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**IDA20 SPECIAL THEME:  
FRAGILITY, CONFLICT & VIOLENCE**

**June 11, 2021**

## ACRONYMS AND ABBREVIATIONS

Fiscal Year (FY) = July 1 to June 30

All dollar amounts are US dollars

CEN	Country Engagement Note	MSME	Micro, small, and medium enterprises
COVID-19	Coronavirus Disease 2019		
CPF	Country Partnership Framework	MTR	Mid Term Review
EU	European Union	PBA	Performance-based Allocation
FAO	Food and Agriculture Organization	PLR	Performance and Learning Review
FCS	Fragile and Conflict-affected Situations	PRA	Prevention and Resilience Allocation
FCV	Fragility, Conflict and Violence	PSW	Private Sector Window
GBV	Gender-based Violence	RECA	Remaining Engaged during Conflict Allocation
GEMS	Geo-Enabling initiative for Monitoring and Supervision	RPRF	Refugee Policy Review Framework
GRID	Green, Resilient and Inclusive Development	RRA	Risk and Resilience Assessment
ICRC	International Committee of the Red Cross	TAA	Turn Around Allocation
IDA	International Development Association	UN	United Nations
IFC	International Finance Corporation	UNHCR	United Nations High Commissioner for Refugees
JET	Jobs and Economic Transformation	UNICEF	United Nations Children's Fund
MDB	Multilateral Development Bank	WBG	World Bank Group
MIGA	Multilateral Investment Guarantee Agency	WFP	World Food Programme
		WHO	World Health Organization
		WHR	Window for Host Communities and Refugees

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## EXECUTIVE SUMMARY

i. **The pandemic and its socio-economic impacts are aggravating existing Fragility, Conflict, and Violence (FCV) risks and increasing poverty, with an estimated 23 million additional extreme poor in Fragile and Conflict-affected Situations (FCS) in 2020.** By 2030, it is estimated that up to two-thirds of the world's extreme poor will live in FCV-affected situations. The COVID-19 crisis is putting added pressure on already weak health, education and social protection systems. FCV disproportionately impacts women and girls and the most vulnerable people and communities, including forcibly displaced populations. Humanitarian needs have increased sharply and 34 million people across 17 countries, the majority of which are IDA FCS, are at risk of experiencing famine in 2021.<sup>i</sup> Many IDA FCS also have weak core government functions and public finances, making them less resilient to respond to FCV challenges, crises and shocks, including pandemics and climate shocks.

ii. **IDA's response to the COVID-19 crisis, including in FCS, has been unprecedented in speed and volume, and at the same time, IDA19 has continued to operationalize the *World Bank Group Strategy for Fragility, Conflict and Violence*, scaling up financing and staffing to respond to FCV with agility and tailored support.** IDA has continued to expand support in the most difficult FCV situations and has helped seize once-in-a-generation opportunities for positive change, such as in Sudan and Somalia. In these challenging contexts working with development partners has proven instrumental. The focus on FCV situations, including through deepened FCV analytics, has been critical in shaping FCV-sensitive country strategies and portfolios. It has also provided a useful foundation to support the immediate response to the pandemic, as IDA resources were rapidly deployed at scale to strengthen social service delivery including health, education and social protection for vulnerable populations. The IDA19 FCV Envelope, Window for Host Communities and Refugees (WHR), and Private Sector Window (PSW) have been important instruments in supporting these efforts.

iii. **IDA20 will deepen support in FCS to regain lost ground and support opportunities for building a green, resilient, and inclusive future, simultaneously addressing COVID-19 response, recovery and Building Back Better (BBB) priorities.** In full alignment with the FCV Strategy and IDA20 overarching theme, IDA20 will enhance focus on the following areas in IDA FCS:

- a. Rebuilding human capital, supporting vaccine deployment, and investing in shock-responsive social services;
- b. Strengthening core governance functions and institutions for service delivery and strengthened capacity to respond to crisis;
- c. Creating jobs and opportunities for economic recovery and building social cohesion;

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<sup>i</sup> WFP and FAO. 2021. Hunger Hotspots. FAO-WFP early warnings on acute food insecurity: March to July 2021 outlook. Rome. Global Humanitarian Overview 2021, OCHA.

- d. Helping address tensions related to natural resources and environmental impacts in the face of climate change and food insecurity; and
- e. Closing gender gaps as a critical element of FCV prevention and greater inclusion of vulnerable and marginalized people (including persons with disabilities) in our efforts to recover from crises and address FCV challenges.

iv. **The proposed policy commitments include foundational priorities to continue to enhance effectiveness of IDA operations in FCS (Table ES.1).** IDA20 will (i) further operationalize the FCV Strategy through better tailored and FCV sensitive country engagement; (ii) leverage outcomes for refugee and host communities through policy progress; (iii) strengthen core governance institutions; and (iv) scale-up regional programming to address transboundary drivers of FCV.

v. **The foundational policy commitments will be complemented by the outcomes supported under all other Special Themes, several with specific IDA FCS sub-targets.** FCV is an integral part of all the other Special Themes (see Figure 3.1 and Annex 2 for detail). The *Human Capital* Special Theme will address gaps exacerbated by the COVID-19ss crisis supporting access to core, quality, inclusive social services. Under *Climate*, IDA will support FCS countries' design and adoption of policies that encourage investment in climate adaption and mitigation, scale up green finance and boost support to renewable energy. As part of the *Gender* Special Theme, IDA20 will support gender-based violence (GBV) related services in health and GBV prevention and response in educational institutions. Under *Jobs and Economic Transformation* (JET), the focus will be on strengthened resilience, inclusion and depth of the financial system, economic transformation for better jobs, improved agricultural productivity, private sector recovery and inclusive access to broadband. The Cross-Cutting Issues of Crisis Preparedness, Governance and Institutions, Debt, and Technology are all relevant for FCS and integral to the FCV package.

vi. **Management welcomes feedback from IDA Deputies and Borrower Representatives on the following proposals:**

- a. Simultaneous approach to respond and recover from multiple, over-lapping crises and *building back better* in IDA FCS, emphasizing the needs of the most vulnerable and marginalized;
- b. Enhanced operationalization of the FCV Strategy, including through FCS sub-targets in all Special Themes in addition to the foundational policy commitments.

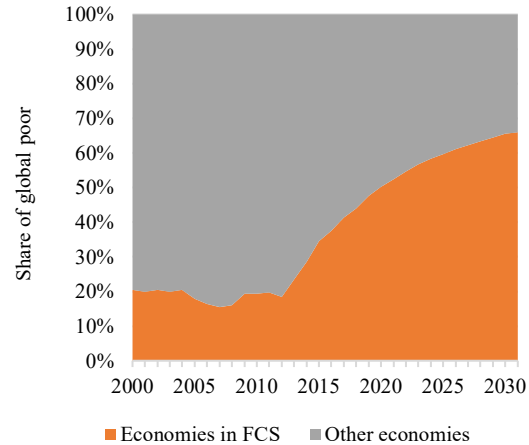
**Table ES. 1. Proposed Objectives and Policy Commitments under IDA20**

<b>Objectives</b>	<b>Proposed IDA20 FCV Special Theme Policy Commitments</b>
<b>Operationalizing the FCV Strategy through better tailored country engagement</b>	<p>Reinforce implementation of the World Bank Group (WBG) FCV Strategy, by ensuring that all country engagement products* in IDA FCS demonstrate how the WBG program, in collaboration with relevant partners, help address FCV drivers and sources of resilience, based on FCV diagnostics and FCV sensitive portfolio analysis undertaken in Risk and Resilience Assessments or other FCV assessments. An FCV lens will continue to be integrated into relevant joint World Bank-International Finance Corporation Country Private Sector Diagnostics in IDA FCS.</p> <p><i>*Country engagement products include Country Partnership Frameworks (CPFs), Country Engagement Notes (CENs) and Performance and Learning Reviews (PLRs).</i></p>
<b>Leveraging outcomes for both refugee and host communities</b>	<p>Work with government counterparts and other partners to ensure that, by the end of IDA 20, at least 60 percent of the countries eligible for the Window for Host Communities and Refugees (WHR) will have implemented significant policy reforms related to the WHR purposes, as identified through the Refugee Policy Review Framework.</p>
<b>Strengthening core governance institutions</b>	<p>Support 30 percent of IDA countries in FCS (with active portfolios) to establish and/or strengthen core government functions that facilitate effective, inclusive, and responsive public services, enhance transparency and accountability, and/or promote resilience.</p>
<b>Addressing transboundary drivers of FCV and recovering from crisis</b>	<p>Implement regional initiatives in the Sahel, Lake Chad, the Horn of Africa, and Central Asia to help address transboundary drivers of FCV, support transboundary resilience, and/or strengthen regional crisis risk preparedness and mitigation together with key relevant partners. IFC will commit to leverage its local presence to scale up upstream and advisory service activities in these areas, leading to enhanced private sector opportunities.</p>

