



IDA15 MID-TERM REVIEW

IDA's Support to Fragile and Conflict-Affected Countries: Progress Report 2007-2009

International Development Association
Operations Policy and Country Services

November 2009

ABBREVIATIONS AND ACRONYMS

AfDB	African Development Bank	LICUS	Low- income countries under stress
AFR	Africa Region	LICUS TF	LICUS Trust Fund
AFTCS	Fragile States, Conflict and Social Development Unit	MDB	Multilateral development banks
AsDB	Asian Development Bank	MDTF	Multi-donor trust fund
AUC	African Union Commission	MIGA	Multilateral Investment Guarantee Fund
CAF	Country Assistance Framework	MNA	Middle East and North Africa Region
CAR	Central African Republic	OECD/ DAC	Organization for Economic Cooperation and Development/ Development Assistance Committee
CAS	Country Assistance Strategy	OP	Operational Policy
CPIA	Country Policy and Institutional Assessment	OPCFM	Operations Policy and Country Services Financial Management
CRRC	Corporate Rapid Response Committees	OPCS	Operations Policy and Country Services
DFID	Department for International Development	PAP	Priority Action Plan
DPO	Development policy operation	PBF	Peace-building Fund
EAP	East Asia and Pacific Region	PBSO	Peace-building Support Office
EC	European Commission	PCF	Post-conflict Fund
ECA	Europe and Central Asia Region	PCNA	Post-conflict Needs Assessment
ERL	Emergency recovery loans	PCPI	Post-Conflict Performance Indicators
F&C	Fragility and conflict	PFM	Public financial management
FCCs	Fragile and conflict-affected countries	PRSP	Poverty Reduction Strategy Papers
FPA	Fiduciary Principles Accord	RKL	Research, knowledge, and learning
GET	Global Expert Team	SAR	South Asia Region
IBRD	International Bank for Reconstruction and Development	SPF	State and Peace Building Fund
IDA	International Development Association	TRF	Transitional Results Framework
		UN	United Nations
		UNDG	United Nations Development Group
INCAF	International Network on Conflict and Fragility	UNDP	United Nations Development Program
ISN	Interim Strategy Note	UNECA	UN Economic Commission for Africa
JNA	Joint Needs Assessment	WDR	World Development Report
LCR	Latin America and Caribbean Region		

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EXECUTIVE SUMMARY

- i. In recent years the international community has given special attention to fragile and conflict-affected countries, recognizing that pervasive development failures in these countries not only hinder achievement of the Millennium Development Goals, but also fuel risks of insecurity, crime, narcotics, and human trafficking within fragile states themselves, in the surrounding regions, and beyond.
- ii. **IDA15 Report.** During the IDA15 replenishment process, World Bank management presented the status of the Bank's work on fragile states. Deputies requested a further update, at the time of the IDA15 Mid-term Review, on actions related to work in fragile and conflict-affected countries (FCCs), particularly progress on implementation of good practice principles for engaging in FCCs and adapting Country Assistance Strategies (CASs) to those environments; human resources reforms; development of better indicators on state- and peace-building activities in FCCs; and strengthened partnership with the United Nations and other development actors. Work in these areas is either completed or ongoing as an integral part of the World Bank's continuing focus on FCCs.
- iii. **Purpose of the Paper.** This paper reports on progress on these actions for the IDA15 Mid-Term Review. In view of the broad interest in issues related to fragile states, the paper also includes updates on IDA's overall engagement in fragile states, as well as on key areas of Bank work, such as implementation of the research, knowledge, and learning agenda that underpins the Bank's work in the areas of interest to the Deputies.
- iv. **IDA Financing in FCCs.** By bringing post-conflict situations explicitly into the poverty/efficiency framework of aid, recent research has identified potential for high returns to aid investments after conflict. IDA is the Bank's main source of resources for FCCs, and its commitments have increased over the years: from US\$772 million in FY00 to US\$1.6 billion in FY09. A subset of reengaging and post-conflict FCCs is eligible for exceptional allocations in addition to their performance-based IDA allocations. For the IDA15 period, donors agreed to extend the period of eligibility for exceptional allocations. Additional funding is also available to FCCs through multidonor trust funds (MDTFs) that the Bank administers, including the State- and Peace-building Fund and single- and multi-country MDTFs. While most Bank-administered MDTFs have been implemented well, there are some for which implementation has fallen short of expectations and will require close attention going forward.
- v. **Actions Related to Improving the Bank's Operational Approaches and Effectiveness.** The Bank's attention to human resources reforms and the adaptation of CASs to the special needs of FCCs has been part of its overall work to strengthen its operational effectiveness, assistance strategies, approaches to state-building and peace-building, and organizational capacities in FCCs. A recent review of two years of implementation of OP 8.00, *Rapid Response to Crises and Emergencies*, found that the policy had resulted in a higher level of management attention to the Bank's engagement in FCCs and reduced the time taken for project approval; however, it has not yet significantly affected the speed of implementation. With respect to

adaptation of IDA's assistance strategies to fragile and conflict-affected environments, a recent review found that most provided details on political and security issues, in addition to the expected coverage of governance, economic and social recovery/development. Increasingly, strategies also include an explicit focus on restoring and maintaining the Bank's operational readiness for full reengagement. The Bank has fielded Corporate Rapid Response Committees to help address crisis situations, and has created a callable roster of internal and external experts who are available to fill urgent staffing and expertise gaps. The Bank is also working with partners on developing a common approach to coordinating budget support in FCCs. The Bank has increased the numbers of staff working in FCC country offices, and it continues to work on incentives to encourage staff to accept such positions. The Africa Region, in particular, has strengthened its work in this area by creating a specialized unit, placing conflict specialists in the field, and strengthening its partnerships with the African Development Bank (AfDB) and others for better collaboration. Decentralization is still work in progress, and the remaining challenge is to adapt and streamline implementation processes and procedures further so that the Bank can provide an even faster and more flexible response to the needs of countries that are emerging from conflict or are at risk of falling into conflict.

vi. ***Research, Knowledge, and Learning.*** To catalyze innovation, sharpen operational effectiveness, and ensure that the Bank remains an intellectual leader in the area of fragility and conflict, the Bank has initiated a focused program of research, knowledge, and learning. Through this program, the Bank hopes to anchor its assistance in an improved understanding of structural and country-specific factors that contribute to institutional and governance fragility, and to strengthen consensus on approaches to fragility and conflict. A series of Headline Seminars has brought distinguished experts to the Bank to discuss aspects of fragility and conflict, and the Bank has established an MDTF to finance studies in the areas of state-building, peace-building, international partnerships, and institutional responsiveness. The 2011 World Development Report will focus on conflict and fragility. To transfer and disseminate knowledge effectively on fragility and conflict, the Bank has established a Global Expert Team (GET) for Fragile and Conflict situations, which supports country teams in a range of areas. In addition, a four-day learning course on FCCs for staff and external participants has been designed and is now regularly delivered, and guidance notes have been prepared on rebuilding public administrations, cash transfer programs, and Bank core competencies, among others.

vii. ***Partnerships.*** The Bank works closely with the United Nations and a number of multilateral and bilateral agencies in many aspects of its fragility and conflict work. The Bank and the UN have recently signed important accords to deepen cooperation: (a) a Partnership Framework for Crisis and Post-Crisis Situations, including an Operational Annex of principles regarding the delineation of responsibilities, and (b) a Fiduciary Principles Accord allowing signatories, when executing donor-supported trust funds for crisis situations, to apply their own fiduciary policies rather than those of the trust fund administrator. The basic principles for strengthening UN-World Bank cooperation in post-crisis settings include regular communication, strategic and operational planning, financial interoperability, and a deepened culture of collaboration. The Bank also collaborates with the multilateral development banks (MDBs), the IMF, the European Commission, and the OECD-DAC. In October 2007, the heads of MDBs and the IMF issued a statement agreeing on a common operational and strategic approach to addressing issues of fragility and conflict (F&C). The Bank has joined with the European Commission (EC) and the AfDB, with the IMF as "interested peer reviewer," in

drafting “A Common Approach Paper to the Coordination of Budget Support in Situations of Fragility.” The centerpiece of the Bank’s cooperation on F&C with the EC is the Joint Declaration on Post-Crisis Assessments and Recovery Planning, in which the EC, the UN, and the Bank committed to mobilize their resources to harmonize and coordinate post-crisis response frameworks to enhance country resilience to crises. The Bank is working closely with the OECD/DAC on issues of peace-building, state-building, security, and financing and on monitoring the use of the “Principles for Good International Engagement in Fragile States and Situations.”

viii. **Outlook.** The Bank has pursued extensive efforts on augmenting staffing in FCCs, initiating operational reforms to improve and speed up project preparation, strengthening analytic work to improve understanding of structural and country-specific factors that contribute to fragility, and forging partnerships with other international actors on strategic and operational planning and implementation in FCCs. While there has been substantial progress so far, significant challenges remain in implementation. Going forward, the Bank intends to redouble its efforts to respond rapidly and effectively, in collaboration with partners, to the special needs of FCCs. To further strengthen its performance, the Bank will particularly focus on several emerging issues, including the following:

- Provide guidance and ensure clarity on results and risks in the Bank’s work on FCCs.
- Enhance and strengthen country teams through effective decentralization, proactive human resources and staffing approaches, GET support, and guidance.
- Emphasize implementation support through increased resources for supervision especially for enhanced capacity building, and flexibility and adaptive approaches to restructuring projects.
- Gain traction on partnership agreements especially with the UN, with a particular focus on implementation and achieving results.
- Strengthen the performance of trust funds with implementation problems and ensure that the lessons learned from managing MDTFs are embedded in the design and establishment of new MDTFs to improve their functionality and effectiveness.
- Adopt the lessons from the range of analytic work, tailoring interventions to specific country contexts and encompassing political and security dimensions.
- Further highlight issues of fragility and conflict and point to ways forward through the WDR and the partnership with the OECD/ DAC International Network on Fragility and Conflict.

