets and services	2,102,006	144,132
Farmers adopting improved agricultural technology	4,873,067	134,363
Female farmers adopting improved agricultural technology	277,000	92,878
Area provided with irrigation services	3,546,534	148,405

C. INNOVATING FOR IMPACT

For the first time in 70 years, famine is looming in four countries simultaneously – northeast Nigeria, South Sudan, Somalia, and Yemen. In each country, the food crisis relates to conflict. Therefore, improving food security and producing enough safe, nutritious food to meet demand is a key focus of the Agriculture GP's work in the FCV country context, notably through projects in Yemen and South Sudan. The latest project in Yemen, and work to develop "frontier agriculture," are two good examples of the Agriculture GP's more innovative work. Finally, the GP is now running an operational Agriculture Observatory, the so-called Ag Observatory to help prevent food crises before they occur.

Republic of Yemen: Smallholder Agricultural Production Restoration and Enhancement Project (SAPREP) - approved July 2017 - is a critical element of the World Bank famine response in Yemen. The project targets poor and food insecure households within the seven most food insecure governorates. Approximately 630,000 Yemenis will directly benefit from the project investments and services, of which 30 percent are women - one of the most at-risk segments of the population. The project will provide investments to increase agricultural production and value-added of agricultural products, and improve livelihoods and nutrition. This will be achieved by restoring and enhancing access to agriculture inputs, providing investments to improve nutritional value and upgrade and diversify agriculture and livestock production and marketing. The project will also assist crop and livestock producers who have lost productive assets because of the conflict and displacement with fast disbursing interventions that would help them rebuild their productive capacity and re-engage in agricultural production. The project will improve food security and livelihoods through provision of farm restoration support packages and income generating interventions for about 35,000 of the most vulnerable and conflict-affected, including rural women, internally displaced people, and those trying

to return home after being forced to flee by conflict. Project investments will be selected and implemented through a community-based and participatory approach and will help affected communities to reclaim their livelihoods by reinforcing their resilience. The project is funded by the Global Agriculture Food Security Program Grant of \$36 million. The project will be implemented by the Food and Agriculture Organization (FAO) representation in Yemen in collaboration with the Yemen Social Fund for Development (SFD) as the FAO main local implementation partner.

Frontier Agriculture can serve to increase food security, livelihood, jobs and skills, and social cohesion and social capital in FCV contexts (Verner et al 2017). Water and arable land are getting scarcer and more unreliable due to climate change in many of our client countries, potentially making them more conflict prone.

The Agriculture Observatory proactively track shocks to agricultural systems globally. The Ag Observatory uses real time and high resolution (9kmx9km), temperature, and precipitation observations derived from ground stations, satellite platforms and artificial intelligence to generate 1.5 million virtual hydro-meteorological stations across the planetary terrestrial surface and allows for the generation of current rainfall and temperature anomalies relative to a ten-year baseline. When coupled with a cropping calendar and local crop models, the Ag Observatory can obtain projections of likely harvest yields 3-5 months in advance of harvests depending on crops used. This provides robust, early-warning capacity to avoid or at least mitigate agriculture and food shocks that are often one of the leading contributors to FCV and eventual disasters including famines and forced displacement.

The majority of refugees and many hosts are food insecure and poor in MENA. For example, in Jordan, 88 percent of refugee households are poor or vulnerable to poverty and approximately half have reported reducing

the quantity and quality of food intake and skipping meals. In Lebanon, only 7 percent of refugees are living with acceptable levels of food security and 93 are nutritious-food insecure. Moreover, 71 percent of the refugees are living in poverty. Most refugees in the region have a background in food and agriculture. This report shows that frontier agriculture, which comprises climate-smart and water-saving agriculture technologies, such as hydroponics, can contribute to improve well-being, including nutritional status for farmers and people that are less integrated into the labor market. This includes women, youth, and those who are forcibly displaced.⁴⁷

One way of increasing food production in such contexts is through frontier agriculture, in which food production is moved closer to markets. Hydroponics and Vertical Farms are two examples. Hydroponics is a climate-smart, innovative, and effective technology that produces more nutritious food with less water (at least 80 percent) and no arable land. Hydroponic systems are easy to operate and can be installed for small-scale use in homes and communities, as well as large scale use in commercial farms. Given the adaptability and flexibility of the technology to most environments, and the outputs including the provision of nutritious food and marketable produce, these technologies are already being employed in some of the most challenging areas in MENA, such as hydroponics and aquaponics in the Palestinian Territories (see Verner et al 2017). The selection of the type of hydroponic system depends on the access to inputs and the level of creativity to produce, reuse or upcycle inputs. Since the technology is flexible and adaptable to local conditions,

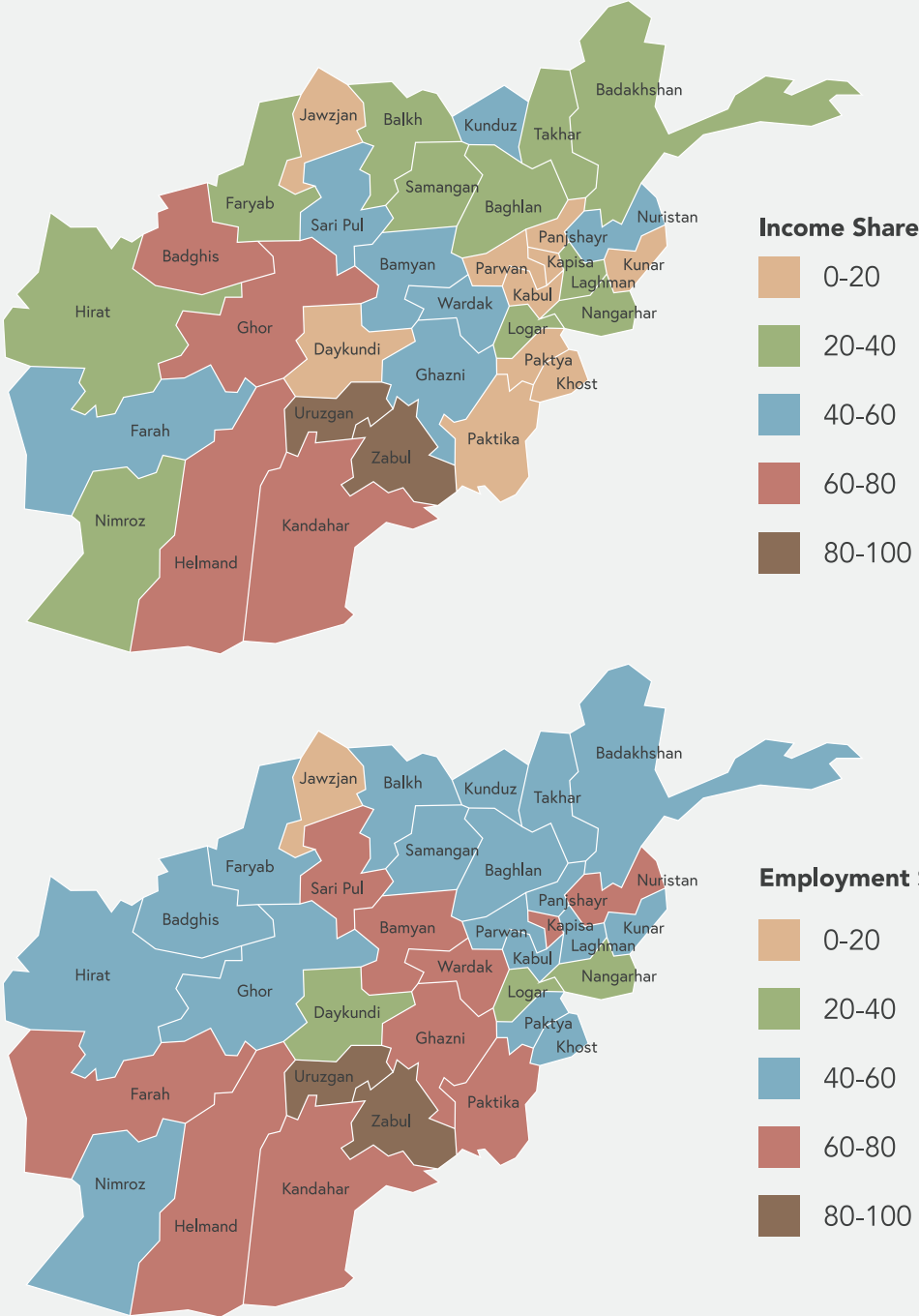
the simplest system can start or supplement existing food and fodder production, if any. This solution can be implemented in a place that previously had no or very limited food production; it can also restart agriculture that was shut down by conflict. This will be introduced as pilots in MENA in FY18.

The WBG current engagement in **Afghanistan** is determined by the Country Partnership Framework (CPF) 2017-2020, which is closely aligned with the government's Afghanistan National Peace and Development Framework (ANPDF). Supported under the CPF, agricultural productivity is seen as a key driver to growth in the country. The promotion of a comprehensive agriculture program – that supports improved access to key inputs and agricultural extension services; enhanced agribusiness opportunities; improved land/water management, including an expanded area under irrigation; and, enterprise development – can support economic growth and the creation of more, sustainable, and inclusive job opportunities for Afghans.

The WBG Strategy is organized under three pillars: (i) building strong and accountable institutions; (ii) supporting inclusive growth; and (iii) expanding and deepening social inclusion. The Agriculture Global Practice priorities and approach in Afghanistan have thus been aligned primarily under pillar II, “supporting inclusive growth”. A look at the trends and profile of poverty in Afghanistan shows that about 70 percent of the population lives and works in rural areas, mostly on farms, and derive their livelihood from agriculture. Therefore, agriculture is potentially the most important driver of inclusive growth and job creation in Afghanistan.

⁴⁷ See Verner et al 2017, *Frontier Agriculture for improving refugee livelihoods: unleashing climate-smart & water-saving agriculture technologies in MENA*, The World Bank.

FIGURE 36: SPATIAL PATTERN OF INCOME AND EMPLOYMENT IN AGRICULTURE, 2013–14



Source: Leao et al. 2017. Jobs from Agriculture in Afghanistan.



FOR RURAL AFGHAN WOMEN, AGRICULTURE HOLDS THE POTENTIAL FOR BETTER JOBS; AN EXAMPLE FROM AFGHANISTAN

Revitalizing the agriculture sector will play an important role in poverty reduction and sustained growth, primarily through job creation, improved productivity, and inclusiveness – with special attention to technical training and financial support to rural women as recognized by the Government of the Islamic Republic of Afghanistan (GoIRA). Examples include the Afghanistan Rural Enterprise Development Program (AREDP) and the National Horticulture and Livestock Program (NHLP), as well as the upcoming Women’s Economic Empowerment – National Priority Program (WEE-NPP). Rural women continue to be the cornerstone of agriculture and food security in Afghanistan, and hold the potential to lift their households as well as their communities out of poverty. Although women’s participation rate in the labor market has gone up to 29 percent, many female workers in agriculture remain unpaid, participating in the economic activities of their households (see Leao et al. 2017). Subject to enduring security concerns, the WBG’s work in the country is not easy, but with the support of the GoIRA it remains vital to improving women’s unemployment rates, as well as market access conditions, access to technology, secure land tenure systems, and better access to credit and agricultural inputs, to improve livelihoods for female farmers and their families.

Revitalizing the agriculture sector in Afghanistan however, requires addressing a number of key policy and investment priorities in the country. The Agriculture GP has been working with the Ministry of Agriculture, Irrigation and Livestock (MAIL) and the Ministry of Rehabilitation and Rural Development (MRRD) to address the following:

- Regulation of inputs by supporting on improved certification, regulation, and enforcement of agricultural phytosanitary measures;
- Extension services by revising and updating the extension services delivery model, opening it up to the private sector and NGOs, and supporting the government to focusing on an enabling and regulatory role;
- Water by supporting the rehabilitation of existing and new irrigation schemes, and better on-farm water management;

- Access to credit by supporting the sustainable development of agro/rural-financing structures;
- Agroindustry and rural MSMEs by fostering private investment, enhancing entrepreneurial skills, and improved farm to market connectivity.

Aligned with the country’s CPF and the WBG’s Strategy, the Agriculture GP engagement in Afghanistan seeks to contribute to improved productivity and resilience in the agricultural sector. At a critical time, when the country is faced with a range of challenges – from growing insecurity to stagnating growth and rising levels of poverty – the Agriculture GP has been embracing the FCV agenda and focusing in creating better livelihood opportunities in a country that has been in almost constant conflict since 1979.