## I. INTRODUCTION

1. **Fragility, Conflict and Violence (FCV)<sup>1</sup> is one of the most pressing challenges to reducing poverty and achieving the Sustainable Development Goals, made even more formidable by the COVID-19 pandemic.** The pandemic’s political, economic and social impacts are yet to fully materialize. Prior to the onset of COVID-19, it was estimated that by 2030 up to two-thirds of the world’s global extreme poor would live in fragile and conflict-affected situations (FCS) (Figure 1.1). In 2020, COVID-19 pushed an additional 23 million people in Fragile and Conflict-affected Situations (FCS) into extreme poverty. FCV disproportionately impacts women and girls and the most vulnerable people and communities, including forcibly displaced populations. At the end of 2019, 79.5 million people were displaced across the globe – about 8.7 million more people than at end-2018. Among the 20 lowest ranked International Development Association (IDA) countries on the Human Capital Index, 11 are IDA FCS,<sup>2</sup> and the COVID-19 crisis is putting additional pressure on already weak health systems and other basic services. IDA FCS are particularly exposed to multiple crisis risks and shocks, including macro risks related to debt distress, climate change and food crises.

**Figure 1. 1. Share of Poor Living in FCS**



Source: Corral, Paul, Alexander Irwin, Nandini Krishnan, Daniel Gerszon Mahler, and Tara Vishwanath. 2020. “Fragility and Conflict: On the Front Lines of the Fight Against Poverty.” Washington, DC: World Bank.

2. **The following sections describe progress under IDA19, the response to the COVID crisis and the proposed way forward in IDA20, including proposed policy commitments.** With the FCV Strategy as the point of departure, section II elaborates on the financial scale-up in IDA FCS; key progress, including the COVID response, and lessons learned from implementing the IDA19 FCV Special Theme policy commitments and the FCV financing toolkit. Section III discusses the value proposition of the IDA20 FCV Special Theme in the context of COVID-19 and *building back better*, including the FCV financing toolkit. It proposes four policy commitments and outlines proposed sub-targets for IDA FCS in policy commitments under other Special Themes. Finally, section IV offers a conclusion and outlines issues for discussion.

<sup>1</sup> FCV refers to the challenge of fragility, conflict and violence, regardless of classification as Fragile and Conflict-affected Situations (FCS). The term FCS is used to refer to countries on the WBG List of Fragile and Conflict-affected Situations.

<sup>2</sup> World Bank Human Capital Index, 2020.

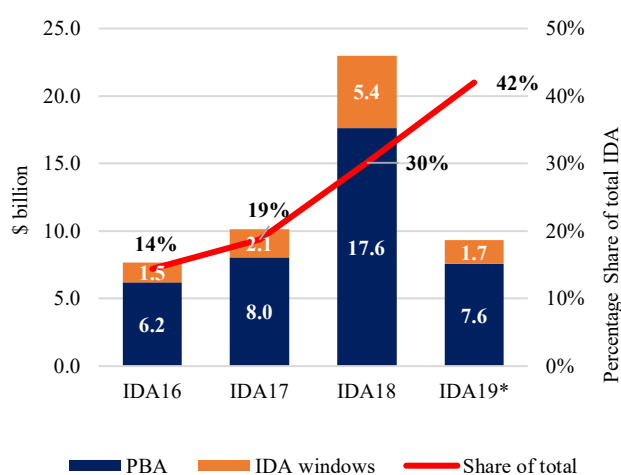


## II. PROGRESS UNDER IDA19 AND LESSONS LEARNED

3. **Operationalization of the FCV Strategy and the IDA FCV financing toolkit is delivering on its promise to transform the World Bank’s engagement in IDA FCS, despite the challenges of COVID-19.** IDA19 increased financing to IDA FCS and introduced the FCV Envelope to enable IDA to respond with greater agility and tailored support corresponding to the first three pillars of engagement of the FCV Strategy; namely: (i) preventing violent conflict and interpersonal violence; (ii) remaining engaged during conflict and crisis situations; and (iii) helping countries transition out of FCV. The fourth pillar, mitigating FCV spillovers, is supported, among other things, by the Window for Host Communities and Refugees (WHR).

4. **Support to FCS is core to IDA’s mission and the share of IDA going to FCS countries has increased threefold from IDA16 to IDA19, reaching 42 percent of total IDA resources (Figure 2.1).**<sup>3</sup> In terms of concessionality, the share of grants is rising in IDA19, with more than half of the grants going to IDA FCS, as IDA allocates grants to the increasing number of countries at high or moderate risk of debt distress, in many cases exacerbated by the COVID-19 pandemic. The share of grants in IDA19 has increased considerably to 37 percent in the first ten months of IDA19 – nearly triple the grant share in IDA17. Trust Fund resources are an important complement to IDA resources in FCS.<sup>4</sup>

**Figure 2. 1. Commitments in IDA FCS, IDA16-IDA19**



Note: IDA18 commitments data also include countries under the IDA18 Risk Mitigation Regime

5. **The continued scale-up of financing (including the FCV Envelope), as well as staffing in IDA FCS over the last replenishment cycles and IDA19, has enabled broader and deeper engagement in FCV, including on crisis response (see Box 2.1).** By the end of May 2021, the three FCV Envelope allocations have provided \$2.4 billion in top-ups to nine eligible countries,<sup>5</sup> and IDA is continuously building and acting on a stronger body of evidence on what works in these complex environments. The WHR has committed \$402 million for seven projects in four countries,<sup>6</sup> and strong delivery is expected by the end of IDA19. This follows commitments in IDA18 that mobilized \$1.85 billion in 14 countries for 35 projects. The Private Sector Window (PSW) continues to seize opportunities for private investments in the toughest markets, committing

<sup>3</sup> As of April 30, 2021.

<sup>4</sup> Trust Fund resources complement IDA for example (i) where needs far exceed what IDA can provide; (ii) where the need is for fast, flexible and innovative grant funding to catalyze IDA’s work; and (iii) in cases where IDA cannot engage because the country is in arrears.

<sup>5</sup> *Burkina Faso, Mali, Mozambique and Niger* for the Prevention and Resilience Allocation (PRA); *South Sudan and Yemen* for the Remaining Engaged during Conflict Allocation (RECA); and *Central African Republic (CAR), Somalia and Sudan* for the Turnaround Allocation (TAA).

<sup>6</sup> *Chad* (two); *Djibouti* (one); *Ethiopia* (one); and *Uganda* (three).

(as of end-April 2021) \$386 million through 13 operations, six of which are in FCS (plus three regional programs available to both IDA FCS and IDA countries for \$138 million). Notably, the \$386 million in IDA19 PSW resources has helped mobilize a total of \$2.2 billion in project financing, from which about \$1.5 billion went to FCS (including International Finance Corporation's [IFC's] own investment and Multilateral Investment Guarantee Agency [MIGA] guarantees).

**Box 2. 1. Banking on a New Direction for Sudan after Three Decades of Disengagement**

Recognizing the once-in-a-generation window of opportunity for Sudan to chart a path out of FCV, IDA worked closely with multilateral and bilateral development partners to support the transition. After three decades of conflict and exclusion from the international community, Sudan was able to clear its arrears to IDA and the African Development Bank, with other International Finance Institutions and the International Monetary Fund expected soon. This enabled Sudan's full re-engagement with the international community and access to World Bank Group (WBG) financing, demonstrating an informed high risk – high reward approach aligned with the FCV Strategy. Today, the country stands to benefit from approximately \$2 billion in IDA financing, including from the FCV Envelope Turn Around Allocation (TAA), WHR and other IDA Windows, in addition to IFC and MIGA, with PSW support. The support will assist the Government of Sudan in its pivotal efforts to consolidate peace, unlock the country's productive potential, shore up the private sector, and contribute to the WBG twin goals.