IDA'S SUPPORT TO FRAGILE AND CONFLICT-AFFECTED COUNTRIES: PROGRESS REPORT 2007-2009

I. INTRODUCTION

1. In recent years the international community has given a great deal of attention to states with weak or dysfunctional institutions and fragile and conflict-affected countries (FCCs), recognizing that pervasive development failures in these countries not only hinder achievement of the Millennium Development Goals (MDGs), but also fuel risks of insecurity, crime, narcotics, and human trafficking within fragile states themselves, in the surrounding regions, and beyond.

2. Framework *for IDA Engagement*. The framework for IDA engagement in situations of fragility and conflict (F&C) has several elements.¹

- Since 2001, Operational Policy (OP) 2.30, *Development Cooperation and Conflict*, has been the basis for the Bank's engagement in such situations. OP 2.30 sought to redefine the Bank's role from an approach focused exclusively on post-conflict reconstruction to one characterized by sensitivity to conflict in Bank strategies and activities. It set the overall context for Bank engagement with countries affected by conflict, providing a flexible framework for and defining the limits of this engagement.
- The Framework for Rapid Bank Response to Crises and Emergencies,² which complements OP 2.30 and further extends the Bank's reach in fragile and conflict countries (FCCs), was adopted in 2007. It provided for greater speed and flexibility in delivering Bank assistance, recognized the challenges of operating in weak-capacity environments, and underlined the value of closer partnerships with development partners in delivering integrated recovery programs that appropriately link recovery, security, and development. The centerpiece of this framework is OP 8.00, *Rapid Response to Crises and Emergencies*.
- In 2007 F&C was selected as one of six strategic themes to underpin the Bank Group's vision of supporting inclusive and sustainable globalization.³ In this way, the Bank identified the special problems of states that are coming out of conflict or are at risk of breakdown as a thematic area shaping Bank strategy, strongly reinforcing the Bank's commitment to engagement and response in this area and

¹ The Low Income Countries Under Stress (LICUS) task force, set up in November 2001, examined the challenges faced by low-income countries with particularly weak policies, institutions, and governance. The task force recommended that the Bank maintain a more consistent engagement in LICUS, and that it improve the quality of its political and economic analysis, policy advice and dialogue, capacity-building programs, frameworks for donor coordination, and aid delivery mechanisms. It also identified the need for focused attention in a range of areas—country assistance strategies, human resources, and operational policies and procedures—to improve the Bank's response to the challenges of these countries.

² *Toward a New Framework for Rapid Bank Response to Crises and Emergencies* (R2007-0010/2), April 10, 2007.

³ Robert B. Zoellick, *Strategic Directions for the World Bank Group*, February 2008, World Bank.

allowing greater attention to the agenda throughout the institution, including in IFC and MIGA.⁴

3. **IDA15 Report.**⁵ As part of the IDA15 Replenishment, Bank Management was asked to report on actions related to work in FCCs, particularly in progress on implementation of good practice principles for engaging in FCCs and adapting Country Assistance Strategies (CASs) to those environments; human resources reforms; development of better indicators on state- and peace-building activities in FCCs; and strengthened partnership with the United Nations and other development actors. As Table 1 summarizes, work in these areas is either completed or ongoing as an integral part of the Bank’s continuing effort to strengthen IDA’s support to FCCs.

Table 1. IDA15 Actions

<i>Actions</i>	<i>Status</i>
1. Continue to strengthen IDA’s support to fragile states, with key objectives of supporting state- and peace-building.	Ongoing.
2. Report on progress in adapting CASs to fragile and conflict-affected environments and in human resources reforms.	Addressed in this report (Section III). A fuller discussion of the adaptation of country assistance strategies to fragile and conflict-affected environments is provided in the CAS Retrospective. ⁶
3. Develop indicators to measure progress in state and peace-building activities.	Linked to progress on the OECD-DAC work on state-building; to be completed in December 2010 (Section IV).
4. Partnerships	
a. Prepare a multidonor results framework tool to assist authorities in post-conflict and political transition situations.	a. Completed: UNDG/WB guidance issued December 2008.
b. Strengthen partnership with the UN, other donors, and regional institutions, implementation of DAC principles and good practice principles for engagement in fragile states.	b. Continuing: UN/WB accords, October 2008; MDB statements, October 2007, EC/UNDG/ WB joint declaration, September 2008.
c. Continue working with the UN, EC, and other bilateral donors at the OECD-DAC to revise the guidance for integrated post-conflict recovery planning.	c. Completed: joint guidance note issued September 2007 (Section V)

4. **Purpose and Structure of this Report.** Following this introduction, in view of the broad interest in issues related to fragile states, Section II provides updates on IDA’s overall engagement in fragile states, including the situation of fragile states in the context of the ongoing

⁴ President Robert Zoellick reinforced and further developed the principles of OPs 2.30 and 8.00 and the F&C strategic theme in his September 2008 address to the International Institute of Strategic Studies, Geneva: *Fragile States: Securing Development*. He set out considerations for the work of the World Bank Group and the international community in FCC—bringing security and development together, first to smooth the transition from conflict to peace and then to embed stability, so that development can take hold over a decade and beyond. He proposed two pillars for F&C work: influencing the international community for greater effectiveness in addressing fragility, and improving the Bank’s operational approaches and effectiveness.

⁵ See *Additions to IDA Resources: Fifteenth Replenishment*, February 28, 2008.

⁶ *Country Assistance Strategies: Retrospective and Future Directions* (SecM2009-0441), September 9, 2009.

global financial crisis. Sections III, IV, and V report on the status of the activities noted by the IDA15 Deputies. Specifically, Section III addresses improvements in the Bank's operational approaches and effectiveness, including aspects related to human resource reforms, the adaptation of CASs to fragile and conflict-affected environments, and implementation of the research, knowledge and learning (RKL) agenda; Section IV discusses ongoing work related to the development of state- and peace-building indicators; and Section V provides an update on partnership activities. Finally, Section VI summarizes the paper and outlines the future outlook for FCCs.⁷ The paper does not report separately on the implementation of the OECD/DAC "Principles for Good International Engagement in Fragile States" as these principles undergird all of IDA's work on fragile states, and they are being monitored by DAC.

II. RECENT DEVELOPMENTS IN FRAGILE STATES

5. This section provides highlights of IDA's engagement in fragile states over the past two years. While the primary purpose of this paper is to report on how IDA has improved its operational effectiveness in fragile states, this section provides some context regarding the changing environment for the Bank's operational activities: the number of countries classified as fragile states; the exceptional levels of additional IDA financing that have been provided to countries entering post-conflict situations or reengaging with the Bank over the last several years; and the financing provided through trust-funded activities that are targeted at specific countries or themes. The financing framework has been expanded over the last decade to explicitly take into account the poverty/efficiency framework of aid, which research has identified as having potential high returns after a conflict. The actual impact of development assistance on preventing relapse into conflict is less clear, because of other political and security dimensions.⁸

A. Background

6. Of the 79 IDA-eligible countries and territories, 32 meet the definition of "fragile state" in FY09; that is, they are IDA-eligible, low-income countries with a Country Policy and Institutional Assessment (CPIA) score of 3.2 or below, or they do not have a CPIA score.⁹ These countries are now home to 15 percent of the total population of IDA-eligible countries. From an IDA financing perspective, fragile states fall into four categories. These categories, based on 2009 data, are (a)

⁷ This report cannot fully cover the work the Bank teams are carrying out in FCC. Instead, it includes several case studies as examples of the broad spectrum of Bank engagement in FCC.

⁸ An analysis of the relationship between aid, policy reform, and growth has concluded that aid is considerably more effective in augmenting growth in post-conflict situations than in other situations and that the absorptive capacity for aid in the post-conflict years is approximately double those in more normal circumstances. The analysis and lessons from experience also show that post-conflict states are diverse with stagnation and deterioration in some cases. See "Aid, policy and growth in post-conflict societies" by Paul Collier and Anke Hoeffler, Department of Economics, University of Oxford, September 2002.

⁹ For the purposes of data analysis in this report, a "fragile state" is defined as an IDA-eligible, low-income country or territory with a Country Policy and Institutional Assessment (CPIA) score of 3.2 or below, or without a CPIA score; by this definition, 32 countries are IDA eligible in FY09. However, in 2007, the Heads of Multilateral Development Banks and Multilateral Financial Institutions, adopted a definition for "Fragile States and Situations" as follows: "(a) an absolute cut-off point of an average CPIA country rating of 3.2 or less, or (b) the presence of UN and regional (e.g., African Union, European Union, Organization of American States) peace-keeping or peace-building missions during the past three years." Report of the MDB Working Group, *Toward a More Harmonized Approach to MDB, Engagement in Fragile Situations*, 2007. By this definition, 33 countries would be considered to be fragile.

countries receiving allocations based on IDA's normal Performance-Based Allocation system (16 countries); (b) countries receiving exceptional post-conflict allocations (9 countries); (c) countries receiving exceptional allocations upon reengaging with IDA after a prolonged period of inactivity (3 countries); and (d) countries that do not receive IDA financing because they are in arrears (4 countries). For the IDA15 period, donors agreed to extend the period of exceptional allocations from 7 to 10 years for eligible post-conflict countries and from 3 to 5 years for reengaging countries.¹⁰ In addition, eligible fragile states can benefit from IDA policies that address debt issues (i.e., the HIPC and MDRI initiatives), as well exceptional support for arrears clearance.

7. **Recent IDA Support to FCCs.** IDA is the Bank's main source of resources for states and territories classified as "fragile." Total IDA commitments to fragile states¹¹ have increased over the past nine years, from US\$772 million in FY00 to US\$1.6 billion in FY09. As a percentage of total IDA commitments, IDA resources to fragile states declined from 21 percent in FY04 (the year when the LICUS categorization commenced) to 11.2 percent in FY09. IDA commitments to fragile states have fluctuated from year to year for three key reasons. First, some countries have exited the fragile states group because of improvements in their policy and institutional performance (i.e., their CPIA scores now exceed 3.2). Of these countries, which include Niger, Nigeria, and Papua New Guinea, Nigeria was sufficiently large to have a significant impact on the aggregate level of IDA commitments when it exited in FY09 (see Annex A). Second, by design, the framework for exceptional allocations involves reducing amounts over 10 years for post-conflict countries and 5 years for reengaging countries. Finally, there are large spikes in commitment levels during years when arrears are cleared, as in FY08 when Liberia, Togo, and Côte d'Ivoire cleared their arrears with substantial assistance from IDA.