ENERGY AND EXTRACTIVES GLOBAL PRACTICE

A. STRATEGIC APPROACH

Energy infrastructure, institutions and resources are frequently disrupted in FCV settings. Power systems and fuel supply chains can be targets of violence, causing prolonged outages that can have disastrous impacts on critical public services that rely on electricity, including hospitals, food supply, water supply and treatment stations and municipal services (as experienced in parts of in Yemen and Syria, or West Bank and Gaza). Conflict impacts on utility staff or financial flows can constrain maintenance and rehabilitation, leaving systems highly prone to failure. An influx of displaced people can over-stress natural resources such as wood-fuel for cooking and heating, leading to hardship for refugees and host community alike, as well as local deforestation (as witnessed in Somalia or DRC).

Energy and Extractives Global Practice (EEX) interventions to address FCV conditions fall into three broad categories, depending on the time of intervention. They can either focus on i) enhancing energy sector resilience, including by promoting energy security and energy poverty alleviation through long-term development operations, and contributions to state-formation, and to peace-building processes; ii) they can be formulated as an immediate crisis response (in-conflict support or responses to refugee crises in neighboring countries); or iii) they can focus on reconstruction of energy sector infrastructure.

Conflict and protracted crises can directly impact utility services. In these contexts, alternative providers such as privately owned, diesel powered generators, often emerge to fill the service vacuum. Still, their services are often more expensive. Consideration of decentralized energy solutions like micro solar, pay-as-you-go solar home systems, multi-technology (wind, hydro, solar, biomass) mini-grids, and mobile solar farms are viable options to economically deliver fast, resilient, and efficient energy access. In addition, the World Bank has extensive experience in rebuilding energy sector infrastructure post-conflict (e.g., most recently in West Bank/Gaza, Iraq, Yemen, Liberia and Sierra Leone). Increasingly, the World Bank is also engaging during conflicts and in building resilience of energy sectors to FCV shocks.

FCV interventions are becoming a core element of the World Bank's energy sector portfolio. As per the October 2016 WBG scorecard, the World Bank provided new or improved electricity connections to a total of 2.28 million people living in FCS countries between FY14 and FY16. This represents 6% of WB energy access results globally considering a total of \$37.77 million of new and improved connections for the entire WB energy portfolio over the same period. It also compares to a total number of 2.32 million new and improved connections in FCS countries for the previous scorecard period (i.e. October 2015 scorecard covering FY13-15).

Our analytical and advisory services in FCS countries includes considerable collaboration with other GPs or WBG entities, for example:

- Health, Education (KOSAP Geospatial planning)
- Finance & Markets (e.g. DRC financing modalities for private sector participation)
- Social (e.g. CASA-1000 Social Inclusion, Afghanistan Energy Study)
- Water, Transport & MFM (Yemen Reconstruction & Recovery)
- IFC (e.g. geospatial, Scaling Solar, Lighting Africa, and mini-grids); a strong example of collaboration with IFC has been in Myanmar (see Section 2).

In the MENA Region for example, the GP has a unique analytical piece working together with Water, and the Global Practice for Social, Urban, Rural, and Resilience (GSURR) on building energy in the Iraqi energy sector which is looking at the ability of Iraqi cities to recover rapidly from disruptions related to systemic shocks. Given the exposure and vulnerability to natural and man-made hazards and other shocks, the provision and restoration of services is essential. Global experience in the operations of dam safety will be of importance in Iraqi where the per capita dam capacity is far above the MENA average. This Advisory Services and Analytics (ASA) product aims to highlight to the international development community that with the challenge of reconstruction, comes the opportunity for Disaster Risk Management through integrated resilient recovery and reconstruction planning that will drive longer-term resilient development.

B. PIPELINE

In the 5-year period, from FY13-17, the WBG committed more than \$2bn through 37 energy and extractives projects in FCS countries. Overall, an increasing trend is seen in terms of engagement in FCS countries, with FY17 the strongest year over the 5-year period. In the 5-year period, the largest commitments have been to Myanmar (\$540m), **Côte d'Ivoire** (\$385m), **Democratic Republic of Congo** (\$218m), **Afghanistan**, (\$164m) and **Burundi** (\$100). Investments in these countries have mostly focused on increasing energy access by expanding and strengthening the power sector in terms of generation, transmission and distribution.

In the lending pipeline for FY18 and FY19, EEX expects to commit about \$1.2bn through 24 projects in FCS countries. The largest projects are expected to be in **Iraq, Myanmar, Papua New Guinea, Democratic Republic of Congo, Mozambique** and **Madagascar**. These projects will mostly focus on improving and expanding the power sector.

In the 3-year period, from FY15-17, 53 pieces of analytical work (ASA) were completed in FCS countries. Our largest engagement was in Iraq where the Bank delivered 10 ASAs, followed by Myanmar and Haiti with 5 ASAs each. Our analytical work in these countries has mostly focused on capacity building for the extractives industry and power sector reforms.

FIGURE 37: LENDING

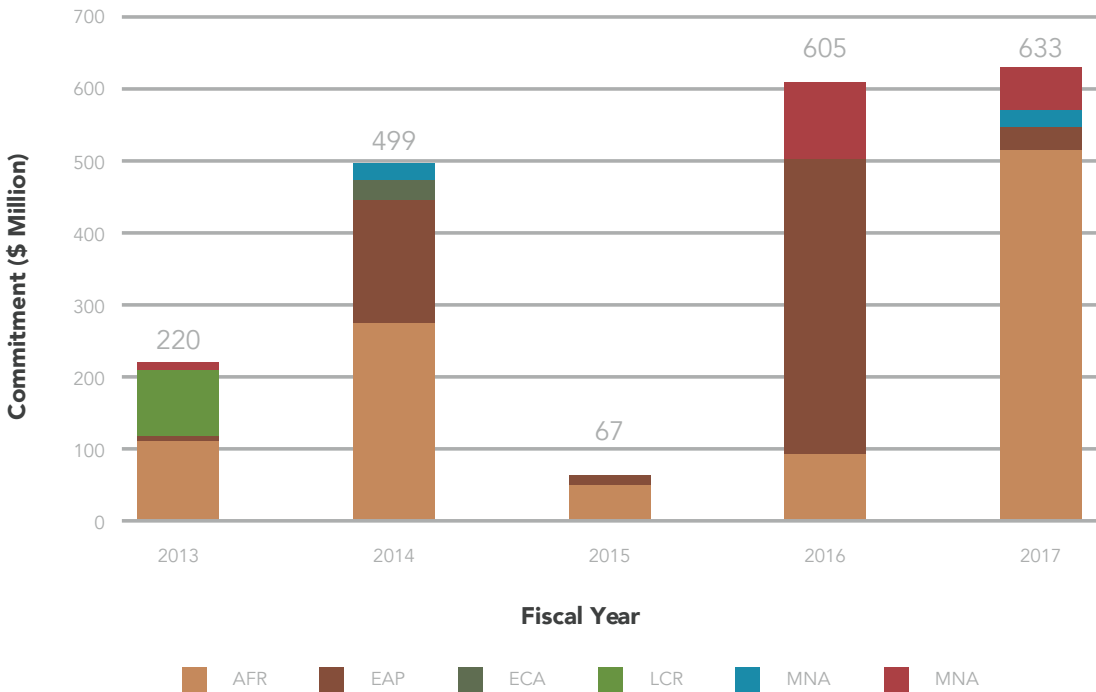


FIGURE 38: LENDING PIPELINE

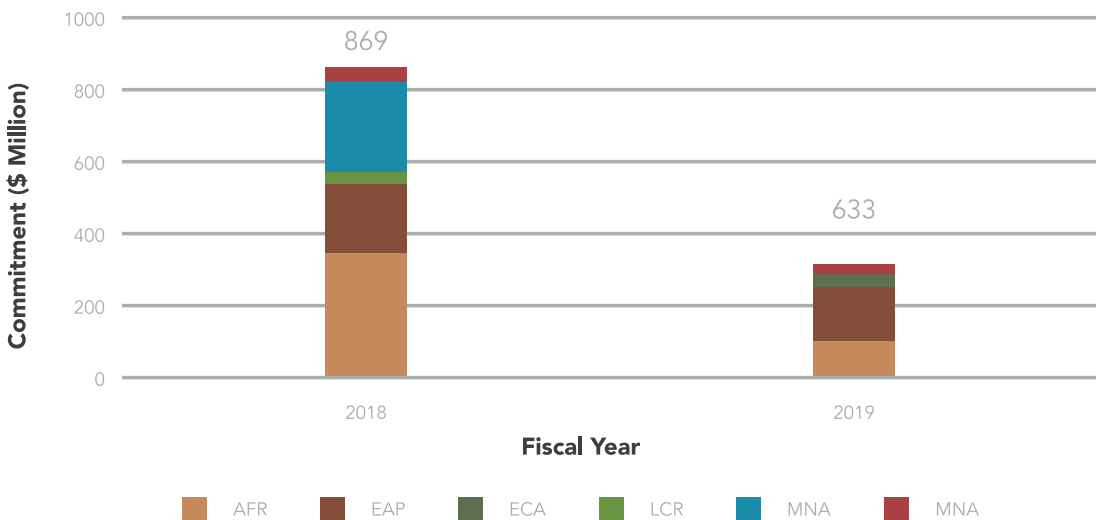
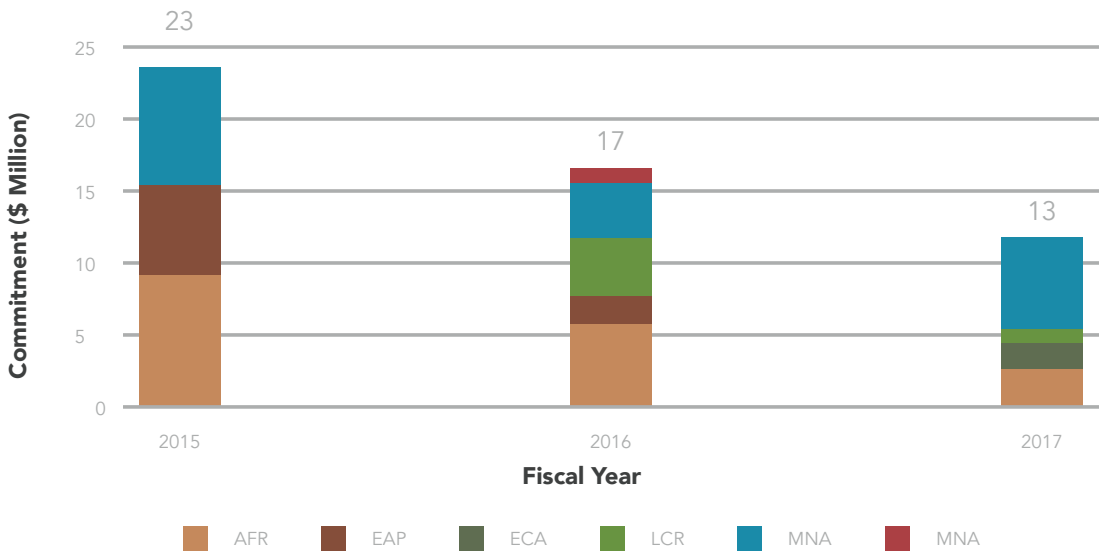


FIGURE 39: ANALYTICAL WORK



In the 3-year reporting period, from FY15-17, Bank projects contributed significantly to the energy sector in FCS countries.

In terms of energy generation, World Bank projects installed about 27MW of conventional and renewable power projects. Additionally, through efficiency improvements in the energy sector, about 66GWh of energy was saved.

Operational Support

- Regional Operation on Development Response to Displacement in the Horn of Africa (preparation).** The Objective is to improve access to social services, expand economic opportunities and enhance environmental management for host and forcibly displaced households in the targeted areas of Djibouti, Ethiopia and Uganda. The proposed regional project will embed essential features of ensuring citizen participation in prioritizing developmental needs including socio-economic infrastructure and livelihoods opportunities to improve self-reliance of refugees and host communities;

improving social cohesion between refugees and host communities; increased citizen voice and role in budget decision making; and greater demand for social accountability. The operational approach will be Community Driven Development (CDD) oriented and will involve: (i) building grassroots institutions, (ii) ensuring voice of all communities including refugees in decision making, (iii) strengthening decentralized government administrative functions, as well as (iv) investing in public service delivery and social mobilization to enhance the social cohesion among the beneficiary communities. Primary project beneficiaries will be the host communities in the refugee hosting areas who have experienced displacement impacts and the secondary project beneficiaries will be the displaced persons (refugees and returnees). The project will support communities to prioritize investments with specific focus on women, female-headed households and youth, who are disproportionately affected by displacement.