**6. Partnerships are an inherent feature of IDA's support to client countries and particularly so in FCS.** Under IDA19, partnerships have continued to play a mission critical role and become even more effective – whether with the United Nations (UN) and its agencies, multilateral development banks (MDBs), the European Union (EU) Commission or bilateral partners and Civil Society Organizations. Today, the World Bank has a structured partnership with the UN in more than 40 crisis-affected situations, leveraging their comparative advantages and deploying complementary technical expertise in fragile settings. In the context of COVID-19, IDA has partnered with UN agencies including the World Health Organization, the UN High Commissioner for Refugees (UNHCR), the UN Children's Fund (UNICEF), and the World Food Programme (WFP), as well as the Asian Development Bank to strengthen health systems, reach vulnerable communities and support social safety nets in countries such as Papua New Guinea, Haiti, Niger, and Yemen. Operational partnerships with the UN are also underpinned by collaboration on analytics, such as joint Risk and Resilience Assessments (RRAs) and Recovery and Peace-building Assessments.<sup>7</sup> Engagement with other partners, including international organizations such as the International Committee of the Red Cross (ICRC), with on-the-ground presence in FCV contexts, has also helped enhance the World Bank's effectiveness in insecure settings such as Somalia and South Sudan. The ICRC has also been instrumental in advancing knowledge sharing on, for example, water resource management and sensitization of vulnerable groups about the importance of COVID-19 immunization, helping the effectiveness of the World Bank's Health Response Global Program.

<sup>7</sup> In Guinea, a joint RRA is under preparation with the UN; a joint Regional RRA covering the Ferghana Valley in Central Asia and border areas between Central Asia and Afghanistan is under preparation with the UN and the United Kingdom; and a joint Recovery and Peace-building Assessment is under preparation with the UN, EU and the African Development Bank in Mozambique.

## A. Progress and Lessons Learned from IDA19 Policy Commitments

7. **IDA's engagement in FCS is helping countries address FCV drivers and risks more comprehensively (see Box 2.2).**<sup>8</sup> Lessons learned indicate that FCV analysis fills an important gap in FCS countries, informing a stronger treatment of the FCV agenda in the country engagement cycle. However, a sustained effort will be needed to embed systematic integration of FCV drivers and sources of resilience in country strategy products across the WBG, to ensure that operations are FCV sensitive. The new RRA methodology established a robust diagnostic framework with a stronger operational focus, including an FCV-sensitive portfolio analysis, as well as actionable and context specific recommendations on country programming. A first qualitative review of CENs, CPFs and PLRs completed in the first year of IDA19 will be conducted at the beginning of FY22 to assess uptake of RRA's findings in country strategies and programming. Lessons from this review and findings from a forthcoming Independent Evaluation Group (IEG) evaluation, *World Bank Engagement in Situations of Conflict*, will inform the continued IDA20 efforts in this area.

### Box 2. 2. Implementing Conflict Prevention in Mozambique

Rapidly increasing insecurity in Northern Mozambique led to a rethink of the World Bank's country engagement. A constructive dialogue with the Government, international and national stakeholders on the country's conflict risks and resilience supported access to the Prevention and Resilience Allocation opening new opportunities for engagement. Importantly, this led to shifts in the WBG portfolio and operational footprint in Mozambique, targeting the IDA program more closely to support conflict prevention. A spatially differentiated portfolio approach was introduced to support the re-establishment of the state's presence in areas adjacent to the conflict, besides prevention efforts to minimize risk of conflict escalation. The recalibration and emergency response to the conflict supports provision of essential services to displaced populations and members of host communities, complemented by operations in the "buffer zone" adjacent to the conflict areas to ensure access to basic services, livelihoods and economic opportunities.

8. **Regional programs addressing fragility and security risks, including in the Sahel, are under development in three regions in Africa, building on Regional RRAs.**<sup>9</sup> Recognizing that FCV transcends borders, IDA19 enhanced its focus on regional dimensions of fragility and conflict, especially in the Sahel, Lake Chad and Horn of Africa. The work in the Sahel illustrates the programmatic shift towards conflict prevention and a spatially differentiated approach in

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<sup>8</sup> Under IDA19 policy commitment 1, the WBG committed that all Country Partnership Frameworks (CPFs), Country Engagement Notes (CENs) and Performance and Learning Reviews (PLRs) in IDA FCS will outline how the WBG program, in collaboration with relevant partners, addresses FCV drivers and sources of resilience, based on diagnostics such as RRAs or other FCV assessments. All three IDA FCS country strategies delivered in IDA19 up to FY21 Q3 were informed by RRAs (*Central African Republic, Comoros and Sudan*). 16 RRAs have been completed or are underway in FY21, in addition to several RRA updates.

<sup>9</sup> Under IDA19 FCV policy commitment 2, the WBG committed to develop and implement at least three regional programs (including in the Sahel, Lake Chad region and Horn of Africa), which are informed by Regional RRAs and focus on mitigating key fragility risks to promote engagement at the security-development nexus. The Regional RRA for the Sahel was completed in IDA18, the Regional RRAs for the Horn of Africa and Lake Chad are currently under preparation and will be completed in the beginning of FY22. In addition, a Regional RRA covering the Ferghana Valley in Central Asia and the border areas between Central Asia and Afghanistan is also under preparation.

conflict-affected areas and areas at risk (prevention zones), especially in Mali and Burkina Faso. Special attention is also being paid to the inclusion of those who are marginalized or perceive themselves as such – for example, pastoralist groups, vulnerable youth, and the forcibly displaced, and addressing stressors around the use of natural resources such as in the *Sahel Pastoralism Support Project* and the *Horn of Africa Groundwater for Resilience Project*.<sup>10</sup>

**9. The need for inclusive social service delivery through health, education and social protection programs in FCS has never been greater.**<sup>11</sup> The Multiphase Programmatic Approach put in place to support the health sector response to COVID-19 pandemic has delivered 86 projects (as of end March 2021), of which 24 were in IDA FCS. Addressing the gender gaps in access to social service delivery has become common practice in project consultation, diagnostic, design and measurement. Management has stepped up support to ensure that operations address the differential constraints faced by persons with disabilities. The process of sensitizing project teams and client counterparts and systematically incorporating disability inclusion in project designs is underway. However, this has not progressed as fast as expected so far in IDA19. More broadly, the new human capital theme will seek to expand the focus on vulnerable individuals and groups in critical human development projects, notably related to vaccines and core services.<sup>12</sup>

**10. The pandemic increased the demand for digital solutions and IDA19 has scaled up the use of digital tools such as the Geo-Enabling initiative for Monitoring and Supervision (GEMS) significantly, for enhanced project implementation, supervision, monitoring and coordination.**<sup>13</sup> Digital solutions take on added importance in many IDA FCS as violent conflicts result in destruction and displacement and often lead to access constraints on the ground for security-related and logistical reasons. In Afghanistan, for example, the technology enabled the remote monitoring of the distribution of seeds to over 200,000 project beneficiaries throughout the country.<sup>14</sup> Lessons from implementation stress the importance of ensuring local ownership of information and communications technology (ICT) and monitoring and evaluation solutions both within the Bank and with clients for their sustainable future use and prioritizing field-appropriate and low-cost technology that can be effective even in the most challenging contexts.

**11. Staff on the ground are an essential asset in supporting clients on the FCV agenda; despite the pandemic, the World Bank has continued to scale up staffing in IDA FCS.** WBG staff are core to the institution’s comparative advantage and resident staff are often better able to

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<sup>10</sup> P174867, under preparation.

<sup>11</sup> Under the IDA19 FCV policy commitment 3, the WBG committed to support improvements in social sector service delivery (i.e., health, education, and social protection) in at least ten countries (revised target due to shortened IDA19) with a focus on addressing the differential constraints faced by men and women, boys and girls, and by people with disabilities. As of end FY21 Q3, two country portfolios have been confirmed as meeting the commitment.

<sup>12</sup> See Human Capital Special Themes paper for more detail.

<sup>13</sup> Under IDA19 FCV policy commitment number 5, the WBG committed to support building client capacity in 33 percent (revised target due to shortened IDA19) of IDA FCS countries to use field-appropriate digital tools for collection and analysis of geo-tagged data; and apply this technology to enhance project implementation and coordination. As of end-April 2021, the policy commitment has been fully implemented in seven countries (Afghanistan, Cameroon, Central African Republic, Democratic Republic of the Congo, Mali, Niger, Nigeria), with implementation being on track in at least five additional countries.