8. **FCCs Receive Primarily Grants.** To reduce countries' future debt burden, IDA bases its determination of whether they are eligible for grants or credits on their risk of debt distress. In FY09, of 32 fragile states, 21 received 100 percent of their IDA allocation on grant terms, and 3 received 50 percent of their allocation in grants. Four did not receive IDA resources because they were in arrears, leaving only four countries that received their IDA support on a credit basis. Twenty of the fragile states are eligible for HIPC and MDRI debt relief, excluding the blend countries which are not eligible. In FY08 and FY09, fragile states received 92 percent (US\$2.06 billion) and 86 percent (US\$1.35 billion) respectively of all their IDA commitments in the form of grants.

9. **Support for Reengagement.** The primary objectives for IDA's re-engagement in a fragile country are to facilitate the transition to sustainable peace after hostilities have ceased and to support the resumption of economic and social development. For example, following a gradual reengagement, the Bank resumed its assistance program to Côte d'Ivoire (Box 1), having supported the country's clearing its arrears on April 2, 2008, and reinstated the country's eligibility for disbursements under existing and new operations. After more than a decade with limited external assistance, in 2008 Togo regularized its relations with key development partners. The Bank reengaged in May 2008 following the clearance of IDA arrears, made possible by the Board's approval of US\$167 million in budget support and endorsement of a two-year Interim

¹⁰ See *IDA's Exceptional Allocation: A Review of Implementation Experience with Lengthened Phase-Out*, October 2009.

¹¹ The term *fragile state* was first adopted in FY08. Countries were classified as "low-income countries under stress (LICUS)" from FY05 to FY07. Previously there had been no official designation for these countries.

Strategy. Three operations were approved in FY09. With other partners, the Bank has supported Togo in preparing its Interim Poverty Reduction Strategy Paper (PRSP) in 2009.

B. Trust Funds

The Bank also provides significant resources to FCCs through the State- and Peace-building Fund (SPF) and through single- and multi-country MDTFs.

1. State- and Peace-Building Fund

10. The SPF was established in 2008 with a contribution of US\$100 million for three years (FY09–FY11) from IBRD’s administrative budget, to be approved annually by the Board in increments of US\$33.3 million.¹² As of August 31, 2009, US\$44.2 million was committed, of which US\$29.6 million (67 percent) was for fragile states (Central African Republic, Côte d’Ivoire, Guinea Bissau, Guinea, Haiti, Liberia, and Zimbabwe). The SPF finances activities that cannot easily be funded under regular IDA or IBRD operations: small-scale pilot projects that, if successful, can be scaled up by regular IDA funding; the continuation of well-performing projects responding to critical needs for which other sources of financing are inadequate; and discrete, complementary activities that are managed programmatically with IDA-financed activities but have a higher level of risk than the IDA activities.¹³

2. Multidonor Trust Funds

11. The Bank performs an important role in coordinating the mobilization of single- and multi-country MDTFs for FCCs, and it administers many of them.¹⁴ In FY08, trust funds disbursed US\$736 million to fragile states, compared to IDA disbursements of US\$798 million; and in FY09, they disbursed US\$1,024 million, compared to IDA disbursements of US\$1,163 million.¹⁵ In countries such as Afghanistan, Solomon Islands, and Timor-Leste, trust fund resource flows were larger than IDA resource flows; and countries such as Central African Republic (CAR), Gambia, and Liberia in FY08, and Guinea-Bissau and Haiti in FY09, received more than one-third of their resources from trust funds. Some MDTFs, such as the Afghanistan Reconstruction Trust Fund, which has mobilized over US\$3.4 billion since 2002,¹⁶ enable additional resources to be channeled to a country’s needs beyond those supported by IDA allocation systems. MDTFs provide flexibility and can supplement IDA operations and

¹² *Establishment of a State- and Peace-building Fund* (IDA/R2008-43149), March 25, 2008. The SPF succeeded the Low-income Countries Under Stress (LICUS) TF and the Post-Conflict Fund as the Bank’s primary multi-country trust fund for addressing the unique challenges of state fragility and conflict. During FY09, Australia, the Netherlands, and Norway contributed US\$18.9 million as cofinancing to the SPF.

¹³ For further information see *LICUS Implementation Trust Fund: Extension of Closing Date and State- and Peace-Building Trust Fund Progress Report* (R2009-0129, IDA/R2009-0155), June 5, 2009.

¹⁴ The discussion in this paragraph is focused on single-country MDTFs which are more predominant than multi-country MDTFs. However, the Bank administers multi-country MDTFs as well. One example is the recently established MDTF to support work on forced displacement issues, for which the first donor contribution of US 1.1 million for three years was announced recently.

¹⁵ This excludes disbursements from TFs in West Bank and Gaza.

¹⁶ As of March 2009, 30 ARTF donors had collectively pledged over US\$3.4 billion, with US\$627 million received in donor contributions for 2008-09.

sometimes can fund programs outside of the government budget in situations of weak capacity, for example, through UN agencies under the Fiduciary Principles Accord (FPA).¹⁷ Furthermore, trust funds can provide timely assistance, including when the country is in arrears and hence is not eligible for IDA financing.

12. ***Improving the Implementation of MDTFs.*** MDTFs are increasingly used to mobilize resources and provide flexible financing in post-crisis situations. While on the whole, the experience with MDTFs has been positive, some MDTFs have not met the expectations of either donors or the national governments. Important lessons have been learned from these examples, including the need to carefully manage expectations and ensure that both the government and the Bank have sufficient capacity to support implementation. In addition, following a report issued in February 2007,¹⁸ the Bank prepared guidelines and tools for Bank staff tasked with designing and managing MDTFs with regard to both OP/BP 8.00 and the revised OP 14.00, *Trust Funds*.¹⁹ Following consultations with country teams and experienced MDTF managers, an MDTF TipSheet²⁰ was developed that covers the early upstream discussions about MDTF purpose, scope, and structure; the process of designing and launching the MDTF; staffing the local office and technical secretariat; identifying, preparing, and appraising projects; supporting governments in developing their capacity to play their designated roles; and supervising projects intensively to monitor progress and make course corrections.

C. Global Financial Crisis

13. A particular concern at present is that FCCs, most of which are low-income countries, can be especially vulnerable to the adverse impacts of the global financial crisis. First, many of these countries are dependent on commodity exports and remittances, which affect government budget resources, informal safety nets, and private investment. The outlook for official development assistance as well as humanitarian and security-related assistance—all of which are coming under pressure as a result of the impact of the global crisis on donor government budgets—is unclear. Second, FCCs are defined by their weak institutions, ongoing or recent conflict, and high poverty levels, which put them in a weak position to cope with the effects of the crisis and to mediate its social impacts. In the absence of appropriate countervailing actions, the economic environment in many FCCs could further deteriorate, with associated risks of collapse and conflict relapses. The crisis may also move some previously non-fragile countries into the FCC group. The development costs of such outcomes would be large, in both financial and human terms and further impacts are possible beyond the borders of the affected countries. In response to these concerns, management is putting forward two proposals for consideration at

¹⁷ In 2008, The Bank and 11 UN agencies, funds, and programs signed a FPA, creating a new model for cooperation and fiduciary assurance that is centered on shared principles

¹⁸ *Review of Post-Crisis Multi-Donor Trust Funds*, Report No. AAA15-1W, World Bank, Social Development Department, February 2007.

¹⁹ See, *Trust Fund Creation under Rapid Response 8.00*, Operations Policy and Country Services, and Trust Fund Operations, World Bank, August 2008, and *Review of Post-Crisis Multi-Donor Trust Funds, 2006: Key Findings*, Operations Policy and Country Services, World Bank, May 2007.

²⁰ *Post-Conflict MDTF Operations: Practitioners' Advice from Field Teams*, Operations Policy and Country Services, and Trust Fund Operations, World Bank, October 2008.

the IDA15 Mid-Term Review, which are expected to benefit the FCCs through (a) the creation of an IDA15 crisis response window;²¹ and (b) eliminating the MDRI netting out process.²²

III. IMPROVING THE BANK'S OPERATIONAL APPROACHES AND EFFECTIVENESS

14. This section responds to the IDA15 Deputies' request to report on progress on adapting CASs to the particular needs of FCCs and on human resources reforms. It also reports on the Bank's overall attention to improving its operational effectiveness in such countries: the use of development policy operations (DPOs) in FCCs; corporate efforts to enhance the Bank's response to and operational effectiveness in FCCs; and the research, knowledge, and learning agenda.

A. Assistance Strategies for Fragile and Conflict-Affected Countries

15. The CAS is at the heart of the World Bank's country-based model. CASs provide the framework for Bank engagement with countries and anchor the financial, technical, and analytic support the Bank provides. They set out an indicative business plan for the delivery of Bank services over a particular period of time (most frequently four years), to support the country authorities in achieving specific development results. To meet the specialized needs and issues of relevance to FCCs, frequently a 12- to 24-month Interim Strategy Note (ISN) is prepared for countries that are in transition from conflict or political crisis, countries going through an unusually uncertain period, and countries where the Bank is reengaging after a prolonged hiatus. ISNs, therefore, provide a framework for the Bank's engagement in a country until a full-fledged strategy can be developed. As part of an overall review of CASs, the Bank assessed the use of CASs and ISNs in FCCs.²³ Of the 22 ISNs prepared from FY06 to the second quarter of FY08, 15 were for fragile or conflict-affected countries. Key findings included the following.