- **Cross-border projects, such as CASA-1000**, offer opportunities to build bridges at the institutional level, and to promote inclusion at the local level. First, recognizing that causes of cross border conflict are multiple and complex, and the Bank cannot be expected to fully solve them, however, it can contribute. In the case of CASA 1000, an important breakthrough came when Bank together with the Pakistan Ministry of Energy presented this win-win opportunity to the security and other elements of the Pakistani establishment. It also opened a window for an alternative means of engaging with neighbors, aside from conflict, in areas such as: trade, airline services (both already expanded even as CASA still in pre-construction phase).

- **Mitigate the Impact of Syrian Displacement on Jordan – closed** (amount: \$150 million. Funding source: IBRD). After the smaller interventions implemented by NGOs and UN, this was the first large-scale, government-implemented Bank lending operation responding to the significant costs incurred by a host government. As the influx of Syrian displaced began to show its impact on the Government of Jordan’s public finances, the Bank prepared a \$150M loan to offset expenditures incurred (i) in the health sector (vaccines and medications and healthcare for uninsured Jordanians crowded out in the public health facilities); and (ii) due to Syrians benefitting from non-exclusionary subsidies on bread and household use of liquefied petroleum gas (LPG).

- **Jordan Energy and Water Development Policy Loan – ongoing** (amount: \$250m). This operation—the first DPL supported by the Concessional Financing Facility set up to support Lebanon and Jordan in their response to the Syrian refugee

crisis—was approved in December 2016 and supports fiscal and policy reform programs undertaken by the Government of Jordan in the energy and water sectors to address the challenge of pursuing its reform agenda while also accommodating the influx of Syrian refugees. An estimated 1.3 million Syrian refugees are currently residing in Jordan – equivalent to over 20 percent of Jordan’s pre-crisis population – placing tremendous pressures on public services and infrastructure. Energy and water service delivery – already under great strain before the crisis – has been severely affected, especially in the northern governorates. The rapid growth of the residential population is putting additional pressure on the electricity and water sectors, adding to long-standing structural challenges relating to supply security, financial sustainability and efficiency. To support the Government in its response to the refugee crisis, the loan is providing urgently needed budgetary support and incentives to reinforce the fiscal and policy underpinnings of these two key sectors.

- **Iraq Emergency Operation for Development – ongoing** (amount: \$300 million. Funding source: IBRD). The project provides the Government of Iraq financing of rapid interventions for rehabilitation and repair projects in selected cities liberated from control of ISIS across all sectors including municipal solid waste, water and sanitation networks, transmission and electricity distribution networks (\$75 million component), and roads and bridges.

Analytic & Technical Activities

- **Economic and Social Impact Assessments (ESIAs); Damage and Needs Assessments (DNAs):** ESIA are assessments that aim to provide a picture of the impact of a conflict or a crisis by studying its effect on the country’s population, economy and institutions in



addition to the damage to infrastructure. Several ESIs over the past years included a focus on energy infrastructure and service delivery, including Lebanon (2013), Iraqi Kurdistan (2014) and Syria (2016).

DNAs are in-conflict analyses undertaken to assess infrastructure damages and reconstruction needs (mostly focused on urban areas). Recent examples with a strong focus on energy infrastructure included DNAs for Syria, Yemen and Iraq.

- **Afghanistan: Understanding the Drivers of Resilience and Conflict in the Extractives Industry Sector:** The objective of this grant is to: i) Develop analysis to inform stakeholders on the potential drivers of local conflict around extractive industries in Afghanistan, and ii) build capacity around mechanisms for community engagement that seek to redress grievances and mitigate conflict.

- **Private Sector-Led Approaches for Cookstove Dissemination – Trialing Innovative Base of the Pyramid (BoP) Business Models in Refugee Camps and Slums.** The objective of the analysis is to define blueprints and key design parameters for innovative, large-scale private sector-driven ICS interventions in BoP environments to make the best commercially and technologically proven cooking technologies available to the most disadvantaged and vulnerable populations in SSA in a timely manner. The assignment will specifically target refugee camps and slums in the region, both of which have been identified as prominent examples of BoP environments where there is an acute need for ICS interventions. The findings will be applied to the broader BoP context with the goal of supporting large-scale development of ICS businesses across the region.

ENVIRONMENT AND NATURAL RESOURCES GLOBAL PRACTICE

A. STRATEGIC APPROACH

Of the more than 1.5 billion people who live in countries plagued by violence and conflict, many rely on equitable distribution of revenues from natural resource assets.

Often, an even cursory examination of such natural resource-rich regions raises questions about the lack of transparency and accountability in central government management of these assets. There is also the additional perception that the asset-hosting population has not received an adequate share of the natural resource wealth, while bearing the costs of producing it. Typically, little is done to address the toxic environmental legacy of natural resource exploration and exploitation borne by local communities. These slights are exacerbated by the stronger deleterious impact that environmental degradation has on the poor than the rich. Groups excluded from the distribution of natural resource assets revert to illegal activities to recoup losses to their traditional livelihoods. Facilitating effective and inclusive natural resources management (NRM) can contribute to peace-building through economic growth, sustainable livelihoods, and shared benefits.

The traditional entry point of the Environment and Natural Resources (ENR) GP into Fragile State operations has been through environmental safeguards. Although this approach remains a critical element of sustainable operational impact, ENR is rapidly responding to demands to **integrate environmental and natural resource issues into forced displacement work.** Host governments are increasingly requesting World Bank Group assistance to manage negative environmental impacts associated with delivering basic services to displaced

populations. This is true not only adjacent to established refugee camps, but also within informal refugee settlements integrated into urban and rural host communities. Examples of natural resource management impacts include soil degradation, tree-cutting, artisanal mining, bush fires for land clearing, soil degradation resulting from cultivation of marginal lands, competition for scarce water resources, as well as pollution from solid, hazardous, and human wastes.

The World Bank is cooperating more closely with humanitarian partners to address environmental sustainability in forced displacement activities.

Examples of this include collaboration in Yemen emergency operations with WHO and UNICEF, as well as current work on famine relief in Somalia with ICRC. As Bank-administered funding is channeled to hard-to-reach areas through humanitarian partners, these partners are strengthening their environmental safeguards systems. In turn, the Bank has learned from how these partners incorporate environmental sustainability into their procurement processes and supply chains.

ENR can contribute most critically to the FCS agenda by breaking the cycle of poor governance of natural resources which can lead to, finance, and/or exacerbate already-weak governance structures and economies.

Conflict over control and management of natural resource assets, exacerbated by climate stressors, remains a primary driver of fragility. A new generation of Country Environmental Assessments (CEA) for fragile and conflict states are providing evidenced-based analysis on the political economy of natural resources as oft-mismanaged economic assets.

B. PIPELINE

- **Mining and Forest Governance in Central African Republic** is one example of a project in preparation, which germinated from the Recovery and Peacebuilding Assessment (RPBA). Rapid improvement of the business environment, largely dependent on a wealth of natural resources (such as uranium, crude oil, gold diamonds, cobalt, timer, wildlife, and hydropower), is critical to post-conflict stabilization. If the mining and timber industries are developed under the appropriate conditions, employment opportunities as well as public revenues for better social services may both increase.
- **A Rapid Diagnostic Assessment of Land and Natural Resources Degradation in Areas Impacted by the South Sudan Refugee Influx in Kenya, Sudan, and Uganda** is expected to identify successful models for addressing land and forested resources degradation in areas where the forcibly displaced and host communities are competing, and often in conflict, over already-scarce resources.
- **An important focus area for fragile and conflict-affected countries is the transfer of natural resource wealth to subnational and local levels.** Benefit sharing at the community level is vital for tackling grievances that often drive conflict. Building social capital within and among natural resource user groups can mitigate social risks and dampen the effects of conflict on community cohesion. With support from the World Bank Group's BioCarbon Fund Initiative

for Sustainable Forest Landscapes (ISFL), Ethiopia recently finalized its ISFL program design of the Oromia National Regional State Forested Landscape Program, which includes 6.5 million hectares of vulnerable forest. Similarly, Zambia has launching a Global Environment Facility (GEF)-funded Integrated Forest Landscape Project, to contribute to low-carbon development in targeted landscapes of Zambia's Eastern Province. A complementary intervention, Transforming Landscapes for Resilience and Development in Zambia will enhance disaster-related preparedness through increased ecosystem resilience and productivity within vulnerable landscapes.

C. INNOVATING FOR IMPACT

- The **Mali Natural Resources Management in a Changing Climate Project**, co-financed by the GEF and the Least Developed Countries (LDC) Fund, built on the community-driven development (CDD) model as a point-of-entry to address, in prevention mode, the following twin conflict drivers: (i) a country's fragility can turn into a vicious circle, with severe damage to natural resources and vulnerable populations like women, and internally displaced persons; and (ii) by driving up the frequency, intensity and variability of extreme weather patterns, climate change is likely to have disproportionately large effects on vulnerable territories and communities. One of this project's primary implementation challenges has been how to assure continuity of technical support to local communities in zones of

insecurity and/or active conflict. Mali is one example of several Sahelian FCS countries participating in TerrAfrica and its second-generation program of investments in integrated natural resources management for sustainable and climate-resilient development in Sahel and West Africa Program (SAWAP).

- **The Tunisia Integrated Landscapes Management in Lagging Regions Project** addresses these same twin conflict drivers with a “theory of change” to address elite capture of ecosystem assets by: (1) creating economic opportunities in the lagging regions where the poorest populations are concentrated; and (2) introducing mechanisms to reduce elite capture and ensure the flow of benefits to the typically marginalized and poorer groups. While forests and rangelands are significant to the livelihoods of rural households in and around forests and rangelands, the bulk of the economic value generated by forests and rangelands does not accrue to these households. About 55 percent of the economic value accrues to others, through environmental benefits such as the reduction of reservoir sedimentation, water retention and regulation, and protection against desertification, at the national level. Additionally, in the agricultural sector, “elite capture” manifests itself in various ways: some groups have privileged access to agricultural inputs; other groups have a stronger voice in local territorial planning compared to other groups, such as women or unemployed youth, who have less say in how landscapes are managed; and top-down approaches limit broad-based and inclusive participation in local planning. To mitigate some of these capture risks, investment in support for job creation and local development (including forestry and climate-smart agricultural practices) will in turn inform pro-poor local development plans, related policy reforms, and private sector development activities.

- Experimental evidence on cooperative behavior and common pool resources from the Energy and Environment group in the Development Economics Vice Presidency (DEC) has confirmed initial outcomes from **Nepal Reducing Emissions from Deforestation and Forest Degradation (REDD+) funding** on forest user group behavior. Forest user groups provide an organizing platform and service delivery vehicle for remote and isolated communities, including those in areas where past insurgencies have emanated. The neutral role adopted by user groups during conflict enhances their legitimacy and, after the conflict ends, allows them to play a role in dispute resolution and informal justice efforts. These results suggest that policies to support cooperation and strengthen local governance could be important for collective action and improved economic outcomes associated with forest resources. As forest management and quality in developing countries is particularly important for climate change policy, these results suggest that international efforts should pay particular attention to supporting governance and cooperation at the local level. Several other examples of similar interventions include the **DRC Forest Dependent Communities Support Project and the Liberia Forest Sector Project**.

