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# **IDA18 Mid-Term Review Fragility, Conflict and Violence (FCV)**

**October 24, 2018**

## ACRONYMS AND ABBREVIATIONS

Fiscal year (FY) = July 1 to June 30

|       |   |         |   |
|-------|---|---------|---|
| AFD   | Agence Française de Développement                                       | IDP     | Internally Displaced People   |
| AfDB  | African Development Bank  | IDPG    | International Development Partner Group   |
| APA   | Alternative Procurement Arrangement                                     | IEG     | Independent Evaluation Group  |
| ARTF  | Afghanistan Reconstruction Trust Fund                                   | INGO    | International Non-Governmental Organization                                       |
| ASA   | Advisory Services and Analytics   | IPF     | Investment Project Financing  |
| BB    | Bank Budget   | MDB     | Multilateral Development Bank   |
| CAR   | Central African Republic  | MDTF    | Multi-Donor Trust Fund  |
| CPF   | Country Partnership Framework   | MINUSCA | Multidimensional Integrated Stabilization Mission in the Central African Republic |
| CRW   | Crisis Response Window  |         |   |
| DFID  | Department for International Development                                | MPA     | Multi-Phased Programmatic Approach  |
| DPO   | Development Policy Operation  | MTR     | Mid-Term Review   |
| DRC   | Democratic Republic of the Congo  | NGO     | Non-Governmental Organization   |
| EU    | European Union  | NWC     | National Women's Commission   |
| ESF   | Environmental and Social Framework                                      | PA      | Project Advance   |
| EVP   | Employment Value Proposition  | PBA     | Performance-Based Allocation  |
| FAO   | Food and Agriculture Organization                                       | PIU     | Project Implementation Unit   |
| FATA  | Federally Administered Tribal Area                                      | PNG     | Papua New Guinea  |
| FCS   | Fragile and Conflict-affected Situations                                | PPF     | Project Preparation Facility  |
| FCV   | Fragility, Conflict and Violence  | RMR     | Risk Mitigation Regime  |
| FNDL  | Fonds National de Développement Local                                   | RPBA    | Recovery and Peacebuilding Assessment   |
| FWG   | Federalism Working Group  | RPC     | Recovery and Peace Consolidation  |
| GBAO  | Gorno-Badakhshan Autonomous Oblast                                      | RRA     | Risk and Resilience Assessments   |
| GBV   | Gender-based Violence   | RSW     | Refugee Sub-Window  |
| GCRP  | Global Crisis Risk Platform   | SCD     | Systematic Country Diagnostic   |
| GEMS  | Geo-Enabling initiative for Monitoring and Supervision                  | SDG     | Sustainable Development Goal  |
| GIL   | Gender Innovation Lab   | SDR     | Special Drawing Right   |
| GLET  | Global Leads and Experts Team   | SECRAMP | Southeastern Corridor Road Asset Management Project                               |
| GP    | Global Practice   | SMS     | Short Message Service   |
| GSURR | Global Practice for Social, Urban and Rural Development, and Resilience | SPF     | State and Peacebuilding Fund  |
| HDPI  | Humanitarian-Development-Peace Initiative                               | SWEDD   | Sahel Women's Empowerment and Demographic Dividend                                |
| HFP   | Hazard & Fragility Pay  | TA      | Technical Assistance  |
| IBRD  | International Bank for Reconstruction and Development                   | TAR     | Turn-around Regime  |
| ICRC  | International Committee of the Red Cross                                | TPM     | Third-Party Monitoring  |
| ICT   | Information and Communications Technology                               | UN      | United Nations  |
| IDA   | International Development Association                                   | UNHCR   | United Nations High Commissioner for Refugees                                     |
|       |   | UNDP    | United Nations Development Programme  |
|       |   | UNOPS   | United Nations Office for Project Services  |
|       |   | VPU     | Vice Presidential Unit  |
|       |   | WBG     | World Bank Group  |
|       |   | WFP     | World Food Program  |
|       |   | WHO     | World Health Organization   |

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## EXECUTIVE SUMMARY

i. **Fragility, Conflict and Violence (FCV) are among the most pressing challenges to reducing poverty and achieving the Sustainable Development Goals (SDGs).** The urgency of tackling these issues cannot be overstated given the rise in violent conflicts, record numbers of forcibly displaced people, and growing share of the poor living in FCV contexts. In response, IDA18 adopted an ambitious strategic approach and mobilized unprecedented financing for addressing FCV. The World Bank Group (WBG) also made substantive commitments to strengthen its own effectiveness for operating in FCV contexts, notably through stronger analytics, human resources and partnerships.

ii. **IDA18 articulated a differentiated approach to FCV to ensure the WBG's responses are adapted to various situations of fragility before, during and after conflict.** New emphasis is placed on strengthening IDA's role in preventing the onset, escalation, and recurrence of violent conflict, and in mobilizing support for refugees. In addition to significant increases in core financing to Fragile and Conflict-affected Situations (FCS), the introduction of the Risk Mitigation Regime (RMR) and Sub-Window for Refugees and Host communities (RSW) has modernized and tailored IDA's toolkit for dealing with contextual challenges, complementing the existing Turnaround Regime (TAR).

iii. **The FCV scale-up is happening.** Core allocations to FCS and the four RMR countries totaled US\$4.9 billion<sup>1</sup> in FY18. This is more than double the FCS allocations in FY15. In FY18, the share of performance-based allocations (PBA) going to FCS increased to almost 29 percent of total IDA annual allocations, compared to a share of 18 percent in FY17. In FY18, commitments financed by core IDA resources reached US\$4.1 billion in FCS and RMR-eligible countries.<sup>2</sup> This is 11 percent higher than the annual average of US\$3.7 billion during IDA17. Utilization of FCS and RMR allocations is likely to speed up in the second half of IDA18. The pipeline for FY19 is strong. Nonetheless, close monitoring will be required to ensure delivery of the scale-up in FCS and RMR countries.

iv. **Under IDA18, the Bank has continued to invest in building its evidence base, learning from operational experience and deepening IDA's knowledge on FCV priorities with a focus on the mitigation of FCV risks.** A major milestone was the completion of a joint United Nations (UN)/World Bank (WB) flagship report on preventing violent conflict – *'Pathways for Peace'* – whose recommendations are being operationalized across the WBG. IDA18 investments in knowledge and analytics is being combined with efforts to ensure that WBG strategies address FCV drivers and build institutional and societal resilience. A key priority has been the expanded and systematic use of Risk and Resilience Assessments (RRAs) and ensuring these inform Systematic Country Diagnostics (SCDs), Country Partnership Frameworks (CPFs), and in turn to 'doing things differently' in operations.

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<sup>1</sup> Based on IDA18's reference rate of USD/SDR at 1.402.

<sup>2</sup> In FY18, IDA commitments in FCS and the RMR countries totaled US\$4.9 billion, of which US\$4.1 billion was financed by core IDA.

v. **IDA18 has enabled tailored engagement in situations of fragility, including in mitigating risks, engaging during active conflict, and supporting post-conflict transitions.** IDA has also been scaling up operations supporting refugees and host communities, and those preventing and responding to gender-based violence (GBV). This paper shares numerous examples of how the IDA18 scale-up and differentiated approach are changing the way the WBG works in diverse and challenging FCV settings as diverse as Chad, Niger, Yemen, Nepal and Papua New Guinea (PNG). WB engagement in the four RMR countries is innovative and signals an important shift towards a more risk-informed approach to development. Under the RSW, 11 operations have been approved in 6 countries totaling US\$567 million as of end-September 2018. Beyond financing, the RSW is contributing to policy dialogue on socioeconomic inclusion of refugees in labor markets, access to education, and inclusion in national development plans.

vi. **Delivering of the IDA18 scale up in FCV requires more operational and technical staff on the ground; it also requires operational policies and partnerships that enhance our effectiveness in FCV contexts.** As of September 2018, against a baseline of September 2016, the WBG increased its staffing footprint in IDA FCS and RMR countries by net 85 staff – more than half of the objective of 150 by end-IDA18. Nevertheless, continued efforts are needed to meet the objective of a net increase of 150 staff. Key measures have also been implemented to strengthen the employment value proposition (EVP) for staff working in/on FCS in areas including strengthened next assignment planning, greater focus on proactive talent management, enhanced rewards and recognition, and strengthened learning offerings. Being effective in FCV settings also requires the WBG to collaborate with a range of actors (especially the UN, which has a political and peace-making mandate) and bilateral partners based on comparative advantages. There are many positive examples of this, including the successful partnership with the International Committee of the Red Cross (ICRC) and Food and Agriculture Organization (FAO) on famine response in Somalia and with the United Nations High Commissioner for Refugees (UNHCR) under the RSW. The WBG will continue to look for opportunities to enhance and expand partnerships, including with the private sector and non-governmental organizations (NGOs).

vii. **Of the eight FCV policy commitments, one has been completed and five are on track** (see Table 1). Close monitoring will be required across all commitments for the remainder of IDA18, but special attention is needed on two commitments: (i) increasing the number of operations in FCV contexts which prevent or respond to GBV; and (ii) increasing the staffing footprint in IDA FCV contexts by net 150 staff.

viii. **At the same time, challenges and lessons are being learned, which will inform the remainder of IDA18 and the future of IDA19.** More can be done to ensure that sound analytics flow through systemically to strategies and operations. More can also be done to pivot to prevention and operationalize *Pathways for Peace*. We can also learn from the challenges and complexity of addressing GBV and how, beyond the focus on GBV, women should be supported as entrepreneurs, change makers and peacebuilders. The TAR also offers an opportunity to build on lessons relating to transitions and building resilience which can inform future operations in TAR countries and beyond.

ix. **Management seeks feedback on three proposals for the remainder of IDA18.** These include:

- Yemen: An exceptional allocation for Yemen of US\$400 million for the remainder of IDA18 (see paragraphs 65-68 and Annex 2);
- Syria: Options to re-allocate the US\$1 billion that had been notionally set aside for Syria under the TAR (see paragraphs 84-86);
- RSW: An increase in the size of the window by US\$100-300 million, and a corresponding increase in the national cap from US\$400 million to US\$500 million. Also, to better align with the RSW's aims, the 100 percent grant finance exception would be available to RSW-eligible counties on an exceptional basis when dealing with a sudden and massive influx of refugees (>250,000 or 1 percent of the population in a year), with programming focused on supporting governments to adopt a developmental approach from the outset (see paragraphs 92-94).

x. **Looking forward to IDA19, the WBG should consolidate progress on the FCV agenda while pushing frontier issues.** Key priorities could be to:

- Mainstream the Bank's engagement in addressing FCV challenges through continued use of analytical and strategic planning tools such as RRAs and Recovery and Peacebuilding Assessments (RPBAs), and scale up knowledge management and training;
- Strengthen approaches to risk mitigation in high-risk countries;
- Consolidate progress on supporting refugees and host communities and link RSW resource allocation more closely to the quality of a host government's refugee policy framework and/or project results;
- A frontier issue will be to enhance IDA's role in addressing multi-dimensional risks and the intersection between conflict and fragility and climate shocks, natural disasters, economic crises as well pandemics and other crisis risks.

xi. **IDA19 also represents an opportunity to further operationalize the WBG's differentiated approach to FCV and learn from (and adjust as necessary) FCV-related financing mechanisms.** Options could be to:

- Articulate the Bank's strategic, policy and operational approach for engaging in active conflict situations, and deepen partnerships, notably with humanitarian and non-state actors, based on lessons to date;
- Take stock of the TAR and adjust if necessary to ensure that resources can effectively accompany the complex and often-long-term transitions in FCV situations;
- Increase focus on regional or cross-border approaches to addressing FCV challenges, with potential for increasing the number of regional IDA operations in high-risk areas and/or that address FCV issues.

**Table 1. Status of IDA18 Policy Commitments on FCV**

| <b>IDA18 FCV Special Theme Objective</b>   | <b>Policy commitment</b>  | <b>Status of progress by MTR</b>  |
|--|---|---|
| <b>Objective 1:<br/>Deepening IDA’s knowledge on FCV and learning from operational experience</b>                        | 1. Adopt a risk-based approach for identifying fragility beyond those countries on the FCS harmonized list.   | <b>ON TRACK</b> – a draft paper has been prepared and consultations are on-going, expected to be completed by the end of IDA18.   |
|  | 2. Deepen the WBG’s knowledge on the mitigation and prevention of FCV risks through a flagship report drawing on lessons from operational experience and impact evaluations.  | <b>DELIVERED</b> – Flagship report was launched in March 2018. Dissemination events have been conducted. Implementation notes and consultations are underway.   |
| <b>Objective 2:<br/>Designing integrated WBG strategies addressing FCV drivers and building institutional resilience</b> | 3. RRAs inform all CPFs in FCS and countries with significant risks of FCV.   | <b>ON TRACK</b> – 11 RRAs were delivered in the last 18 months preceding the planned CPFs (Burundi, Cote D’Ivoire, Djibouti, Niger, Gambia, Guinea, Liberia, Nepal, Solomon Islands, Somalia, Tajikistan). 3 RRAs Ongoing in Comoros, PNG, Sudan. |
|  | 4. Increase the number of operations targeting refugees and their host communities (baseline: IDA17).   | <b>ON TRACK</b> – 11 projects were approved in 6 countries as of end September 2018.  |
|  | 5. Increase the number of operations in fragile contexts which prevent or respond to gender-based violence, including through access to essential services and livelihood supported activities for women (baseline: IDA16). | <b>ON TRACK. BEING CLOSELY MONITORED</b> – 3 projects were approved. Continued focus to increase pipeline.  |

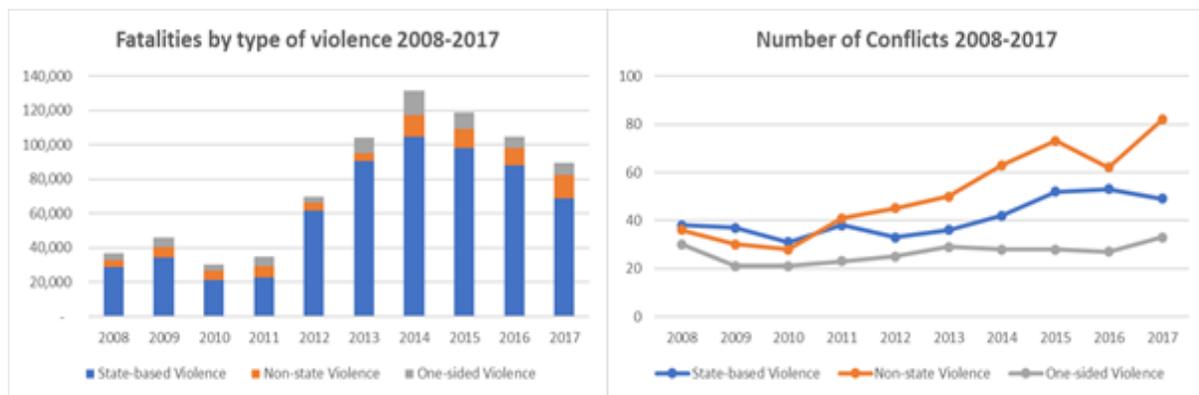
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|--|--|--|
| <p><b>Objective 3:<br/>Improving staffing,<br/>operational<br/>effectiveness and<br/>flexibility</b></p> | <p>6. Increase staff “facetime” in IDA FCS with focus on staff based in-country and monitor progress through the “Facetime index”.</p>                                       | <p><b>ON TRACK, BEING CLOSELY MONITORED</b> – Net increase of 85 staff as of end-September (66 of which GE+) (Sept. 2016 baseline). Objective is net 150 staff increase. The Facetime Index has increased by 5 percent in IDA FCS and RMR countries in FY18 compared to the FY17 baseline.</p>                       |
| <p><b>Objective 4:<br/>Promoting<br/>partnerships for a<br/>more effective<br/>response</b></p>          | <p>7. Undertake joint RPBA as openings arise for engagement in the aftermath of conflict in IDA countries.</p>   | <p><b>ON TRACK</b> – Joint RPBA has been completed in Cameroon. One is ongoing in Zimbabwe. The Bank is exploring additional opportunities for joint RPBA.</p>   |
| <p><b>Objective 5:<br/>Enhancing financing<br/>to support FCS/FCV</b></p>                                | <p>8. Implement the revised IDA resource allocation framework for FCS/FCV to enhance targeting of IDA’s exceptional support and financial engagement in these countries.</p> | <p><b>ON TRACK</b> – RRAs and RMR Implementation Notes have been completed for Nepal, Niger, Guinea, RMR Implementation Note for Tajikistan will go to Board in Q2 FY19 as part of the CPF. The TAR continues to provide significant financing support to Central African Republic, Madagascar &amp; the Gambia.</p> |

## INTRODUCTION AND CONTEXT

1. **FCV constitutes one of the most pressing challenges to reducing poverty and achieving the Sustainable Development Goals (SDGs).**<sup>3</sup> Addressing FCV is a strategic priority of IDA18 and is central to achieving the twin goals of ending extreme poverty and promoting shared prosperity. The share of global poor<sup>4</sup> living in FCS countries is expected to rise from 21 percent in 2013 to more than 45 percent by 2030.<sup>5</sup> Extreme poverty is becoming increasingly associated with institutional fragility and conflict, and the majority (54 percent) of those living in fragile and conflict settings (FCS) in 2015 are in Sub-Saharan Africa.<sup>6</sup>

2. **The total number of conflicts and related fatalities from state-based, non-state and one-sided violence is now almost three times higher than in 2010.** Although the number of state-based armed conflicts decreased in 2017, the number of non-state conflicts has increased with a new peak of 82 active conflicts, as has one-sided violence. This trend was accompanied by a rise in the number of fatalities from this type of violence (see Figure 1).

**Figure 1. Trends in Violent Conflict**



*Source:* Eck, Kristine & Lisa Hultman (2007) Violence Against Civilians in War. *Journal of Peace Research* 44(2).  
 Allansson, Marie, Erik Melander & Lotta Themnér (2017) Organized violence, 1989-2017. *Journal of Peace Research* 54(4).  
 Sundberg, Ralph, Kristine Eck and Joakim Kreutz (2012) Introducing the UCDP Non-State Conflict Dataset, *Journal of Peace Research* 49(2).  
 Pettersson, Therése and Kristine Eck (2018) Organized violence, 1989-2017. *Journal of Peace Research* 55(4).

<sup>3</sup> The acronym 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 The Harmonized List of Fragile Situations. Currently, 29 of the FCS are IDA-eligible countries, 3 are blend countries, and the remaining 3 are middle-income IBRD-only countries.