- Overall, most of the FCC strategies provided details on political and security issues, in addition to the expected coverage of governance and economic and social recovery/development. Increasingly, strategies also included an explicit focus on restoring and maintaining the Bank's operational readiness for full reengagement.
- FCC strategies were generally more selective than the broader sample of IDA strategy documents. Most FCC strategies were designed to include capacity building and analytic work. While some were restricted to investment operations, a few included both investment operations and DPOs. Most included at least one component on governance reforms, particularly in the area of public expenditure and public financial management. Most also included explicit results frameworks and specific indicators. However, the results frameworks in CASs and ISNs for fragile and conflict-affected countries were sometimes unrealistic, based on optimistic assumptions about the impact of external assistance and the ability of the country and the Bank to measure results. Only a small number (Angola, CAR, and Timor-Leste) included results or indicators to address specific "peace-building" outcomes.

²¹ See *Proposal for an IDA Crisis Response Window*, November 2009.

²² See *Options for Reducing the Impact of MDRI Netting Out on New IDA Country Allocations*, November 2009.

²³ *Country Assistance Strategies: Retrospective and Future Directions* (SecM2009-0441), September 9, 2009.

- Strategies in a significant number of FCCs positioned the use of grants from the LICUS and PCF trust funds as an integral part of the overall strategy. All FCC strategies provided some consideration to donor coordination. However, there is considerable scope to enhance coordination of assistance among development partners, and to reflect these efforts in strategy products. Most FCC strategies recognized the highly risky and uncertain environment in which the proposed program would be implemented, but they varied in the degree to which they proposed clear and specific approaches to mitigate the risk and uncertainty.

B. Addressing Human Resource Constraints

16. A paper presented to the Board in February 2007, *Strengthening the World Bank's Rapid Response and Long-Term Engagement in Fragile States*,²⁴ discussed ways to provide more, and better organized, staff support for work in FCCs through increased field presence, callable sector capacity, effective institutional back-up, cross-country sharing of lessons, and improved incentives to attract top-performing staff to work in these difficult environments. Management committed to increase the number of staff in the field and improve the incentives and means for career development for staff working in such countries.

17. **Staff Growth.** As of June 30, 2009, the number of World Bank Group international staff above level GE in fragile states had increased by 45 (85 percent) compared to FY06.²⁵ In AFR, increases in such staff in Côte d'Ivoire, the Democratic Republic of Congo (DRC), and Sudan boosted the total by 29 people (145 percent); SAR, MNA, and LCR increased the numbers of such staff by 10 percent, 50 percent, and 200 percent respectively; ECA's numbers remained flat and EAP experienced a 25 percent decline²⁶; and IFC increased its field presence by 300 percent. In late 2008, a new Bank office was opened in the Solomon Islands (see Box 1).

²⁴ *Strengthening the World Bank's Rapid Response and Long-Term Engagement in Fragile States*, Operations Policy and Country Services, March 30, 2007.

²⁵ Total GE+ staff includes the following staff types: net staff (full-time staff on open-ended and term appointments), and other staff (full-time staff on conditional appointments – either time- or budget-bound).

²⁶ This decline is partly explained by the fact that PNG and Laos were no longer defined as fragile in 2009 as performance had changed over time; also, Cambodia reported a small decline in numbers of staff over the period 2006-09.

Box 1. Establishing a Field Presence in the Solomon Islands

A country that is home to approximately 500,000 people across 997 islands, the Solomon Islands faces a complex set of development challenges: from lingering ethnic tensions stemming from the period of conflict (1998–2003), to the large geographical distances between the different island provinces, to an economy that is overly dependent on unsustainable logging. The government is aware of the increasing vulnerability of the economy and is actively seeking advice on how to promote alternative sources of growth. Over the longer term, sustained economic growth will also depend on maintaining stability and law and order, and improving the effectiveness of public spending by both government and donors.

In November 2008, the World Bank and Asian Development Bank (AsDB) opened an office in the Solomon Islands, a decision that was warmly welcomed by the government and development partners. The presence of a World Bank Country Manager, an IFC Senior Advisor, and an AsDB Development Coordinator, supported by a small team, provides for continuity in the country dialogue. By establishing this office, the Bank reaffirmed its commitment to assisting small states affected by F&C and providing a sustained local presence through which to share its international experience. In the process, the Bank has gained a closer understanding of the country's needs, and has thus been able to better align its programs to those of the government and other development partners. The Bank currently provides funding for projects in rural development, health, and energy, and it envisages providing additional resources for projects in telecommunications and employment generation. Its other core activities in the country are analytic and advisory activities and dialogue with government and development partners on diversifying the sources of economic growth.

18. ***Human Resource Policies.*** In May 2008 the Board approved a new overseas assignment package that differentiates between locations and includes a Fragile States Premium. To reward and support staff working in FCCs, a broad range of nonfinancial incentives has also been introduced and implemented: consistent grading for country managers at level GH; a revision of the promotion criteria for technical GH positions to reflect the value of operational work in FCCs; enhanced flexibility for shorter field assignment periods; and a strengthened rotation management system for staff returning from country office assignments. Despite these efforts, it remains difficult to attract experienced staff to work in these settings and to get the right balance of skills. Management will continue to address these issues by giving high-level attention to filling positions in FCC country offices. Ongoing reforms to human resources policies, particularly the managed rotation of senior staff, are expected to assist in placing high performing staff in positions in FCCs.

19. ***Corporate Unit.*** On July 1, 2007, the World Bank's Conflict Prevention and Reconstruction Unit and its Fragile States Unit merged into a new unit, the Fragile and Conflict-Affected Countries Group in OPCS (OPCFC), to communicate greater clarity on the overlapping fragility and conflict agendas. The group is now headed by a director.

20. ***Callable Roster.*** The callable roster for fragility and conflict is a Bank-wide service established to improve the Bank's ability both to respond rapidly to crisis and emergency situations, and to maintain long-term engagement in FCCs. The roster identifies staff with specific expertise, experience, and willingness to work in fragile environments, who are available to help country teams and managers fill urgent staffing or expertise gaps. It can support such activities as needs assessments, strategy development, portfolio management, project preparation, and so on. The roster has been used to identify specific expertise to assist in efforts such as the Joint Needs Assessment for Georgia in 2008 and work in Zimbabwe in early 2009, and to identify candidates for vacancies in the Africa Region (AFR). To increase its ability to quickly mobilize staff, the Bank coordinates with the UN and bilateral agencies using similar tools.

21. ***Conflict and Development in the Africa Region.*** AFR is involved in a number of initiatives to strengthen its work in FCCs.

- AFR created a specialized unit, the Fragile States, Conflict and Social Development Unit (AFTCS), to support country teams working on FCCs and strengthen coordination and harmonization with partners and stakeholders in Africa.²⁷
- As part of its decentralization strategy, AFR is striving to strengthen Bank presence in the field, with conflict specialists in Kenya (Nairobi, covering Somalia), Sudan (Khartoum, including Darfur), and Uganda (covering the North).

C. Development Policy Operations

22. Channeling funding through the government budget—which is part of the Bank’s commitments under the Paris Declaration and Accra Agenda for Action—strengthens state-building by developing the state’s capacity to prioritize, implement, and be accountable for expenditures, and to put in place adequate fiduciary arrangements. The Bank channels funds through DPOs, which support governments’ policy and institutional reforms to achieve specific development results. A 2009 review covering 13 DPOs in 10 fragile states (one IBRD loan and 12 IDA grants)²⁸ found that there has been a gradual increase in the use of DPOs in such situations, beginning with operations in Afghanistan, Tajikistan, and Timor-Leste in FY06. The volume of DPOs as a percentage of the total portfolio has also increased in a number of country strategies. The three most important areas of focus are strengthening public financial management (PFM), including enhancing transparency; support for service delivery; and reengagement efforts.

- PFM reforms aimed at strengthening government systems; the depth of coverage of policies and institutional actions varied across countries.
- In service delivery, most frequently in the education and health sectors, some DPOs have supported governments’ efforts to realign their budgets with their PRSPs and have monitored budget shares to health and education or pro-poor expenditures during implementation (Burundi and Sierra Leone). In other countries, such as Burundi and Haiti, DPOs supported social service targets set in the PRSP.
- DPOs have also proven useful to facilitate reengagement with IDA. Under the systematic approach to arrears clearance included in the IDA15 Report they were used to help clear arrears to Côte d’Ivoire (see Box 2), Liberia, and Togo in FY08.
- Where the DPO funds were not used solely for arrears clearance, there was emphasis on financial management and financial management units, budgetary transparency, and accountability (Liberia) and on policy reform in the mining and forestry sectors, including reducing obstacles to the private sector and improving social expenditure (CAR).

²⁷ Each of the Regions has a focal point for conflict and fragility, as well as staff experienced in FCC work; however, only AFR has created a specialized unit. AFTCS became operational on July 1, 2007.

²⁸ *2009 Development Policy Lending Retrospective: Flexibility, Customization, and Results* (forthcoming).

Box 2. Côte d'Ivoire: Reengagement and Arrears Clearance

In 2004, following civil war, conflict, and political instability, Côte d'Ivoire fell into arrears with the Bank, and the IDA program was suspended. From then until 2007, Bank funding was provided mostly as grants from the PCF and LICUS trust funds. After the Ouagadougou Peace Accord was signed in March 2007, leading to the establishment of a transitional government, relations between Côte d'Ivoire and the Bank improved. This engagement was underpinned by a Bank arrears work-out plan signed between the two parties and the recommencement of debt services payments by the government in July 2007, as well as a US\$120 million pre-arrears clearance grant financed by IDA.

As of November 2007, Côte d'Ivoire's debt to IBRD and IDA amounted to US\$521 million. An analysis of Côte d'Ivoire's financial position concluded that the country's capacity to contribute resources to clear its arrears was limited. The government issued treasury bills in September and December 2007 to mobilize resources to repay 50 percent of its arrears to the World Bank (as well as part of its arrears to the AfDB), which it did in February 2008.

In April 2008, IDA presented to the Board an ISN and a US\$308 million Economic Governance and Recovery Grant, of which the major part was used to directly reimburse a bridge loan that had been extended to Côte d'Ivoire to clear arrears to IBRD and IDA, and the remainder to help finance the national budget. IDA subsequently reactivated its suspended portfolio of four projects totaling US\$104 million, and the Board approved three new projects totaling US\$120 million. Since the Bank's reengagement in Côte d'Ivoire, the Board has approved a total of nearly US\$810 million in IDA grant support to it. IDA also front-loaded resources in FY09 to buffer the impact of the global recession.