- Displacement-induced natural resource degradation has been integrated into a multi-sectoral FCV operations in the **Development Response to Displacement Impacts Project in the Horn of Africa**, the development objective of which is to improve access to basic social services, expand economic opportunities, and enhance environmental management for communities hosting refugees in target areas. The project (\$103 million IDA) seeks to address the social, economic,

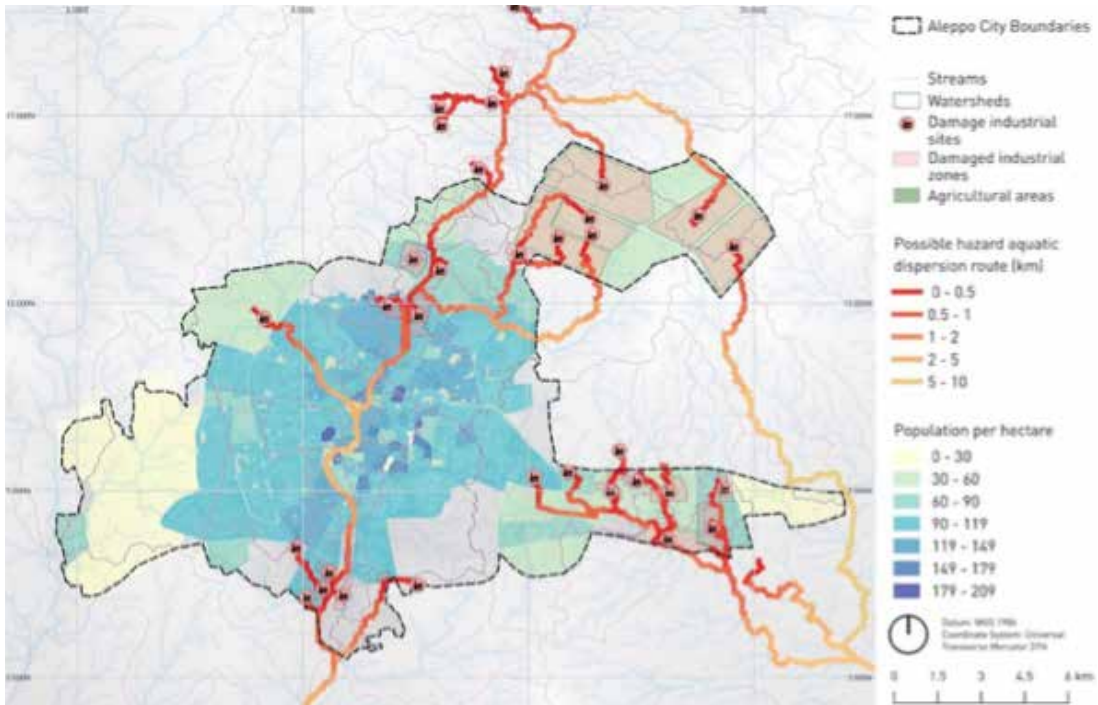
and environmental impacts of the presence of refugees in host communities through interlinked investments in (i) Social and Economic Infrastructure and Services, (ii) Environmental and Natural Resource Management, and (iii) Livelihoods Programs. More specifically, the intervention will decrease environmental impacts of protracted refugee presence, which has resulted in deterioration of the natural resource base because of deforestation resulting from the overexploitation of wood and other non-timber forest products for various purposes (shelter, firewood, charcoal, food, medicines, etc), degradation of grazing lands, loss of wildlife, soil erosion, open disposal of solid waste (especially plastics), and uncontrolled abstraction of groundwater for domestic consumption and livestock.

- Increasingly, Program-for-Results (PforR) interventions are supporting host governments with substantial refugee populations to expand their social programs. In the case of the **Jordan Economic Opportunities for Jordanians and Syrian Refugees PforR**, one disbursement-linked Indicator prompted a new public disclosure transparency initiative for Better Works Jordan, reporting occupational health and safety (OHS) compliance ratings for ready-to-wear garment industries. Better Works Jordan, a joint IFC-ILO funded initiative, provides both a program of international labor standards monitoring for the garment sector, and builds capacity in the responsible local government line ministries to take on this work in the longer-term. This is one example where environmental safeguards systems support

resulted in positive returns across several sectors, including job creation, private sector participation, and trade and competitiveness. Environmental support to ready-to-wear garment factories included technical assistance. One example was how to comply with national recycling regulations for scrap fabric by procuring shredding machines which can create raw materials for toy and furniture stuffing. This program of support for Better Works Jordan is also expanding monitoring and enforcement of labor standards, including OHS, to the chemicals and plastics exporting industrial sectors.

- An example of where ENR has substantially contributed to FCV ASA work is **Assessment of Post-Conflict Environmental Consequences presented as part of the Syria Economic and Social Impact Assessment**. This seminal analytical work on Syria reconstruction includes estimates public health and resource (air, water, soil) contamination impacts and remediation costs associated with removal of construction debris as well as clean-up of industrial areas supporting chemical weapons manufacturing and use. To highlight one piece of this work, industrial facilities have been substantially damaged by the conflict, with agricultural lands and the population being possible receptors of the consequent toxicities released. To illustrate, as of March 2013, losses to industrial facilities in the city of Aleppo alone were estimated at \$50 billion. Figure 39 overlays the location of the damaged industrial sites to the possible hazard aquatic dispersion route and the density of the population at risk.

FIGURE 40



Source: Courage Services Inc.

Aleppo’s possible pollution dispersion routes from identified damaged industrial sites, overlain with existing agricultural lands, and population density, both possible receptors of this pollution.

The analysis also models the expected costs associated with residential debris for the cities of Aleppo and Homs, the removal of which will impact the return of residents and industrial activities, reconstruction works,

hinder access to public service delivery and require massive amounts of clearance, transportation and processing or disposal. The recovery and management of debris which will have substantial negative impact on the environment and the health of the population at risk, has been provisionally scoped making use of environmental health analysis from the Iraqi Gulf Wars as well as from the World Trade Center Health Program for 9/11 First Responders and Survivors.

SOCIAL, URBAN, RURAL, AND RESILIENCE GLOBAL PRACTICE

A. STRATEGIC APPROACH

Solutions to fragility, conflict and violence (FCV) are an integral part of the work of the Global Practice for Social, Urban, Rural, and Resilience (GSURR); only communities that are resilient, cohesive and safe can also be sustainable. GSURR's sub-practices have a long-standing engagement in FCV situations, and combine contextual understanding, specialized experience, and ability to respond and deliver rapidly. Intra-GSURR collaboration allows to put forward an effective mix of skills for every situation. GSURR has developed a cadre of close to 200 staff working on operational solutions to FCV, based both in HQ and in locations around the world. GSURR is also one of the most active Global Practices in FCV contexts, with a current portfolio of 54 projects⁴⁸ and a total commitment of \$2.4 billion.

GSURR is working on FCV issues in both low-income and middle-income countries as well as in a variety of situations – from fragile states, in/post-conflict situations, and sub-national conflict areas, to violent cities and refugee-hosting countries.

To provide scaled-up support to respond to diverse FCV challenges across all client groups, GSURR created a **Global Solutions Group on Stability, Peace, and Security (GSG SPS)** to enhance its operational quality and relevance, develop staff capacity, and promote cross-country learning. As such, the GSG SPS focuses on operations and analytics for operations and complements the corporate agenda of the FCV CCSA. The GSG SPS also aims to contribute to the sustainability of the FCV agenda beyond

IDA18. The GSG SPS is a community of operational practitioners based on the principle of collaboration and open to anyone who is interested in operational FCV work. The GSG SPS organizes itself with the help of (currently) nine thematic groups by product line:

- Advisory services and analytics
- Demobilization and reintegration of ex-combatants
- Community driven development
- Forced displacement
- Urban service delivery
- Land and conflict
- Gender-based violence
- Safe and inclusive cities
- Social safeguards/standards in FCV contexts

These thematic groups provide advice/guidance to task teams and facilitate interaction between colleagues working in/on different countries/regions. Some of the activities of the thematic groups are to develop an engagement approach, take stock of ongoing/recent activities, review the evidence in their respective field, and prepare guidance/K&L notes.

This following section provides an overview of GSURR's innovative analytics and advisory services, operations and convening services and partnerships in FCV settings.

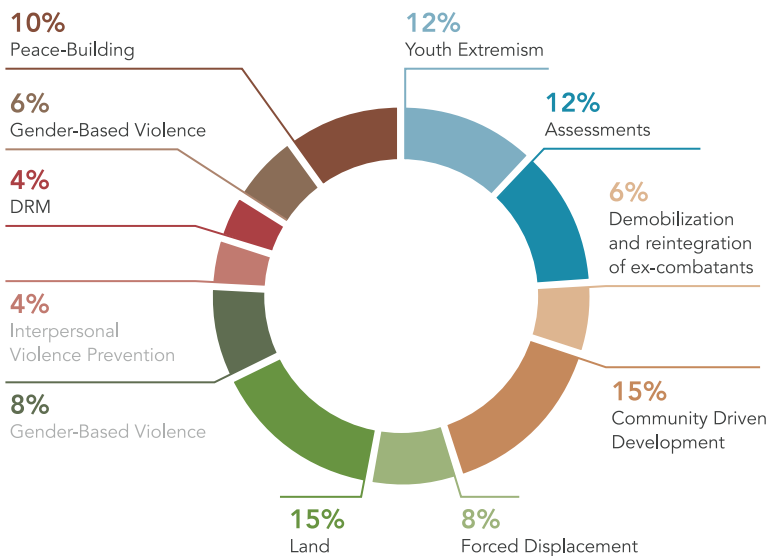
⁴⁸ Projects which are undertaken in countries listed in the FY 17 Harmonized List of Fragile Situations (as used by OPCS).

GSURR Analytics and Advisory Services

Beyond landmark flagship reports, GSURR has developed its **Analytics for operations (“peace lens”)** and **geospatial analysis** to enhance real-time analysis and **operationalize that analysis** in conflict situations. GSURR plays a central role in mainstreaming FCV issues in sectoral operations. A “peace lens” helps design projects that address the causes and consequences of FCV, and goes beyond ‘do no harm’ to ‘do good’ by proactively and purposively contributing to peace-building. E.g. in Colombia, GSURR has been working closely with operational teams across GPs to use seven key dimensions to assess all operations and address causes and/or consequences of conflict.

GSURR has undertaken **forced displacement assessments** to encourage national and local government leadership on displacement issues. **In-conflict damage and needs assessments (DNAs), Recovery and Peace Building Assessments (RPBAs), Risk and Resilience Assessments (RRAs), and Social Assessments (SAs)** are all active areas of engagement. Analytics also address interpersonal and gender-based violence, socio-economic reintegration of ex-combatants, land and conflict mapping in support of peace agreements and economic recovery, and youth and violent extremism. Other services include violence monitoring systems to track trends and impacts of violence and public expenditure reviews (PERs) for the security sector which examine resource allocations, fiscal space, and cost drivers in relevant institutions.

FIGURE 41: MAIN THEMES OF GSURR ASA PORTFOLIO IN FY18



GSURR Operations

GSURR offers a broad range of interventions that are either specific to FCV contexts or standard interventions which also exist in non-FCV contexts,⁴⁹ but which are adapted to and often used in FCV contexts.

FCV-specific interventions

- **Gender based violence (GBV)** prevention and response in FCV includes the first dedicated IDA operation, the Great Lakes Emergency Women's Health and Empowerment Project, led jointly with GP Health.
- **Urban violence prevention operations to address urban violence and crime** can be self-standing, as in the *Honduras Safer Municipalities Project (SMP)*, or can be integrated into other projects, such as in *Jamaica and Guatemala*.
- **Forced displacement operations** that target service delivery, economic recovery, employment generation, community revitalization and social cohesion help promote sustainable integration and return for forcibly displaced populations and host communities. This includes activities in urban settings where displaced populations put additional stresses on water, sanitation and other urban services, infrastructure, shelter and access to land.
- **Victims support.** GSURR has supported victims of the Colombian conflict through the Colombia Collective Reparation for Victims through Social Reconstruction Project which seeks to provide technical assistance to the Government of Colombia by strengthening and deploying a model for the Collective Reparation Program for victims at the national and local level.

- **Demobilization, reinsertion and reintegration of ex-combatants.** Bank engagement in demobilization and socioeconomic reintegration programming has expanded over the last 25 years to more than 25 programs across 20 nation-states (including in Mali and CAR), as well as several regional initiatives.

Adaptations of standard interventions

- **Community-driven development (CDD) approaches have been an important engagement modality for governments and the World Bank in FCV.** In FCV situations, CDD approaches are often seen as addressing three core needs: supporting access to essential services, fostering community trust and social cohesion, and strengthening state-society linkages. Because of their ability to reach scale relatively quickly and to operate even in remote or conflict-affected environments, CDD approaches have increasingly become the modality of choice in FCV environments, as confirmed in IEG reviews of FCS operations in 2014 and of conflict in middle-income countries in 2016. CDD operations are currently active in 20 FCS countries (out of 36 total on the Bank's FCS list), representing \$9.8 billion of total financial support (e.g. Bank and donor financing).
- **Multi-sector local service delivery/crisis recovery.** Especially in urban settings, projects aim to meet the needs of conflict-affected populations by delivering basic services and help communities build resilience.

⁴⁹ "specific to FCV contexts" means that the type of intervention is only used in FCV settings.