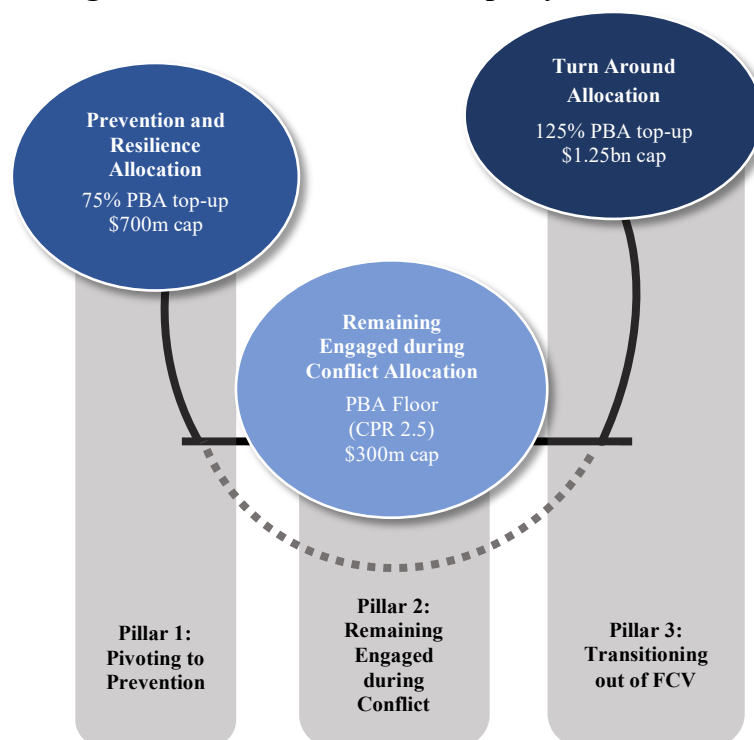
<sup>14</sup> P174348.

understand the local political economy; supervise projects; work closely with clients and build relationships with partners – all key to a tailored response in IDA FCS. In combination with expanded use of digital solutions, staff on the ground have proven vital for delivering the COVID-19 response. The World Bank is on track to reach its IDA19 commitment as regards increasing its staffing footprint in IDA FCS.<sup>15</sup> In addition to the increase in number of staff, IDA has expanded its physical footprint where needed. In Democratic Republic of the Congo (DRC) for example, where connectivity and security is a challenge, the WBG has established two field offices, a liaison office in Goma and another one in the Kasais, to strengthen implementation by having staff even closer to stakeholders, beneficiaries and implementing units. As part of the implementation of the FCV Strategy, the World Bank continues to roll out additional measures to ensure the wellbeing, safety and security of staff, creating further incentives for staff to work in FCV contexts, and to attract some of our best talent, including local talent, to work in these locations.

## B. Progress and Lessons Learned from the IDA19 Financing Toolkit

12. The FCV Envelope has in many ways been the embodiment of the FCV Strategy, as it has helped tailor World Bank engagement in alignment with three of its pillars: prevention, active conflict and transition out of FCV.<sup>16</sup> The FCV Envelope (Figure 2.2) has facilitated a more timely, robust and earnest engagement with affected governments on key issues as well as helped refocus the WBG program. RRAs and a strong focus on cross-country learning have provided the analytical and operational underpinnings of the WBG dialogue and recalibrated portfolio in accordance with the objectives of the three allocations. The PRA has allowed for upstream work on prevention (Box 2.2). The Remaining Engaged during Conflict Allocation (RECA) has strengthened IDA’s ability to remain effectively engaged in the settings

Figure 2. 2. IDA20 FCV Envelope by Allocation



Note: envelope and caps to be confirmed

<sup>15</sup> Under IDA19 policy commitment number 6, the WBG committed to deploy at least 100 (revised target due to shortened IDA19) more GE+ staff, including extended term consultants, to IDA FCS locations and nearby locations to serve IDA FCS. As of end March 2021, there were 698 Bank GE+ Open/Term/Extended Term Consultant (ETC) staff working in IDA FCS or based in non-FCS/non-United States locations that serve IDA FCS and who dedicate most of their work program to IDA FCS. This is a net footprint increase of 48 staff against the baseline of 650.

<sup>16</sup> To date, Burkina Faso, Mali, Mozambique and Niger have gained access to PRA, South Sudan and Yemen have received increased support through RECA, and the Central African Republic, Somalia and Sudan became eligible for the TAA.



facing intensive conflict (Box 2.3), and the TAA has enabled nimble and timely responses seizing windows of opportunity, such as supporting strong reengagement in Sudan (Box 2.1).

**Box 2. 3. Working with Development Partners to Reach the Most Insecure Areas in Yemen and South Sudan**

The Remaining Engaged in Conflict Allocation (RECA) has allowed the WBG to maintain an impactful presence in both Yemen and South Sudan. Given intensity of ongoing conflict, lack of government control of their territories and low institutional capacity, innovative partnerships with the UN and other agencies have enabled IDA to remain operationally engaged. **In South Sudan**, the *Provision of Essential Health Services Project* has drawn on implementation arrangements with UNICEF and ICRC to increase access to an essential package of health services in Upper Nile and Jonglei states; and strengthen capacity of decentralized public institutions for service delivery in conflict-affected areas. **In Yemen**, IDA, in collaboration with agencies such as UNICEF, FAO, WFP, and international NGOs supports families and communities across the whole country through various interventions with large-scale cash assistance and income support, health and nutrition, cholera response, urban services delivery, restoration of agriculture production, and institutional strengthening and sustainability.

13. **Experience to date from a number of PRA and TAA eligibility processes has demonstrated the FCV Envelope’s impact for incentivizing prevention and transition efforts.** The intensive dialogues undertaken with governments, development partners and civil society as part of reaching eligibility for the PRA and TAA show that the mere process of engaging more comprehensively in prevention and transition has impact. Two of the allocations’ key features – focusing on government policy and leadership, and anchoring IDA’s support within broader international efforts – have promoted comprehensive and multifaceted approaches to conflict prevention and transition. In addition, the ability to use a range of indicators, including on political and security dimensions, has enabled a more comprehensive dialogue with governments on prevention and transition. As FCV Envelope recipients submit annual reviews, more information on what has worked well, and lessons learned, will be made available and shared at the IDA Mid-Term Review (MTR). At that stage, it will also be possible to assess the extent to which the current eligibility criteria are adequate to sufficiently capture prevention opportunities upstream and provide an orderly process to manage a sustainable phase-out of the additional support.

14. **The WHR has provided an important platform for policy engagement with host countries, focusing on addressing the medium-term, socioeconomic dimensions of refugee crises, helping both the forcibly displaced and their host communities.** The WHR’s strong focus on host countries’ strategies and policy reforms has provided useful opportunities for responding to protracted and emerging refugee situations. In Chad, for example, schools in refugee camps were officially integrated into the national education system, and their status changed to official schools. The government is also providing birth certificates to refugees and working to transform camps in rural areas into villages and those in urban areas into neighborhoods. Initial results from the Refugee Policy Review show similar progress on important policy dimensions.<sup>17</sup> These efforts are carried out in close partnership with UNHCR (Box 2.4). Addressing gender gaps

<sup>17</sup> Under IDA19 FCV policy commitment number 4, the WBG committed to that by the IDA19 Mid-Term Review, IDA will conduct a systematic review of refugee policy and institutional environments in countries eligible for the Window for Host Communities and Refugees since their initial eligibility.” That review is underway and is expected to be complete by October 2021.

is a priority in the forced displacement agenda and three quarters of projects approved under the IDA18 Regional Sub-window for Host Communities and Refugees (RSW) were gender tagged. IDA19 WHR projects continue that strong emphasis on gender.

**Box 2. 4. World Bank/UNHCR Strengthened Partnership for Addressing Forced Displacement**

The UNCHR/World Bank partnership provides complementary tools and approaches to support host countries and enhance refugee self-reliance as part of ongoing efforts to operationalize the United Nations' Global Compact on Refugees (GCR). The partnerships cuts across countries and themes. For example, in **Uganda** IDA and UNHCR partner to support the government's progressive "whole of society approach" to transition from humanitarian to government-run education, health and water systems. In **Kenya**, the World Bank and UNHCR surveyed the socioeconomic conditions in Kalobeyei, a settlement established to accommodate growing population of refugees from South Sudan, to inform policies and programs advancing opportunities for girls and women; and promoting agriculture to prevent food insecurity. In addition, the **World Bank / UNHCR Joint Data Center on Forced Displacement** established in October 2019 is working to improve availability, quality, and access to socio-economic data and evidence on those affected by forced displacement.