D. Enhancing the Bank's Response to and its Organizational Effectiveness in FCCs

23. The Bank has taken a number of steps to improve its ability to respond to the often urgent needs of fragile situations. This section reports on implementation of the rapid response policy and on a range of corporate efforts to improve the Bank's organizational effectiveness in FCCs.

24. **Response to Crises and Emergencies.** In April 2009, Bank management submitted to the Board a progress report on the implementation of OP 8.00, *Rapid Response to Crises and Emergencies*.²⁹ Two years into implementation, it is evident that the new policy has allowed for faster processing of emergency lending across a wide range of crisis situations and has been critical for supporting an institutional response to emerging global crises. The adoption of a comprehensive framework for rapid response also paved the way for important partnerships with development partners working in crisis and emergency settings; resulted in a higher level of management attention to the Bank's engagement in disaster-prone, fragile, and conflict situations; and triggered a Bank-wide effort to enhance institutional support to country teams working in these situations. However, challenges remain. Although the policy has brought about a substantial reduction in project approval times,³⁰ there has been less improvement in the pace of implementation. The report highlighted that Bank teams need to strike an appropriate balance between providing emergency assistance while not infringing on the role of the state and helping governments develop their own accountability and service delivery capacity for the benefit of their citizens. Evidence also suggests that the organizational shift to ex-post risk

²⁹ *Rapid Response to Crises and Emergencies (OP 8.00): Progress Report (SecM2009-0200)*, April 16, 2009.

³⁰ The average time between the decision to move ahead with a rapid response operation and its approval by the Board was reduced to 4.3 months, down from the 5.9 average reported for emergency operations in FY01-06.

mitigation and control needs to be further supported with Bank technical and financial resources.

25. ***Corporate Efforts to Enhance Organizational Effectiveness.*** Recognizing the need for strong management engagement, the Bank has provided enhanced policies and guidance to staff, as well as specific mechanisms that bring greater institutional focus and resources to bear on FCCs:

- To help address the financial and technical issues related to the implementation of projects processed under OP 8.00, the Bank has prepared an initial diagnostic of budgetary and staffing resources in priority FCCs; issued guidance to staff such as “Including Contingent Emergency Response Components in Standard Investment Projects” and “Ensuring a Results Orientation during Project Preparation under OP/BP 8.00”; and finalized the templates for the FPA (discussed in Section V). Going forward, the Bank will examine the specific procurement challenges and issues in FCCs and review options for streamlining Bank procedures. In addition, the ongoing reform of the Bank’s investment lending is developing a model that calls for more focus on results, streamlined processing of low-risk operations, and greater attention to supervision of higher-risk operations.
- BP 8.00 foresees the possibility of declaring a “corporate emergency” in situations that require more technical, financial, or institutional resources than a Region can provide or that involve a degree of reputational risk that argues for a corporate review/response. To date, Corporate Rapid Response Committees (CRRCs) have been convened to address specific aspects of the crisis situations in Côte d’Ivoire, DRC, Somalia, and Sudan. CRRC engagement resulted in follow-up actions from the Regions and other corporate units, particularly the mobilization of staff and budget resources.
- In early 2009 the Bank established a Global Expert team (GET) to increase its development effectiveness in fragile states. In response to requests from country teams, the GET mobilizes recognized experts from across the Bank Group and draws on external networks to perform short, intense assignments and to capture and disseminate knowledge in areas such as conflict and political economy analysis, building effective states, and improving service delivery.³¹
- The Managing Directors’ quarterly meetings on FCCs with country directors/managers continue to provide a forum for addressing country-specific and corporate issues and to update Management on the evolving F&C agenda. Topics have included the Bank’s partnerships with development partners, staffing and budgetary constraints for FCC work, the launch of the GET for FCCs, support to priority countries, the findings and implications of the OP 8.00 progress report, and the RKL program.

³¹ GET FCC activities have included support to the Nepal country team on the implementation of the ISN, to the task team preparing the Emergency Response to Mitigate Financial Crisis Project for DRC, to the Zimbabwe country team for a joint scoping mission with multilateral partners, and to the country teams of Guinea and Madagascar on the political analysis of the crisis. The GET FCC is also preparing a note on successful public sector reform experience in FCC.

26. ***Moving Ahead on the Operational Agenda.*** Feedback from governments and development partners indicates that by streamlining procedures, the Bank could provide a faster and more flexible response to the needs of countries that are emerging from conflict or that are at risk of falling into conflict. In early 2009, to understand issues around the Bank's operational effectiveness in FCCs, country teams working on 15 priority FCCs were surveyed. In general, country teams raised the following issues for management attention: (a) the need to scale up existing work (and increase the Bank's potential impact); (b) the higher supervision/implementation support required in countries where government capacity is weakest; (c) the high costs of operating in these complex and sometimes dangerous operating environments; (d) constraints to targeted analytic work and technical assistance; and (e) the importance of attracting qualified and experienced staff to work on these programs in country offices. In response, the Bank has been working to further strengthen its operational effectiveness, assistance strategies, approaches to state-building and peace-building, and organizational capacity in FCCs.

E. Research, Knowledge, and Learning

27. The Bank is working to strengthen its research, knowledge, and learning (RKL) about effective approaches to FCCs, in cooperation with external partners and with financial support from Australia, Canada, Norway and the United Kingdom. Attention to fragile states is a fairly new area of concern for the international community. The needs of FCCs are often urgent, and it is especially important in these situations to be able to take the right approach from the start. The Bank, with its global reach, is in a unique position to generate and capture knowledge about what may work well—or not so well—in these situations, and it is engaged in a very active RKL program. The Bank also provides just-in-time advice as well as overall knowledge sharing through specialized courses and guidance notes, and it plans expanded activities in this area. The Bank also provides just-in-time advice as well as overall knowledge sharing through specialized courses and guidance notes,³² and it plans expanded activities in this area.

28. ***Headline Seminars.*** To stimulate debate within the Bank and in the international community on the most effective approaches to supporting development and state-building in FCCs, in 2008 the Bank began inviting distinguished experts to participate in a headline seminar series. A critical input for developing the Bank's corporate strategy on F&C, the seminars reveal areas of inquiry that can be pursued through future research and analysis to strengthen development strategies and operations in FCCs. Four seminars have been held on the following topics: (a) *Transition from Conflict to Peace: Dynamic Tensions between State-building and Peace-building*; (b) *Understanding and Responding Effectively to Deterioration in Fragile and Conflict-affected States*; (c) *The Rule of Law in Fragile and Conflict-Affected Situations*; and (d) *Regional and Global Dimensions of Fragility and Conflict*. An additional seminar on *Horizontal Inequalities and Inclusive Growth* is planned for March 2010, and further topics are being explored. Meanwhile, work will continue on translating the rich insights and findings of these seminars into relevant guidance for Bank teams working on FCCs.

³² Guidance notes have been prepared on Cash Transfer programs, Rebuilding Public Administration, and Bank Core Competencies.

29. ***Recent and Ongoing F&C Research.*** In line with the Bank's strategic theme on F&C, the Development Economics Research Group (DECRG) and OPCFC have recently expanded research on the effects of F&C on development. Their efforts have included a joint research project carried out by the Bank and the Center for Developing Area Studies of McGill University on the effects of power sharing, democratization, and macroeconomic policy on immediate post-conflict development. DECRG also supports the gathering of geographically identified conflict data through the Armed Conflict, Location and Event Database Project.³³ In collaboration with the UN Mine Action Team and UNDP and other partners, the Landmine Contamination, Casualties, and Clearance Database research project compiles a new dataset of country and provincial level data on unexploded ordinance and explosive remnants of war for affected countries since 1998. Since 2005, the Bank has worked to strengthen the political analysis underpinning Bank interventions and strategies in FCCs.³⁴ The Bank has established an MDTF for knowledge management to provide a vehicle for joint F&C knowledge work carried out by the social development, public sector management, health, education, and infrastructure sector networks. Activities under the MDTF are organized under four main themes: state-building, peace-building, international partnerships, and institutional responsiveness. The Social Development Department in the Sustainable Development Vice Presidency has set up a team working on conflict, crime, and violence with the aim of making societies more resilient to violence and is also developing a program to address issues of forced displacement.

IV. INDICATORS TO MEASURE PROGRESS IN STATE AND PEACE-BUILDING ACTIVITIES

30. Peace-building and state-building are important objectives in FCCs. In the context of the Accra High Level Forum and Agenda for Action (2008), the international community has committed to set realistic, relevant, and transparent international goals and objectives for assisting FCCs and to monitor progress against these goals, starting at the country level. Better indicators of progress against peace-building, state-building, and stabilization objectives in the short term can help to demonstrate results and lay the basis for long-term progress against the MDGs. In this context, an understanding of the complex social and political interactions at work in peace- and state-building—and in defining the operational objectives of peace- and state-building, which is at least partly endogenous—is of fundamental importance. Such a contextual analysis involves an understanding of the underlying and often multiple causes of past conflict; the drivers of elite behavior and the politics of exclusion; citizens' expectations of the state; and the continuous monitoring and assessment of the dynamism of post-conflict and fragile states, recognizing the different approaches that countries take to build their states. The challenge is to find robust ways to inform the analysis necessary to support peace- and state-building and to monitor and evaluate progress in these areas.

31. ***Indicators of Peace-building and State-building.*** Peace-building encompasses measures in the context of emerging, current or post-conflict situations for the explicit purpose

³³ Preliminary reports are available at the project website: <http://www.acleddata.com>

³⁴ The first phase of this work supported political economy analysis in a range of fragile states, including Afghanistan, Cambodia, Guinea, Papua New Guinea, and Sudan (Darfur). The second phase (2007-2010) focuses on topics and analyses in the East Asia and Pacific Region, facilitating groundbreaking discussions on state-building.

of preventing violent conflict and promoting lasting and sustainable peace. State-building is purposeful action to develop the capacity, institutions and legitimacy of the state in relation to an effective political process for negotiating the mutual demands between state and societal groups. The Bank has commenced work on indicators of peace-building and state-building, but in the meantime, work is on-going under the OECD-DAC International Network on Conflict and Fragility (INCAF) to prepare a guidance note for donors on state-building. This work will provide greater clarity on the conceptual basis and modalities for supporting state-building, as well as a more robust basis for further developing indicators of peace-building and state-building. The work on indicators is expected to be completed in December 2010.