<sup>4</sup> Living on less than US\$1.90 per day.

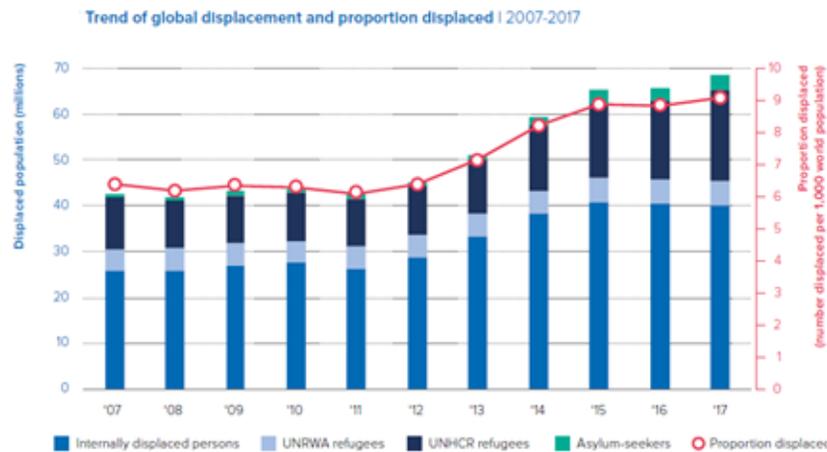
<sup>5</sup> Poverty Global Practice, based on global poverty projections of May 2018. Based on share of global poor residing in FCV countries as classified in 2018, living at less than US\$1.90 per day. FCV impacts the lives of 2 billion people in the developing world, of these: 323 million people live in countries that have always been on the FCS list, 161 million live in countries currently on the FCS list but that have not always been, and 1.5 billion live in countries not on the list but affected by FCV dynamics.<sup>5</sup> Conflicts also drive 80 percent of all humanitarian needs, while they reduce gross domestic product (GDP) growth by an average of 2 percent per year.

<sup>6</sup> World Bank: 2018. Poverty and Shared Prosperity 2018: Piecing Together the Poverty Puzzle.

As for actors engaged in one-sided violence, their number also increased during 2017, although the number of fatalities remained at the same level as in 2016. This affects both low and middle-income countries with relatively strong institutions and calls into question the long-standing assumption that peace will accompany income growth and the expectations of steady social, economic, and political advancement.<sup>7</sup> The latest results of the 2018 Global Peace Index also show that the world continues to suffer from a high number of conflicts and that the global level of peace has deteriorated for the fourth successive year, while most conflicts and tensions remain unresolved.<sup>8</sup>

3. **Due to persecution, conflict, or generalized violence, there were 25.4 million refugees by the end of 2017, an increase of 3 million compared to 2016. In addition, more than 40 million people were internally displaced.** The number of new displacements was equivalent to an average of 44,400 people being forced to flee their homes every day in 2017. Developing regions hosted 85 percent of the world's refugees under UNHCR's mandate, about 16.9 million people. The least developed countries host a growing proportion, amounting to one-third of the global total (6.7 million refugees).<sup>9</sup>

**Figure 2. Trends of Global Displacement – 2007-2017 (UNHCR)**



4. **2018 remains a year of tensions, conflicts and crises that emerged in the past and that are still unresolved.** Myanmar's Rakhine state has witnessed a humanitarian crisis affecting the Muslim Rohingya community which has caused a massive refugee exodus, with more than 725,000 Rohingya fleeing for Bangladesh since August 2017 and creating de facto the largest and most densely populated refugee settlement in the world. The war in Yemen continues to escalate into one of the world's worst humanitarian crises, with 8 million people on the brink of famine, 1

<sup>7</sup> Fearon 2010; Humphreys and Varshney 2004; World Economic Forum 2016.

<sup>8</sup> Institute for Economics and Peace, 2018.

<sup>9</sup> Altogether, more than two-third (68 percent) of all refugees came from just five countries: Syrian Arab Republic (6.3 million), Afghanistan (2.6 million), South Sudan (2.4 million), Myanmar (1.2 million), and Somalia (986,400). The main countries of asylum of refugees were: Turkey (3.5 million), Pakistan (1.4 million), Uganda (1.4 million), Lebanon (998,900), Islamic Rep. of Iran (979,400), Germany (970,400), Bangladesh (932,200), and Sudan (906,600).

million declared cholera cases and over 3 million internally displaced persons.<sup>10</sup> Now into its eighth year, the war in Syria has resulted in 6.3 million refugees, with many residing in Jordan and Lebanon. South Sudan continues to experience conflict, with millions suffering from hunger due to its impact on civilians. States across the Sahel region are struggling to manage an overlapping mix of intercommunal conflict, jihadi violence and fighting over smuggling routes. Intercommunal violence escalated in the Mali-Niger border area and continued in central Mali; Boko Haram continued attacks on civilians and security forces in Nigeria; attacks on officials and civilians continued in north of Burkina Faso.<sup>11</sup> The world is facing many challenges and there is a crucial need to tackle them.

5. **The fragility landscape in today's interconnected world is becoming increasingly complex and globalized.** Climate change, rising inequality, demographic change, new technologies, illicit financial flows, violent extremism, and other global trends may also deepen fragility and increase both low- and middle-income countries' exposure and vulnerability to shocks and crises. Risks such as conflict, political instability, natural hazards, epidemic outbreaks, famine and economic shocks often overlap and interconnect. Fragile situations have weaker institutional capacity and resources to mitigate or cope with these shocks, and one shock can reinforce others. The WBG Capital Package agreed in April 2018 also highlights FCV and crisis risk management as central development challenges, reflecting close alignment in priorities under IDA18's differentiated approach. As part of its policy commitments under the package, WBG Management proposed to strengthen its engagement in both areas. In this context, the WBG launched the Global Crisis Risk Platform (GCRP) which aims to strengthen its ability to identify and mitigate crisis risks before they turn into full-blown crises with a focus on the combination of various risks in the most vulnerable and fragile contexts.<sup>12</sup>

6. **IDA's engagement in FCV settings has continued to evolve over recent replenishment cycles.** IDA increasingly recognized the need for sustained and deeper engagement in FCV settings, and to pursue a multifaceted and holistic approach to addressing FCV challenges. This has focused on the role of analytics and knowledge, operational policy adjustments, staffing, emphasis on partnerships with key actors including the UN, and tailored financing. Also important has been the continuous effort to mainstream FCV sensitivity across the WBG's operations. IDA financing to FCS has increased significantly over recent replenishments<sup>13</sup> and a more adapted set of financing mechanisms has been put in place, culminating in the introduction of the RMR and RSW in IDA18. Under IDA18, changes to the resource allocation framework increased core IDA support to FCS/FCV from US\$7.2 billion in IDA17 to US\$14.4 billion in IDA18.

7. **Against this background, and informed by IDA's experience to date, IDA18 articulated a differentiated approach for strengthening the WBG's effectiveness in addressing FCV.** This requires adapting responses to different situations of fragility, maintaining engagement in active crises or conflict, and supporting conflict to peace transitions. It also entails

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<sup>10</sup> International Crisis Group, 2018.

<sup>11</sup> Ibid.

<sup>12</sup> The GCRP provides a coordination platform that brings together the WBG's expertise in crisis risk management and leverages external partnerships. For further information see [World Bank, Global Crisis Risk Platform, July 2018.](#)

<sup>13</sup> There has been a six-fold increase since IDA11 and a doubling of resources in just the last 10 years – reflecting changes in allocation system and bigger replenishment volumes.

strengthening IDA's engagement to addressing emerging conflict risks, mitigating against conflict drivers, and preventing the onset, escalation, and recurrence of violent conflict. In addition to the substantive increases in financing to FCS, IDA18 emphasizes sound analytical, operational, policy, human resource and partnership underpinnings, building the foundation upon which IDA can enhance the impact of this increase in resources.

## **OBJECTIVE 1: DEEPENING IDA'S KNOWLEDGE ON FCV AND LEARNING FROM OPERATIONAL EXPERIENCE**

8. **IDA18 laid out a holistic approach to tackling FCV challenges.** It emphasized the need for an evidence-based approach to deepen IDA's knowledge on FCV by learning from operational experience with emphasis on the mitigation and prevention of FCV risks. It also identified the need to ensure that WBG strategies address FCV drivers and build institutional resilience through expanded use of Risk and Resilience Assessments (RRAs). IDA18 also committed to scaling up operations supporting refugees and host communities, and those preventing and responding to GBV. It highlighted the importance of improving the WBG's staffing, operational effectiveness and partnerships. The following sections discuss progress and challenges across these four areas.

9. **Progress is being made under Policy Commitment 1 to develop a revised set of metrics to determine FCV situations, and to identify countries at risk of violent conflict.** An expanded approach for identifying FCV situations is being developed to evolve from the existing Harmonized List of Fragile Situations to a broader set of specific indicators of FCV beyond the Country Policy and Institutional Assessment and the presence of a UN peacekeeping or peacebuilding force. Work is underway to create a new methodology based on a statistical model for identifying countries at risk of conflict. This will help to operationalize the WBG's increasing focus on conflict prevention and crisis risk management. A draft paper has been prepared for internal consultations and it is expected that work on a revised set of metrics and risk-based approach will be completed by early 2019.

10. **Pursuant to Policy Commitment 2, the UN and WB launched a groundbreaking study, *Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict*.** The report calls on the world to refocus attention on prevention to achieve peace and stability and to advance sustainable development. It highlights the importance of addressing group-based grievances that accumulate around the perception and reality of exclusion and marginalization. These can be particularly destabilizing in relation to inequalities between groups, exclusion from access to power, lack of government accountability, inequitable and unfair access to resources and related benefits, services that are delivered in an unjust or exclusionary manner, and tensions related to justice and security. It urges development, security, and diplomatic actors to engage collaboratively throughout the conflict life-cycle, instead of sequencing efforts and acting in silos.

11. **The WBG is working to operationalize the recommendations from *Pathways for Peace*.** The Bank led global consultation and dissemination events in several locations, with further events planned. An implementation note provides country teams with resources and concrete examples to implement the main findings of the study in strategy, programming, and policy dialogue. The WBG will also leverage partnerships with the UN, including for joint political and security analytics and linking up to early warning systems at global and country level. Work is

underway to put in place internal mechanisms for identifying situations of emerging risk and to develop a protocol for how to respond more systematically and in a timelier fashion, including through the GCRP.

12. **The WBG has also prioritized new investments in analytical, knowledge and data-related work in the areas of gender, forced displacement and social inclusion.** On gender, the WBG continues to build its evidence base to inform operations including through the Gender Innovation Lab (see Box 1). The forced displacement crisis across Myanmar and Bangladesh provides another example of how the WBG has deployed a strategic cluster of analysis and TA to inform its operations and policy dialogue. In Bangladesh, the *Rapid Impact, Vulnerability, and Needs Assessment*<sup>14</sup>, conducted with the World Food Programme (WFP) and other partners, laid the foundation for the emergency response operation which is currently under preparation.<sup>15</sup> In Myanmar, the Rohingya crisis brought acute attention to the need to build and share a deeper understanding of social inclusion – especially the drivers of conflict and exclusion – to inform sensitive policy dialogue and shape IDA operations. Building on the knowledge gained through 10 years of community-based monitoring, the Bank led a *Study on Social Inclusion in Myanmar*, which then fed into a deep-dive assessment of social inclusion in the portfolio.<sup>16</sup> Recommendations will enhance inclusion in existing operations, and an “Inclusion and Peace Lens” to guide future products is being rolled out.

### **Box 1. Gender Innovation Lab**

The WBG’s Gender Innovation Lab (GIL) conducts impact evaluations, which assess project outcomes to generate evidence on how to close gender gaps in income, productivity, asset ownership, and agency. The Lab builds the knowledge base of scalable interventions to address gender inequality. In the Great Lakes region project (Burundi, Rwanda, and the Democratic Republic of Congo), an impact evaluation was designed to understand how to effectively respond to survivors of GBV and how to contribute to violence prevention by transforming norms and behaviors regarding GBV and gender equality. Three studies focus on the impact of the support for GBV survivors and violence prevention sub-components, including evaluating the impact of narrative exposure therapy on the mental health and socioeconomic empowerment of survivors of sexual violence in the DRC. In Liberia, the Economic Empowerment of Adolescent Girls and Young Women program run by the government reached 4,000 women. A randomized impact evaluation led by the GIL found that employment increased by 47 percent and earnings increased 80 percent among participants relative to non-participants. Building on this evidence, the Sahel Women’s Empowerment and Demographic Dividend (SWEDD) project, is offering safe space clubs and other types of innovative support, such as vocational training and entrepreneurship grants.

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<sup>14</sup> P167128.

<sup>15</sup> This assessment of the Rohingya crisis and associated impact, vulnerability, and needs combined elements of the global standard Post-Disaster Needs Assessment methodology with vulnerability analysis from GFDRR’s Innovation Lab and cross-cutting considerations of social risk linked to conflict and violence. The assessment identified the needs of displaced Rohingya population and host communities covering a one-year transitional phase (short-term) plus two years focused on recovery, aimed at reducing congestion, improving access to safe drinking water and basic health care, mitigating the risk of disease outbreaks and weather-related hazards, enhancing the availability of cooking fuel and reducing associated environmental degradation, lowering the vulnerability of women and children, and addressing psychosocial issues.

<sup>16</sup> SURR’s social development team led a study on Social Inclusion in Myanmar (P160097) to establish the evidence base, which then fed into a deep-dive assessment of social inclusion in the Myanmar portfolio. Specific recommendations will enhance inclusion in existing operations, and an Inclusion and Peace Lens to guide future products is now being rolled out.

13. **The Bank has also supported national efforts to include displaced and vulnerable populations in country system surveys.** The Poverty Global Practice (GP) has been working closely with national statistical agencies and other partners to support the inclusion of displaced populations in national household surveys. In South Sudan, a survey was completed that is representative of internally displaced people (IDPs) in camps which will form the basis for informing wider national surveys on systematic inclusion of IDPs. In Uganda and Chad, core poverty surveys are underway and will include refugee populations. Niger has started implementing a similar survey in September 2018.

14. **The Bank is also partnering with UNHCR to strengthen global data collection and analysis regarding forced displacement.** In April 2018, UNHCR and the Bank established a Joint Data Centre, which aims to ensure that population and socio-economic data are systematically collected and analyzed. It also aims to facilitate open access to forced displacement data, promote innovation, and strengthen the sustainability of a global data collection system that can serve analytics, dialogue and operations.

## **OBJECTIVE 2: DESIGNING INTEGRATED WBG STRATEGIES ADDRESSING FCV DRIVERS AND BUILDING INSTITUTIONAL RESILIENCE**

### **A. ADDRESSING FCV DRIVERS AND RESILIENCE IN WBG STRATEGIES**

15. **Ensuring WBG strategies address FCV drivers and build institutional resilience requires leveraging analytical evidence.** RRAs play a central role in this regard and aim to inform SCDs, CPFs, and ultimately operations and ‘doing things differently’. This section provides an overview of the role of RRAs and how Bank operations demonstrate tailored engagement in different situations of fragility including mitigating fragility risks, engagement in active conflict, and supporting post-conflict transitions. It also reports progress on IDA’s commitments to scaling up operations supporting refugees and host communities, and those preventing and responding to GBV.

16. **Pursuant to Policy Commitment 3, RRAs are informing SCDs and CPFs in diverse country contexts** (see Box 2). To date, 11 RRAs have been completed in the 18 months preceding the planned CPFs, three RRAs are ongoing, and three RRAs are under discussion.<sup>17</sup>

17. **RRAs have been undertaken in close collaboration with internal partners including the Social Urban Rural and Resilience GP (GSURR) and the Governance GP.** The value of RRAs’ systematic integration into SCD/CPF processes in FCS countries was highlighted by a

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<sup>17</sup> While the commitment for RRAs to inform all CPFs in FCS and countries with significant risks of FCV is on track. A formal RRA was not completed in South Sudan in the 18 months preceding the CEN but the substance and intent of the policy commitment was met. The CEN was informed by a dynamic Risk Monitoring System to provide more real-time analysis on humanitarian / security / development dynamics. The CEN also benefitted from a range of studies and analyses focused on the ongoing conflict and the impact on development in the country.

recent Independent Evaluation Group (IEG) evaluation.<sup>18</sup> Additionally, an IEG evaluation of a sample of SCDs found that fiscal, environmental, and social sustainability risks and threats to social and political stability were particularly well analyzed when they drew on an RRA.<sup>19</sup> Despite this, there is scope for further strengthening alignment between SCD and CPFs, an area where RRAs can continue to add value.

### **Box 2. RRAs in Action in Tajikistan, Papua New Guinea and Nepal**

In **Tajikistan**, the RRA provided an in-depth analysis of risks factors across four domains: (a) governance practices, (b) economic pressures, (c) demographic trends, (d) and regional dynamics. It also identified sources of resilience, including non-formal community-level institutions. The RRA provided recommendations on how the WB portfolio could better target at-risk segments of the population (particularly youth) as well as high-risk regions. Targeting IDA interventions in geographic areas with overlapping high poverty rates and FCV-related vulnerabilities (occurrence of violent conflict events; proximity to borders with Afghanistan, Uzbekistan, the Kyrgyz Republic, and drug-trafficking routes; presence of violent extremist movements) are key to a preventive approach. The RRA formed the basis of the design of the RMR program, which identifies new prevention-focused operations aimed at closing regional disparities in access to services, providing targeted social and economic support to at-risk youth and women, stimulating micro and small enterprise development, and reinforcing community institutions as sources of resilience all in high-risk regions of the country.

In **Papua New Guinea**, the RRA pinpointed several multidimensional risks that impact stability and security. These include fragmentation of geographic, ethnic, and political governance systems, dependence on natural resources, tensions related to local resource extraction and distribution of benefits, marginalization of youth, and gender inequality. Risks related to climate variability and natural disasters act as a further vector of fragility in the presence of weak institutional capacity and poor disaster risk preparedness. Building on risks identified in the RRA, the cross-cutting areas of governance and resilience in the CPF will enable an integrated approach to addressing fragility risks and natural disaster hazards, while a focus on gender has been mainstreamed across the portfolio. A nationwide community-driven development approach to service delivery seeks to empower communities to vocalize their needs to local government and strengthen capacity of subnational government to deliver services.