15. **The PSW has helped IDA FCS countries to foster investment, even in markets with serious challenges.** Private investors in FCS face multiple risks that are difficult or impossible to mitigate through financial instruments alone, and WBG collaboration and increased upstream efforts remain critical to help address these risks in FCS.<sup>18</sup> Companies confront expensive financing costs reflecting different sorts of risks, making end services unaffordable or diminishing projects' viability, and are often reluctant to invest in such projects. Experience from investing in FCS markets has shown that on-the-ground presence, reliability of long-term funding, and sustained engagement are key for successful business development and project implementation (Box 2.5).

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<sup>18</sup> FCS are at the center of the IFC 3.0 Strategy. IFC has also increased its ground presence in IDA FCS. As of end FY21 Q3, IFC has added seven staff in five IDA FCS where it had no staff presence in FY20 Q3: Chad (two), Mali (two), Niger (one), Solomon Islands (one) and Sudan (one). In addition to PSW, IFC tools aimed at scaling up engagement in FCS include for example the Country Private Sector Diagnostics and expanded advisory and programmatic approaches such as the Conflict-affected States in Africa (CASA) program. See also FCV Strategy for further detail.

### **Box 2. 5. PSW in Action in FCS**

- Under IFC’s Global Health Platform, the PSW supports the *Africa Medical Equipment Facility* to increase healthcare small and medium-sized enterprises’ (SMEs) access to finance and strengthen healthcare response capacity.
- The PSW supports the *Base of the Pyramid Program* in IDA and FCS countries, which helps banks, microfinance and other financial institutions focus on micro, small, and medium enterprises (MSMEs) affected by the lockdowns and economic slowdown caused by COVID-19.
- With \$12.8 million in PSW support, MIGA is *expanding access to energy in rural DRC and Rwanda*, providing guarantees against non-commercial risks to the shareholders of the BBOX companies (operating off-grid solar business providing solar home systems and compatible appliances in areas with very low rates of energy access). *MIGA guarantees* are unlocking investments of private capital and supporting business expansion to a greater number of customers, demonstrating the viability of doing business in areas with significant perceived security and political risks.
- IFC is promoting *access to finance for MSMEs in Haiti* under the IDA PSW-supported *Small Loan Guarantee Program (SLGP)*, a global platform aiming to address market failures that constrain MSMEs’ access to finance. IFC invested \$10 million in Société Générale de Solidarité of Haiti (Sogesol) and thanks to PSW support, IFC takes 50 percent of the risk on the Sogesol’s MSME loan portfolio, allowing it to increase its risk appetite and helping bridge the financing gap to the underserved MSME segment in the country. The first tranche of the Sogesol risk sharing facility enabled this microfinance institution to provide 354 loans, 33 percent of which went to women-owned companies.

## **III. WAY FORWARD AND PROPOSED POLICY ACTIONS**

16. **In IDA20, the WBG will further step up its support to clients to address drivers of FCV and build on sources of resilience, simultaneously addressing COVID-19 crisis response and recovery priorities, as these are all inextricably linked to the *building back better* agenda.** IDA20 focus areas are fully aligned with the FCV Strategy and IDA20 Special Themes and include:

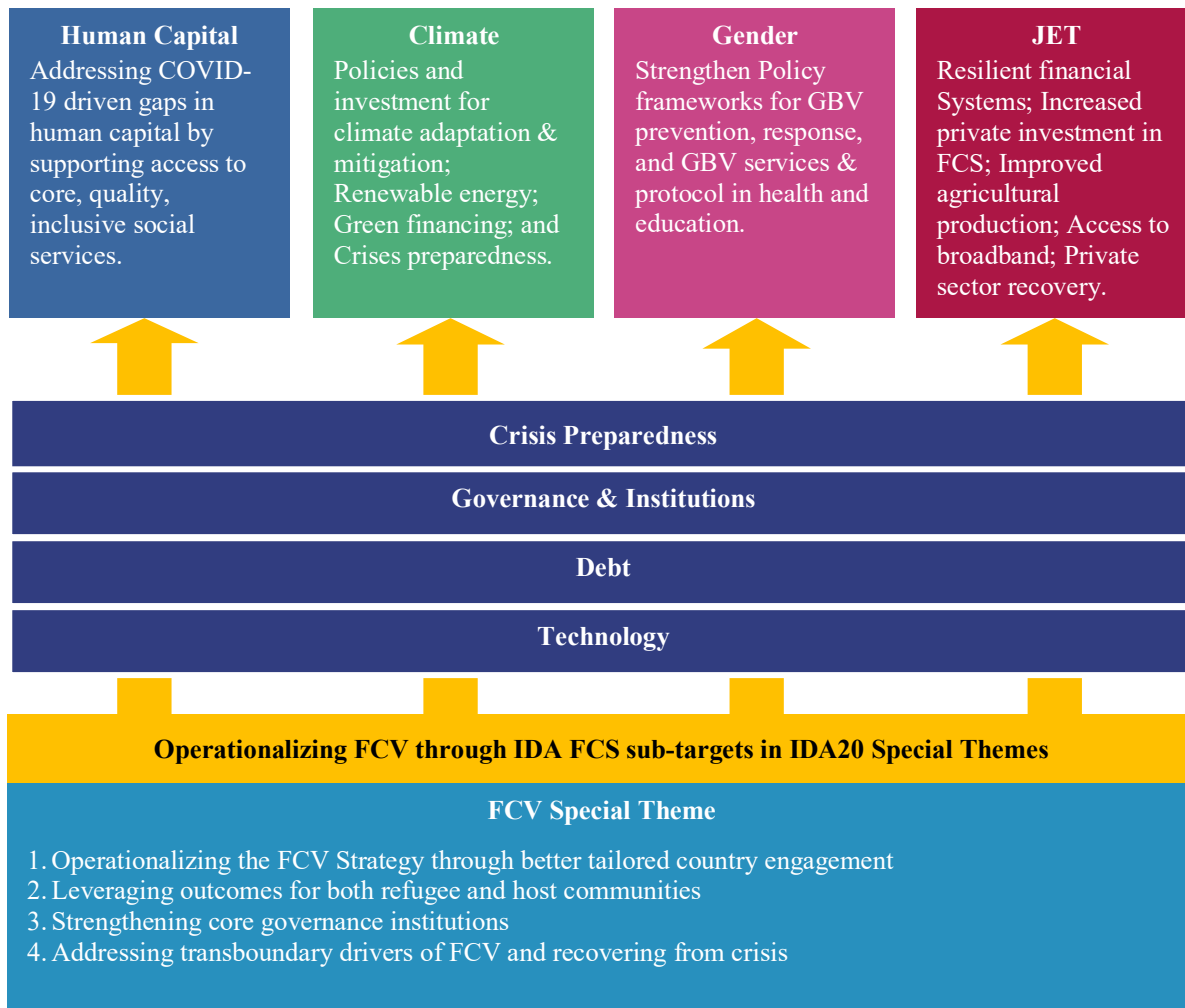
- a. Rebuilding human capital, supporting vaccine deployment, and investing in shock-responsive social services;
- b. Strengthening core governance functions and institutions for service delivery and enhanced capacity to prepare for and respond to crisis;
- c. Creating jobs and economic opportunities for economic recovery and building social cohesion;
- d. Helping address tensions related to natural resources and environmental impacts in the face of climate change and food insecurity; and



- e. Closing gender gaps as a critical element of FCV prevention and inclusion of vulnerable and marginalized people and communities (including persons with disabilities) in our efforts to recover from crisis and address FCV challenges.

17. **Achieving green, resilient, and inclusive development (GRID) outcomes in IDA FCS requires a differentiated approach that responds to a country’s development needs in the FCV context.** IDA20 will further deepen engagement in FCV through a combination of foundational IDA policy commitments and FCS sub-targets embedded within policy commitments in other IDA20 Special Themes (see paragraphs 22-23 and Figure 3.1). The policy commitments are complemented by the IDA FCV financing toolkit and are mutually reinforcing with the FCV Strategy implementation measures.