32. ***Learning on Peace-building and State-building.*** The Bank and UNDP's Bureau of Crisis Prevention and Recovery are jointly reviewing their efforts in Liberia and Sierra Leone. The initiative assesses the coherence of the programs of the two agencies and seeks to evaluate, in particular, the effectiveness of approaches to developing the capacity needed to administer effective and stable state institutions. The work, expected to be concluded later in 2009, will deliver country-specific reports on UNDP and World Bank state-building efforts, including plans of action to enhance the effectiveness of the programs in both countries. Thereafter, corporate guidance on the diagnosis, development, and implementation of state-building activities in FCCs, with a particular focus on capacity development approaches, will be produced for wider application.

V. PARTNERSHIPS

33. This section presents an overview of World Bank partnerships with the United Nations, MDBs, and other international institutions. It also reflects on the Third High Level Forum on Aid Effectiveness.

A. Working with the United Nations

34. In October 2008, the Secretary-General of the United Nations and the President of the World Bank signed a United Nations-World Bank Partnership Framework for Crisis and Post-Crisis Situations, designed to make the international response in these contexts more effective and sustainable. The basic principles for strengthening UN-World Bank collaboration in post-crisis settings are regular communication, strategic and operational planning, financial interoperability, and a deepened culture of collaboration.

35. ***Other Accords.*** Simultaneously, the United Nations Development Group (UNDG) and the World Bank signed an Operational Annex under which both institutions made concrete operational commitments to strengthen their collaboration, particularly with regard to Post-Conflict Needs Assessments (PCNAs) and MDTFs. The Annex also laid out the principles regarding the delineation of responsibilities between the UN system and the Bank (first applied in the West Bank and Gaza). The relative responsibilities of the Bank and the UN depend on the specificities of each country situation: the appropriate division of labor is context-specific, and may be organized at the country level by sub-area within a theme or sector, or by strategy and operational assistance, or centrally and subnationally, taking into consideration the government's views on which organization best meets its needs. The Bank and 11 UN agencies, funds, and programs also signed a Fiduciary Principles Accord (FPA), creating a new

model for cooperation and fiduciary assurance that is centered on shared principles.³⁵ The FPA applies to donor-supported trust funds administered by the Bank or a UN agency for crisis, post-crisis, humanitarian, or emergency interventions. Any of the signatories to the FPA may apply its own policies and procedures instead of those of the trust fund's administrator, thus facilitating the timely transfer and disbursement of financial resources.

36. ***Enhanced Collaboration Examples.*** The enhanced collaboration with the UN has included the coordination of PCNA/TRF (Transitional Results Framework) with peace-keeping and humanitarian planning processes; joint operations at the country level in the DRC (see Box 3), Haiti, Liberia, and the disaster-affected regions of Indonesia; joint work to strengthen national aid coordination capacity, prepare donor conferences and support core donor groups; and joint training and staff briefings.

Box 3. Country Assistance Framework in DRC

Under an initiative by the UN Integrated Office in the UN peacekeeping mission in the DRC and the Bank, a Country Assistance Framework (CAF) for DRC was developed as a common strategic approach to recovery and development assistance. The CAF, agreed by a group of 17 international partners, covers the post-electoral period from 2007 to 2010. Discussions built on existing strategic documents (PRSP) to identify priorities. While the national authorities were not involved in the elaboration of the CAF, linking the CAF to the priorities of the newly elected government through the jointly agreed Priority Action Plan (PAP) was essential to its adoption.

Lessons from the CAF experience in the DRC may be applicable to other strategic coordination and planning efforts, particularly in countries emerging from conflict: individuals matter but institutional buy-in is critical to adoption and implementation; coherent and cohesive multilateral institutions can serve as a powerful pole of attraction; the development of strategic approaches may be facilitated by in-country processes; and clarity on the goal and outcome of strategic coordination exercises is critical. However, the elaboration of a strategic coordination framework does not automatically translate into coordination in implementation. It is essential to foster national engagement and commitment by bringing in national actors at the right time and in the right way.

The CAF, and the government's PRSP, set the stage for the PAP, which in turn facilitated further coordination and harmonization among development partners and with the government. Against this background, the DRC government organized a high-level national forum on aid effectiveness as a follow-up to the Accra High Level Meeting on this topic. As lead donor for this event, the Bank provided strong support to the forum. Participants acknowledged the importance of the forum as an incentive for rationalizing aid to DRC in support of the PRSP/PAP, and agreed on a monitoring mechanism.

Source: United Nations and the World Bank, The DRC's Country Assistance Framework: A 'Big Tent' built from 'Big Ideas'? Joint UN-Bank Review of the DRC CAF, 30 May 2008.

37. **Collaboration *with UN Agencies.*** The Bank collaborates with a range of UN institutions in FCCs. The following are of particular importance to the Bank:

- **The *Executive Office of the Secretary-General:*** the Bank is now invited to, and it participates in, meetings of the Policy Committee.

³⁵ United Nations Development Group, *United Nations Development Group-World Bank Post-Crisis Operational Annex and Fiduciary Principles Accord*, October 2008.

- The *Development Operations and Coordination Office*, which provides a forum for coordination among UN agencies, funds, and programs with a development mandate. This collaboration is particularly important in post-conflict environments, where UN agencies and the Bank often work in the same sectors.
- The *Department of Peace-Keeping Operations*, whose role is complementary to the Bank's in post-conflict situations. This collaboration has resulted in joint operations (in Liberia and Haiti) as well as cooperation regarding the disarmament, demobilization and reintegration of ex-combatants.
- The *Peace-Building Commission (PBC)*, with which the Bank has contributed to strategic peace-building frameworks Burundi, CAR, Guinea-Bissau, and Sierra Leone. Bank staff regularly participate in PBC meetings.
- The *Peace-building Support Office (PBSO)*, which administers the Peace-building Fund (PBF). The PBSO and the Bank have begun consultations to enhance the complementarity of the PBF and the Bank's State and Peace-building Fund. The PBSO was responsible for preparing the UN Secretary-General's June 2009 Report on Peace-building in the Immediate Aftermath of Conflict, to which the Bank contributed.³⁶
- The Bank is a member of the *Senior Peace-building Group* and the subsidiary working level Peace-building Contact Group, which will guide the implementation of the UN Secretary General's Report on peace-building.

38. The Bank is working with the UN on plans to formalize agenda-driven discussions to deepen cooperation in selected countries and to embed staff in each others' headquarters.

B. Working with Multilateral Development Banks

39. In October 2007 the heads of the MDBs and the IMF issued a statement agreeing on a common operational and strategic approach to addressing issues of F&C.³⁷ The statement underlined a set of common principles that guide the MDBs' engagement in FCCs and expressed the institutions' commitment to strengthening national ownership of recovery and reform efforts, to building capacity, and to contributing to long-term peace building in situations of F&C. It reflected agreement on a series of operational approaches and implementation arrangements: (a) the adoption of a shared approach to identifying fragility; (b) the adoption of a shared platform for post-conflict and post-disaster recovery planning and joint monitoring and results frameworks for post-conflict transitions; (c) where possible, the programming of resources through joint assistance strategies; and (d) agreement on country-level division of labor for technical assistance and sharing of expertise. It also included a commitment to speedy response to natural and man-made crises and emergencies and improved field presence. Building on the MDB statement, the Bank has been collaborating especially closely with AfDB. In addition to the corporate collaboration described elsewhere, AfDB and the Bank have prepared a Common

³⁶ Report of the Secretary-General on peacebuilding in the immediate aftermath of conflict, S/2009/304, June 11, 2009.

³⁷ *Statement on Fragile Situations*, Heads of Multilateral Development Banks, and *Toward a More Harmonized Approach to MDB Engagement in Fragile Situations*, background paper, October 2007.

Strategy Paper for CAR. Moreover, the AfDB has been an equal partner in the scoping mission in Zimbabwe with the European Commission, the UN, and the Bank.

40. ***Harmonized Approach to Budget Support.*** Building on the DPO retrospective, the Bank has joined with the EC and the AfDB, with the IMF as “interested peer reviewer,” in drafting *A Common Approach Paper to the Coordination of Budget Support in Situations of Fragility*.³⁸ The paper reviews the participating institutions’ policies and efforts to provide budget support to fragile states. It also identifies key factors that can strengthen or hinder joint approaches to the delivery of budget support in fragile situations to improve coordination and harmonization among the four agencies. Special case studies are being carried out for Burundi, CAR, Guinea-Bissau, and Sierra Leone, and lessons are being drawn from successful experiences in non-fragile states as well.

41. ***Partnerships in Africa.*** AFR is giving priority to strengthening partnerships with key regional institutions, especially the AfDB, the African Union Commission (AUC) and the UN Economic Commission for Africa (UNECA). AFR is also collaborating in joint staff training with AfDB, and is working on a peace- and state-building agenda for Africa through a joint coordination forum that includes AfDB, AUC, and UNECA. With AfDB, the Region is proposing to develop an information management and knowledge sharing IT platform for peace- and state-building. In September 2008, AFR and the AUC signed a Memorandum of Understanding that includes collaboration on post-conflict countries as one of five key areas of strengthened collaboration.