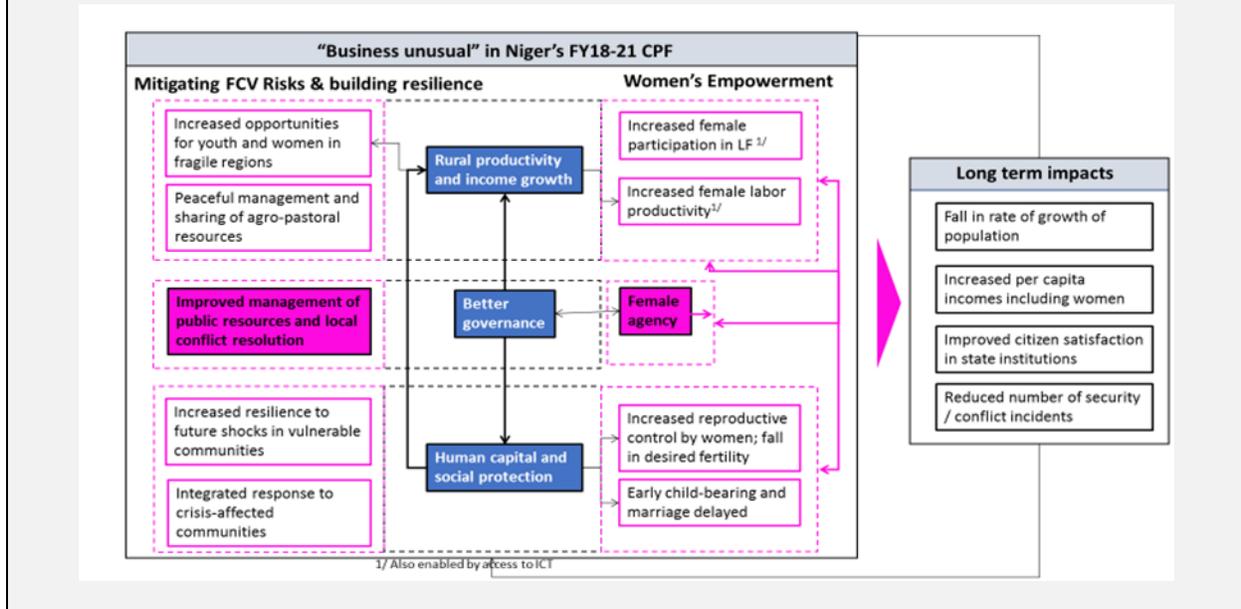
**Nepal's** RRA clustered the risk of fragility into four clusters: (i) institutions and governance; (ii) equity and inclusion; (iii) economic competitiveness and jobs; and (iv) exogenous factors that intensify the risks (i.e., vulnerability to natural disasters and climate change, and neighboring effects as a landlocked country). It highlighted exclusion by geography, gender, ethnicity, and caste as a critical source of fragility. The SCD and CPF consultation process considered the need for inclusion. In addition to face-to-face consultations across country, the WBG reached more than 200,000 citizens in remote areas using radio and SMS to capture their inputs. Given the consultation feedback and core analytical work including the RRA, the SCD identifies six priority action areas that contribute to strengthening Nepal's resilience against fragility risks. The CPF addresses the risks of fragility across the program of support and not as a standalone component by adopting actions across three priority results areas of public institutions strengthening, private-sector-led jobs and growth, and inclusion and resilience.

**18. The Niger CPF represents an excellent example of how FCV risks are being integrated across country programming** (see Box 3). Drawing on the RRA diagnosis, the CPF identified strategic priority areas that would help to address FCV risks. RMR resources were subsequently allocated to address these priorities through programming that spans several sectors, including health, education, mining and extractive sector governance, agriculture and livestock transformation, skills development, youth employment, and responses to forced displacement.

<sup>18</sup> World Bank. 2016. World Bank Group Engagement in Situations of Fragility, Conflict, and Violence. Washington, DC: World Bank. <https://openknowledge.worldbank.org/handle/10986/24915> License: CC BY 3.0 IGO.

<sup>19</sup> Independent Evaluation Group 2017b. This early-stage assessment covered the first 22 SCDs and CPFs rolled out under the new Country Engagement Model adopted in FY14.

**Box 3. RRAs in Action – CPFs are integrating FCV risk reduction as an overarching objective**



19. **The goal is for RRAs to evolve in terms of scope and methodology to include subnational and regional assessments.** A regional RRA is currently being undertaken by the Sahel Alliance under WB leadership. This process aims to (i) strengthen common understanding of existing tensions and potential risks of violent conflict in the Sahel (especially at cross-border and local levels); (ii) identify development interventions to act in a coordinated manner to mitigate risks. The terms of reference will be presented to G5 Sahel countries in Niamey on October 30, 2018. In the case that they receive G5 endorsement, the process will be launched with the objective of presenting early findings in December 2018. Middle-income countries are also recognizing the value of RRAs in informing strategy and planning processes. For example, in Pakistan, a sub-national RRA is underway to identify drivers of fragility in Khyber Pakhtunkhwa, Federally Administered Tribal Areas (FATA), and Balochistan. The WBG will also build on successful collaboration for delivery of RRAs with partners such as the UN, Department For International Development (DFID), Agence Francaise de Developpement (AFD), the African Development Bank (AfDB) and the European Union (EU). RRAs will attempt to look at the intersection of political, social and economic risks with climate variability, forced displacement, and natural disaster risks. Where multiple risks overlap and intersect, the danger of violent conflict can be heightened. More emphasis will be put on the systematic integration of RRAs into operations through CPFs and strengthening the link to programming.

**B. ADDRESSING FCV DRIVERS AND RESILIENCE IN WBG OPERATIONS**

20. **Realizing the differentiated approach under IDA18 requires a shift in the design and delivery of operations to ensure interventions address drivers of fragility and bolster resilience.** IDA18 mobilized an unprecedented amount of resources to address needs in FCV contexts and introduced new financing mechanisms. The IDA18 Special Theme articulated IDA's strategic ambition to be actively engaged and tailor its approach to different stages of the conflict

and fragility spectrum, whether it is pre-conflict, during conflict, post-conflict, or addressing regional dynamics that contribute towards fragility. IDA also made commitments to increase its engagement to prevent and respond to GBV in FCV settings, support IDA countries in mitigating impacts of forced displacement, and support medium-term economic solutions for refugees and host communities. Going forward, the WBG will put greater emphasis on addressing the intersection of fragility, natural disasters and climate risks. There is evidence that this shift is materializing, as demonstrated by several projects under IDA18. Evidence shows that these projects are diverse both in terms of sectors, regions and engagement across the fragility spectrum. Despite this, there is room to mainstream fragility-sensitive programming more systematically in our operations.

21. **In line with the increasing focus on prevention, IDA18 has seized opportunities to address the root causes and drivers of fragility.** For example, the *Inclusive and Resilient Cities Development Project*<sup>20</sup> in Cameroon supports cities in conflict-affected areas with an approach tailored to conflict mitigation through focus on demand-driven community infrastructure, youth employment and services. The *Land Policy Improvement and Implementation Project*<sup>21</sup> in Cote d'Ivoire addresses one of the root causes of the prolonged armed conflict - inequitable land distribution policies and practices. The *Integrated Feeder Roads Development Project*<sup>22</sup> in Mozambique focuses on building economic resilience in the country's north to mitigate political and conflict risks. Under the RMR, additional resources have also been made available to Nepal, Niger, Guinea and Tajikistan to address drivers of fragility (see Objective 5).

22. **IDA is increasingly engaged in situations of active conflict, working in partnership with actors including UN agencies and international non-governmental organizations (INGOs) to deliver life-saving services and strengthen resilience of communities.** For example, the *Yemen Integrated Urban Services Emergency Project*<sup>23</sup> is a cross-sectoral emergency operation using innovative implementation arrangements (see Box 4). The project is an example of working at the humanitarian-development nexus, featuring coordination between development and humanitarian actors based on complementarity and comparative advantages. Another example from Afghanistan is an *incentive-based Development Policy Operation (DPO)*<sup>24</sup> which supports the Government to implement a reform program that aims to achieve greater fiscal self-reliance and sustainability by mobilizing domestic revenues and strengthening expenditure management, as well as supporting the implementation of the Afghanistan National Peace and Development Framework. The time-bound decrementing scheme provides hard fiscal incentives for the timely fulfilment of structural reforms. The DPO has proven an effective vehicle through which the MoF has encouraged ministries to complete agreed reforms promptly, through incentives linking budget allocations with the pace of reform achievement.

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<sup>20</sup> P156210.

<sup>21</sup> P157206.

<sup>22</sup> P158231.

<sup>23</sup> P164190.

<sup>24</sup> P164882.

#### **Box 4. Remaining Engaged in Active Conflict – Yemen Integrated Urban Services Emergency Project**

The project aims to restore access to service delivery in selected conflict-affected urban centers in Yemen to 1.4 million beneficiaries, complete 90 tertiary municipal service activities, rehabilitate 400km of roads, and provide 1,500,000 person-days of temporary employment. The project is innovative in its use of partnerships with UN agencies including United Nations Office for Project Services (UNOPS) and the World Health Organization (WHO), building on synergies and comparative advantages of each organization. The project is co-led by four GPs: GSURR, Energy & Extractives, Transport and Water. The project uses innovative approaches to promote private sector participation – rather than financing inputs, the project uses output-based services contracts for solid waste management. In Sana’a, more than 10 local contractors have bid for these contracts, demonstrating how private sector solutions can spur local competition and potentially help drive down service delivery costs.

23. **To support countries in transitioning out of conflict, the WBG has provided support and resources for interventions to strengthen institutional resilience and prevent relapse.** In Liberia, a pipeline project will build on reliance on the private sector to overcome critical capacity constraints and support post-war reconstruction efforts (see Box 5). Under the TAR, additional resources have also been made available to CAR, Madagascar and The Gambia to support conflict to peace or political transitions (see Objective 5).

24. **In Chad, the *Domestic Resources Mobilization and Management Project*<sup>25</sup> aims to build institutional resilience by improving performance, processes, and transparency in key government entities for revenue mobilization.** Project activities are designed to support the implementation of critical tax and customs reforms, as well as petroleum sector reforms using technology to improve effectiveness and efficiency and support needed change management. The project is notable for its use of results-based financing. The project also supports adoption of electronic filing by large taxpayers through the banking system, and gradual adoption of pay-by-phone by small taxpayers, exhibiting innovative use of fit-for-purpose technologies. It also features a technical assistance (TA) component that will support enhanced customs’ control activities through the design and adoption of risk-management-based procedures. This includes utilization of scanners, online filing, and enhancing coordination among various border control authorities. The project is notable for its focus on building long-term resilience and strengthening state institutions through critical improvements to resource mobilization.

#### **Box 5. Supporting Transition in Liberia by Crowding in the Private Sector**

In Liberia, the transport sector was one of first sectors to engage in post-war reconstruction. To overcome capacity constraints, the WBG’s transport sector quickly transitioned to private sector engagement, adopting design-build approaches (2009), performance-based contracting (2011), and public-private partnership approaches (2011) approaches to overcome capacity constraints in post-conflict Liberia. These efforts laid the groundwork for SECRAMP, the first Road Public-Private Partnership project to be undertaken in an IDA and FCS context. SECRAMP will raise US\$60 million in private financing to rehabilitate 125 km of critical primary road over three years and maintain it over an additional 12 years. The project will extend the paved road network into isolated areas of southeastern Liberia and improve regional connectivity by completing paving of a portion of the Trans-African Highway 7 in Liberia.

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<sup>25</sup> P165429.

25. **Fragility dynamics increasingly transcend borders and are regional in nature.** Under the IDA Regional Program, several projects are addressing drivers of fragility arising from cross-border dynamics. In Afghanistan, a pipeline Regional IDA Project will aim to strengthen the enabling environment for economic opportunities where there is a high influx of displaced people. The project will reach Afghan refugees living in Pakistan and citizens within select Afghan cities. The project seeks to promote socioeconomic integration on both sides of the border and acknowledges the strong linkages in the displacement challenges between Afghanistan and Pakistan. In Tajikistan, a pipeline Regional IDA project, will aim to increase access to energy, social and economic infrastructure services, and strengthen local governance capacity. The project will feature a community-driven development approach, emphasize community and local government capacity building and fragility-sensitive facilitation in villages with a history of conflict. The project, in addition to providing benefits to communities in villages in Tajikistan, will also benefit Kyrgyzstan, Afghanistan and Pakistan – by contributing to the implementation of Tajikistan’s sections of the CASA-1000 infrastructure.

### **Increasing the number of operations targeting refugees and their host communities**

26. **Under the IDA18 RSW, the Bank enhanced the way it responds to forced displacement and supports refugees and host communities in IDA countries.** Pursuant to Policy Commitment 4, 11 RSW operations have been approved by mid-term review (MTR), and there is a strong pipeline for the remainder of IDA18. (See Annex 5 for RSW portfolio update).

27. **In Cameroon, a comprehensive approach** featuring integrated multi-sector solutions targeting both refugees and host communities<sup>26</sup> aims to improve access to health care and education, include the most vulnerable households in social safety nets, ensure that municipal development plans are developed jointly by host communities and refugees, and deliver small public works that are critical to host communities and refugees alike. The *Ethiopia Economic Opportunities Program*<sup>27</sup> builds on the government’s commitment toward a more progressive and comprehensive management of refugee populations (see Box 6).

#### **Box 6. Ethiopia Economic Opportunities Program**

The program supports the government’s approach to longer-term development solutions for refugees, while expanding the creation of jobs and economic opportunities that will benefit both Ethiopians and refugees. Recognizing the opportunity to link socio-economic opportunities for refugees with the Ethiopian government’s broader industrialization agenda, the government has pledged to create 100,000 jobs for Ethiopians and refugees. The pledge, referred to as the ‘Jobs Compact’ allows for the formal integration of refugees in Ethiopia’s labor market. It is complemented by a broader set of reforms focusing on refugees’ access to legal documentation, improved social services and freedom of movement. The program will support enhancing private sector investment to create more opportunities and jobs for Ethiopians. Furthermore, refugee-hosting communities will benefit from improved public employment services to assist them in their jobs search and matching. The program promotes refugees’ self-reliance by providing them with economic opportunities in wage earning employment as well as self-employment and the right to engage in commercial activities. Given that the opportunities sought for refugees will need to be created within the context of a developing economy where there are limited opportunities in productive

<sup>26</sup> Consisting of the Social Safety Net Project (P164830), Health System Performance Reinforcement Project (P164954), Community Development Program Support Project (P164803) and the Education Reform Support Project (P160926).

<sup>27</sup> P163829.

sectors, the program focuses on creating an environment to increase investment and jobs that will also benefit Ethiopians, including by establishing links between international buyers and local suppliers.

28. **In Bangladesh, IDA provided support through the RSW to address the needs of the Rohingya refugees.** IDA responded flexibly by making available, on exceptional basis, grant resources from the RSW for interventions targeting the Rohingya refugees (see Box 7). A more detailed discussion on RSW implementation can found in Objective 5.

### **Box 7. Supporting Refugees in Bangladesh**

Bangladesh became eligible to access the RSW in June 2018, less than a year since the crisis broke out. The RSW provides critical resources not only to help the Rohingyas meet their immediate needs, but also to support the Government of Bangladesh in developing a broader response to the socio-economic dimensions of the crisis. The first of the three initial projects under the RSW, it is structured as additional financing to the ongoing Health Sector Support Project (P167672) and will help develop health services for the host community in the Cox's Bazar. The other projects, the Emergency Multi-Sector Rohingya Crisis Response Project (P167762) and Additional Financing for Reaching Out of School Children (P167870), will similarly bring crucial services to the Rohingyas. The Government of Canada agreed to buy down the credit portion of the project for Bangladesh, thereby contributing one-sixth of the Health Sector project cost which Bangladesh otherwise would have had to finance from its IDA allocation.

### **Increasing the number of operations in FCV contexts which prevent or respond to GBV**

29. **IDA is scaling up its operations on GBV prevention and response in FCV contexts, as part of broader efforts to address entrenched gender disparities.** Under IDA18, the Bank committed to increasing the number of operations in fragile contexts that prevent or respond to GBV.<sup>28</sup> To date, three new projects have been approved which aim to prevent or respond to GBV, building from a baseline of one at the beginning of IDA18. These projects are in countries facing serious GBV prevalence: Democratic Republic of the Congo (DRC), the Solomon Islands<sup>29</sup> and Tuvalu<sup>30</sup>. For example, in DRC a project in preparation will work with women and girls at risk of GBV as well as survivors and their family members and will support health interventions and promote behavior change through GBV prevention programs using a community-based approach.

30. **In addition, the Bank is integrating safeguard mechanisms or dedicated activities to prevent and respond to GBV across multiple projects.** The Bank's new Environmental and Social Framework (ESF) provides an increased focus on protecting the health and safety of people and communities. It identifies the need for adequate measures to address GBV risk to be adopted when such risk has been assessed to be present. Useful targeted guidance for staff on how best to prevent GBV in Bank projects has also been issued, such as the *Guidance Note on Managing the Risks of Adverse Impacts on Communities from Temporary Project-induced Labor Influx* and the

<sup>28</sup> The methodology for measuring this policy commitment includes only those projects that directly prevent or respond to GBV in FCS through either: (i) full project focus; (ii) project component or sub-component; or (iii) significant GBV activities integrated across the project. Beyond this policy commitment, the Bank also measures the number of IDA-supported operations that take one or more actions to address GBV risk prevention or response in addition to safeguards requirements.

<sup>29</sup> Electricity Access and Renewable Energy Expansion Project – Solomon Islands (P162902).

<sup>30</sup> Tuvalu Aviation Investment Project Additional Finance III - P163856.

recently issued *Good Practice Note on addressing GBV in Projects Involving Large-scale Civil Works*. In Nepal, the Bank, through the *First Programmatic and Fiscal Public Financial Management DPC*<sup>31</sup> is supporting a critical initiative of the National Women's Commission (NWC) to address GBV through adoption of an integrated platform for a comprehensive response system and to coordinate and expand access to services for GBV cases. It is supporting the NWC to establish a 24-hour helpline operated by trained staff.

**31. Bank teams report some challenges in addressing GBV in operations in FCV contexts.**

While knowledge and guidelines are available, operational examples and experiences remain more limited (i.e. one project in IDA17). Teams may also face challenges in prioritizing GBV over other interventions in country programming, particularly in complex fragile settings and where GBV is a sensitive topic for governments. Lessons to date highlight the importance of ensuring the quality and reliability of key demographic data to understand specific risks affecting women and girls, including in situations of forced displacement. Integrating gender experts into the task team early in project preparation has proven an effective way to ensure that these issues are front-and-center in project design.