**Figure 3. 1. IDA20 FCV Special Theme, and its linkage to other Special Themes with IDA FCS sub-targets and Cross-Cutting issues**



## A. Proposed Objectives and Policy Commitments

18. **Objective 1: Operationalizing the FCV Strategy through better tailored country engagement.** The efforts under IDA20 to prevent crises and build back better in countries affected by FCV will require country engagement products that systematically address FCV drivers and reinforce sources of resilience. RRAs have played a vital role in ensuring that country strategies help tackle drivers of FCV and build on sources of resilience – in turn informing better targeted IDA country engagement and operations. RRAs have been particularly central to the PRA and TAA eligibility processes as these require that the entire World Bank engagement and portfolio are guided by an analysis of the drivers of conflict and sources of resilience. The strengthening and sustained roll-out of this policy commitment would allow for further consolidating the progress and ensuring alignment of country engagement in IDA FCS with findings and recommendations of RRAs and other FCV assessments.

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*Policy Commitment 1: Reinforce implementation of the WBG FCV Strategy, by ensuring that all country engagement products\* in IDA FCS demonstrate how the WBG program, in collaboration with relevant partners, help address FCV drivers and sources of resilience, based on FCV diagnostics and FCV sensitive portfolio analysis undertaken in Risk and Resilience Assessments (RRAs) or other FCV assessments. An FCV lens will continue to be integrated in relevant joint World Bank-IFC Country Private Sector Diagnostics in IDA FCS.*

*\*Country engagement products include CPFs, CENs and PLRs.*

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19. **Objective 2: Leveraging outcomes for both refugee and host communities.** Policy progress is essential in many WHR eligible countries to ensure that refugees and host communities achieve their full potential. The Refugee Policy Review Framework (RPRF) developed under IDA19 is a useful tool for identifying reform opportunities and support IDA's efforts to prioritize WHR support with the greatest impact. It also provides a common foundation on which to align policy dialogue across development partners while taking into consideration the specific constraints and challenges faced by each refugee-hosting country. Since the RPRF is new and supporting / realizing policy change is a long-term endeavor, the continuation of this policy commitment in IDA20 will drive further progress for refugee and host communities.

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*Policy Commitment 2: Work with government counterparts and other partners to ensure that, by the end of IDA 20, at least 60 percent of the countries eligible for the WHR will have implemented significant policy reforms related to the WHR purposes, as identified through the Refugee Policy Review Framework.*

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20. **Objective 3: Strengthening core governance institutions.** IDA20 will renew emphasis on the importance of having a well-functioning state as a means of conflict prevention and sharpen focus on the quality and resilience of public service delivery and the ability to reach vulnerable groups and individuals.<sup>19</sup> Response to the pandemic has placed tremendous stress on governments' service delivery capacities, particularly in FCV settings. To capture the urgency of responding to COVID-19, including vaccine deployment and the need to *build back better*, IDA20

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<sup>19</sup> Under IDA19, support to *core government functions* encompassed: (i) public revenue and expenditure management; (ii) decentralization and service delivery; (iii) government employment and public administration; and (iv) the rule of law.

will deepen engagement towards strengthening core institutions<sup>20</sup> to include a dedicated focus on *effective and inclusive service delivery* that supports resilience and reaches vulnerable groups and individuals. Governments will be supported to bolster *medium-term and strategic planning* and increase their capacities to deliver holistic responses to COVID-19 and other crises. *Transparency and accountability* of the public sector are also emphasized, including introduction

of more systematic transparency mechanisms and reliance on citizen engagement to monitor the management of resources and effectiveness of services. Recognizing the significant effort still required to strengthen the core government functions in FCS and that institution building demands a long-term view, this approach will build on the previous support and deliver an enhanced set of operations by resetting the target.

**21. *Objective 4: Addressing transboundary drivers of FCV and recovering from crisis. In IDA20, the World Bank will scale up and deepen its regional programs to help address transboundary drivers of FCV, spillovers from conflict and focus on recovery from crisis.***

During IDA19, RRAs are being completed for Lake Chad and the Horn of Africa (the RRA for the Sahel was completed at the end of IDA18) and they are already informing engagement. In addition, a Regional RRA for Central Asia covering the Ferghana Valley and border areas between Central Asia and Afghanistan is under preparation. These sub-regions need regionally coordinated solutions to complement national measures to address drivers of FCV and ensure sustainable recovery. Regional projects and programs will revolve around the following elements, as relevant, to be adapted to the specifics of each sub-region and monitored as part of respective portfolios: (i) restoring livelihoods and tackling regional forced displacement crisis while encouraging citizen engagement; (ii) strengthening regionally-coordinated disease surveillance systems; (iii) keeping trade flows open, including for essential supplies and food products; (vi) addressing diseconomies of scale in response efforts to the agenda of Jobs and Economic Transformation by promoting intra-regional trade, strengthening regional value chains, building regional energy markets, supporting skills for a mobile workforce and transitioning to a greener and resilient future.

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*Policy Commitment 3: Support 30 percent of IDA countries in FCS (with active portfolios) to establish and/or strengthen core government functions that facilitate effective, inclusive, and responsive public services, enhance transparency and accountability, and/or promote resilience.*

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*Policy Commitment 4: Implement regional initiatives in the Sahel, Lake Chad, the Horn of Africa, and Central Asia to help address transboundary drivers of FCV, support transboundary resilience, and / or strengthen regional crisis risk preparedness and mitigation together with key relevant partners. IFC will commit to leverage its local presence to scale up upstream and advisory service activities in these areas, leading to enhanced private sector opportunities.*

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<sup>20</sup> Under IDA20, support to core government functions will encompass: (i) more effective deployment of public resources and the strengthening of core institutions, including through technology, to ensure effective and inclusive service delivery and resilience; (ii) bolstering medium-term and strategic planning and increasing Government capacities to deliver holistic responses to crises; (iii) establishing basic structures and systems for public revenue and expenditure management; (iv) strengthening public employment and administration frameworks; and (v) enhancing transparency and accountability of the public sector, including the management of resources and effectiveness of services and rule of law.

## **B. FCV Operationalized through Other Special Themes**

22. **As an integral part of all the other Special Themes, several policy commitments have explicit sub-targets for IDA FCS.** These sub-targets reflect a balance between the differentiated approach laid out in the FCV Strategy and a focus on key areas of importance across IDA FCS.

- a. The **Human Capital** Special Theme includes a policy commitment with an IDA FCS sub-target to support access to core, quality, inclusive social services focused on social protection for urban informal workers, students' return to school and children's immunization (Policy Commitment 3), responding to stark gender and human capital gaps in IDA FCS. Several additional Human Capital policy commitments have a special emphasis on countries with low HCI, which include many IDA FCS, for example the policy commitment to restore and expand access to quality maternal and reproductive health services.
- b. In the **Jobs and Economic Transformation (JET)** Special Theme, multiple policy commitments have sub-targets for IDA FCS responding to low infrastructure penetration and weak governance and private sector: supporting countries to strengthen their financial systems (Policy Commitment 1); increasing private investment in FCS (Policy Commitment 2); economic transformation for better jobs (Policy Commitment 4); improving agricultural productivity (Policy Commitment 5); closing the connectivity gap through affordable access to broadband (Policy Commitment 6); and private sector recovery and transformation through adoption of digital technology (Policy Commitment 7).
- c. People in the poorest countries – and the most vulnerable within these – are the most threatened by impacts of climate change and natural disasters. Under the **Climate Change** Special Theme, the policy commitment to support countries to design and adopt policies that encourage investment in climate adaption and mitigation in transition sectors has a sub-target for IDA FCS (Policy Commitment 3) as well as the policy commitments on renewable energy (Policy Commitment 4), scaling up green financing (Policy Commitment 5) and crisis preparedness (Policy Commitment 8).
- d. As outlined in the FCV Strategy, the WBG is increasing its focus on gender equality in FCV, in alignment with the *WBG Gender Strategy (2016-2023)* and the UN's Women, Peace, and Security Agenda. The Bank is also currently working on improving its understanding of the avenues for advancing gender equality in FCV contexts, focusing on tackling gender disparities in access to economic opportunities, social protection and services, gender and forced displacement, and gender and conflict prevention. In addition to sub-targets outlined under Human Capital above, the **Gender** Special Theme includes a policy commitment on Gender-based Violence (GBV) with a sub-target for IDA FCS (Policy Commitment 6).