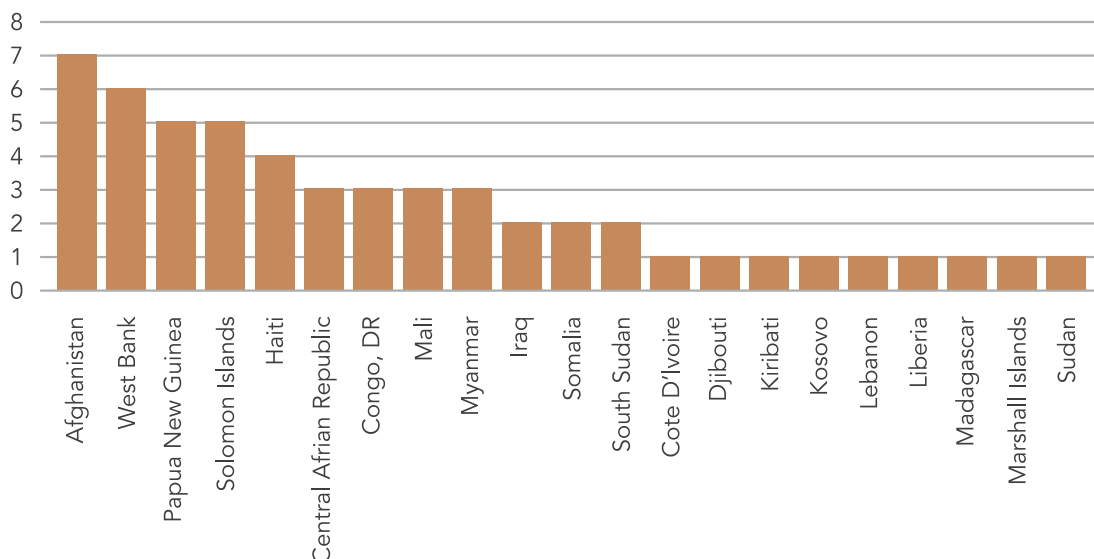
- **In-conflict recovery and reconstruction through integrated service delivery and institution building.** The Bank is also moving increasingly into “in-conflict” service delivery, such as in Iraq and in Yemen. The Emergency Operation for Development Project in Iraq, for example, is supporting the Republic of Iraq in the reconstruction of damaged infrastructure and the restoration of public services delivery in targeted municipal areas and is being expanded to cities being liberated.
- **Youth interventions in FCV contexts** is critical since youth are one of the groups most adversely affected by fragility, conflict and violence. GSURR’s youth development projects in FCV contexts address key issues of ethnic and social polarization, social exclusion, gender inequities, radicalization and violent extremism, and the lack of voice and participation and economic opportunities for excluded youth.
- **Land reform and administration operations in conflict-affected environments.** GSURR, in partnership with the Governance GP, supports the development of coherent land policy and regulatory frameworks and of efficient institutions for land policy and administration. Land reform and administration operations supported the peace accords in El Salvador and support the implementation of the peace agreement in Colombia, where GSURR has been supporting the land restitution process.
- **Housing and urban development.** GSURR supports the establishment and strengthening of urban institutions and systems to deliver improved infrastructure and services to urban areas that face challenges in access to basic infrastructure resulting from interpersonal or political violence.

- **Disaster Risk Management (DRM).** GSURR brings conflict sensitive approaches to DRM to address the inter-related risks of conflict, fragility, natural hazards and climate change. For example, GSURR is working with women in IDP camps in *Somalia* to address both, natural hazard risks and gender-based violence.
- **Citizen Engagement (CE) mechanisms** help promote citizens’ ownership of development interventions through their participation in decisions regarding access and the distribution of resources.
- **Social safeguards and social risks in FCV environments** focus on ensuring operational rigor while adapting the Bank’s policies to the reality of complex environments.

GSURR Coordination, Convening and Partnerships

- **Platforms for coordination, joint planning, implementation and communication** help clients on a broad range of themes, including long-term development-oriented responses to conflict, displacement, urban violence and land reform and administration. This has included strategic planning, capacity building, and peace process support with CMUs to clients such as Myanmar, Mindanao (Philippines) and Colombia.
- **Peer learning events** allow champions (policymakers, civil servants, practitioners, and academics) to learn first-hand and get inspired from diverse experiences that have proven successful in preventing, amongst others, youth violence and crime. In 2017, the Medellin Living Lab, for example, brought together representatives from more than 35 cities to share different methodologies and experiences with respect to security, coexistence, and resilience.

FIGURE 42: SURR FCV PORTFOLIO



• **Country and regional conferences.**

GSURR has engaged in a broad range of events and conferences addressing important issues of the global FCV agenda, such as regional conferences in Cali, Colombia (Comprehensive Solutions for Crime and Violence Prevention: Strengthening Local Institutions for Citizen Security and Coexistence in Latin America and the Caribbean) and Antigua, Guatemala (Together for Action: Partnership for Youth Crime and Violence Prevention in the Americas).

• **Humanitarian – development**

cooperation is an important focus area under IDA18 and requires strengthened partnerships with a range of stakeholders, particularly in the humanitarian community. In response, GSURR in cooperation with the FCV CCSA has launched a lunchtime series with NGOs and international organizations that have a long-standing track record of working on forced displacement.

B. PIPELINE

GSURR operations in FCV contexts: GSURR’s FCV work cuts across all Bank business lines and provides important operational and analytical inputs into the Bank’s FCV work. Currently, GSURR has the largest FCV lending portfolio in terms of number of projects and the third largest in terms of commitments. The work spans all categories including lending projects, small grants, MDTFs, and ASA activities. GSURR’s total commitment is \$2.44 billion (current portfolio). The primary source of funding is IDA with \$1.74 billion. Financing through trust funds stands at \$352.98 million.

FCV work in non-core countries. Many countries are fragile or experience sub-national conflict but do not meet the full FCV criteria, for example the Mindanao Region of the Philippines or Guinea. GSURR is working in many of these countries. For instance, although not in the FCV category, the longstanding Indonesia National Community Empowerment (PNPM) program and its work on conflict and violence have been a valuable source of knowledge underpinning social cohesion work in GSURR’s FCV portfolio.

TABLE 10

Project Name	Region	Country	FY	Commitments (\$M)			
				Total	IBRD	IDA	Others
Land Policy Implementation Project	AFR	Côte d'Ivoire	2018	50.00	0.00	50.00	
Tana Urban Development and Resilience	AFR	Madagascar	2018	70.00	0.00	70.00	
SS-Local Governance and Service Delivery	AFR	South Sudan	2018	60.00	0.00	60.00	
Kinshasa Urban Development Project	AFR	Congo, Democratic Republic of	2018	150.00	0.00	150.00	
Togo - Urban Infrastructure Project	AFR	Togo	2018	30.00	0.00	30.00	
Liberia Land Administration Project	AFR	Liberia	2018	7.00	0.00	7.00	
Fixing Freetown 1	AFR	Sierra Leone	2018	20.00	0.00	20.00	
Somali Urban Resilience and Recovery	AFR	Somalia	2018	20.41	0.00	0.00	20.41
REP II	EAP	Solomon Islands	2018	15.00	0.00	15.00	
Enhancing CDD in Myanmar	EAP	Myanmar	2018	25.00	0.00	0.00	25.00
Haiti: Local Development Project	LCR	Haiti	2018	50.00	0.00	50.00	
GZ-Third Municipal Development Project	MNA	West Bank and Gaza	2018	16.00	0.00	0.00	16.00
Land Administration System Modernization	MNA	Lebanon	2018	43.00	43.00	0.00	
Emergency Operation for Development - AF	MNA	Iraq	2018	600.00	600.00	0.00	
Integrated Urban Services Emergency Project	MNA	Yemen, Republic of	2018	150.00	0.00	150.00	

Regional spread. As with the FCV list itself, much of the lending portfolio is concentrated in AFR, followed closely by EAP. In terms of countries, Afghanistan and West Bank and Gaza have the highest numbers of projects. GSURR is also implementing regional FCV operations, for example, gender in the Great Lakes Region and projects on forced displacement in the Horn of Africa and the Great Lakes.

C. INNOVATING FOR IMPACT

Section A of this paper has already outlined various examples of GSURR innovations in FCV settings. Some good practice examples and innovations that GSURR undertakes are, amongst others, social assessments, community driven development/reconstruction operations in conflict-affected areas, gender-based violence prevention and responses in FCV settings, post-disaster emergency recovery responses, and violence monitoring systems. GSURR is also intensifying its engagement in multi-sectoral operations to enhance its operational effectiveness. This section showcases in more detail a few examples of innovative GSURR FCV operations.

LAKE CHAD BASIN FORCED DISPLACEMENT: SUB-REGIONAL PRELIMINARY ASSESSMENT

The World Bank GSURR and Water teams worked jointly with UNHCR teams to produce this Regional Assessment of Forced Displacement by the Boko Haram in the Lake Chad Region. This regional assessment focused on forced displacement in the Lake Chad region in general, and the population displaced by the Boko Haram conflict originating in North-East Nigeria. It is based on quantitative and qualitative data. Geographically, this regional assessment covered the four countries that border Lake Chad—namely, Cameroon, Chad, Niger, and Nigeria. The main objective of this assessment was to understand and analyze the impacts of forced displacement caused by the Boko Haram conflict. It also offered a comprehensive roadmap to address both the complex humanitarian and development needs emerging from the crisis, and to bridge the gap between humanitarian and development efforts. Recommendations focused on facilitating the integration and self-reliance of the forcibly displaced, regardless of the place where they were (i.e., communities of origin, host communities, or third locations), taking into account both the immediate priorities expressed by the affected populations for survival and the requirements for sustainable recovery and development necessary for longer-term regional stability.

SIERRA LEONE MULTI-CITY HAZARD REVIEW AND RISK ASSESSMENT

To better understand natural hazard and disaster risk in Sierra Leone, the World Bank and GFDRR are supporting under the ACP-EU funding the development of new hazard and risk information in Sierra Leone for targeted cities (comprising riverine floods, flash flood, landslide, sea level rise and coastal erosion etc.), as well identifying priority Disaster Risk Management (DRM) and mitigation measures for better urban resilience. The results of this project will be used to: a) support provision and increased resilience against disasters in three cities, b) contribute to urban planning, c) and build city councils' capacities in term of risk knowledge, disaster prevention, and preparedness to strengthen urban communities' resilience against disasters.

PROGRAMMATIC APPROACH TO STRENGTHEN VIOLENCE PREVENTION AND IMPROVE PUBLIC SAFETY IN BRAZIL

GSURR has been undertaking a Programmatic Approach (PA) on violence prevention in Brazil since 2015. It supported the preparation of (i) a study on the costs of violence in Brazil; (ii) three local diagnostics of crime and violence and three implementation briefs developed for the cities of Belo Horizonte, Fortaleza and Recife; (iii) a peer-learning event with approximately 20 participants from city governments, including public security secretaries; (iv) an implementation brief of evidence-based policies targeted at Brazilian cities; and, (v) an assessment of violence prevention activities and project components in the Bank's portfolio in Brazil over the past ten years, aimed at drawing lessons and identifying opportunities for further engagement. The PA has also allowed the Bank to advance the agenda internally and improve its strategy for the longer term and has contributed to strengthening the capacity of select counterparts on evidence-based policies to reduce urban and, specifically, youth violence. It has also consolidated strong partnerships with key national actors, such as the Brazil Forum for Public Security (FBSP), and a network of practitioners and researchers to build and share evidence of interventions that have a robust track-record in reducing urban violence; and has helped to identify key gaps in implementation of violence prevention policies, especially at the local level.

The technical assistance activities financed by the PA showed that, if better planned and included at the early designed stages, Bank projects can help prevent crime and violence, as for instance in the case of technical assistance to Teresina after violence erupted in some of the areas targeted by a Water project. The PA analytical activities also highlighted the need to better address one of the key drivers of violence in Brazil: the social exclusion of afro-descendant youth, which contributes to make this population the vast majority (over 70%) of homicide victims in the country. Consequently, the PA is identifying entry points to develop an agenda focused on violence prevention for Afro-descendant youth in FY18.

TRANSPORT AND DIGITAL DEVELOPMENT GLOBAL PRACTICE

A. STRATEGIC APPROACH

The Transport and Digital Development GP's strategic approach to fragility, conflict, and violence (FCV) situations views physical and virtual connectivity as a catalyst for reducing extreme poverty and promoting inclusive growth, even in the most challenging contexts. The GP recognizes that a wide spectrum of our clients experience FCV challenges in varying forms and severity and that the World Bank is uniquely positioned to explore and address transport and Digital Development-FCV linkages across the spectrum.

This strategic approach emphasizes three main areas of impact: (a) promoting safe and affordable physical and virtual connectivity to grow and integrate economies, connect at-risk populations, rebuild social cohesion, mitigate conflict, and sustain fragile peace; (b) enhance governments' ability to deliver critical services, including in response to refugee crises, in order to build state legitimacy and acceptance of state institutions; and (c) build capable and lasting institutions to deliver resilient development impact, including climate-resilient development outcomes.