**32. While progress has been made on this policy commitment, IDA will actively identify opportunities for further increasing the number of operations in fragile contexts.** Concerted efforts will be required to ensure a robust pipeline of operations substantively addressing GBV in FCV contexts for the remainder of IDA18.

**Looking ahead: addressing multidimensional and intersectional risks**

**33. There is growing recognition that countries often face multiple, overlapping risks beyond those stemming from fragility, including climate change and natural disasters and economic shocks.** The Solomon Islands, for example, is a country exposed to multiple natural disasters and fragility risks. Through the *Solomon Islands Community Islands Access and Urban Services Enhancement Project*<sup>32</sup>, IDA is targeting key sources of fragility including: (i) exposure to the effects of climate change and geophysical hazards, and capacity to cope and adapt to natural disasters; and (ii) lack of physical access to economic resources such as transport and market infrastructure. The project enhances resilience of communities by improving connectivity links between remote residential areas and the main transport networks. This is essential to allow women and children to participate in the local economy, and to provide safe and timely access to socio-economic services and markets, especially during hazardous weather conditions. Beyond the physical aspects of access and connectivity, the removal of barriers plays a role in social connectivity that supports re-establishment of bonds between communities and begins to rebuild confidence in state institutions.

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<sup>31</sup> P160792.

<sup>32</sup> P161320.

### **OBJECTIVE 3: IMPROVING STAFFING AND OPERATIONAL EFFECTIVENESS AND FLEXIBILITY**

34. **Delivering on the IDA18 scale up requires an expanded staff presence in FCV settings and a stronger employment value proposition (EVP) that encourages staff to work in and on FCV.** It also requires fit-for-purpose operational policies specifically tailored to FCV dynamics.

#### **A. INCREASING THE STAFFING FOOTPRINT IN FCV CONTEXTS**

35. **Pursuant to Policy Commitment 6, the WBG is increasing its staffing footprint in FCS and countries with significant risks of FCV.** As of end-September 2018, the total number of staff based in IDA FCS and RMR countries is 746 (see Figure 3).<sup>33</sup> This is a net increase of 85 staff since the September 2016 baseline, which represents just over half of the IDA18 objective to increase staffing by at least net 150 staff. Of these 85 new staff, 66 staff are GE+ professional staff. The Bank also has staff based in “FCV Hub” locations who work exclusively on FCS and RMR countries<sup>34</sup> (see Annex 1).

36. **Beyond IDA FCS, Blend and RMR countries, the WBG is also making progress in increasing its staffing footprint in IBRD FCS countries.**<sup>35</sup> As of end-September 2018, the total number of staff based in all FCS countries (IDA, Blend, IBRD) based on the respective fiscal year harmonized list was 766. This is a net increase of 132 staff since the June 2016 baseline, of which 106 are GE+ staff.

37. **In addition to full time staffing, the Bank is gradually increasing its facetime in FCV contexts.** The Facetime Index has increased by 5 percent in IDA FCS and RMR countries in FY18 compared to the FY17 baseline.<sup>36</sup> Greater flexibilities have also been adopted for hiring contingent staff in FCS.<sup>37</sup>

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<sup>33</sup> Conditions: IDA FCS staffing data is based on frozen FY17 Harmonized List and list of IDA provided by DFCII. RMR Countries: Guinea, Nepal, Niger, Tajikistan

<sup>34</sup> FCV Hubs are defined as a set of duty stations with staff who work exclusively on nearby FCS / RMR countries, and due to security concerns and travel limitations in/out of said FCS locations are based in these nearby hubs. This list includes the following countries: Australia (covering Tuvalu and Solomon Islands), Kenya (covering Burundi, Somalia, South Sudan), Lebanon (covering Iraq), Thailand (covering Afghanistan and Pakistan), United Arab Emirates (covering Afghanistan, Pakistan, West Bank & Gaza), Austria (covering Kosovo). Staff working exclusively on FCS are determined based on time charged in the WBG’s TRS system, only staff with 90 percent or more normalized staff weeks charged to IDA/Blend FCS countries on the FY17 Harmonized List and the 4 RMR countries are included in this count.

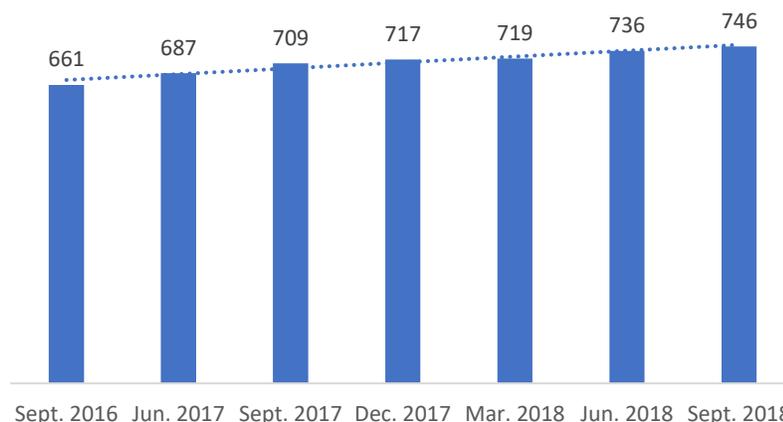
<sup>35</sup> At the corporate level, the WBG also measures staffing in all FCS countries (IDA, Blend and IBRD) based on the current FCS Harmonized List of each fiscal year using a baseline of June 30, 2016.

<sup>36</sup> The Facetime index shows professional (GE+) staff presence on the ground in FCS per fiscal year, measured as a percent increase from the FY17 baseline. It is calculated in total number of days and then converted to an index where the baseline (FY17) is 100. The facetime index is calculated once per fiscal year, on full year basis, and captures the following components: (i) Days of GE+ Bank staff based in FCS at end of FY (assumed number of days per year 220 x number of staff); (ii) Days paid for GE+ STCs (local and international) based in FCS during the full FY; (iii) Mission days, during full FY, from non-FCS to FCS for GE+ Staff and STCs, who are not based in FCS.

<sup>37</sup> Country Directors/Managers can now: (i) extend the use of contingent staff working exclusively in/on FCS from 150 days to 190 days per fiscal year; and (ii) waive the ‘cooling off’ period of 365 consecutive days for WBG retirees to work exclusively in/on FCS as contingent staff.

38. **Despite progress in scaling up staffing in these locations, there have been significant challenges in increasing the staffing footprint, especially in IDA FCV contexts.** There have been some delays in filling new positions with appropriate staff. While a Bank-wide study of talent, performance and promotions process showed no bias against staff who had work in/on FCS, the Bank needs to do more to ensure that FCV-related work receives greater recognition in terms of career progression. To this end, the Bank recently implemented measures for more systematic tracking of staff with FCV experience. The aim of this tracking is to ensure that key HR processes, including talent pools, talent reviews and performance ratings processes, more proactively discuss, and strongly consider, FCV-experienced staff. Continued proactive next assignment planning for FCV staff will also be important in this regard, with a focus on ensuring that next assignments are appropriate and attractive, and that staff are notified of their next assignment well ahead of time to enable smooth transitions.

**Figure 3. Bank Full Time Staff in IDA FCS & RMR Countries**



*Note:* IDA FCS Staffing data is based on frozen FY17 Harmonized List and list of IDA provided by DFCII. RMR Countries: Guinea, Niger, Nepal, Tajikistan.

39. **Significant progress has been made in strengthening the EVP for staff working in and on FCV.** The WBG has strengthened next assignment planning; enhanced FCV experience measuring and proactive usage; and conducted a study of talent, performance and promotions processes. The WBG has also strengthened compensation and incentives, through the introduction of Hazard & Fragility Pay, enhanced Out-of-Country Care, and introduction of FCV criterion into VPU awards. Several measures have been implemented to improve staffing, health, wellbeing and security. To better equip and support FCV staff, the WBG has invested more in learning and development offerings, including expanded field-based offerings (see Annex 1).

40. **For the remainder of IDA18, the WBG will continue efforts to increase the staffing footprint to meet the objective of a net increase of at least 150 staff.** With regards to the EVP, the WBG will continue to monitor and implement areas that require attention including next assignment planning, career management, and health and wellbeing for FCV staff. The WBG will also focus on the delivery of on-the-job skills building and expanding learning and leadership programs for staff.

## **B. IMPROVING OPERATIONAL EFFECTIVENESS AND FLEXIBILITY**

41. **The WBG's effectiveness in FCV contexts has been strengthened by updates in policies and procedures.** In 2013, the WBG introduced condensed procedures for preparation for Situations of Urgent Need of Assistance or Capacity Constraints. These procedures have increased

flexibility by deferring several preparation tasks, thereby allowing teams to respond faster in FCV contexts. The portfolio analysis in the first year of IDA18 shows that in general, investment lending projects in FCS take five months less to prepare (from concept to first disbursement) relative to non-FCS and four months less for DPOs. The new procurement framework allows for fast, flexible and fit-for-purpose responses. Features of the new framework include the possibility for the WBG to provide hands-on implementation support, the use of Alternative Procurement Arrangements (APA) and the possibility to use the framework agreements with UN Agencies. The new ESF is based on a more risk and outcomes-based approach designed to facilitate an environmental and social assessment process appropriate to the nature and scale of the project and proportionate to the level of environmental and social risks and impacts. This adaptive approach allows for greater flexibility throughout the life of projects. The ESF enhances requirements for transparency and stakeholder engagement and expands the scope of social issues which strengthen project design. In addition to the condensed procedures, the key new ESF features of proportionality, adaptability and systematic coverage help to address some of the challenges faced by both Borrowers and the Bank in preparing and implementing projects in FCV contexts.

42. **In July 2017, the Board approved streamlined procedures to delegate to Bank Management the approval of most project restructurings.** This aims to speed up the response to clients and increase adaptability of operations. The WBG's Agile initiative has enabled staff to pilot ways to further improve business efficiency and new approaches to focus on results. For example, in Nepal, the SCD and CPF were prepared focusing on what it takes for the country to achieve its short and medium-term results, and the WBG's contribution in this regard. This has enabled the WBG to apply a multi-sectoral lens to tackling the development challenges faced in a post-conflict country such as Nepal. It also led to a shorter, more concise SCD and CPF.

43. **To complement these flexibilities, several recent innovations have been introduced.** In January 2017, the Board approved two important changes to the Project Preparation Facility (PPF): (i) an increase in the commitment authority delegated by the Board to management from US\$290 million to US\$750 million; and (ii) the introduction of new flexibilities in accessing the PPF through a "programmatic" approach that allows a single Project Advance (PA) to support multiple operations under preparation and/or to strengthen core government functions critical to the implementation quality of the portfolio. The PPF is critical to supporting the IDA18 pipeline, especially in resource-constrained and FCV contexts. Current PPF usage has increased nearly 50 percent from the pre-2017 Board approved changes. Two of the six regions (Africa and East Asia and Pacific) have had exceptional demand for the PPF that has necessitated an increase in their regional allocations.

44. **In July 2017, the Multi-Phased Programmatic Approach (MPA) was approved by the Board.** This allows Bank clients to structure a long, large or complex engagement as a set of smaller linked operations. As such, the Board approves the overall program and its financing envelope and authorizes Bank Management to commit financing for individual phases. It is especially relevant in FCV contexts, where learning and quick adaptation to changing situations is needed. It also provides opportunities to focus on chronic and strategic development issues, which require consistency in IDA support. It provides a programmatic platform that other partners and donors can join, allowing enhanced partnerships on the ground to maximize finance. Under

IDA18, two MPAs have been approved so far, one in Madagascar, and a Regional Project in Western Africa (Cote d'Ivoire and Ghana). There is also a healthy pipeline of MPAs for FY19.

45. **To operate more effectively in FCV contexts, the Bank has strengthened its approaches to supervision, including through Third-Party Monitoring (TPM).** In FY18, the Bank conducted the first systematic review of TPM, consulting with 70+ staff from 16 units to gather data on implementation models, costs, best practices, risks and benefits. The Bank has so far elicited 16 contracts for TPM in seven countries (Afghanistan, Pakistan, Iraq, Yemen, Cameroon, South Sudan, and Somalia) totaling US\$51.5 million; 96 percent are financed by trust funds and only 4 percent from Bank Budget (BB). At an average contract cost of US\$2 million for 3 years, TPM is far costlier than the average yearly BB allocation (~US\$200,000). TPM presents opportunities but also challenges, ranging from increased access to insecure areas to potential conflicts of interests among others. To help teams navigate this process, the Bank is developing practical guidance and is piloting portfolio-wide TPM approaches to increase efficiency and improve economies of scale and knowledge sharing across operations.

46. **The Bank is scaling up fit-for-purpose and cost-effective information and communications technology (ICT) methods to contribute to effective project implementation and supervision in access-constrained environments.** The recently launched Geo-Enabling initiative for Monitoring and Supervision (GEMS) supports project teams to use ICT solutions to enhance monitoring and evaluation; remote supervision, real-time safeguards monitoring and portfolio mapping and coordination. GEMS has met with widespread demand from clients and WBG country teams and has been implemented across 10 CMUs covering about 65 WBG-funded projects. This has provided teams operating in FCV settings such as Burundi, DRC, Myanmar, Northern Mali, Northeast Nigeria, Pakistan and South Sudan with sustainable real-time insights into dynamics in the field. This has been crucial for enhancing the Bank's reach, operational effectiveness and delivery of development outcomes to vulnerable populations.

47. **The WBG is also harnessing the use of other technologies to close crucial information gaps in FCV contexts, especially in areas with the most limited access.** In Somalia, the Poverty GP has developed a tracking device that is sewn into tent covers and will send a location signal every few days for more than two years. The devices are distributed among an almost representative sample of nomads and the retrieved data will help to improve service delivery especially in times of localized conflicts. In Mali, an Iterative Beneficiary Monitoring approach was developed to support project implementation and supervision to adapt and course-correct using local knowledge, small samples, and phones where available.

#### **OBJECTIVE 4: PROMOTING PARTNERSHIPS FOR A MORE EFFECTIVE RESPONSE**

48. **Working in FCV effectively requires the WBG to collaborate with a range of multi-lateral actors (especially the UN) and bilateral partners based on comparative advantages, for enhancing joint impact.** The WBG has enhanced impact and effectiveness in FCV through its partnerships. IDA18 has promoted a more effective response in FCV settings by encouraging joint activities with the UN, Multilateral Development Banks (MDBs), the EU, bilateral development partners and others.

49. **During IDA18, the United Nations – World Bank collaboration has seen progress at both the strategic and operational levels.** The UN-WB Partnership Framework in Crisis Affected Situations was updated in 2017 to present the guiding principles, strategic intent and commitments for a strengthened partnership. A progress review one year later has demonstrated significant collaboration, including achieving more systematic coordination on joint analyses and assessments of multi-dimensional risks, coordinated efforts in addressing forced displacement, dialogue on the conflict prevention agenda and more data and information sharing.<sup>38</sup>

50. **Addressing the increasing complexity of violent conflict requires coherence and complementarity of actions across the humanitarian, development, peacebuilding and security divide that encompass political, security, human rights, and economic and social dimensions.** This requires bridging the gap between humanitarian-development-peace actors based on comparative advantages, to enhance quality and sustainability of both humanitarian interventions and in implementation of IDA projects.

51. **In Somalia, as part of the famine response, the WBG has strengthened partnerships with the ICRC and FAO to deliver services in the most remote, insecure parts of the country.** As Somalia moves towards arrears clearance for IDA, the WBG in partnership with the Government, UN, and other key development partners are undertaking joint assessments and planning (i.e. Recovery and Resilience Framework) to prepare the ground for the potential flow of IDA resources. This has been supplemented by joint analytical work, as well as UN-WB collaboration around security sector reform, a critical part of the overall macro-fiscal outlook in Somalia. In Mali, implementation through UNOPS and logistical arrangements with MINUSCA are enabling the implementation of World Bank's Project Phare, aimed at rehabilitation of the Port of Konna, critical for the stabilization of Central Mali.

52. **Under the joint UN-WB Humanitarian-Development-Peace Initiative (HDPI), catalytic funding has been provided to seven pilot countries<sup>39</sup> to strengthen partnership by supporting identification of collective outcomes, data sharing, joint assessments, and common strategic planning exercises.** Under the HDPIs, the development of the FATA Transition plan in Pakistan has been supported and shared data platforms for enhanced strategic planning and programming have been established in the Central African Republic (CAR) and Yemen. A stocktaking exercise in 2018 showed that these activities have informed the development of IDA projects and allocations in the pilot countries. Future initiatives will include emphasis on conflict prevention and risk mitigation and focus on development-peace linkages.

53. **To support the development aspirations of refugees and host communities, the WBG has developed a close partnership with UNHCR.** This partnership has already translated into concrete activities on the ground, including joint assessments, joint data analysis and evidence-building, and coordinated policy dialogue. WBG teams and UNHCR have conducted joint missions in over 15 refugee-hosting countries in preparation for RSW implementation and have engaged in dialogue on monitoring the continuous adequacy of the refugee protection framework in eligible countries. The WBG's engagement in the preparation of the Global Compact was

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<sup>38</sup> UN-WB Partnership Framework for Crisis-Affected Situations, Partnership Report July 2017 – June 2018.

<sup>39</sup> Central African Republic, Cameroon, Guinea Bissau, Somalia, Sudan, Pakistan and Yemen.

instrumental in shifting the substance of dialogue from a pure humanitarian agenda to one that also reflects development principles.

54. **The WBG has also deepened its collaboration with MDBs to ensure more comprehensive and coordinated approaches to the issues of forced displacement and economic migration.** The MDB platform launched in April 2018 aims to initially focus on refining the common framework for MDB engagement; advancing cooperation on knowledge, evidence, and data; ensuring coordination on priority topics in coordination with governments, UN, and other partners; and deploying better-targeted instruments and products.

55. **Pursuant to Policy Commitment 7, the WBG is working with the UN and EU to increase “joined up” approaches to address FCV.** Grounded in the 2008 Joint Declaration on Crisis and Post-Crisis Assessment and Planning, Recovery and Peacebuilding Assessments (RPBAs) offer a platform for collaboration around joint analysis, needs assessments, and to help governments and national stakeholders prioritize activities in response to conflict. RPBAs are frequently used to underpin national recovery plans, and are also designed to support resource mobilization, international donors’ conferences, and to inform budget allocations.<sup>40</sup> The Turnaround Regime allocation to CAR followed the completion of an RPBA, allowing the WBG to become the biggest development partner in the country following the Brussels donors conference in November 2016. RSW allocations in Cameroon were also developed as part of the RPBA process (see Box 8).