23. **The FCV Special Theme also has strong linkages with IDA20 Cross-Cutting Issues, with Governance and Institutions connected to the FCV Special Theme through a policy commitment.** Sustainable Development Goal 16 stresses the centrality of justice, peace and

security to sustainable development. Building resilient, inclusive and accountable core government functions and institutions in FCS is critical to address drivers and risks of fragility and conflict such as marginalization, exclusion from access to power, inequalities, and perceptions of inequalities in access to services and resources. For IDA FCS facing multiple, simultaneous crises, including the pandemic and food crises, it will be essential to deepen engagement on FCV issues in country programs while at the same time investing in preparedness and building for the future. About two thirds of IDA FCS are assessed at high risk of debt distress or are already in debt distress, further weakening their capacity to respond to crises and shocks and limiting their ability to cope with fragility and conflict. Addressing debt vulnerabilities in these contexts is especially challenging, as weak governance and poor implementation capacity present constraints to strengthening policy frameworks. Technology and digital solutions, including for implementation, monitoring and supervision in IDA FCS, will continue to be important – especially in very insecure settings.<sup>21</sup> In FCS, not only what is done but also how work is carried out will be key questions for development as well as peace and stability. Inclusion, transparency and accountability are guiding principles in the FCV Strategy, and together with the ‘do no harm’ approach will be central to guiding our work in IDA20 across all sectors in IDA FCS.

### C. Partnerships

24. **As illustrated above, partnerships are an essential element of IDA’s engagement in FCV settings and a prerequisite to effectively prevent fragility and conflict, build resilience and sustain peace.** Looking ahead at IDA20, the WBG will further strengthen its engagement with humanitarian, development, and peacebuilding actors in FCV settings for enhanced impact, in line with its mandate and authorizing framework. Areas of focus to bolster results will include: (i) knowledge exchange on how best to support in-country institutions and how to engage people to strengthen resilience and build trust; (ii) joint analytical work and data collection such as through the recently established Joint World Bank-UNHCR Data Center in Copenhagen; and (iii) identification and preparation of development responses to tackle both the root causes and the consequences of crisis, such as massive flows of displaced people and disasters exacerbated by conflict, including pandemics and famine. Special attention will be given to partnerships around crisis preparedness and resilience building together with UN agencies, the EU, bilateral development partners, MDBs, and regional institutions such as the African Union.

### D. FCV Financing Toolkit

#### i. FCV Envelope

25. **The FCV Envelope has provided critical and timely support to countries with significant prevention or transition opportunities as envisioned in IDA19.** With the existing eligibility requirements, the PRA has in effect been able to support countries that are suffering from long-standing fluctuations in conflict intensity, such as Niger, as well as countries that have experienced a more sudden escalation of conflict, such as Mozambique. During IDA20, some FCS

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<sup>21</sup> As in IDA19, IDA20 will include an IDA Results Measurement System indicator to monitor number of IDA FCS supported in building client capacity to use field-appropriate digital tools for collection and analysis of geo-tagged data; and apply this technology to enhance project implementation and coordination. In addition, Tier 2 indicators in the IDA Results Measurement System are systematically disaggregated by FCS.

countries are expected to successfully achieve conflict prevention or transition with support from the exceptional resources provided by the FCV Envelope. However, even in the best of cases, progress is unlikely to be linear. The IDA19 MTR paper on FCV Envelope operationalization, to be shared with Participants before the October meeting, will offer a timely opportunity to take stock and identify lessons and evidence to further refine the FCV Envelope.

## ii. WHR

26. **The WHR has continued to be a well-targeted and innovative tool in addressing refugee crises; no significant changes are proposed to the WHR architecture or volume in IDA20.** It is proposed to keep the window size at the same level as IDA19 original allocation to match demand and absorptive capacity. The WHR emphasis on government policy commitment, resilient and inclusive recovery and gender equality will continue to be strengthened in IDA20, with increased attention to country preparedness for potential new refugee inflows. IDA will continue work to strengthen key country systems for crisis preparedness, such as social protection and health systems, and promote policy changes to allow them to be more inclusive of refugee populations.

## iii. IDA Private Sector Window

27. **Going forward, supporting IDA FCS with green, resilient, and inclusive private sector solutions based on PSW will be at the heart of the COVID-19 recovery efforts.** Demand for PSW and concessionality will likely continue to grow in IDA FCS as IFC and MIGA focus more on new clients with higher risk profiles and seek to achieve scale in riskier markets affected by the pandemic. The PSW remains an essential instrument for helping the WBG achieve its commitments in IDA and FCS, especially during COVID-19 recovery and post-pandemic to support lower income and higher risk countries. IFC expects to increasingly leverage PSW to develop platforms and programmatic approaches to design solutions that achieve efficiency and scale while utilizing blended finance and to support transactions that are inclusive and support underserved segments. MIGA and IFC will continue to scale up the use of the PSW to support private sector solutions that deliver green, resilient, and inclusive development even in the most challenging FCV settings.

#### **IV. ISSUES FOR DISCUSSION**

28. **As the world faces a time of unparalleled crisis, IDA20 will broaden and deepen support to address drivers of fragility, conflict and violence, helping countries to *build back better*.** The pandemic is exacerbating risks of FCV, which, if left unaddressed, threaten to further undermine development gains. The WBG's FCV Strategy provides a strong foundation to support countries as they seek to recover from crises, with approaches tailored to each country context, and a focus on prevention, remaining engaged during crises, supporting the transition out of FCV, and mitigating the spillovers of FCV. Financing through the FCV Envelope, the WHR, the PSW and regional approaches will continue to bolster WBG support for IDA FCS as they face additional extraordinary challenges induced by the COVID-19 pandemic.

29. **Management welcomes feedback from IDA Deputies and Borrower Representatives on the following:**

- a. Simultaneous approach to recovery from multiple, over-lapping crises and *building back better* in IDA FCS, emphasizing the needs of the most vulnerable and marginalized;
- b. Enhanced operationalization of the FCV Strategy, including through FCS sub-targets in all Special Themes in addition to the foundational policy commitments.

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### Annex 1. Proposed IDA20 and Status of IDA19 Policy Commitments

Objective	IDA19 Policy Commitments	Status	IDA20 Policy Commitments
<p><b>Operationalizing the FCV Strategy through better tailored country engagement</b></p>	<p>FCV1: All CPFs, CENs, and PLRs in IDA FCS will outline how the WBG program, in collaboration with relevant partners, addresses FCV drivers and sources of resilience, based on diagnostics such as RRAs or other FCV assessments. Each RRA/fragility assessment will analyze FCV drivers and sources of resilience and contain operationally relevant recommendations.</p>	<p>Three countries have gone through the cycle by FY21 Q3. The first qualitative review of the policy commitment will take place in Q1 FY22 and will cover all CPFs / CENs / PLRs finalized during FY21.</p>	<p>CONTINUED – with updated language  <b>Policy Commitment 1:</b> Reinforce implementation of the WBG FCV Strategy, by ensuring that all country engagement products* in IDA FCS demonstrate how the WBG program, in collaboration with relevant partners, help address FCV drivers and sources of resilience, based on FCV diagnostics and FCV sensitive portfolio analysis undertaken in Risk and Resilience Assessments (RRAs) or other FCV assessments. An FCV lens will continue to be integrated into relevant joint World Bank-IFC Country Private Sector Diagnostics in IDA FCS.  <i>*Country engagement products include CPFs, CENs and PLRs.</i></p>
<p><b>Addressing transboundary drivers of FCV and recovering from crisis.</b></p>	<p>FCV2: Develop and implement at least three regional programs (including in the Sahel, Lake Chad region, and the Horn of Africa), which are informed by regional RRAs and focus on mitigating key fragility and security risks to promote engagement at the security-development nexus.</p>	<p>Programs in three regions under development based on concluded RRAs (Sahel, Lake Chad and Horn of Africa).</p>	<p>CONTINUED / SCALED-UP –with one additional region and deepened operationalization  <b>Policy Commitment 4:</b> Implement regional initiatives in the Sahel, Lake Chad, the Horn of Africa, and Central Asia to help address transboundary drivers of FCV, support transboundary resilience, and / or strengthen regional crisis risk preparedness and mitigation together with key relevant partners. IFC will commit to leverage its local presence to scale up upstream and advisory service activities in these areas, leading to enhanced private sector opportunities.</p>