C. Working with Other International Partners

42. The centerpiece of the Bank’s cooperation on F&C with the European Commission is the Joint Declaration on Post-Crisis Assessments and Recovery Planning, in which the EC, the UN, and the Bank committed to mobilize their resources to harmonize and coordinate post-crisis response frameworks to enhance country resilience to crises. The joint declaration, signed in September 2008, outlines the frameworks and processes for assessing needs and plan recovery in post-conflict and post-crisis situations.³⁹ It commits the three institutions to communicate strategically and identify opportunities for joint initiatives; participate in the relevant in-country planning processes; support the development and use of common methodologies for PCNAs; invest in the development of toolkits and staff training; and monitor progress in the implementation of the common platform. Other collaborative work by the Bank is as follows:

- The EC and UNDG are collaborating on a project to strengthen and further develop tools and capacities for the implementation of PCNAs; the Bank is a member of this project’s advisory group. The first (and so far only complete) application of the Joint Declaration was the Joint Needs Assessment (JNA) in Georgia in 2008 (described in Box 4); adapted processes were used in Gaza and Zimbabwe in 2009, and are planned in Pakistan.
- The Bank is working closely with the OECD/DAC on F&C, in particular on issues of peace-building, state-building, security, and financing.

³⁸ Forthcoming.

³⁹ European Commission, United Nations Development Group, World Bank, *Joint Declaration on Post-Crisis Assessments and Recovery Planning*, September 2008.

- The Bank, in collaboration with several countries, including Denmark, Norway, and Switzerland participated in, co-hosted, or co-organized several major conferences on F&C:⁴⁰ *Engaging with Fragile States: Challenges and Opportunities*, Addis Ababa, July 2007; *High Level Conference on Multidimensional and Integrated Peace Operations: Integrated Mission Revisited*, Oslo, October 2007; *Thematic Meeting on Diplomacy, Development, and Integrated Planning in Fragile States*, Oslo, February 2008; *Early Recovery Policy Forum*, Copenhagen, October 2008; and *3C Conference* (coherent, coordinated, complementary), Geneva, March 2009. These events have enabled the Bank to contribute to the international debate on F&C, update partners on its evolving F&C work program, and seek closer partnerships with various institutions.
- The Bank is collaborating on analytic work with Australia and the Netherlands financed by trust funds, in addition to country-level activities with donor partners.

43. ***International Partnerships.*** The Bank is an active participant in the recently formed OECD-DAC International Network on Conflict and Fragility (INCAF). With DFID, the Bank cochairs the INCAF Task Team on Peace Building, State Building, and Security; and it participates in the INCAF Task Team on Financing and Aid Architecture. Topics that INCAF is working on include state-building and peace-building guidance for donors; financing procedures and mechanisms during post-conflict transition; security system reform, rule of law, and justice; and peace agreements. In addition, OECD-DAC/INCAF is reaching out to and working with developing country partners, notably (a) through the ongoing International Dialogue on Fragility and Conflict, and (b) by monitoring the “Principles for Good International Engagement in Fragile States and Situations.”

44. ***Post-conflict Needs Assessments.*** The PCNA and TRF together form an integral part of the OECD-DAC “Principles for Good International Engagement in Fragile States and Situations” and the Paris Declaration on Aid Effectiveness.⁴¹ In December 2008 the United Nations Development Group and the World Bank issued a revised *Guidance and Good Practice Note on Transitional Results Frameworks and Matrices*.⁴² The note provides advice for practitioners by practitioners on how to use a PCNA to map key recovery and peace-building needs in a country emerging from conflict, and a TRF for integrated post-conflict recovery planning.

⁴⁰ The Copenhagen and Geneva meetings were explicitly based in the Third High-Level Forum on Aid Effectiveness.

⁴¹ This document has been endorsed as the common entry point for post-conflict recovery planning by the UNDG-ECHA (Executive Committee on Humanitarian Affairs) Working Group (April 2007) and by the Heads of Multilateral Development Banks (October 2007), and it serves as a foundational element for both the UN-World Bank Partnership Framework and the trilateral EC-UN-World Bank Joint Declaration on post-crisis recovery planning.

⁴² *Guidance and Good Practice Note on Transitional Results Frameworks and Matrices.*

Box 4. Georgia: Post-conflict Needs Assessment in Action

In October 2008, the EC and the Bank jointly chaired a donor conference in Brussels to support Georgia's need for financing to address its post-conflict recovery and reconstruction. A JNA document was prepared for the conference by the UN and the Bank in collaboration with the EC, the European Bank for Reconstruction and Development (EBRD), and the IFC. This PCNA (the first conducted after the 2006-07 PCNA Review and finalization of the Joint Declaration) validated the revised version of PCNA-TRF, which makes it possible to select modules appropriate for a range of settings, including high-capacity countries. The Georgia JNA also provides a good example of how to link humanitarian and recovery/development planning processes.

EBRD, the European Investment Bank (EIB), the EC, the AsDB, IFC, and the Bank participated in the JNA mission in selected sectors. To inform future PCNAs and provide real-world experience to be included in the revised PCNA-TRF guidance and tools, a "lessons learning process" was undertaken to identify what worked and what needed improvement. The findings included the following: the short timeframe (6 weeks from deployment to donors conference) required focus and provided a strong incentive for prioritization; the JNA was undertaken at the same time as the revision of the humanitarian flash appeal, which allowed each process to complement the other and provided a strong basis for identifying possible gaps and overlaps; the strong links between the UN and Bank teams helped overcome procedural and substantive disagreements; and in a compressed timeframe, consultations with civil society representatives, along with strong communication and dissemination efforts throughout the process, are especially critical.

A progress report on the implementation of the JNA was prepared and disclosed in June 2009. The report states that the recovery and reconstruction program has begun well, with donors allocating the financing for the immediate period (October 2008 to March 2009) in the amounts corresponding to their pledges. The activities on the ground supported by the funding also show promising results. The critical need in 2009 is to obtain the donor funding that was pledged for budget support. The recent weakening of the economy, due to the global economic downturn, unforeseen by the JNA estimates, has put pressure on fiscal revenues and the budget deficit. The government has ably managed the recovery and reconstruction program and donor financing; now it will have to continue showing flexibility in macroeconomic management and addressing the institutional dimensions of the reform.

D. Third High Level Forum on Aid Effectiveness

45. At the Third High Level Forum on Aid Effectiveness (Accra, September 2008), Roundtable 7 focused on Aid Effectiveness in Situations of Fragility and Conflict. The conclusions of this event form an integral part of the evolving aid architecture on FCCs. The Forum agreed that the DAC *Principles for Good International Engagement in Fragile States and Situations*⁴³ provide a key framework for aid effectiveness in these challenging environments. The participants committed to greater cooperation and collaboration, tailored support for capacity development for core state functions, and flexible, rapid, and coordinated long-term funding. As one of the agreed next steps, aid recipients agreed to monitor implementation of the DAC Principles in five pilot countries—Afghanistan, CAR, DRC, Sierra Leone, and Timor-Leste.⁴⁴ Through consultations among donors, government, and communities, these pilot exercises examine key bottlenecks, identify a realistic set of objectives for peace-building and state-building, and provide a platform for participating countries to share experiences. In Timor-Leste, the first country to hold consultations (in March 2009), the consultations focused on the challenge of transitioning from post-conflict status into an era of sustainable growth and economic development. Among the agreements reached was that future development efforts must be less "Dili-centric," donor responsiveness must be improved, and a clear and realistic

⁴³ Issued in April 2007.

⁴⁴ In addition to the five countries, a broader group of countries are showing interest in participating in the monitoring program.

medium-term strategic development framework must be articulated to improve partner alignment with and national ownership of the development process. The findings of the initial set of consultations will be presented to the First International Dialogue Meeting in late 2009. The Bank sees the dialogue process as a valuable partner-driven complement to OECD monitoring and evaluation efforts.

46. **Bank Follow-up.** Other Bank activities to follow up on the High Level Forum include further conceptual work on state- and peace-building; an examination of financing issues for fragile situations, including in the early recovery phase; and efforts to address the issue of coherence among international actors (particularly among the ‘‘3 Ds’’—the development, diplomacy, and defense communities).

VI. SUMMARY AND OUTLOOK

47. During the IDA15 Replenishment, World Bank Management agreed to a range of actions as part of its effort to strengthen IDA support for fragile and conflict-affected countries: progress on implementation of good practice principles for engaging in FCCs and adapting CASs to those environments; human resources reforms; development of better indicators on state- and peace-building activities in FCCs; and strengthened partnership with the United Nations and other development actors. The Bank has made significant progress in meeting these commitments; work in all these areas is either completed or ongoing as an integral part of the World Bank’s continuing focus on FCCs. This section summarizes the points presented in the paper and sets out the direction of work going forward.

48. **Summary.** IDA is the Bank’s main source of resources for FCCs, and its commitments have increased over the years: from US\$772 million in FY00 to US\$1.6 billion in FY09. FCCs may receive, in addition to the performance-based IDA allocation, exceptional allocations based on Post-Conflict Performance Indicators; and additional funding through the Bank’s State- and Peace-building Trust Fund and through MDTFs that the Bank administers. The Bank has been working to strengthen its operational effectiveness and work on F&C has included the following:

- It has established Corporate Rapid Response Committees to help address crisis situations. The callable roster of internal and external experts fills urgent staffing and expertise gaps.
- The Bank has increased the numbers of staff working in FCC country offices and has strengthened staff incentives to work in FCCs.
- CASs in FCCs generally consider political and security issues, address issues of governance reforms and economic and social recovery, include capacity building and analytic work, and pay attention to issues of donor coordination.
- Increasingly, DPOs in FCCs have focused on strengthening public financial management, including enhancing transparency, support for service delivery, and reengagement efforts.
- To sharpen operational effectiveness and ensure that the Bank remains an intellectual leader in the area of fragility and conflict, the Bank has also initiated a focused

program of research, knowledge, and learning including the Headline Seminars series, core courses, guidance notes, and other research efforts.

- The Bank collaborates closely with the UN in many aspects of its fragility and conflict work. Within the last year, the Bank and the UN signed important accords: a Partnership Framework for Crisis and Post-Crisis Situations, an Operational Annex, and a Fiduciary Principles Accord allowing signatories, when executing donor-supported trust funds for crisis situations, to apply their own fiduciary policies rather than those of the trust fund administrator. The Bank also collaborates with MDBs, the IMF, EC, and the OECD-DAC.