56. **RPBAs have been utilized to coordinate the work of international, bilateral and regional organizations in a variety of conflict-affected contexts.** With the support of the State and Peacebuilding Fund (SPF), the WBG has undertaken efforts to socialize RPBAs throughout staff and systems. In conjunction with the EU and the UN, the WBG has conducted four international trainings.<sup>41</sup> Trainings have focused on building capacity and providing early preparation to staff in countries where RPBAs are imminent. The WBG has also launched an online training for the RPBA methodology. The WBG also established a global Community of Practice, the Global Leads and Experts Team (GLET), comprising experts from across the institution. GLET convenes periodically, to provide guidance on the RPBA methodology.

57. **To mark the 10-year anniversary of the Joint Declaration, the EU, UN and WBG plan to revise and renew a commitment to deepen collaboration in support of recovery, reconstruction and peacebuilding.** The revised Declaration will likely consolidate the progress made to establish RPBAs as a critical part of the toolkit for conflict responses. It should also expand collaboration beyond needs assessments to look at upstream analytical work, data sharing, and support to national planning processes. It will also further explore how to formalize the use of RPBAs to consolidate support for national transitions and turnaround reform programs.

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<sup>40</sup> Under IDA18, the RPBA for Cameroon has been completed, and ongoing in Zimbabwe. RPBAs are under discussion in Chad, Liberia, Sudan, Yemen, Myanmar and Syria.

<sup>41</sup> Amman (March 2017); Addis (June 2017); Bangkok (November 2017), and Beirut (April 2018).

### **Box 8. Cameroon Recovery and Peacebuilding Assessment**

Cameroon faces multiple challenges: internal fragility, a volatile sub region, external pressures related to Boko Haram, and conflict in neighboring Central African Republic (CAR). In addition, a deteriorating economic landscape, climate-related events, and the continued lack of access to basic social services has increased food insecurity and disease epidemics. The 2014 drop in oil prices compounded the nation's macroeconomic crisis, resulting in lower growth rates, and requiring increased government spending to address the security challenges and counter the impact of social services challenges. Acknowledging that a concerted effort is required to address both structural deficiencies and the direct impact of crises, the Government of Cameroon requested the assistance of the EU, UN and the WBG to develop a Recovery and Peace Consolidation (RPC) Strategy for the Northern and East regions of Cameroon. The strategy aimed to combine recovery and development interventions and promote a more efficient national and international engagement in response to the subnational crisis. The process complemented ongoing efforts by the government and international partners to address major development challenges, and responded to the humanitarian situation in the target regions. Finally, the RPC was developed to align with budget support programs being developed between the government and different partners, and with other key ongoing reforms.

58. **The SPF (a multi-donor trust fund) supports catalytic and innovative state-building and peacebuilding initiatives in FCV settings, as well as relevant analytical work.** The SPF was consolidated and redeployed to be more nimble and demand-based, allowing support to priority areas closely aligned with the differentiated approach under IDA18. By consolidating FCV trust funds, the SPF serves as a catalyst for IDA, and provides a harmonized coordination platform for like-minded partners using a streamlined governance structure. The SPF has operationalized work on forced displacement, with more than US\$10 million programmed towards strengthening design and implementation of interventions and analytical works to support countries eligible for the RSW. The SPF will scale up its work on prevention and risk-mitigation approaches in line with the recommendations of the *Pathways for Peace* Report. This includes supporting and drawing insights from the RMR. The SPF also provides support to the RPBA Support Facility. Following the IDA18 replenishment agreement, the SPF financed a US\$1 million initiative of small grants to promote prevention and response to GBV in IDA18 pipeline projects.

## **OBJECTIVE 5: ENHANCING FINANCING TO SUPPORT FCS.FCV**

59. **Pursuant to Policy Commitment 8, the Bank is implementing the IDA18 resource allocation framework and doubling concessional core support to FCS relative to IDA17.** The Turnaround Regime continues to provide significant support to countries undergoing transitions. The new RMR provides enhanced support to mitigate drivers of conflict and fragility. The new RSW provides additional non-core financing to help IDA countries to integrate refugees and host communities.

### **A. SCALING-UP CORE IDA: DOING MORE IN FCV CONTEXTS**

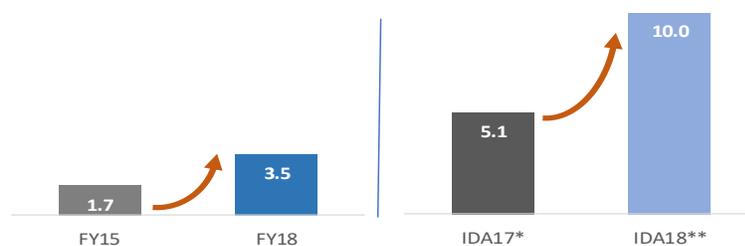
60. **IDA18 enabled a significant scale-up in core support to FCS/FCV.** This support was underpinned by several adjustments to the PBA system to both increase and simplify allocations.<sup>42</sup>

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<sup>42</sup> IDA18 made the following adjustments to the PBA system:

61. **Core allocations to FCS and the four RMR countries totaled US\$4.9 billion<sup>43</sup> in FY18.** This is more than double FCS allocations in FY15 (see Figure 4). In FY18, the share of all PBA allocations going to FCS increased to almost 29 percent of total IDA annual allocations, compared to a share of

**Figure 4. Core IDA Allocations to FCS/FCV (in SDR billion)**



\*Original allocations before reallocations at the end of IDA17

\*\*Indicative allocations

18 percent in FY17. The actual FY18 IDA commitments to operations in FCS amounted to nearly US\$4.9 billion (or 20 percent of total IDA commitments) and accounted for more than half of the total grants committed that year.

62. **In FY18, commitments from core PBA allocations in FCS and the four RMR countries reached US\$4.1 billion.** This volume is 53 percent higher than the annual average of US\$2.7 billion during IDA17. FY18 commitments show a utilization rate of about 84 percent, which is somewhat lower than the 96 percent rate of FY15 (the first year of IDA17). Year-by-year variations in commitments can be expected in FCV contexts, which by their nature exhibit higher volatility and risks of various kinds. Situations on the ground can quickly change lending assumptions in a fiscal year. For example, several countries frontloaded their FY18 allocations by more than 50 percent to mitigate risks, including Nepal, Republic of Congo and The Gambia. Meanwhile, the DRC and Guinea backloaded their FY18 allocations by more than 50 percent, while Papua New Guinea, South Sudan and Myanmar did not utilize their FY18 allocation.

63. **Utilization of FCS and RMR allocations is likely to speed up in the later years of IDA18.** The FY19 pipeline is strong. In the first quarter of FY19, commitments reached US\$1.5 billion. Cumulatively, the first five quarters of IDA18 commitments to FCS and RMR countries increased by 78 percent to US\$6.5 billion, of which US\$5.6 billion was financed from core IDA. Nonetheless, close monitoring will be required to ensure delivery of the projected scale-up in FCS and RMR countries.

64. **The scale-up to FCS has allowed IDA to finance ambitious programs to support countries in addressing fragility and development challenges.** This scale up has allowed countries that face multidimensional fragility challenges, to make significant long-term

- a. an increase in the annual minimum based allocation (US\$6 million to US\$21 million) that enhanced support to small states that are vulnerable and fragile. A similar increase was also implemented for TAR;
- b. an increase in the poverty orientation of the PBA formula by reducing the weight of Country Performance Rating—an adjustment that benefited FCS;
- c. removal of the 20 percent discount and MDRI netting out; and
- d. establishment of the RMR to provide exceptional support to allow additional resources to target specific FCV drivers, mitigate identified fragility risks, and support four pre-identified countries (Guinea, Nepal, Niger, and Tajikistan) that present increased risks of fragility. Non-core financing was also enhanced through the creation of the US\$2 billion RSW.

<sup>43</sup> Based on IDA18's reference rate of USD/SDR at 1.402.

development investments, while also addressing short term risk factors. In Papua New Guinea, the IDA scale-up has enabled the WBG to engage in several new activities including the preparation of a high visibility DPO aimed at addressing serious economic vulnerability risks, a push for extension of service provision to underserved populations and dedicated investments for tackling youth unemployment in urban areas. IDA commitments to the Sahel region (i.e., Burkina Faso, Chad, Mali, Mauritania, and Niger – using the definition of the Sahel Alliance) reached US\$1.3 billion in the first year of IDA18 (FY18), a doubling compared to its annual average of US\$630m during IDA17 (FY15-17). In Chad, the IDA18 scale up is enabling increased investments in the revitalization and diversification of the economy as well as strengthening basic service delivery while shifting resources from short-term emergency response to resilience building activities (see Box 9).

### **Box 9. FCV Scale Up in Chad**

Chad's history has been characterized by recurrent instability. Since 2015, two external shocks have contributed to a worsening situation: the global oil price slump and regional insecurity. As a result, Chad's economy contracted over the last several years, while the country had to increase security-related spending and host large numbers of refugees. As a result, external funding has been tilted towards short-term emergency response. Under IDA18, Chad's IDA allocation more than doubled, creating space to make long-term development investments and tackle fragility challenges.

The IDA18 scale up increased investments in the revitalization and diversification of the economy as well as strengthening service delivery. Synergies across country program elements are being leveraged under new projects. The new Rural Mobility and Connectivity Project (P164747) will be implemented in the same regions as the recently approved Climate-resilient Agriculture and Productivity Enhancement Project (P162956) to enhance farmers' access to markets. A new project under preparation on skills development aims to strengthen youth employability, including the acquisition of better farming techniques in areas with agricultural growth potential.

The WBG's portfolio also includes important elements of flexibility to respond to emerging needs. A recent pastoral crisis was swiftly responded to by activating a crisis response component under the regional livestock project. Renewed refugee inflows from CAR have stretched the capacity of the government. The WBG therefore supported additional financing to the Emergency Food and Livestock Project (P163258) in early FY18 for which implementation is contracted out to UN agencies to swiftly meet the needs of forcibly displaced populations and host communities. The RSW and the IDA Regional Program are providing further entry points for improving productivity by extending small irrigation schemes as well as enabling a multi-sectoral response to improve access to services, social protection and livelihoods in refugee hosting areas.

In step with its commitment to hire more staff in FCS and the growing work program in Chad, the WBG has been increasing its footprint on the ground through enhanced staffing. This approach is starting to pay off through increased disbursement rates – 25.9 percent in FY18 compared to 17.6 percent in FY17 and enhanced attention to results owing to hands-on client support during preparation and implementation.

Early results of IDA18 include: (i) timely response to the pastoral crisis with livestock feedings to prevent the death of cattle; (ii) distribution of seeds in refugee-hosting areas to avoid a lost harvest; (iii) contribution to averting cholera and measles outbreaks; and (iv) provision of cash transfers and cash for work to the most vulnerable segments of the population. These activities are part of a broader commitment to move from humanitarian emergency response to resilience building. As part of this shift to prevention, the WBG is strengthening government capacity to prevent and respond effectively and efficiently to crisis thus allowing the most vulnerable to focus time and resources towards activities that can improve their living standards over time.

## B. THE EXCEPTIONAL CASE OF YEMEN

65. **The PBA system is designed to incentivize performance by channeling more resources to countries where policies and institutions are of better quality, to target scarce concessional IDA financing where it can be used most effectively.** Active severe conflicts cause a range of vulnerabilities and disruptions that reduce the quality of institutions. In particular, service delivery institutions can become particularly weak. Governments face different imperatives and incentives, and they often have limited reach or ability to improve performance. As a result, country performance ratings often deteriorate, which in turn lowers their notional IDA allocations to a shallow level that inhibits meaningful engagement at the humanitarian-development nexus. Meanwhile, in line with the differentiated approach, there are times where shareholders will expect the Bank to remain engaged in situations of active and severe conflict.

66. **Core IDA support for Yemen has fallen significantly in recent years.** In FY18, Yemen's allocation was SDR 94.5 million, and in FY19 it is dropping further to the lowest per capita among IDA countries.<sup>44</sup> There are adjustments in the PBA model that address structural vulnerability and fragility issues in small, post-conflict, and/or re-engaging countries, but these do not apply to Yemen. Furthermore, Yemen has already availed itself of all available resources to boost IDA's support to the crisis.

67. **Yet, the Bank has found a way to be effective in Yemen, working with partners, preserving development gains that would otherwise be lost and investing in the country's future peace and stability.** The *Emergency Crisis Response Project (ECRP)*<sup>45</sup> is achieving impressive results. It provides short-term employment and access to basic services to the most vulnerable; preserves existing implementation capacity of two service delivery agencies; and provides emergency cash transfers to the poor and vulnerable in response to the food crisis.

68. **Management seeks feedback on a special allocation for Yemen.** Under this proposal, for the remainder of IDA18 Yemen would be notionally allocated US\$400 million to ensure the continuation of the ECRP for FY19 and FY20. The difference between this amount and the PBA would be sourced from unallocated TAR resources to avoid a negative impact on other countries' allocations. Annex 2 outlines the proposal. Meanwhile, recognizing that PBA adjustments will never meet the profound needs of Yemen, the WBG should pursue large-scale financing through a complementary multi-donor trust fund (MDTF) that can multiply IDA's efforts.

## C. RISK MITIGATION REGIME: PREVENTING AND MITIGATING FCV RISKS

69. **The RMR offers a new innovative mechanism for the WBG to more proactively support a select group of countries to prevent and mitigate conflict and fragility risks.** The RMR promotes development interventions as a means of preventing fragility and conflict by

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<sup>44</sup> In FY18, Yemen's allocation was SDR 3.42 per capita. The low allocation is mainly due to its low country performance rating (CPR of 2.24 in CY16), the lowest among IDA-eligible countries, after South Sudan (1.64) and Eritrea (2.22). However, South Sudan still receives exceptional post-conflict support, so the per capita allocation is relatively high at SDR5.4. Eritrea's per capita "allocation" is also high at SDR5.89 because of its relatively small population and the base allocation. Yemen's CPR continues to fall and stands at 2.03 in CY17, a considerable drop from its three-year average CPR of 2.83 in CY12-14 before the conflict.

<sup>45</sup> P159053.

providing incremental financing support to target FCV risks and reinforce sources of resilience. The RMR also provides an important vehicle to implement and operationalize the findings of the *Pathways for Peace* report at scale, and recommendations on the implementation of the study are informing activities in the RMR countries. The introduction of the RMR offers a complement to the TAR and exemplifies how IDA is adapting its financing mechanisms to the differentiated approach in FCV contexts, and operationalizing the call for increased focus on prevention.

70. **The RMR has improved Bank programming and policy dialogue with clients in Nepal, Guinea, Niger, and Tajikistan.** Varying CPF cycles have led to staggered timelines in RMR implementation, but all countries appear to be responding well to the new incentives. In total, the additional financial resources to the four RMR countries could reach about US\$840 million in IDA18. In each of these countries, the use of enhanced resources was informed by an RRA, and detailed Implementation Notes identified how additional RMR financing will be allocated to address causes of conflict and core drivers of fragility. Experience shows that the requirement to undertake an RRA and prepare Implementation Notes to access additional resources has contributed to policy dialogue on FCV-related issues. It has also helped to ensure that FCV issues were centrally integrated into SCDs and CPFs.<sup>46</sup> RRAs and Implementation Notes have also increased awareness among country teams on how the country program can address fragility risks beyond RMR-financed operations.

71. **In Nepal, RMR support prioritizes strengthening institutions and governance of the new federal system, and addressing equity and inclusion, especially in terms of access to economic opportunities.** The Nepal RRA was an important analytical tool that provided a fragility lens across the priority results areas in the CPF. Likewise, the RMR is adding value to the WBG's support to strengthening Nepal's resilience. The *First Programmatic and Fiscal Public Financial Management DPC*<sup>47</sup> aims to address the most immediate sources of fragility related to the new federal state. It has been critical in supporting policy reforms for Nepal to move towards fiscal federalism and improved public financial management, taking into consideration geographic disparities, an important prerequisite for the transition of functions and functionaries. This DPC will be complemented by an institutional needs assessment of local governments, currently underway and financed by the WBG and partners including DFID and the Swiss Development Cooperation. This assessment will serve as a platform for development partners to harmonize their capacity-building support for local governments which is critical for averting disruption of service delivery and ensuring access to services for all. RMR resources will also be allocated to operations focusing on jobs creation to promote inclusion and participation of youth and women.

72. **In Guinea, RMR resources are channeled to promoting inclusive institutions, strengthening accountability and transparency in the extractives sector and improving resilience to shocks and access to employment opportunities for youth.** As part of IDA's support to strengthening local governance, the Guinean government team is testing a community-based conflict early warning and response system that will be rolled out based on early experiences. A pipeline project aims to support Electricité de Guinée in its efforts to meet the challenges of electricity distribution in Conakry, secondary cities and rural areas thereby addressing a source of popular dissatisfaction and grievance.

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<sup>46</sup> Implementation Notes have been fully incorporated as Annexes into the CPF of Niger, Guinea and Tajikistan.

<sup>47</sup> P160792

73. **In Niger, RMR resources are supporting projects in diverse sectors, including governance, service delivery, agriculture, social protection & labor, transport and social development.** The *Niger Youth Employment and Productive Inclusion Project*<sup>48</sup> aims to expand income-generating activities for youth. The *Niger Skills Development for Growth Project*<sup>49</sup> will contribute to improving effectiveness of technical and vocational training, short terms skills development and apprenticeship programs. A project under preparation aims to strengthen economic opportunities for youth and women, including in conflict-affected regions, by improving rural transport infrastructure and sustaining road access of farming communities to production sites, markets and basic social services. Another pipeline project, which benefits from both RMR and RSW financing, will aim to improve access to basic services and economic opportunities for refugees and host communities to help prevent an escalation of violence in areas affected by cross-border insurgencies.

74. **In Tajikistan, two complimentary operations are envisaged to respond to the fragility risks and sources of resilience identified in the RRA.** RMR resources will focus on rural development and socio-economic resilience in the high-risk regions of Khatlon and the Gorno-Badakhshan Autonomous Oblast (GBAO). These interventions aim to address governance challenges, economic risks, socioeconomic exclusion of youth and women, and regional and cross-border challenges. The first operation, the *Community and Youth Resilience Project*<sup>50</sup>, aims to close gaps in access to services, including electricity and clean drinking water, and strengthen community resilience by introducing innovative models for community-owned and managed service delivery. The project will also provide social and economic support to at-risk youth and women, who may be vulnerable to radicalization. The second operation, *Rural Economy Development Project*<sup>51</sup>, will aim to create jobs for underserved segments of the population by developing private sector opportunities in labor intensive sectors, including tourism and construction. Support to cultural heritage through the tourism sector will allow ethnic minorities a positive outlet through which to express and promote unique forms of cultural identity.