The GP has deployed a range of approaches to engage in FCV contexts:

- **Rapid, effective, and sustained response on emergency basis** in post-conflict and ongoing conflict environments (Examples: Liberia, Afghanistan, and Iraq);
- **Multi-sector emergency projects to restore critical infrastructure and build state support** (Examples: Liberia, Côte d'Ivoire, Iraq, and DRC);
- **Innovative implementation schemes using various UN agencies:** UNOPS (Afghanistan, CAR, Haiti), UNMIL (Liberia); and the civil engineering adjuncts of a client country's military (far north Cameroon);
- **Planning and developing long-term investment programs** and anchoring major development investments with the support of other GPs and DPs;
- **Gathering critical mass of investment** (Liberia, South Sudan, CAR and Afghanistan);
- **Policy reforms to support IFC investment** in underserved telecoms markets (i.e., the Digital Infrastructure Initiative, see related box)
- **Building capacity to help break the fragility trap** (Côte d'Ivoire);
- **Creating job opportunities for ex-combatants and refugees** (through Public Works in South Sudan, Liberia, CAR and Lebanon).

The Transport and Digital Development Global Practice is seeking to expand an already strong role in the overall Bank Strategy for FCS, including through staff capacity development to support the doubling of IDA18 support to Fragile and Conflict Situations (FCS).

B. PIPELINE

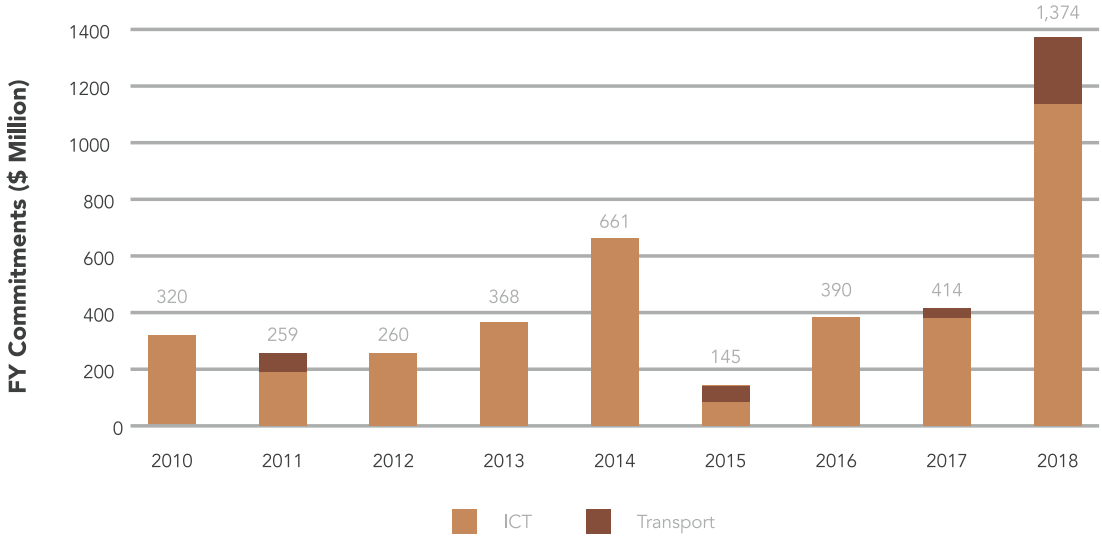
The average annual GP pipeline in FCS has increased in recent years and continues to reflect the GP's strategy of sustained engagements in capacity building and conflict recovery. An analysis of transport operations for 2006-2016 found that the Bank approved 74 operations⁵⁰ in transport amounting to \$4.45 billion in commitments. The analysis demonstrated sustained engagements. For example, half of the 74 operations supported five countries: Liberia (13 projects), Afghanistan (8 projects), Haiti (6 projects), and the Congo Democratic Republic and Georgia (5 projects each). The current FY2018 pipeline portfolio has significantly increased over recent years.

TABLE 11. FY18 TRANSPORT AND ICT PIPELINE PROJECTS		
Country	Probability	Amount
Tuvalu	Likely	20.0M
Tuvalu	Likely	8.8M
Liberia	Likely	29.0M
Côte d'Ivoire	Firm	75.0M
Somalia	Likely	16.0M
Afghanistan	Likely	90.0M
Papua New Guinea	Likely	65.0M
Tuvalu	Likely	10.0M
DRC	Likely	300.0M
Côte d'Ivoire	Likely	400.0M
Guinea-Bissau	Likely	20.0M
Mali	Firm	70.0M
Lebanon	Likely	250.0M
Total		1,353.8M

Note: This table is an estimate for 2017 and 2018.

⁵⁰ Most years under analysis predated the merger of Transport and ICT GP; the dataset therefore did not include all ICT operations.

FIGURE 43: TDD GP FCV COMMITMENTS BY FISCAL YEAR (\$ MILLIONS)



Note: This figure is an estimate for 2018.

C. INNOVATING FOR IMPACT

IRAQ: CONFLICT MITIGATION AND RAPID DAMAGE ASSESSMENT IN AN ACTIVE-CONFLICT SITUATION

The **Emergency Operation for Development Project (EOPD)** was prepared and implemented in an active-conflict situation to help the government rapidly re-establish state presence and secure peace in areas liberated from ISIS. This project is a cross-sectoral emergency reconstruction operation involving five GPs and covering transport, health, energy, water & sanitation, and waste management. It aims to mitigate the risk of renewed conflict in liberated areas by rapidly re-establishing basic infrastructure and services and building public support for the state. The project showcases numerous important innovations:

- A flexible design allows project resources to be rapidly shifted to new geographic areas and sectors in response to emerging needs. This highly-responsive and client-oriented approach facilitated faster recovery and is critical to the project’s political objectives.
- Flexibility afforded by World Bank emergency policies (OP10 para 12 and OP11 para 20) enabled rapid approval and mobilization of US\$350 million IBRD financing.
- Use of remote sensing techniques to identify needs and TPM for implementation supervision.

LIBERIA: PAYOFFS FROM SUSTAINED ENGAGEMENT

The TDD GP was among the first to engage in Liberia's post-war reconstruction using labor-intensive road works to provide employment and stability and improve market access to support agricultural livelihoods. Sustained engagement over fifteen years has enabled slow but sustained development of institutional capacity in the transport sector and multi-modal infrastructure. The **Liberia Road Asset Management Project** and upcoming **Southeast Corridor Road Asset Management Project** are designed to upgrade two of Liberia's most essential primary roads to a paved standard, providing a vital road transport backbone in a country where the rural population is isolated during the rainy season. Key accomplishments in the Liberia portfolio include:

- Early engagement with the United Nations Mission in Liberia (UNMIL) to identify and implement critical recovery and peacebuilding projects to improve state-presence and support social stability through employment.
- Collaboration with other GPs and development partners to establish basic services including water, electricity, and sanitation in greater Monrovia.
- Transacting a successful concession of the Monrovia Port in 2011 and ongoing transaction to set up a dry port on PPP basis to improve the efficiency of the country's logistics.
- Sustained capacity and institution-building efforts have helped to set up several key public institutions like PFM Unit, the Road Fund, and the Infrastructure Implementation Unit (to be folded into a road agency).
- Use of Output and Performance-based Road Contracting has enabled construction of large civil works projects in a low capacity environment and significantly lowered the costs.
- Operationalized Cascade through innovative PPP approach that allows the private partner to raise part financing and offer a solution that maximizes the length of road to be developed.

CAMEROON, CHAD, CENTRAL AFRICAN REPUBLIC: A REGIONAL RESPONSE TO A REGIONAL SECURITY THREAT

The **CEMAC Transport-Transit Facilitation Project** is designed to mitigate conflict risks in central Africa. In two and a half years, Boko Haram has killed at least 1,300 civilians, 120 soldiers and abducted an estimated thousand people in Northern Cameroon, among the poorest regions of Cameroon and an active conflict zone since early 2015. CEMAC is rehabilitating 205km of roads of critical regional importance in an active conflict area under an Output Based Disbursement Force Account (OB DFA) arrangement with the Army Corps of Engineers (ACE). In addition to the high security and social risks, this approach entails consideration of safeguards, fiduciary, operational and reputational risks. Specific implementation arrangements and social risk mitigation measures have been established. Key innovations in the project include the execution of civil works by ACE with military protection; robust risk management with careful selection of military personnel, training, and a zero-tolerance policy for allegations of misconduct; as well as the adoption of appropriate Grievance Redress Mechanisms (GRM) and the development of a regional approach to transport-FCV linkages.

VANUATU, SAMOA, AND TUVALU: ADDRESSING GENDER BASED VIOLENCE THROUGH CODES OF CONDUCT

Gender Based Violence (GBV) and Violence Against Children (VAC) are major issues in FCS in the Pacific Islands with reported incidence rates of 68 percent in Kiribati, 51 percent in the Marshall Islands, and 40 percent in Tuvalu.⁵¹ T&I GP and the Gender Group undertook a joint pilot by embedding 'Codes of Conduct' in bidding documents for major civil works contracts. These have been used in Vanuatu and are now being tested in Samoa and Tuvalu. The bidding documents require bids to demarcate funds for training their staff on GBV and VAC dispute-resolution. The Codes of Conduct recognize that three key parties must commit to addressing GBV and VAC: (i) the Company which commits to creating the appropriate standards; (ii) the Management who need to implement the company's commitment; and, (iii) individual workers. The managers and individual workers each sign a Code which outlines the expectations, obligations and sanctions should they fail to meet their commitments. The approach ensures that local service providers are available for staff training and victim support. Each project's Grievance Redress Mechanism has a clear process for addressing GBV and VAC complaints, with a focus on protecting and assisting survivors.

⁵¹ Gender-based Violence (GBV) in PIC9 Countries. World Bank, 2016.

To innovate, the Transport and Digital Development GP is drawing lessons from operational experiences.

Strong fragility analysis/diagnostics are critical to designing projects that respond to underlying FCV drivers. Transport and ICT have extremely important roles in conflict mitigation and securing peace. Strong diagnostics are essential to designing projects that respond to underlying fragility drivers. Close collaboration with development partners, particularly entities with strong capacity in security issues, will enhance responses to those drivers, particularly conflict.

Simplify projects and engage stakeholders. While the needs are significant, complex multi-sector operations can be difficult to implement in FCS. Multiple implementing entities amplify the challenges present in many FCV contexts, such as inter-government coordination. Nevertheless, experience in Liberia, Haiti and Colombia points to benefits of providing multiple services at the same time and grassroots engagement, particularly in environments with weak state support.

Continuous stakeholder engagement and strong development partner cooperation are key success factors. A combination of transparency and stakeholder engagement mitigates the risk of elite capture. Development partner coordination, such as in Cameroon, Iraq and other cases, is essential to maximize the impact of potentially overlapping programs and to impact underlying fragility drivers.

Emergency needs should integrate with medium- and a long-term support and stabilization strategy. Addressing immediate emergency needs on an ad-hoc basis is inefficient. Furthermore, it is necessary to define a broad outline for the sector early in the recovery process to enable project identification and sequencing and guide institutional and capacity development.

Operating in high-risk environments requires commitment, resourcing, and innovation. Although use of social media and satellite imagery for rapid damage assessment and conflict monitoring have improved the GP's fragility focus, situational awareness, and responsiveness at lower cost, third-party monitoring of civil works and increased staff support to low-capacity clients require additional costs.

Flexibility is essential for successful implementation. Many fragile situations call for tailored business processes (for instance condensed procedures under OP 10:00 Paragraph 12), flexible Project Development Objectives, and unconventional implementation arrangements, such as third-party monitoring, innovative use of technology, or implementation of activities on behalf of governments unable to implement projects in their own territory.

Plan for key risks and crises, including climate risks. Climate vulnerability is exacerbated by challenges associated with FCS, such as weak capacity, poverty, poor governance, and infrastructure gaps. An emergency component (CERC) will enable use of project resources to respond to an emergency (Haiti, Mozambique, and many others).



Strong and sustained technical assistance is critical to project implementation and building capacity. Experience has repeatedly shown low-income countries are at a high risk of under-funding maintenance of transport assets. Maintenance remains the most cost-effective investment in the transport sector, which was proven in Haiti where better-maintained infrastructure proved more resilient to major storm events. Appropriate design, construction and rehabilitation standards – including climate resilient standards – are essential. Poor standards make for poor performance, higher costs, and increased future maintenance liability.

Enhanced hands-on Implementation support is an essential part of the World Bank's value-added in FCS. This not only requires higher budgets for engagement, but a broader and deeper skill set in the task team to meet client and project needs. Implementation support at key procurement and contract management stages is often essential to cost-effective and resilient outcomes and achieving Project Development Objectives.