Objective	IDA19 Policy Commitments	Status	IDA20 Policy Commitments
<b>Human capital in FCS with a focus on gender and disability</b>	FCV3: At least 10 IDA FCS (revised from 20) country portfolios will support improvements in social sector service delivery (i.e., health, education and social protection), with a focus on addressing the differential constraints faced by men and women, boys and girls, and by people with disabilities.	Two country portfolios confirmed as meeting commitment. Extra time is needed to build a strong pipeline of projects that address the differential constraints faced by people with disabilities. This work is now well under way.	REVISED / MOVED TO HUMAN CAPITAL SPECIAL THEME - core aspects of this policy commitment have been integrated into Human Capital policy commitments 3 and 5.
<b>Leveraging outcomes for both refugee and host communities.</b>	FCV4: By the IDA19 Mid-Term Review, conduct a systematic review of refugee policy and institutional environments in countries eligible for the Window for Host Communities and Refugees since their initial eligibility, to inform further support for the creation of socio-economic development opportunities for refugee and host communities in these countries.	The Refugee Policy Review Framework (RPRF) has been developed after thorough consultations and will be used for systematic reviews. The first review of policy changes will cover IDA18 and offer a baseline for later assessments of IDA19 progress.	CONTINUED – with an increased focus on operationalization. Policy Commitment 2: Work with government counterparts and other partners to ensure that by the end of IDA 20, at least 60 percent of the countries eligible for the WHR will have implemented significant policy reforms related to the WHR purposes, as identified through the Refugee Policy Review Framework.
<b>Use of digital tools (GEMS)</b>	FCV5: Support building client capacity in 33 percent (revised from 50 percent) of IDA FCS countries to use field-appropriate digital tools for collection and analysis of geo-tagged data; and apply this technology to enhance project implementation and coordination.	Support to client capacity to use digital tools has been provided in seven IDA FCS countries as of FY21 Q3. Revised target will be met by end of IDA19. Given continued importance, it will continue to be monitored under the Results Measurement System.	RETAINED AS RESULTS MEASUREMENT SYSTEM INDICATOR
<b>Staffing and FCV Envelope</b>	FCV6: Operationalize the FCV Envelope to provide enhanced and tailored support to IDA FCS. Also,	FCV Envelope successfully operationalized. Nine countries have established	DISCONTINUED A strong footprint in IDA FCS continues to be important and will be prioritized. This

Objective	IDA19 Policy Commitments	Status	IDA20 Policy Commitments
	IDA will deploy at least 100 (revised from 150) more GE+ staff, including extended term consultants, to IDA FCS locations and nearby locations to serve IDA FCS.	eligibility and been granted access. As of end-March 2021, despite the challenges posed by COVID-19, net footprint increase was 48 staff.	will continue as part of decentralization efforts and deploying staff closer to the clients.
<b>Strengthening core governance institutions.</b>	GOV11: Support at least 95 percent of IDA FCSs (with active portfolios) to establish and/or strengthen core government functions to address FCV drivers. <sup>1</sup>	On track to meet original three-year target by end FY22. By May FY21, 25 IDA FCS countries have been supported with over 45 related activities.	CONTINUED with Enhanced Ambition—resetting of baseline and deepening progress made in IDA19, recognizing that strengthening core governance functions is a long-term endeavor. Policy Commitment 3: Support 30 percent of IDA countries in FCS (with active portfolios) to establish and/or strengthen core government functions that facilitate effective, inclusive, and responsive public services, enhance transparency and accountability, and/or promote resilience.

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<sup>1</sup> Core government functions refers to: (i) public revenue and expenditure management; (ii) decentralization and service delivery; (iii) government employment and public administration; and (iv) the rule of law.

## Annex 2. Proposed Policy Commitments in other IDA20 Special Themes, with FCS sub-targets

Special Theme	Policy Commitments	Cross-Cutting Issues			
<b>Human Capital</b>	<p><b>Supporting core social service delivery systems</b> Address gaps exacerbated by the COVID-19 crisis in at least 40 IDA countries, of which 10 are FCS, support access to core, quality, inclusive social services focused on: (i) social protection for urban informal workers, or (ii) students’ return to school and accelerated recovery of learning losses, or (iii) children’s immunizations.</p>	Governance & Institutions	Technology	Crisis Preparedness	Debt
<b>Climate</b>	<p><b>Transitioning key systems for adaptation and mitigation</b> Support at least 40 countries (including at least 8 FCS) to develop policies and increase investment in climate adaptation and mitigation in at least one key transition sector (agriculture, food, water and land; energy, cities; transportation; and manufacturing), including at least 8 countries supporting community action (including investments) for climate change.</p>				
	<p><b>Boosting support to renewable energy</b> Facilitate development of low-carbon energy sector development strategies in at least 20 countries (including at least 8 FCS) and development of battery storage in at least 15 countries (including at least 10 FCS); provide direct, indirect, and enabling policy support for at least 10 gigawatts (GW) of renewable energy (including at least 1 GW in FCS). The support would cover on-grid, off-grid, and distributed renewable energy.</p>				
	<p><b>Scaling-up green financing</b> Support at least 20 countries (including at least 5 FCS) to revise their financial regulatory frameworks to manage climate risks and to mobilize capital for a low-carbon and resilient economy.</p>				
	<p><b>Increasing crisis preparedness and response</b> Support at least 25 countries (including at least 10 FCS) facing natural hazards and food crises to improve their crisis preparedness and response capacity by strengthening institutional and planning frameworks and/or physical infrastructure. This support should include improving climate data and information services (such as hydromet and early warning systems) in at least 10 countries.</p>				
<b>Gender</b>	<p><b>Enhancing Women’s Voice and Agency</b> Support at least 10 IDA countries to strengthen national policy frameworks for prevention and response to GBV, and in at least 15 IDA countries, of which 5 are FCS, support GBV related services in health systems, and implement GBV prevention and response protocols as part of safe and inclusive educational institutions.</p>				
<b>JET</b>	<p><b>Supporting resilient financial systems for recovery</b> Strengthen the resilience, inclusion and depth of the financial system in 15 IDA countries, including 5 IDA FCS, based on Financial Sector Assessment Program (FSAP) or similar financial sector analytics to support a robust and inclusive recovery.</p>				

Special Theme	Policy Commitments	Cross-Cutting Issues			
<b>JET</b>	<p><b>Leveraging One WBG to increase private investments</b>            In the context of IDA PSW operations involving IFC, IFC will aim to increase the share of its commitments in FCS-IDA17 &amp; LIC-IDA17 countries, reaching 12-17 percent commitments on average during the IDA20 cycle, with an intent to reach an annual commitment of 14-17 percent in the last fiscal year of IDA20. Consistent with this aim, targeted platforms and programmatic approaches for IDA PSW-eligible countries will be supported to develop and encourage scalable initiatives across sectors in these countries, including those targeted to support SMEs, for trade finance purposes, in support of gender, and for climate friendly investments focused on mitigation and adaptation.</p> <p><b>Creating better jobs and sustainable, inclusive economic transformation in high potential sectors</b>            Support interventions to address market failures and remove constraints in sectors with high potential for the private sector to drive sustainable and inclusive economic transformation and create better jobs, or where women and youth disproportionately work, in 20 IDA countries, of which 5 are FCS, including through upstream activities to develop private sector engagements, grounded in data-driven diagnostics such as Country Private Sector Diagnostics (CPSD) and selected in agreement with country authorities.</p> <p><b>Boosting agriculture productivity, value chains and food security</b>            Improve agricultural productivity and strengthen sustainable agri-business value chains with high potential for growth and better jobs addressing modernization and food and nutrition security in 15 IDA countries, including 5 FCS, in ways that are fully inclusive, and encourage private sector opportunities.</p> <p><b>Expanding broadband access and usage for jobs of the future</b>            To close the connectivity gap, IDA will support 17 IDA countries, including those which will benefit from IFC’s support under the IDA PSW to develop digital infrastructure, to increase inclusive and affordable access to and usage of broadband connectivity, among which are 6 landlocked countries, 4 small states and 9 FCS countries.</p> <p><b>Positioning more firms for recovery, including through the adoption of digital technology</b>            Support programs in 15 IDA countries to strengthen private sector recovery and transformation that are well targeted, inclusive of SMEs and support the adoption of digital technologies, with monitoring to capture distributional impacts and effectiveness. To support this, IFC will increase its digital infrastructure and venture capital work in IDA and FCS countries.</p>	Governance & Institutions	Technology	Crisis Preparedness	Debt