75. **Early progress under the RMR has been encouraging, but it is still early days and much work remains.** The WBG will need to continue to ensure that operational teams integrate the agreed RMR priorities and activities into project design and implementation in both RMR-financed operations and the wider country portfolio. To this end, country teams and tasks teams will work closely to ensure an FCV-sensitive lens is integrated into country programming. FCV advisors have been deployed to locations including Mali and Myanmar and are providing implementation support to neighboring RMR countries such as Niger, Guinea and Nepal. It will also be important to invest in establishing and strengthening monitoring systems at the country level to track the evolution of the country risk landscape, and progress and results of RMR-financed interventions. A grant from the SPF will be mobilized to support country teams in this area and help adapt operations to local contexts and implementation challenges, and strengthening policy dialogue. Stronger emphasis should be placed on partnership with key actors such as the UN and EU to support countries in RMR implementation.

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<sup>48</sup> P163157

<sup>49</sup> P163467

<sup>50</sup> P168052.

<sup>51</sup> P168326.

76. **Lessons are also beginning to emerge from the introduction of the RMR.** One early lesson is that accessing and committing RMR resources is taking time compared to regular core PBA resources. This is due to the need to familiarize country teams and clients with the purpose of the regime and the more rigorous requirements (i.e., RRA, policy dialogue, Implementation Note) to ensure that resources are used for the intended objective. This should be factored in to any proposed expansion of the RMR. Second, feedback suggests that the pre-determination of RMR countries at the outset of the IDA cycle is somewhat rigid. FCV risks can emerge faster than a three-year IDA cycle, yet the RMR is not designed in a way that countries may be added flexibly during the cycle. This locks in a delay to the allocation of resources that could help governments to reduce FCV risks. Preventative approaches, as outlined in *Pathways for Peace*, suggest that early support to governments facing FCV risks is instrumental to prevent larger scale impacts.

77. **Looking towards IDA19, a pivot to prevention prompts a discussion of the future of the RMR.** One option may be to introduce a process for the identification of RMR countries within an IDA cycle to allow the WBG to respond more proactively and flexibly as warning signs and opportunities for systematic engagements on FCV risks emerge.<sup>52</sup> The TAR offers a model here, under which the process of identification is robust, but can occur within the IDA cycle, and the number of countries remains very small and targeted. By mirroring the TAR, the WBG would then offer enhanced and flexible support through surge PBA at key junctures of FCV risk – as countries risk descending into fragility and conflict, and to countries that emerge from conflict and turn around. IDA19 could also consider further how FCV risks should be prioritized to maximize preventative impact. A further issue to consider will be how countries should off-ramp from the RMR so that this regime is dedicated to supporting the most pressing FCV risks. These and other issues can form part of the discussion of the future of the RMR under IDA19.

#### **D. TURNAROUND REGIME: SUPPORTING COUNTRIES IN COMPLEX TRANSITIONS**

78. **The TAR continues to provide surge financial support to complex transitions in three countries.** The TAR helps countries take advantage of opportunities to build stability and resilience. The CAR and Madagascar continued the TAR eligibility that started in IDA17. The Gambia, approved in FY18, will start deploying TAR resources in FY19.

79. **Results to date show that resources afforded under the TAR have enabled eligible countries to pursue transformational interventions.** In the CAR, where about US\$250 million could be made available for FY17-FY19, the TAR has been designed to address fragility, and re-establish the social contract between citizens and government. The TAR was grounded in an RPBA, which established the national commitment to reforms and the international support for these reforms (as outlined in the National Plan for Recovery and Peacebuilding that was presented to development partners in 2016). The TAR program combines stabilization efforts with development and institution building. Implementation of CAR's TAR program (started in FY17) has progressed well. In FY18, CAR utilized 88 percent of its allocation committing US\$80 million to continue to support achievements of turnaround milestones that contributed to security and macroeconomic stability as well as laying the groundwork for improved governance. Stabilization efforts have included improving state capacity and allocation of resources, improving access to

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<sup>52</sup> This is consistent with the overall approach to crisis risk management that was set out in the GCRP, and the proposal to undertake regular risk scanning with periodic reviews at CEO-level to determine opportunities for preventive action.

basic education while strengthening the management of the education sector and basic service delivery (see Annex 4).

80. **In Madagascar, the TAR helps the CPF to focus on two objectives: (i) increasing the resilience of the most vulnerable people and reduce fragility; and (ii) promoting inclusive growth.** Key turnaround milestones and priorities for Madagascar have been underpinned by TAR support, which started in IDA17 (about US\$230 million per FY) and continues in IDA18. This built on strong commitment from the Government, which is reflected in Madagascar's high utilization rate of 95 percent or US\$385 million of its FY18 allocation. Projects were approved in the areas of inclusive growth, urban development and education. In FY19, TAR (about US\$415 million) is expected to support reforms in agriculture and land management, expansion of social safety nets, and least-cost electricity generation (see Annex 4).

81. **The Gambia received TAR resources starting in FY19 (about US\$77 million) to support major shifts in policy priorities to address fragility during transition and maintain momentum in restoring macroeconomic stability and strengthening governance.** As part of The Gambia's turnaround process, the WBG will monitor a series of indicators and milestones that testify to continued commitment to reform efforts to put the country on a sustainable trajectory out of fragility. These milestones are linked to drivers of fragility, and they will track the Government's reform commitment and effort to restore and sustain social and economic stabilization. A key intervention to quickly restore macroeconomic stability is a DPO series. This series features a first operation requested in FY19 and a second in FY20 that will support efforts to enhance macroeconomic stability, improve the environment for private-sector growth, and make progress towards debt sustainability, including by clearing SOE arrears and strengthening SOE performance.

82. **Countries under TAR face challenges even as they accomplish key milestones that will support the sustained trajectory towards stability.** In Madagascar, although much was accomplished, there were several setbacks. Issues related to governance and natural resources, remain challenging as vested interests continue to prevail despite efforts by authorities. In the CAR, despite the presidency and government's strong commitment to engage in a dynamic recovery and peacebuilding process, the country faces structural challenges and security-related risks in addition to low institutional capacity. These experiences underline the often volatile, non-linear and iterative nature of transition processes with risks of setback. However, a dynamic process that is sustained by authorities, combined with supporting opportunities that can maintain reform momentum and constant monitoring of key milestones are likely to yield success.

83. **As the first two countries under TAR approach the end of their eligibility periods in FY19, a reflection on their implementation experience could inform IDA19.** Results to date from two countries that are well-advanced in implementation under the TAR program show the value of additional resources in supporting efforts by countries to transition to a more sustainable path out of fragility. Experience in IDA18 also show that countries that were expected to be able to reach turnaround eligibility can see such opportunities slip away as other issues impact transition

processes<sup>53</sup>. Key questions that could be explored on TAR implementation include: (i) how the set-asides of resources for TAR can be linked and underpinned by analytics and objective measures of turnaround points that can identify and rank potential TAR eligible countries. This could strengthen the identification process for potential TAR countries and inform core resource set-asides as opportunities for turnaround emerge; (ii) how the size of financing is informed by experiences from the existing three countries and how demand for TAR resources was satisfied under the current formula. (iii) how incentives for use of TAR by a country can be strengthened. Events such as government transitions may require a mechanism for a tranche release of TAR to ensure the reform agenda is carried forward; and (iv) what principles could be applied to phase out TAR support and allow for a smooth transition of a TAR country back into the PBA system, avoiding that turnaround momentum is lost if resources are rapidly reduced.

**84. For Syria, US\$1 billion was notionally set aside under the TAR in anticipation that the situation there may improve during the IDA cycle and Syria may become eligible as a turn-around country.** Under IDA18, it was agreed that funds could be committed in Syria only after a range of conditions had been met, including arrangements for arrears clearance, the ability to supervise projects implementation in the field and the ability to engage with an appropriate government counterpart. It is unlikely that these conditions to use the TAR will be met during IDA18.<sup>54</sup>

**85. Meanwhile, the situation in Syria has deteriorated, and millions of Syrian people have fled abroad, and few have returned.** Neighboring countries face extreme pressures in hosting the refugee influx: Lebanon hosts 992,127 refugees (16.3 percent of their population) and Jordan hosts approximately 653,031 refugees (6.7 percent of their population). Syrian refugees in these countries have significant development needs (See Box 10).

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<sup>53</sup> In Guinea-Bissau, the WBG saw clear signs of emerging resiliency in 2014-15 and a joint Bank- UN mission found that the authorities' commitment to policy changes offered an opportunity to enter an era of stability and progress supportive of sustained medium- to long-term growth and development, despite a clearly present risk of rising political vulnerability. Enhanced IDA support focused on rapid strengthening of basic services provision and social assistance to the poor, and support for key reform efforts and investments required to boost inclusive growth and strengthen the country's development potential. Owing to a deteriorating political environment, the Turnaround Regime program was ultimately discontinued; however, the WBG has been able to sustain its engagement with the authorities, and the government continues to implement WBG operations reasonably effectively.

<sup>54</sup> Syria was classified as an IDA-only country in November 2016, based on GNI per capita and lack of creditworthiness. The IDA18 Replenishment Final Report states: *Reclassification of Syria as IDA eligible does not mean that the World Bank intends to resume engagement in the country at this stage. Commitment of IDA funds in Syria will require the following: (i) arrangements for the clearance of IDA arrears; and (ii) the WBG's ability to engage with an appropriate government counterpart and to effectively appraise and supervise projects in the country (whether through staff presence or the use of third-party monitoring agents). If Syria were to qualify for TAR assistance, then it could receive up to US\$1 billion subject to performance*".

### **Box 10. Development Challenges facing Syrians in Jordan and Lebanon**

**Syrians in Lebanon and Jordan experience poverty, food insecurity and poor access to health.** In Lebanon, 76 percent of Syrian refugees live below the poverty line, with 1 million requiring cash assistance annually. 50 percent have access to primary healthcare and 9 percent have access to hospital care. In Jordan, 70 percent of Syrian refugee households living outside camps are food insecure or vulnerable to food insecurity, while 36 percent of non-camp adult refugees are unable to access needed medicines or other health services. Annually, at least 532,000 Syrian refugees inside and outside camps need cash transfers to meet basic food needs.

**Many Syrian children are not in school.** 60 percent of school-aged Syrian refugee children (126,127 of 212,000) in Jordan and 45 percent (284,000 of 631,000) in Lebanon are enrolled in formal education. World Bank estimates for Syria show that between 2011 and 2017 almost four million children left school as a result of the civil war, and many of them will likely never make up for these lost years of school. The human capital deficit resulting from lack of schooling, and exposure to physical, mental and psychological trauma is irreversible, long lasting and negatively impacts post-conflict development efforts. Furthermore, the negative impacts of stunting, mental/physical disabilities and loss of school years will afflict these children throughout their adulthood, severely impacting their potential to thrive.

**The job markets in Lebanon and Jordan are extremely challenging for Syrian refugees.** In Lebanon, unemployment and high levels of informal labor were already a serious problem before the crisis, with estimates suggesting that the economy would need to create six times as many jobs just to absorb the regular market entrants. The influx of millions of Syrian refugees has exacerbated the already pervasive challenges with job creation, economic growth and delivery of essential services in both countries.

86. **The MTR presents a useful juncture to reallocate the funds and maximize scarce IDA resources for the remainder of IDA18.** While the option of rolling over the resources to IDA19 could be considered, given the high demand for IDA18 resources, it was not further explored.<sup>55</sup> Two additional complementary options can be considered:

1. To keep US\$400 million set aside under the TAR in case the situations in either Syria or Yemen turn around in the latter half of IDA18. This would enable IDA to respond to such turn around during the remainder of IDA18.
2. US\$200 million may then be allocated as IDA credits for human capital projects to support the Syrian refugees in Lebanon and Jordan. This would respond to the worsening conditions in these countries (see above), building on the IDA17 exceptional allocations to these countries.

### **E. REFUGEE SUB-WINDOW: SUPPORTING THE INTEGRATION OF REFUGEE AND HOST COMMUNITIES**

87. **Under IDA18, a US\$2 billion RSW was opened to support investments that benefit refugees and host communities.** The aim is to: (i) mitigate shocks and create socioeconomic opportunities; (ii) facilitate sustainable solutions; and (iii) strengthen preparedness. The RSW provides an opportunity for the WBG to engage with governments on policy dialogue with a view

<sup>55</sup> The option exists to roll over the funds to IDA19 in anticipation that the situation in Syria will improve and that the series of conditions that were set in IDA18 will be met by IDA19, which would enable Syria to access the TAR. This option was considered but is not recommended for two reasons. First, there is strong demand to use these funds within the current IDA cycle, as outlined in the four options considered in this paper. Second, the IDA18 financial model offers sufficient flexibility to accommodate provision of financing to Syria in IDA19 if conditions are met during IDA19 commitment period, with corresponding adjustments to be made in the future replenishments to ensure compliance with IDA's capital adequacy limits.

to enhancing the management of refugee situations with a focus on medium-term socio-economic dimensions.

88. **In September 2017, three months after the launch of IDA18, eight countries became eligible for RSW support, including Cameroon, Chad, Republic of Congo, Djibouti, Ethiopia, Niger, Pakistan, and Uganda** (see Table 2). The Board supported early engagement to address the Rohingya crisis, and Bangladesh became the ninth eligible country to access the RSW in June 2018. Together the nine countries collectively host more than 62 percent of the 9 million refugees located in IDA and Blend countries.<sup>56</sup> The Board consultation on the eligibility of the next set of five countries – Burkina Faso, Burundi, Democratic Republic of Congo, Mauritania, and Rwanda – is planned for November 2018. Eligibility discussions with the Government of Kenya are underway. Once these countries become eligible, RSW would cover 15 countries that cumulatively host 77 percent (6.8 million refugees) of refugees residing in IDA and Blend countries and would have pre-allocated about 95 percent of the available US\$2 billion.

89. **Within a year of inception, the RSW has provided an effective entry point for the WBG to engage with governments on medium-term development approaches to forced displacement.** Situations vary greatly across and within countries and so do the challenges that refugees and host communities face. There is also significant diversity across countries in terms of the protection environment, the government approach to refugee management, and the level of institutional capacity – all of which calls for a differentiated and tailored approach at country level. Dialogues with governments have focused on policies and institutions, with projects as a means for supporting government efforts and/or reforms. While it is still early to draw conclusions, there are indications that efforts are successful in terms of supporting policy reforms.

90. **For example, following international dialogue and engagement, including by the World Bank, Ethiopia has made significant progress towards the socio-economic inclusion of its large refugee population.** A new policy framework is under consideration by the Parliament that is a major transition from the decade-old encampment model and encompasses a wide range of rights for refugees, including the right to live freely, work, access education, obtain legal documentation and open bank accounts. In Pakistan, there are efforts to find durable solutions and reduce risks of marginalization through a flexible visa regime for refugees. In Cameroon, Chad, and the Republic of Congo, governments have taken steps towards integrating refugees into social protection systems. Niger has started incorporating refugees into community development plans and livelihood enhancement strategies. Already an early champion of refugee inclusion and progressive policies, Uganda recently integrated refugee management and protection in its national development agenda, and districts hosting refugees are now given priority for development interventions. Following the adoption of the Refugee Law in 2017, the Government of Djibouti has taken steps to integrate refugee education and health services into the national systems. The Bangladesh government has been actively engaged in dialogue with the WBG on strategies for mitigating the medium-term impacts even in the early emergency response.

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<sup>56</sup> At end-2017, there were 6,705,842 refugees and people in refugee-like situations in IDA countries and 2,230,892 in Blend countries (UNHCR, 2018). The WBG lending category data (IDA, IBRD, Blend) are as of June 2018 and downloaded from <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>.

91. **Some early lessons are emerging from the introduction of the RSW in IDA18** (see Box 11). The financing terms of the RSW, including the requirement to contribute from the national allocation as well as the 50/50 credit/grant element, have generally proven attractive for Governments keen to address the challenges of hosting refugees. While most countries have welcomed the terms, a couple of countries have hesitated to engage. Support for continued and more ambitious country commitment towards progressive refugee policies will continue to require strong engagement and sensible incentive structures. Ensuring predictable and long-term funding support will be key to ensuring a smooth and gradual transition from parallel humanitarian systems to a more developmental approach, focusing on country systems for service delivery and integration. Throughout, it will be important to keep in mind that the political dimension of refugee crises is a continuous risk. While governments' commitment to policy actions is real, fulfilling those policy actions may be derailed by political and security concerns. To ensure success, sustained engagement at the country level as well as with regional organizations is critical. Demonstrating and communicating the socio-economic benefits of refugee inclusion based on evidence will also be key to advancing the dialogue, both globally and with client governments.

### **Box 11. Emerging Lessons from the RSW**

- **Policy reform:** The Board has demonstrated a strong commitment to ensure that the WBG supports complex but meaningful policy agendas. Having staff on the ground is crucial in moving such dialogue forward with the relevant government, as well as ensuring consistent and constructive engagement with key development partners.
- **Protection issues:** The WBG is committed to ensure an adequate protection regime for refugees in collaboration with UNHCR. The WBG will continue to closely monitor the protection situation during implementation and regularly consult with UNHCR on this issue. In the event of a deteriorated protection environment, the WBG could reconsider its country engagement under the IDA18 Sub-window.
- **Supporting lagging regions.** Most refugees are often hosted in peripheral regions, where opportunities are typically scarce and service delivery is limited, and their presence can have a substantial impact on host communities. Bank engagement under the RSW has helped to bring focus and attention to these lagging and under-serviced regions in IDA countries and to address important challenges that both refugees and host communities face there.
- **Underpinning dialogue with analytical work.** Analytical work has proven a critical entry point to start dialogue with governments and other stakeholders on development responses to the refugee crisis. Studies that quantified the impact on refugee presence on hosting communities and modeled the development dividends of different approaches were particularly influential. The new WBG\_UNHCR Joint Data Center aims to bring a systematic and sequenced approach to collecting and analyzing socio-economic data on refugees and host populations across all refugee-hosting countries. In addition, the WBG has engaged in a significant effort to build the evidence of 'what works' in refugee situations and lay the ground for effective and sustained engagement.
- **Capitalizing on successful partnerships:** The UNHCR relationship has proven fruitful in strengthening complementarity between the ongoing humanitarian efforts and the WBG's development responses to the refugee situations. As the World Bank's engagement in this area progresses, the partnership with UNHCR and other humanitarian actors becomes ever more critical in areas such as targeting, transition from humanitarian to national service delivery, and protection in non-camp environments.
- **Consolidating knowledge:** The key to successful RSW implementation is to build a strong community of TTLs working on the sub-window to tackle common issues, share knowledge, and ensure widespread understanding of relevant political developments relevant to refugees across countries. The existing community of practice will continue to serve as a forum to assess strengths and weaknesses of existing approaches and think critically and innovatively of how to improve approaches. Equally, there is a significant scope of learning and exchanges of experience across countries - a process which could be supported by the WBG for the remainder of IDA18.