WATER GLOBAL PRACTICE

A. STRATEGIC APPROACH

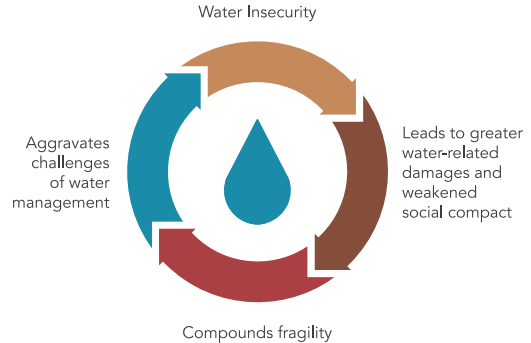
Water challenges—ranging from chronic water scarcity to lack of access to safe drinking water and sanitation services, to hydrological uncertainty and extremes (floods and droughts)—are perceived as some of the greatest threats to global prosperity and stability.⁵² Many of these challenges are expected to intensify as climate change unfolds and populations continue to grow.

Failures to deliver water and sanitation services, or to ensure resilience to water-related shocks, have particularly powerful effects in fragile contexts that can prolong and deepen fragility. Populations are particularly vulnerable to the direct impacts of water insecurity. Water insecurity can intensify perceptions that a government is unwilling to or unable to meet the needs of its citizens—perpetuating a vicious downward spiral—thereby weakening the social compact between the government and citizen groups and acting as a destabilizing force and risk multiplier.⁵³

The Water GP focuses on improving water security by building the capacity of country institutions to:

1. Provide citizens with basic water services;
2. Protect citizens from water-related disasters; and
3. Preserve surface, ground and transboundary water resources.

FIGURE 44: THE CYCLE OF WATER INSECURITY



Water security is more difficult to achieve in fragile contexts due to weak institutions and information systems, strained human and financial resources, and degraded infrastructure. Increasingly, Water GP interventions address capacity building of country institutions to provide, protect and preserve water as well as addressing the immediate needs in situations of conflict and crisis. In protracted crises, this requires flexibility to respond both to periods of development opportunity and to critical needs (see figure above).

⁵²World Economic Forum 2015, 2016 and 2017 - Survey of leaders from business, government, academia, and nongovernmental and international organizations

⁵³Sadoff, Claudia W.; Borgomeo, Edoardo; de Waal, Dominick. 2017. Turbulent Waters: Pursuing Water Security in Fragile Contexts. World Bank, Washington, DC. © World Bank.

During positive periods of development opportunity, the Water GP makes investments in:

- Visible⁵⁴ water infrastructure and services, such as water supply and irrigation, that can bolster support for nascent transition governments, helping to strengthen citizen-state relations and to support domestically led development processes;
- Strengthening water resources management and water-related disaster risk management systems that assist clients to build resilient systems and help avoid or mitigate potential “trigger” events that might deepen fragility.

During shocks and crises, the Water GP supports and reinforces existing water sector institutions and infrastructure, preventing countries from sliding further into fragility. Investments in highly visible infrastructure may not be possible (for example, during armed conflict) or desirable (for example, visibly supporting state institutions that are contested). Investments are instead focused on less controversial but critically important challenges of:

- Maintaining water and sanitation services for basic needs, provision of household water treatment and knowledge to stem the spread of water borne diseases;

- Protecting water resources that utilities and populations rely upon from capture by private or factional interests;
- Restoring flood protection infrastructure in areas at high risk of flooding.

Interventions during shocks and protracted crises are often multisector interventions developed in collaboration with other GPs, including GSURR (e.g. Nigeria) and Health GP (e.g. Yemen, Sierra Leone, Liberia, Guinea, Haiti). As a last resort, these are delivered through non-governmental organizations (e.g. Somalia) while ensuring that short-term humanitarian measures support, not undermine, medium-term development measures (e.g. where possible supporting rehabilitation of boreholes rather than water trucking).

Reversing the water insecurity–fragility vicious cycle requires investment in water services and infrastructure needed to manage floods and droughts and the management of water resources. In the medium-term, infrastructure is key to these three types of water intervention. But better knowledge, data and institutional capacity—often through bank-executed technical assistance—is repeatedly proving to be the first and fastest way of addressing the water-insecurity-fragility cycle.

⁵⁴Visible here means that infrastructure or services are evident to citizens even if much of the infrastructure is underground.

TABLE 12: EXAMPLES OF WATER-RELATED INVESTMENTS AIMED AT REVERSING THE WATER INSECURITY AND FRAGILITY CYCLE

Provide Water Services	Situations of Development Opportunity	Situations of Shocks and Protracted Crisis
<p>Guaranteeing water services that meet standards of affordability, reliability, and quality helps to reverse the vicious cycle. Investments to reduce inadequate and unequal access to water services can promote stability in fragile contexts.</p>	<ul style="list-style-type: none"> • Promote cost recovery and efficiency in water utilities • Develop a customer database • Finance labor intensive irrigation rehabilitation and expansion • Strengthen dam safety • Construct small-scale hydropower for isolated communities 	<ul style="list-style-type: none"> • Support cost recovery with one-off subsidies or in-kind donation for operating needs • Retain skilled staff • Extend water utility services to IDPs and host communities
<p>Protect from Water-Related Disasters</p> <p>Preparedness and response to disasters are central elements of the social compact. Disaster impacts and recovery options vary widely so investments need to account for different gender, social and economic circumstances.</p>	<ul style="list-style-type: none"> • Develop disaster preparedness plans • Integrate remote sensing data into information systems • Upgrade hydrometeorological forecast and early warning systems • Adopt conflict sensitive approaches to DRR • Strengthen communication for disaster response 	<ul style="list-style-type: none"> • Protect key hydrometeorological early warning and ICT systems • Ensure equity and transparency in disaster response and relief efforts
<p>Preserve Surface, Ground and Transboundary Water Resources</p> <p>Governments need to guarantee the adequacy of water resources for their populations and to preserve healthy aquatic ecosystems. Working towards sustainable waterresources management and cooperation water sharing agreements is key to reverse the water security and fragility cycle.</p>	<ul style="list-style-type: none"> • Sustain water resources planning, monitoring and enforcement • Regulate and monitor groundwater abstraction • Rehabilitate/develop water storage infrastructure using labor intensive methods • Share information in transboundary basins • Pursue cooperative transboundary water agreements 	<ul style="list-style-type: none"> • Protect critical interconnected infrastructure • Prevent encroachment by private and fractional interest • Prevent investments in non-sustainable solutions • Monitor compliance with transboundary agreements

B. PIPELINE

The Water GP has an active portfolio of \$1.7bn across core FCV affected countries (see table 12 on page 209) with a pipeline of planned projects of just under \$1bn. A further \$1.3bn of lending, that includes water related investments, is under preparation through support to other GPs including: Agriculture, Energy, Environment, Governance, Health, Social Protection, and GSURR.

Two contrasting trends in water related investments over the past decade are evident:

1. Water GP-led operations tend to be more development oriented – supporting investment through country institutions (national and local) – but are concentrated in countries where the Water GP has a history of investment;
2. Water GP-supported operations led by other GPs tend to be more emergency oriented, responding to crises in FCV-affected countries and situations – often through non-governmental organizations (UN and NGOs) and/or decentralized government entities.



Between 2000 and 2010, Water GP-led operations expanded into some additional FCV-affected countries where there was particularly strong demand (Afghanistan, DRC, Haiti, Lebanon, Iraq, West Bank Gaza). However, in 2010 there were still more than 16 FCV countries where water risks were a concern without Water GP-led operations, and that had only limited Water GP involvement in the water-related operations of other GPs.

Recognizing these trends, the Water GP expanded its upstream technical assistance to FCV-affected countries over the period of 2011-2016, to: initiate sector policy dialogue, better understand the emergency-to-development transition, and gather data to support rebuilding the state's role in sector oversight and utility reform.⁵⁵ This helped stimulate country demand for new water-related operations in CAR, Liberia, Papua New Guinea, Somalia and Zimbabwe.

Looking ahead, the objective is the continuation of lending in FCV countries with existing projects,⁵⁶ and expanding Water GP engagement into additional FCV countries. In preparation for IDA18 and to address this constraint on expanding Water GP operations, the Water GP Leadership Team has allocated trust-fund resources for "Catalytic Support to Water GP Operations in FCV Affected Situations." This will enable the Water GP to:

- Engage in a greater number of FCV countries;
- Expand to new water subsectors;
- Improve linkages between Water GP-led and other GP operations with water components (often bridging emergency and development oriented approaches);
- Expand water-related operations into fragile areas of more stable countries (Cameroon, Ethiopia, Kenya, Nigeria, Pakistan, Colombia).

⁵⁵ This was done through the Water and Sanitation Program: WSP (2016). Water Supply - The Transition from Emergency to Development Support: Evidence from Country Case Studies in Africa. de Waal, Dominick et al (2016). Water Supply: The Transition from Emergency to Development Support. Evidence from Country Case Studies in Africa. Washington, D.C.: World Bank Group

⁵⁶ Afghanistan, CAR, Iraq, Jordan, Kiribati, Lebanon, Liberia, Mali, Mozambique, PNG, West Bank & Gaza

The facility provides operational teams working on FCV affected countries with three areas of support to make water-related investments that address and reverse the water-insecurity-fragility cycle: i) Upstream analysis to inform options for reengagement in the water sector; ii) Data collection for project preparation; iii) Learning from existing operations and partnerships.

C. INNOVATING FOR IMPACT

Five general lessons can be drawn from water related interventions in FCVs:

- 1. There is a need to invest more in innovative solutions that support the transition from emergency to development support.** Stretching development interventions into the post-crisis recovery phase opens greater opportunity for a double dividend: that of improving water services and of state building.
- 2. The balance between investing in infrastructure versus investing in institutional capacity building needs to be weighed carefully.** The number of non-functional systems, the limited construction quality, the burgeoning of low quality local coping strategies—all point to the efficiency gains that could be achieved by developing government oversight capacity necessary to monitor, oversee and sustain infrastructure.
- 3. Improving data on service delivery is critical to strengthening state capacity for sector coordination and oversight.** Building sector oversight capacity of ministries responsible for water is the basis for technical assistance to support the transition from emergency to country-led development programming.

4. Local WBG presence improves and accelerates progress. The highest intensity of Water GP-led responses is in FCV countries where the Bank has local staff and long-standing relations with the respective utilities and municipal authorities. The clear example of this has been the Bank's ability to respond in West Bank and Gaza where the Water GP has worked with the authorities to prepare nine small projects over the past decade, responding both to specific crises with emergency operations and to periods of stability with more development-oriented projects.

5. Better linking sector specific and multi-sector projects. World Bank multi-sector emergency projects are often clear about their intention to, for example, relieve pressure on services generated by the influx of refugees from the Syrian crisis. By contrast, the highly technical water development projects, will, for example, increase the volume of water available but will not directly address forced displacement and increased service pressure. More emphasis across the Bank portfolio needs to be placed on ensuring these two approaches align.

TABLE 13: WATER GP ENGAGEMENT IN COUNTRIES ON THE HARMONIZED LIST OF FRAGILE SITUATIONS FY18

	Country	ASA	LEN	SPN	GP Collaboration	Comment
Active Water GP Engagement	Afghanistan	0.00	145.00	97.80	Agriculture	
	Central African Republic	-	18.00	-	Energy	
	Congo, Democratic Republic of	-	166.00	356.00	SURR	
	Côte d'Ivoire	-	-	50.00		
	Guinea-Bissau	-	25.00	47.41		
	Haiti	2.42	20.00	70.00		
	Iraq	0.15	360.00	-	SURR	Previous projects closed in FY16/17
	Kiribati	-	15.00	-		
	Kosovo	-	-	24.50	Agriculture	
	Lebanon	-	-	674.00		
	Liberia	0.75	-	10.00		
	Madagascar	-			SURR	
	Mali	-	200.00	130.00		
	Myanmar	-	-	100.00		
	Papua New Guinea	-	-	70.00	SURR	
	Sierra Leone	0.06	-	-		
	Somalia	0.57	-	-	Agriculture	
	Sudan	0.33	-	-		
	West Bank and Gaza	0.32	15.00	74.45		
	Zimbabwe	0.74		20.00		
Limited or No Water GP Engagement	Burundi					
	Chad					Initial scoping mission undertaken
	Comoros					
	Congo, Republic				SURR	
	Djibouti					Initial scoping mission undertaken
	Eritrea					
	Gambia					
	Libya					Initial discussions with CMU
	Marshall Islands					
	Micronesia, FS					
	Solomon Islands					
	South Sudan					
	Syria				SURR	Desk research for ESIA
	Togo					
	Tuvalu					
	Yemen				Health, SURR	WASH Poverty diagnostic FY17



Conclusion

The Road Ahead to Enhance WBG Impact in FCS

Fragility, conflict and violence is a top corporate priority for the World Bank Group, and is among the most pressing challenges as we strive to end extreme poverty and boost shared prosperity. With 60 percent of the extreme poor expected to live in these contexts by 2030, we simply must find ways to work more effectively in these difficult environments.