49. **Future Directions.** The fragility and conflict agenda will remain a prominent component of the Bank's work program. The Bank is committed to continuing its efforts to strengthen its effectiveness in fragile states, including by continuing and deepening the implementation of the activities outlined above and by enhancing its capacity to help this group of countries cope with the impact of the global financial crisis

50. **Knowledge Agenda.** The Bank will also continue its ambitious research, knowledge and learning program. Two major undertakings for FY10-11 are a seminar series on regional and global dimensions of fragility and conflict and the World Development Report (WDR) for FY11 on the topic of Fragility and Conflict. Focusing the WDR on fragility and conflict demonstrates the growing interest and concern about F&C in the global struggle against poverty. Tackling F&C involves a complex interplay of political, state-building, security, and economic development factors. The WDR will review the factors contributing to F&C and the policy prescriptions that have emerged over the past decade. It will examine the record of attempts to avoid or overcome F&C in selected countries and regions, and will draw lessons for the further development of policies and for their implementation. An important goal of the WDR will be to reflect the experience and views of leaders, groups, and ordinary people living in countries affected by conflict—as well as those of international and regional institutions, partner countries, and organizations providing diplomatic, peace-keeping, humanitarian, and economic support.

51. **Emerging Issues.** Going forward, the Bank intends to redouble its efforts to respond rapidly and effectively, in collaboration with partners, to the unique needs of FCCs. To further strengthen its performance, the Bank will give particular consideration to several emerging issues, including the following:

- Provide guidance and ensure clarity on results and risks in the Bank's work on FCCs.
- Enhance and strengthen country teams through effective decentralization, proactive human resources and staffing approaches, GET support, and guidance.
- Emphasize implementation support through increased resources for supervision especially for enhanced capacity building, and flexibility and adaptive approaches to restructuring projects.
- Gain traction on partnership agreements (moving from paper to practice) especially with the UN, with a particular focus on implementation and achieving results.
- Strengthen the performance of trust funds with implementation problems and ensure that the lessons learned from managing MDTFs are embedded in the design and

establishment of new MDTFs to improve their functionality and usefulness in aid effectiveness.

- Adopt the lessons from the range of analytical work, tailoring interventions to specific country contexts and encompassing political and security dimensions.
- Further highlight issues of fragility and conflict and point to ways forward through the WDR and the partnership with the OECD DAC International Network on Fragility and Conflict.

52. Notwithstanding the progress the Bank has made in its ambitious program of work on FCCs, as outlined by this paper, it recognizes that much more needs to be done to effectively respond to the complex challenges posed by FCCs. This will remain a central theme of the Bank's development work going forward.

ANNEX A: FRAGILE STATES FINANCING: FY04-FY09 COMMITMENTS

(US\$ Million) ^{a/}

	<i>FY04</i>	<i>FY05</i>	<i>FY06</i>	<i>FY07</i>	<i>FY08</i>	<i>FY09</i>	<i>Comments</i>
<i>Post Conflict</i>							
Afghanistan	293	285	240	312	250	198	
Angola	55	72	0	102	0	87	
Burundi	110	35	31	120	80	115	
Congo DR	736	142	365	330	222	354	
Congo Republic	19	50	0	35	40	20	
Cote d'Ivoire	0	0	0	0	555	200	Inactive FY04-FY07
Eritrea	0	74	0	0	30	0	
Liberia ^{b/}	0	0	30	30	478	72	Inactive FY04-FY07
Sierra Leone ^{c/}	25	66	44	NA	NA		Exited post-conflict status in FY07
Timor-Leste	4	5	8	9	1	2	
Sub-total	1,243	728	717	937	1,656	1,049	
<i>Re-engaging</i>							
CAR	0	0	0	100	8	21	Inactive FY04-FY06
Haiti	0	75	56	68	29	40	
Togo	0	0	0	0	192	57	Inactive FY04-FY07
Sub-total	0	75	56	168	229	118	
<i>Other Fragile States</i>							
Cambodia	60	38	14	19	129	20	
Cameroon	20	NA	NA	NA	NA	100	Entered fragile status in FY09
Chad	20	48	0	25	0	0	
Comoros	13	0	0	5	0	0	
Djibouti	NA	NA	17	2	3	7	Entered fragile status in FY06
Gambia, The	NA	4	8	12	3	7	Entered fragile status in FY05
Georgia	48	23	NA	NA	NA	NA	Exited fragile status in FY06
Guinea	0	55	14	0	32	10	
Guinea-Bissau	7	7	15	0	10	8	
Kiribati	NA	NA	NA	NA	0	0	
Kosovo ^{d/}	4	15	6	19	12	0	
Lao PDR	36	34	37	28	25	25	
Mauritania	NA	NA	NA	18	NA	NA	Fragile status only in FY07
Niger	110	40	NA	NA	NA	NA	Exited fragile status in FY06
Nigeria	322	330	422	750	NA	NA	Exited fragile status in FY08
Papua New Guinea	0	0	0	37	45	NA	Exited fragile status in FY09
Sao Tome and Principe	7	5	0	0	6	0	
Sierra Leone ^{c/}	NA	NA	NA	48	11	14	Entered fragile status in FY07

	<i>FY04</i>	<i>FY05</i>	<i>FY06</i>	<i>FY07</i>	<i>FY08</i>	<i>FY09</i>	<i>Comments</i>
Solomon Islands	0	0	0	0	5	4	
Tajikistan	11	28	44	NA	NA	NA	Exited fragile status in FY07
Tonga	NA	NA	0	0	0	5	Entered fragile status in FY06
Uzbekistan	0	40	0	15	68	28	
Vanuatu	NA	NA	0	0	0	0	Exited fragile status in FY06
Sub-total	657	667	577	977	348	228	
<i>Inactive</i>							
Myanmar	0	0	0	0	0	0	
Somalia	0	0	0	0	0	0	
Sudan	0	0	0	0	0	0	
Zimbabwe	0	0	0	0	0	0	
Sub-total	0	0	0	0	0	0	
Total IDA Commitments to Fragile States	1,899	1,470	1,350	2,083	2,233	1,395	
Total IDA Commitments	9,035	8,559	9,446	11,752	11,235	13,995	

a/ Includes countries which were classified as fragile states (i.e., with CPIA ratings < 3.2 in the given fiscal year).

Commitments can be frontloaded and backloaded within a replenishment and during the period of analysis, this was feasible within FY03-05 (IDA13); FY06-08 (IDA14) and FY09-11 (IDA15). Commitments include arrears clearance amounts.

b/ Liberia received pre-arrears clearance grants in FY06 and FY07.

c/ Sierra Leone appears twice - from FY04-06 under post-conflict category and from FY07 onwards under other fragile states

d/ Special provision to receive IDA

Figure A1. Total IDA Commitments and Commitments to Fragile States, FY04-09 (US\$ million)

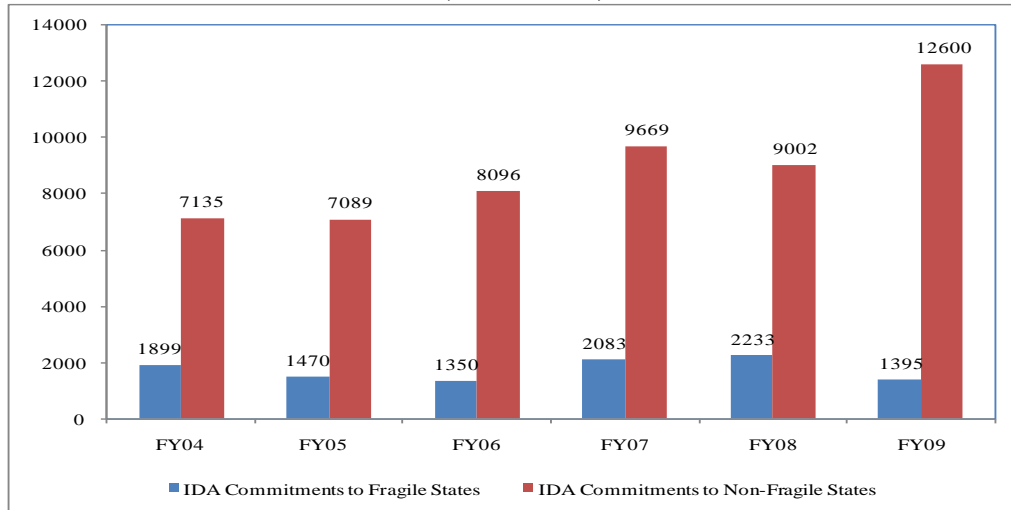


Figure A2. Share of IDA Commitments to Fragile States, FY04-09

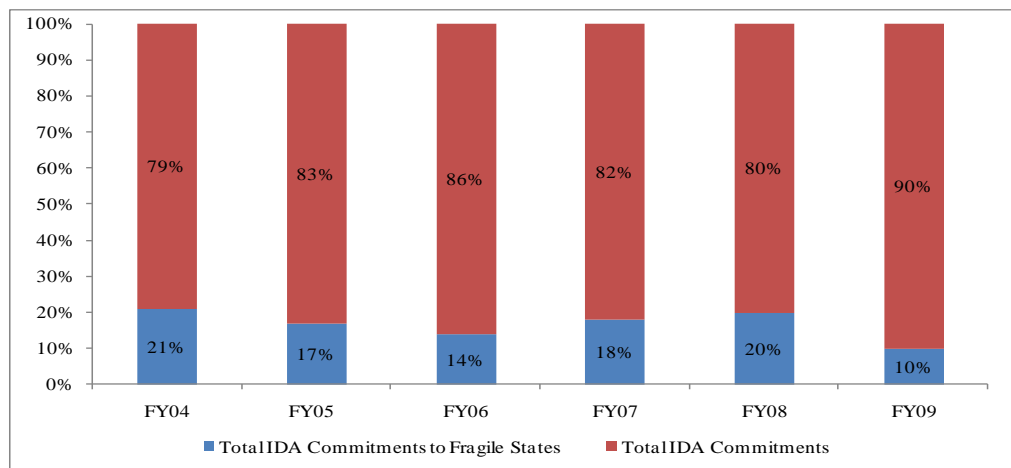


Figure A3. IDA Commitments by Category to Fragile States, FY04-09 (US\$ million)