➤ **High-risk engagements:** Engaging in such a new and sensitive area requires a degree of risk tolerance and a willingness to invest more time and resources into careful preparation, protection monitoring, and safeguards risks mitigation. The effective implementation of the RSW requires experimentation, learning, enhanced monitoring, and regular revisions to adapt to changing circumstances on the ground.

92. **The exception to provide 100 percent grant financing for refugee-only programming has been subject to some critique, on the basis that it undermines the RSW’s aims and incentive structure.** The Bank’s development approach to forced displacement is founded on the notion that the most sustainable way to respond to displacement crises is to simultaneously address the vulnerabilities of the displaced while mitigating the impacts of movements on host communities. This balanced support is the most effective way to create co-benefits, mitigate the harmful impacts of displacement, reduce social tensions, and create political will within the governments. Projects that target refugees only is at odds with this approach. To date, only Bangladesh has relied upon this exception to respond to the sudden and massive influx of refugees, while all other countries have used the opportunity to implement inclusive approaches.

93. **Based on these lessons, Management seeks feedback on the possibility to reframe this grant exception for the remainder of IDA18.** Under this proposal, the RSW would provide 100 percent grants to countries that experience a massive inflow of refugees, defined as receiving at least 250,000 new refugees or at least 1 percent of its population within the last twelve months.<sup>57</sup> Once that threshold has been reached, the country can access 100 percent grants for new operations for the following two years.<sup>58</sup> In these exceptional cases, the usual one-sixth requirement from national IDA would also be provided on grant terms. RSW-funded programs should target both refugees and host communities. The objective of RSW support in these ‘sudden massive inflow’ cases is not to provide humanitarian assistance, rather to incentivize governments to deploy at the outset of a crisis their development capacities and anchor it in a medium-term horizon. In addition, it can help host governments to find new equilibria in the various impacted markets and sectors to deal with such new and large communities. Such grant support could be catalytic in changing the way that governments and the international community approach such crises, ensuring better humanitarian-development complementarity from the outset.

94. **The RSW could also absorb up to 15 percent more funding under IDA18.** By MTR, 14 countries are eligible for the RSW, and 95 percent of the RSW resources are pre-allocated among them (see Table 2). Eleven projects have been approved, totaling US\$567 million, with a healthy pipeline for the remainder of IDA18. These 14 countries have cumulatively experienced a 23 percent increase in their refugee populations between end-2016 and end-2017,<sup>59</sup> so enlarging the window enables the Bank to respond to more recent trends in refugee flows. Additional resources can also further incentivize these countries to deepen their approaches to refugee

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<sup>57</sup> To assess whether a country has met this threshold, the Bank would rely on the latest available UNHCR data.

<sup>58</sup> This exception would appear to apply only to Bangladesh and Uganda for the remainder of IDA18. The number of refugees in Bangladesh increased by 656,009 from 2016 to 2017. In Uganda, the number of refugees increased by 409,669. The next closest increase was 97,781 in Ethiopia.

<sup>59</sup> Bangladesh, Burkina Faso, Burundi, Cameroon, Chad, Republic of Congo, Djibouti, DRC, Ethiopia, Kenya, Mauritania, Niger, Pakistan, Rwanda and Uganda hosted a total of 5,581,331 refugees as of end-2016 and 6,849,864 as of end-2017. (UNHCR, 2018)

inclusion. With an increase in the window, it would make sense also to increase the national cap from US\$400 million to US\$500 million.

**Table 2. Eligibility Status of Refugee-hosting Countries**

| <b>RSW Eligible Countries</b> | <b>Refugees</b> | <b>Lending Category</b> | <b>Countries under Eligibility Process</b> | <b>Refugees</b> | <b>Lending Category</b> |
|-------------------------------|-----------------|-------------------------|--|-----------------|-------------------------|
| Bangladesh                    | 932,216         | IDA                     | Burkina Faso                               | 24,155          | IDA                     |
| Cameroon                      | 337,388         | Blend                   | Burundi                                    | 62,361          | IDA                     |
| Chad                          | 411,482         | IDA                     | Congo, Dem. Rep.                           | 537,087         | IDA                     |
| Congo, Rep.                   | 48,512          | Blend                   | Kenya                                      | 431,901         | Blend                   |
| Djibouti                      | 17,554          | IDA                     | Mauritania                                 | 77,427          | IDA                     |
| Ethiopia                      | 889,412         | IDA                     | Rwanda                                     | 170,990         | IDA                     |
| Niger                         | 165,732         | IDA                     |  |                 |                         |
| Pakistan                      | 1,393,143       | Blend                   |  |                 |                         |
| Uganda                        | 1,350,504       | IDA                     |  |                 |                         |

*Note:* Data as of end-2017 based on UNHCR data. Refugees in this table include refugees and people in refugee-like situations.

95. **Looking ahead to IDA19, it may also be worth considering how to link RSW allocations to refugee policy and institutional and project performance.** Currently, country allocations are primarily a function of the number of refugees hosted, which remains highly relevant as an indication of impact. As the RSW matures, it may be useful to factor in additional considerations. For example, it may be reasonable to expect that countries seeking to access the RSW for a second generation of operations demonstrate their track record on policy reforms and implementation progress from its first generation of operations. Such enhancements could be considered through the IDA19 replenishment.

## **CONCLUSIONS AND PROPOSALS FOR CONSIDERATION**

### **A. RECAPPING ON IDA18 PROGRESS ON FCV POLICY COMMITMENTS**

96. **A strong performance on commitments marked the start of IDA18. In the first 15 months of IDA18, IDA has built on lessons learned and experiences from IDA17 and continues to operationalize the differentiated approach in FCV settings.** This has been achieved through deepening IDA’s knowledge on FCV and learning from operational experience, including the completion of the *Pathways for Peace* Report, knowledge and analytical tools, and data sharing with key partners such as UNHCR. There is good evidence that this shift towards a differentiated approach is taking place as shown by the diverse portfolio of projects demonstrating IDA’s engagement in pre-conflict, during active conflicts, and in reconstruction and turnaround situations. IDA has also enhanced efforts to address important thematic priorities in FCV situations such as GBV. IDA has also made significant progress in supporting countries to address the impacts of forced displacement. IDA’s financing architecture, including the RMR, TAR and RSW allows tailored engagement in different contexts. IDA18 continues to work in partnership with the UN, EU, bilateral partners and INGOs, and has deepened collaboration on critical priorities such as forced displacement and humanitarian-development nexus. IDA’s effectiveness also requires enhanced operational effectiveness and scaled-up staffing on the ground and there is good progress to report on this front.

97. **Several challenges and tasks remain.** Though there is evidence that the differentiated approach and knowledge and analytical tools are being operationalized, there is room to more systematically integrate and mainstream FCV-sensitivity into operations. Continued and concerted efforts to increase the staffing footprint in FCS countries is a top priority to ensure adequate technical and operational capacity on the ground. The WBG must also continue to build on successful partnerships with UN Agencies, think-tanks, humanitarian organizations, the private sector and to use its convening role to enhance impact in FCV. Going forward, the WBG will need to work more closely with humanitarian agencies that have deep knowledge and access in the most difficult settings, and look for areas of complementarity and collaboration.

## **B. RECOMMENDATIONS FOR ADJUSTMENTS FOR THE REMAINDER OF IDA18**

98. **Management seeks feedback on three proposals for the remainder of IDA18:**

- 1) Yemen: An exceptional allocation for Yemen of US\$400 million for the remainder of IDA18;
- 2) Syria: Options to re-allocate the US\$1 billion that had been notionally set aside for Syria;
- 3) RSW: An increase in the size of the window of US\$100-300 million and a corresponding increase in the national cap from US\$400 million to US\$500 million. Also, to better align with the RSW's aims, the 100 percent grant finance exception would be available to RSW-eligible counties on an exceptional basis when dealing with a sudden and massive influx of refugees (>250,000 or 1 percent of the population in a year), with programming focused on supporting governments to adopt a developmental approach from the outset.

## **C. LOOKING TOWARDS IDA19**

99. **Engagement on FCV issues will continue to be among the greatest challenges and opportunities for IDA19.** IDA19 will continue to grapple with the world's biggest challenges which are increasingly complex, including refugee crises, climate change, inequality, injustice and grievance, rising citizen expectations, illicit financial flows and violent extremism.

100. **By IDA19, the WBG will have a strong platform to do more and do better to support our clients in FCV contexts.** Significant headway on staffing and operational effectiveness will have been made, and continuous improvement will be required, including in strengthening staff development through training and continued knowledge management. A critical mass of RRAs will have been undertaken, with more underway, each time enhancing the methodology and adapting to context. In IDA19, country teams will be well placed to integrate RRA findings into all SCDs, CPFs and operations in FCV contexts. High-quality analytical work and joint strategic planning tools such as RPBAAs will provide a growing knowledge platform and help build consensus on the most important priorities for overcoming FCV challenges. Bank teams will need to focus on maintaining momentum in implementing the FCV scale-up initiated under IDA18, and demonstrating operational results in addressing identified FCV challenges.

101. **Prevention may emerge as a key theme in IDA19.** Building on, and operationalizing, the *Pathways for Peace Report*, IDA19 should focus on how to support countries facing increasing risks that could be prevented. Under Crisis Response Window (CRW) for example, consideration

may be given to how the WBG can support clients to prevent slow-onset crises as well as how to build back better. Under RMR, a more flexible country identification process may enable deeper and more proactive engagement to mitigate FCV risks. A frontier issue will be to strengthen IDA's ability to identify and address multi-dimensional risks and the intersection between conflict and fragility and climate shocks, natural disasters, economic crises as well pandemics and other crisis risks.

102. **In light of increasing refugee flows and growing pressure on humanitarian budgets, it will be critical to consolidate WBG support to strengthen Government systems to respond to the medium-term impacts of forced displacement.** Maintaining momentum on policy reform may call for greater use of the RSW, and more directly linking resource allocation to the quality of host government's policy measures.

103. **A priority for IDA19 will be to further operationalize the WBG's differentiated approach to FCV and learn from (and as necessary adjust) IDA's FCV-related financing mechanisms.** This may include articulating the Bank's strategic, policy and operational approach for engaging in active conflict situations, rolling out the use of technology and third-party monitoring for enhanced supervision, and deepening partnerships with humanitarian and non-state actors based on lessons to date. IDA19 also present an opportune moment to take stock of the TAR and propose any necessary adjustments to ensure resources can effectively accompany the complex and often-long-term transitions in FCV situations. There are also opportunities for a stronger focus on regional or cross-border approaches to FCV, with potential for increasing the number of regional IDA operations in high-risk regions or border areas (e.g., Lake Chad) and/or that address regional FCV challenges.

## Annex 1: Details of Enhancements to FCV Staffing and Employment

**Table A1.1. Key measures implemented to improve the WBG's employment value proposition**

|  |   |
|--|---|
| <b>Next assignment planning</b>                                  | The WBG will continue to implement next assignment planning to ensure FCV staff are placed in and informed of their new assignments at least 6 months in advance, this will include career-focused discussions with incumbent staff and their managers. 48 Bank staff expected to finish their assignments in FCS by September 2018 have already been informed of their new assignments.  |
| <b>FCV experience definition</b>                                 | Bank management approved a proposal for defining and measuring FCV experience which will be proactively discussed, and strongly considered for talent pools, talent reviews and performance ratings.  |
| <b>Automatic shortlisting</b>                                    | Staff working in FCS locations applying to positions may be automatically shortlisted for the first 3 vacancies of their choosing and can expect to be interviewed in most circumstances.   |
| <b>Ensuring greater recognition of FCV staff</b>                 | To ensure better recognition and fair treatment of FCS staff during processes related to talent, performance, and promotions, a recent study was conducted. The study found that there is an overall even distribution of high talent indicators across FCS.  |
| <b>Hazard &amp; fragility pay (HFP)</b>                          | To recognize and reward staff that live and work in FCS countries, the WBG has introduced HFP at 25 percent of local GC midpoint for highly hazardous locations, and 15 percent for all other FCS locations. Almost 800 local staff in FCS countries are receiving HFP.   |
| <b>Out-of-country care</b>                                       | Has been strengthened to cover staff for 100 percent of eligible travel costs when appropriate medical care is not available in the duty country.   |
| <b>Senior leadership facetime in FCV</b>                         | Adequate facetime and visits of Bank Senior Leadership to FCV locations is of utmost importance to signal priority, provide strategic guidance and interact with staff. The WBG has made a commitment to track the facetime of VPs, Senior Directors and Directors mission travel to FCV.   |
| <b>FCV onboarding</b>  | Two customized mandatory Corporate FCS onboarding sessions took place in Egypt (Dec. 2017) and Kenya (April 2018), additional offerings will take place in Myanmar (Oct. 2018), Lebanon (Jan 2018) and Togo (Apr. 2018). The course was designed in collaboration with partners across the WBG and covers challenges working in FCS, FCV Strategic Priorities, WBG Operations, and Corporate Support (Security and Health & Wellbeing). |
| <b>FCV TTL core course</b>                                       | This 4-day training course aims to enhance the development effectiveness of Bank operations in environments affected by FCV by providing participants with key policy, operational and strategic guidance and reference material in areas critical to analyze specific FCS contexts, design and implement fit-for-purpose solutions using practical examples.   |
| <b>Strengthening personal leadership skills</b>                  | Delivered in January 2018 in Mozambique, this course provides participants with tools to develop personal skills in line with corporate competencies.   |
| <b>Working in situations affected by FCV (e-learning module)</b> | This comprehensive e-learning course will introduce WBG to foundational concepts, innovative approaches, and tools for working in FCV situations.   |

|                             |   |
|-----------------------------|---|
| <b>Leading in fragility</b> | Delivered in January 2018 in Mozambique, this course, aimed at new and current supervisors, focuses on the role of supervisors in enabling staff to achieve their goals in unique and challenging FCS environments. |
|-----------------------------|---|

### Breakdowns on FCV Staffing

1. **At the end of September 2018, there are 766 Bank full-time staff based in all FCS locations (IDA, Blend, IBRD) as per current FCS Harmonized List.** This represents an increase of 132 staff from June 30, 2016 (of which an increase of 125 in Regions and Global Practices). Overall, the effect of changes to the FCS Harmonized List during this time has been small, with 16 out of the 132 staff increase due to this component. In addition to monitoring Bank staffing in all FCS (per respective FCS Harmonized List), management also monitors staffing in IDA/Blend FCS (per FY17 Harmonized List) and the four RMR countries. Based on the latter, at the end of September 2018, there are 746 Bank full-time staff resulting in an increase of 85 (of which an increase of 82 in Regions and Global Practices) Bank full-time staff since September 30, 2016. For additional breakdowns see table A1.2.

**Table A1.2. Bank Full-time Staff in IDA/Blend FCS & 4 RMR (Guinea, Nepal, Niger, Tajikistan) per Frozen FY17 Harmonized List (Baseline: September 30, 2016)**

| <b>By PMU Grouping: All Grades</b> |                  |                  |                 |
|------------------------------------|------------------|------------------|-----------------|
| <b>PMU Grouping</b>                | <b>9/30/2016</b> | <b>9/30/2018</b> | <b># Change</b> |
| GPs                                | 239              | 283              | +44             |
| Regions                            | 336              | 374              | +38             |
| Others                             | 86               | 89               | +3              |
| <b>Total Bank Staff in FCS</b>     | <b>661</b>       | <b>746</b>       | <b>+85</b>      |
| <b>By Grade</b>                    |                  |                  |                 |
| <b>Grade</b>                       | <b>9/30/2016</b> | <b>9/30/2018</b> | <b># Change</b> |
| GA-GD                              | 289              | 309              | +20             |
| GE                                 | 58               | 56               | -2              |
| GF                                 | 137              | 172              | +35             |
| GG                                 | 140              | 168              | +28             |
| GH                                 | 31               | 35               | +4              |
| GI+                                | 5                | 6                | +1              |
| UA/UC                              | 1                |                  | -1              |
| <b>Total Bank Staff in FCS</b>     | <b>661</b>       | <b>746</b>       | <b>+85</b>      |
| <b>By Gender: All Grades</b>       |                  |                  |                 |
| <b>Gender</b>                      | <b>9/30/2016</b> | <b>9/30/2018</b> | <b># Change</b> |
| Women                              | 230              | 278              | +48             |
| Men                                | 431              | 468              | +37             |
| <b>Total Bank Staff in FCS</b>     | <b>661</b>       | <b>746</b>       | <b>+85</b>      |

| <b>By HQ/CO Appointment: All Grades</b>   |                  |                  |                 |
|---|------------------|------------------|-----------------|
| <b>HQ/CO Appt</b>                         | <b>9/30/2016</b> | <b>9/30/2018</b> | <b># Change</b> |
| HQ Appt                                   | 110              | 136              | +26             |
| CO Appt                                   | 551              | 610              | +59             |
| <b>Total Bank Staff in FCS</b>            | <b>661</b>       | <b>746</b>       | <b>+85</b>      |
| <b>By Geographical Region: All Grades</b> |                  |                  |                 |
| <b>Geog. Region</b>                       | <b>9/30/2016</b> | <b>9/30/2018</b> | <b># Change</b> |
| AFR                                       | 366              | 415              | +49             |
| EAP                                       | 63               | 84               | +21             |
| ECA                                       | 37               | 39               | +2              |
| LCR                                       | 27               | 28               | +1              |
| MNA                                       | 35               | 30               | -5              |
| SAR                                       | 133              | 150              | +17             |
| <b>Total Bank Staff in FCS</b>            | <b>661</b>       | <b>746</b>       | <b>+85</b>      |

## Annex 2: Proposal for an Exceptional Allocation for Yemen

1. **The PBA system is designed to incentivize performance by channeling more resources to countries where policies and institutions are of better quality, to target scarce concessional IDA financing where it can be used most effectively.** Active severe conflicts cause a range of vulnerabilities and disruptions that reduce the quality of institutions. In particular, service delivery institutions can become particularly weak. Governments face different imperatives and incentives, and they often have limited reach or ability to improve performance. As a result, country performance ratings often deteriorate, which in turn lowers their notional IDA allocations to a shallow level that inhibits meaningful engagement at the humanitarian-development nexus. Meanwhile, in line with the differentiated approach, there are times where shareholders will expect the Bank to remain engaged in situations of active and severe conflict.