In the context of the scale-up in financing to address FCV under IDA18, the WBG has already acknowledged the need to do more, both at strategic and operational levels.

Through enhanced knowledge, partnerships, financing, and operational solutions, our collective responsibility across the WBG – Regions, Global Practices, Global Themes, as well as IFC and MIGA – is to conduct effective programming in fragile contexts, and even situations of active conflict.

The growing interdependence and volatility of political, economic, and social systems across the world is putting the fragility agenda center stage. FCV risks have become increasingly diverse and interlinked, and impact both low- and middle-income countries. This demands that we leverage our analytical, financial, and convening power to better manage risks for peace and stability.

It also demands recognition that business as usual will not sufficiently move the needle in FCV contexts. The path forward requires a plan that is equal to the scope of the fragility challenge and prioritizes above all realizing the collective aspirations of the world's most marginalized communities. To this end, the WBG is adapting its strategic priorities to address the root causes of fragility and accelerate development gains in FCV settings.

As highlighted in this report, key elements of the Bank's revamped fragility agenda include:

- Expanding the scope of WBG engagement to tackle the drivers of fragility throughout the cycle of conflict and violence, from early intervention through recovery and reconstruction;
- Strengthening partnerships with humanitarian and development organizations, as well as with local and national authorities and non-traditional stakeholders;
- Leveraging geo-enabling and other ICT tools for smart supervision of projects in conflict settings;
- Enhancing our engagement on forced displacement through the IDA18 Refugee Sub-window and the Global Concessional Financing Facility (GCFF) for middle-income countries;
- Shifting to a culture of prevention and developing an integrated approach to prevention;
- Operationalizing the nexus between peace, security, and development at the country level consistently with Bank's mandate under its Articles;
- Placing gender equity at the heart of programming, and doing more to combat gender-based violence; and
- Enhancing the employee value proposition to attract and retain top performers in FCV settings.

This report has highlighted the depth of the WBG's engagement in fragile and conflict-affected situations. It has showcased fragility-related work of each of the six Regions and fourteen Global Practices, as well as the cross-cutting areas where Global Themes work in partnership with country and Global Practice teams to deliver more effectively on the ground. It has, moreover, illustrated that our renewed focus on FCV cuts across the WBG, with IFC and MIGA deploying new resources and solutions to address the fragility challenge. Finally, this report has provided insights on how the FCV Group itself is strengthening its value proposition to enhance support for clients and partners around the world.

As part of its effort to do business differently, looking ahead, the WBG will continue to develop new approaches, tools, and financing mechanisms to address the fragility challenge. This innovation will be driven at every turn by deepened partnership with governments, local authorities, development partners, and non-governmental organizations. Amongst other innovations presented in this report, the WBG will aim to:

- **Operationalize a differentiated and risk-based approach to FCV challenges, and sharpen the focus on prevention.** Better identification and monitoring of risks enables proactive efforts to prevent or mitigate crises. This is particularly critical in FCV contexts, where volatile situations can morph quickly into emergencies. The FCV scale-up under IDA18 offers new opportunities to develop strategic, multi-sectoral operations to confront key fragility risks in the poorest countries.

- **Implement the humanitarian-security-development nexus.** In insecure areas, there is a vital need to partner with groups that are active on the ground. Humanitarian organizations often have unparalleled access in conflict zones. The Bank can utilize this access to deliver support to affected populations through partnership arrangements in which humanitarian actors serve as implementing agencies for World Bank operations. Leveraging relationships with security actors such as UN peacekeeping forces can also help task teams access and do business in conflict-affected areas, as well as maintain protection for WBG staff during emergencies and evacuations.
- **Focus on forced displacement to capitalize on a unique moment for change.** An unprecedented window of opportunity has emerged to promote sustainable socioeconomic solutions for both refugees and host communities across the globe. This is reflected in the adoption of the New York Declaration and Comprehensive Refugee Response Framework at the 2016 UN General Assembly Leaders' Summit, as well as the \$2 billion of additional resources made available under the IDA18 Refugee Sub-window and the continued momentum of the GCFF.
- **Maximize Finance for development (MFD), catalyze private sector development, and promote new financing solutions for fragility.** The WBG is systemizing its commitment to MFD. This will entail pursuing private sector

solutions where they can help achieve development goals, and reserving scarce public finance for where it is most needed. In operational terms, before investing, the WBG will consider whether a project can be effectively and sustainably delivered by the private sector, and, if not, how WBG support can improve the investment climate to crowd the private sector in. The MFD approach will be promoted in FCV settings by the IDA18 Private Sector Window, which offers \$2 billion to crowd-in private investment to low-income countries, with a focus on fragile settings.

- **Enhance operational effectiveness.**

This means improving staffing, enhancing flexibility, and more effectively deploying new and existing knowledge to assist project teams. It also means drawing on strategic partnerships and technological innovation to enhance project implementation in conflict-affected settings. Third-party monitoring (TPM) and ICT tools such as geo-enabling smart phones offer particularly promising avenues for remote project supervision, monitoring and evaluation, and safeguard enforcement in FCV environments.

This report provides an overview of the WBG's strategic and operational engagement in FCV settings, and lays out pathways for maximizing impact in the years ahead. The contributions in this volume clearly demonstrate increasing institutional focus on addressing the fragility challenge. Equally clear is the imperative of working across technical and geographic silos, and of taking risks to address grievances, exclusion, and other underlying drivers of FCV. Looking forward, extreme poverty and the curve of fragility are inextricably linked, progress on the former demands breaking down the latter. For the WBG, this means that achieving the Twin Goals requires doing business differently to help the world's most marginalized people realize their shared aspiration for a better future.



Annexes

IDA18 Policy Commitments for FCV

FRAGILITY, CONFLICT AND VIOLENCE			
Objectives	Recommendations/Proposed Actions	Product/Target Date	RMS Indicators
Deepening IDA's knowledge on FCV and learning from operational experience	<ul style="list-style-type: none"> • Adopt a risk-based approach for identifying fragility beyond those countries on the FCS harmonized list. • Deepen the WBG's knowledge on the mitigation/prevention of FCV risks through a flagship report drawing on lessons from operational experience and impact evaluations. 	Target reached at the end of IDA18, with report at MTR.	<p>TIER 1</p> <ul style="list-style-type: none"> • Number of refugees by country or territory of asylum (millions) <p>TIER 3</p> <ul style="list-style-type: none"> • Number of IDA projects that address and respond to GBV • Facetime index in FCS. <p>Note: Indicators in all three tiers will be disaggregated for FCS when feasible and applicable (refer to Table 2 below for details).</p>
Designing integrated WBG strategies addressing FCV drivers and building institutional resilience	<ul style="list-style-type: none"> • RRAs inform all CPFs in FCS and countries with significant risks of FCV.¹ • Increase the number of operations targeting refugees and their host communities (baseline: IDA17). • Increase the number of operations in fragile contexts which prevent or respond to gender-based violence, including through access to essential services and livelihood supported activities for women (baseline: IDA16). 	Target reached at the end of IDA18, with report at MTR.	
Improving staffing, operational effectiveness and flexibility	<ul style="list-style-type: none"> • Increase staff "facetime" in IDA FCS with focus on staff based in-country and monitor progress through the "Facetime index".² 	Target reached at the end of IDA18, with report at MTR.	
Promoting partnerships for a more effective response	<ul style="list-style-type: none"> • Undertake joint RPBA as openings arise for engagement in the aftermath of conflict in IDA countries. 	Target reached at the end of IDA18, with report at MTR.	
Enhancing financing to support FCS/FCV	<ul style="list-style-type: none"> • Implement the revised IDA resource allocation framework for FCS/FCV to enhance targeting of IDA's exceptional support and financial engagement in these countries. 	Review implementation experience of financing framework for FCV at IDA18 MTR and propose adjustments if necessary.	

¹ Countries eligible for exceptional IDA allocations to mitigate FCV risks identified on the basis of a cross-country risk scan combining quantitative and qualitative assessments.

² The proposed "Facetime" indicator will be calculated on the basis of World Bank staff in-country missions as well as international and local staff and consultants posted in the country.

FCV: EXPANDING FOOTPRINT AND STRENGTHENING EMPLOYEE VALUE PROPOSITION

The WBG Forward Look emphasizes progress in FCV situations as critical to achieving the Sustainable Development Goals and the WBG Twin Goals. With a record \$75b replenishment for IDA18, and far-reaching commitments to dramatically scale up FCV work, successful implementation requires an expanded staff presence in FCV situations, demanding a stronger Employee Value Proposition (EVP) that encourages staff to work in and on FCV situations.

To this end, a cross-WBG Working Group was established to identify recommendations to strengthen the FCV staffing model and footprint as well as enhance the employee value proposition for FCV staff. The Working Group recommendations addressed four areas: 1) Skills Mix and Global Footprint; 2) Compensation, Benefits, Rewards & Incentives; 3) Talent, Performance & Career Management; and 4) Overall Corporate Support. General principles as well as recommendations were approved by World Bank Management. During FY18, work continued to increase the footprint, ensure adequate staffing, and strengthen the EVP through enhanced benefits for staff working in/on FCV situations and more deliberate focus on career management.

The Bank has met its initial global footprint commitment to hire more staff in FCV, and is on target to meet the overall commitments to strengthen FCV staffing under IDA18. Much effort has also been geared towards **strengthening the EVP and aligning benefits** to support and adequately reward WBG staff working in/on FCV locations, with a focus on country office staff.

COMPENSATION, BENEFITS, REWARDS & INCENTIVES

Hazard & Fragility Pay (HFP) has been designed to benefit Country Office appointed staff in FCV locations effective October 1, 2017. An **FCV-specific criterion** was included in the VPU Team Awards Program, with 62% of all awarded teams including an FCV criterion in FY17. **Out-of-Country Care (OCCC)** has been enhanced to improve access to appropriate medical care outside a staff member's duty station when appropriate care is not available in the duty station.

TALENT, PERFORMANCE & CAREER MANAGEMENT & LEARNING

Next Assignment Planning for returning FCV Staff by end of September 2018 has been finalized and confirmed, and staff have been informed accordingly of their new assignments.

Newly designed WBG Corporate FCV Onboarding was delivered in Egypt in December 2017. This was the first-of-its-kind onboarding program pilot customized for FCV-based staff. The program includes the following modules: WBG and its key business directions; FCV strategic priorities, vision and work program; WBG operations; WBG values and employee life cycle at the WBG; and corporate support to WBG talent working in FCV locations. This program also integrates content on influencing skills into various modules throughout the week and a field project visit.

Newly designed “Leading in Fragility” session for supervisors working in/on FCV, and “Strengthening Personal Leadership Skills” sessions were delivered in Mozambique in January 2018.

Partnership with FCV CCSA and IFC FCS network. To better reach out to FCV country offices and to increase accessibility of learning opportunities for FCV staff, WBG units partnered in identifying and prioritizing learning opportunities for WBG FCV staff. A number of leadership, learning and mentoring programs have been identified and will be delivered through FY18.

Peer coaching for FCV supervisors. The initiative provides meaningful, targeted and cost-effective peer coaching to FCV-based supervisors by alumni of the Corporate Leadership Program, with the goal to increase the performance, self-awareness, and engagement of the supervisors with their teams.

OVERALL CORPORATE SUPPORT

Staff wellbeing and health. The psychosocial support pilot program in Kabul has been operational for one year. Two psychologists have undertaken on-site support missions; videoconference trainings and workshops; and resiliency briefings, individual counseling (face-to-face and via Skype), and critical incident responses to all staff based in the Afghanistan office. They have facilitated the translation of the Health Services Counseling Unit newsletter into Dari and Pashto, and developed packages of written materials for visiting mission and country office staff.

HR Support. For ease of access and quicker service, a priority FCV call line in HR Operations set up for quicker benefit processing for staff relocating to FCVs.

Safety and Security. The Bank put in place the Framework of Accountability for WBG Security Risk Management System (WBG Directive) to clarify roles/responsibilities, and expanded teams of field-based Security Specialists. Additional security training courses have been offered in FY18 to accommodate growing demand.

LOOKING FORWARD

Looking forward through FY18 and onwards, the Bank will focus on: a) ensuring that necessary mechanisms are in place to strengthen next assignment planning; b) advancing the work to monitor the recruitment, deployment, development, promotion, and careers; and c) determining how to measure FCV experience to identify and credit staff who have it.



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