2. **Core IDA support for Yemen has fallen significantly in recent years.** In FY18, Yemen's allocation was SDR 94.5 million, and in FY19 it dropped further to the lowest per capita among IDA countries.<sup>60</sup> There are adjustments in the PBA model that address structural vulnerability and fragility issues in small, post-conflict, and/or re-engaging countries, but these do not apply to Yemen. Furthermore, Yemen has already availed itself of all available resources to boost IDA's support to the crisis.

3. **Nonetheless, IDA has been particularly effective in Yemen despite the ongoing severe conflict.** The support currently provided in response to this crisis has channeled through the same institutions that IDA has helped establish and develop over decades of engagement. Throughout the crisis, IDA has deliberately sought to preserve effective institutions and local capacity as an investment in the country's future peace and stability.

4. **The IDA-financed *Emergency Crisis Response Project (P159053)* is a flagship project achieving positive change at the development-security nexus.** The ECRP aims to provide short-term employment and access to select basic services to the most vulnerable; preserve existing implementation capacity of two service delivery programs; and provide emergency cash transfers to the poor and vulnerable in response to the food crisis in Yemen. The project's ratings are satisfactory, including for progress towards the achievement of the development objective, overall implementation progress, and fiduciary management and monitoring and evaluation.

5. **The ECRP has achieved impressive results, preserving development gains that would otherwise be lost and providing critical income support and vital service delivery including health and nutrition for all Yemenis.** Income and livelihood support has been extended to over 1.2 million people, including IDPs and returnees, and over 1 million people are benefiting from the community infrastructure and livelihood assets created through building and rehabilitating rural roads, water schemes, and agricultural terraces. Around 115,000 pregnant and lactating poor women and their children are benefiting from access to nutrition services. The project has also

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<sup>60</sup> In FY18, Yemen's allocation was SDR 3.42 per capita. The low allocation is mainly due to its low country performance rating (CPR of 2.24 in CY16), the lowest among IDA-eligible countries, after South Sudan (1.64) and Eritrea (2.22). However, South Sudan still receives exceptional post-conflict support, so the per capita allocation is relatively high at SDR5.4. Eritrea's per capita "allocation" is also high at SDR5.89 because of its relatively small population and the base allocation. Yemen's CPR continues to fall and stands at 2.03 in CY17, a considerable drop from its three-year average CPR of 2.83 in CY12-14 before the conflict.

restored the capacity of Yemen’s critical social protection institutions. The cash transfer component – a direct response to the risk of famine in Yemen – has so far reached 1.5 million poor and vulnerable households. The coverage extends benefits to approximately 9 million individuals. Women comprise around 45 percent of direct recipients. Cash transfers are now provided nationally, reaching all of Yemen’s 333 districts. Post-distribution monitoring has found that 9 in 10 beneficiaries typically use the cash to purchase food, and to a less extent cover medical expenses and pay debts. A key contribution of the Bank has been in the innovations it brings to Yemen through partnerships with UN and Yemeni institutions, as well as through integrative approaches to fighting cholera and strengthening service delivery supply chains. The team is also exploring working through INGOs such as ICRC, especially in the water sector.

6. **Funding for the ECRP has largely depleted.** In two years, the project has disbursed 87 percent of its funding, approximately US\$463 million of the project’s US\$500 million (See Table A2.1). Resources will be exhausted by the end of the calendar year 2018. An additional financing package has been prepared but has not been submitted to the Board, pending confirmation of funding sources.

**Table A2.1. Disbursements under the Emergency Crisis Response Project**

| <b>Component</b>  | <b>Amount (\$m)</b>  | <b>Disbursed (\$m)</b> | <b>% Disbursed</b> |
|---|----------------------|------------------------|--------------------|
| C1: Labor Intensive Works and Community Services            | 285.40               | 250.00                 | 87%                |
| C2: Project Management and Monitoring                       | 14.60                | 13.08                  | 89%                |
| C3: Emergency Cash Transfers                                | 200.00 <sup>61</sup> | 173.00                 | 87%                |
| <i>Subcomponent 3.1 Cash transfers</i>                      | 185.53               | 155.52                 | 83%                |
| <i>Subcomponent 3.2 Project Management &amp; Monitoring</i> | 18.71                | 15.74                  | 83%                |
| <b>TOTAL</b>  | <b>500.00</b>        | <b>436.08</b>          | <b>87%</b>         |

7. **Yemeni institutions and the Yemeni people face profound development needs.** The Yemeni economy continues to be in a state of collapse, with various parts of the country exposed to flooding and a cyclone, combined with the active conflict in Hodeida governorate, and food insecurity, rendering the risk of famine or a cholera outbreak high.

8. **There are currently no other options for the Bank to continue to support this successful project.** Yemen has already availed itself of available resources to boost IDA's support to the crisis.<sup>62</sup> It is not eligible for other exceptional regimes, such as TAR, RMR or the post-conflict regime.

<sup>61</sup> Variances in amounts are due to fluctuations in exchange rates.

<sup>62</sup> Yemen undertook a significant restructuring of its IDA portfolio, and reallocated the restructured funds to the emergency response in IDA17, exhausting this source of financing. In addition, Yemen received support under the CRW for multiple operations and with a forward-leaning interpretation of the CRW eligibility criteria. To date, in addition to the exceptional portfolio restructuring, CRW has provided US\$125 million to Yemen for famine response in April/May 2017 and US\$200 million for the cholera outbreak in August 2017. Yemen is now one of the countries with the highest ratio of CRW-allocations-to-PBA, and its CRW allocation per capita is also considerable. Continued reliance on the CRW would raise equity concerns, especially if the support is of a regular and recurrent nature.

9. **Management seeks feedback on a proposal to provide Yemen an exceptional allocation for the remainder of IDA18 to enable this project to continue.** Doing so would require an increase in Yemen's allocation by US\$400 million through FY19 and FY20 (approximately US\$50 million per quarter). This amount would be sourced from unallocated TAR resources to avoid a negative impact on other countries' PBA allocations.

10. **Nonetheless, adjustments to IDA country allocations will never meet the profound needs of Yemen, and support from a donor coalition via a multi-donor trust fund (MDTF) is needed.** The WBG is helping to build a coalition of donors to assume greater financial responsibility for the sustained processes of recovery and reconstruction to restore peace and stability, with priority being given to infrastructure needs. Such an MDTF could operate like the Afghanistan Reconstruction Trust Fund (ARTF) and similar funds in Iraq, the West Bank and Gaza, and Somalia.<sup>63</sup> Based on the experience, the complementary MDTF should contribute at a minimum US\$2.6 per US\$1 of IDA commitments.<sup>64</sup> This leverage ratio could indicatively translate to MDTF of US\$1 billion per annum based on IDA commitments to Yemen in FY18. Nonetheless, even after an MDTF is operational, donor partners will be relying heavily on mechanisms such as the cash transfer program to channel targeted assistance to vulnerable segments of the Yemeni population nationwide. These additional resources sought above would thus supplement the MDTF at the household level helping them to cope during the transition from crisis response to longer-term, sustainable development.

11. **Meanwhile looking towards IDA19, the Bank will reflect further on its role and contribution in situations of active conflict in IDA countries.** It may be useful for the Bank to more identify its place at the development-security-humanitarian nexus and articulate a strategic, policy and operational approach for engaging in active conflict situations. To ensure that the Bank complements, and does not overlap with, other actors, this work should reflect on whether and how to deepen partnerships, notably with humanitarian and non-state actors, based on lessons to date.

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<sup>63</sup> The ARTF, for example, was established in 2002 and provided a coordinated financing mechanism for the Afghan Government's budget and priority investment projects.

<sup>64</sup> The co-financing ratio of 2.59 is calculated based on ARTF commitments between FY02-17 and IDA commitments during the same period. The source of ARTF commitments are as follow: *ARTF Administrators Report on Financial Status as of February 19, 2018* ([http://www.artf.af/images/uploads/home-slider/ARTF\\_Financial\\_Status\\_February\\_19\\_2018.pdf](http://www.artf.af/images/uploads/home-slider/ARTF_Financial_Status_February_19_2018.pdf)).

### Annex 3: Turnaround Regime: Country Updates<sup>65</sup>

#### Central African Republic

1. **In the CAR, the TAR has been designed to address fragility, and reestablish the social contract between citizens and government.** The program combines stabilization efforts with development and institution building. Implementation of CAR's TAR program (started in FY17 under IDA17) has progressed well, in FY18 under IDA18, CAR utilized 88 percent of its allocation committing US\$76 million to continue to support achievements of turnaround milestones that contributed to security and macroeconomic stability as well as laying the groundwork for improved governance.

2. **Stabilization efforts started in IDA17 and include improving state capacity and allocation of resources and continues in IDA18.** The Second State and Consolidation Development Program<sup>66</sup> (US\$25 million) aimed at supporting the reestablishment of basic fiscal management and transparency as well as economic recovery and reforms in three sectors (agriculture, ICT and transport) was approved in FY18. The prolonged periods of conflict and violence in Central African Republic have weakened the adequacy of school infrastructure. Under TAR, the Emergency Basic Education Support Project<sup>67</sup> (US\$25 million) is aimed at improving the access to basic education while strengthening the management capacity of the education sector. This project will introduce new curriculum for youth drop-outs, and will support teachers training and improve educational infrastructure. Consistent with TAR objectives for CAR, the Water and Energy Upgrading Project<sup>68</sup> (US\$20 million) will help to rebuild the state-citizenry social compact in target areas in and outside Bangui where there is currently no functioning water supply or electricity services, will strengthen the presence of state services, and help build trust between the state and its citizens.

#### Madagascar

3. **In Madagascar, the TAR program and the CPF focuses on two objectives: (i) increasing the resilience of the most vulnerable people and reduce fragility; and (ii) promoting inclusive growth.** At the end of FY18, key milestones and turnaround priorities have been achieved underpinned by TAR support that started in IDA17 and continued in IDA18, and strong commitment by the Government to address some of the causes of the country's repeated political crises. This commitment is reflected in Madagascar's high utilization rate of 94 percent or US\$377 million of its FY18 allocation.

4. **Among the projects approved in FY18 and aligned with WBG's approach to Madagascar's turnaround include:** The (i) Inclusive and Resilient Growth DPO<sup>69</sup> (US\$45

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<sup>65</sup> Gambia progress update has not been included as TAR eligibility recently started in FY19. For an overview of the TAR program in Gambia, please see paragraph 81 in the main text.

<sup>66</sup> P164442.

<sup>67</sup> P164295.

<sup>68</sup> P162245.

<sup>69</sup> P162279.

million) that supports structural reforms on inclusive growth including enhancing resilience of rural and urban poor by supporting social protection measures, (ii) the Integrated Urban Development and Resilience Project for Greater Antananarivo<sup>70</sup> (US\$75 million) that responds to the importance of alleviating the plight of the urban poor from a fragility perspective as discussed in TAR eligibility note for Madagascar. The impact of repeated crises is hardest on Madagascar's poor who are disadvantaged in terms of consumption, literacy and education, basic household assets and electricity. TAR supports the Basic Education Project<sup>71</sup> (US\$55 million), a project that benefits 4.6 million children who will be enrolled in primary school. As Madagascar enters a fourth year of eligibility in FY19 under TAR, projects are expected to support reforms in agriculture and land management, expansion of social safety nets, and least cost electricity generation.

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<sup>70</sup> P159756.

<sup>71</sup> P160442.

## Annex 4: Risk Mitigation Regime: Country Updates

### Guinea

#### Overview

1. **Guinea faces a complicated set of interrelated drivers of fragility, conflict, and violence including:** (i) weaknesses in the delivery of services that undermine state legitimacy; (ii) exposure to external shocks and high food prices; (iii) youth exclusion and underemployment; (iv) the political instrumentalization of identity in a context of important social fault lines.

2. **The overall objective of the Risk Mitigation Regime is to support Guinea's efforts to reduce the structural drivers of fragility and conflict that were identified in the RRA, while supporting quick wins in a context of instability driven by social discontent.** The following three strategic priority areas have been identified to support reduction of FCV-related risks: (i) Promote inclusive institutions through the improvement of local governance and the local delivery of services; (ii) Accountability and transparency of the extractives sector, and (iii) Improve resilience to shocks and access to employment opportunities for youth.

#### Progress Update

3. **To promote inclusive institutions through the improvement of local governance and the local delivery of services, the World Bank has been providing implementation support to the Government with decentralization reforms.** Specific on-going engagement includes: the scale up of the on-going community development and local governance program (*Third Village Community Support Project (PACV3)*)<sup>72</sup> that has been able to institutionalize participatory local development planning processes across all the rural communes in Guinea; and the integration and reinforcement of citizen engagement mechanisms across the portfolio (including in the pipeline projects in the education and rural development sectors), through tools such as participatory budgeting and grievance redress mechanisms.

4. **The *Support to Local Governance Project***<sup>73</sup> **will support the government's transformational agenda to improve the country's decentralization efforts.** The project will provide financial support to the Fonds National de Développement Local (FNDL) and capacity building to central and local government on strategic fiscal transfers and service delivery at local level, including citizen engagement mechanisms. While the PACV3 already provides a Citizen Engagement platform and pilot activities to build on, to effectively support decentralization and the operationalization of Agence Nationale de Financement des Collectivités (ANAFIC) and FNDL, the new project will emphasize the institutionalization and the nation-wide scale up of these citizen engagement activities as well as early warning systems.

5. **In addition, the implementation of an *Advisory Services and Analytics (ASA) to Mainstreaming Citizen Engagement in Guinea Portfolio***<sup>74</sup> **has started.** This will contribute to identifying and operationalizing good practices of the citizen engagement mechanisms in three

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<sup>72</sup> P156422.

<sup>73</sup> P167884 (US\$40 million – expected board date March 2019).

<sup>74</sup> P167844.

target sectors, namely, decentralization, rural development (including rural roads), and education, with direct link to IDA operations currently implemented or under preparation. "Citizen Engagement mechanisms" to be reviewed under the ASA include, but are not limited to, citizen participation in planning and monitoring of local development initiatives and frontline service delivery, and Grievance Redress Mechanisms closing the feedback loop and roping in local and deconcentrated authorities.

6. **The Guinea Health Service and Capacity Strengthening<sup>75</sup> project aims to address deficiencies in service delivery that undermine state legitimacy - one of the drivers of fragility in Guinea.** To do so, the health project will improve the utilization of reproductive, maternal, neonatal and child health services in target regions. It targets two geographical regions with low health indicators - Kankan and Kindia. Achieving this objective will require strengthening of decision-making authority, and technical and financial capacity at the health facility, district, and central levels. The supported interventions are intended to simultaneously result in a demonstration effect to inform continuous policy dialogue for long-term systemic and transformational change of the entire health system.

7. **The Guinea Education Project for Results in Early Childhood and Basic Education<sup>76</sup> will aim to strengthen and expand decentralized school-based management.** The project will support the provision of school grants and improved data systems, and strengthen accountability measures through the utilization of citizen engagement tools. These ends will be promoted through the provision of: (i) grants to decentralized MEN-A structures; (ii) grants and incentives to schools; and (iii) the introduction of mechanisms to promote participatory community monitoring of school performance including the simplification of school report cards. In addition, the project will build new education facilities and aim to increase the share of children benefiting from Early Childhood Development services, including preschool and parental education as well as number of primary and lower secondary schools that meet basic infrastructure, performance and human resource norms.

8. **To address accountability and transparency of the extractives sector, the Mineral Governance Additional Financing project<sup>77</sup> will aim to bridge support from the ongoing-project whose support has been instrumental in improving the regulatory framework and promoting transparency.**

9. **To improve resilience to shocks and access to employment opportunities for youth, The Guinea Rural Mobility and Connectivity Project<sup>78</sup> aims to improve and sustain the rural population's road access to markets and basic services.** To this end, it aims at rehabilitating around 800 km of rural roads in the prefectures of Boké, Dubreka, Coyah, Dalaba, Mamou and Labé, supporting the ongoing PIADG project to provide better access to markets and basic services for rural populations. The project is also willing to provide TA to the local entities in charge of rural roads through the reactivation of community-based maintenance committee (CEVP), in

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<sup>75</sup> P163140 – US\$45 million (approved by the Board in April 2018).

<sup>76</sup> P167478 – concept stage US\$50 million-expected board date April 2019.

<sup>77</sup> P122916 – US\$25 million, identification and board delivery in FY20.

<sup>78</sup> P164543 – US\$40 million-appraisal stage and board delivery in December 2018.

coordination with the PACV and AFD. The TA will also reinforce the planning and financing capacity at national level, emphasizing the result of the ongoing DPO series.

10. **The *Electricity Access Scale Up Project*<sup>79</sup> will aim to increase access to electricity in selected areas in Guinea, including Conakry, Dubreka, Maneah, Coyah, Forecareah and Kindia, as part of the multi donor's national electricity expansion plan 2016-2020.** It will also increase power supply efficiency and reliability in the project area. By increasing the population with access to electricity and improving the reliability of the power supply, the project will address the weakness in electricity service delivery that has been undermining the legitimacy and credibility of the state and hence mitigate FCV risks. Historically, power cuts and poor delivery of energy services have created violent unrest in Guinea. Eligible localities will be selected based on transparent technical, commercial and economic criteria and hence reduce any social or political tensions.

11. **The *Social Protection System*<sup>80</sup> project is building on the on-going successful safety nets with the aim of (i) scaling up the activities while focusing on household productions and job creation; and (ii) building greater sustainability.** Support to labor intensive activities and development of social protection systems will help households mitigate adverse shocks and improve resilience, and as such will address some of the key drivers of fragility, especially vulnerability to external shocks and high food prices.

12. **Citizen engagement activities have started more than a year and half ago.** So far, positive results have been observed in the implementation of participatory budgeting and monitoring and evaluation. Delays have occurred due to slow appointment of the local councils following the February 2018 communal elections. Nevertheless, under the PACV3, 165 Communes Rurales will have undertaken participatory budgeting by December 2018 and a Grievance Redress Mechanism using a calling center has been established in July 2018.

13. **The World Bank is exploring how to strengthen early warning systems and will build on existing initiatives.** To this end, work is underway with actors involved in early warning systems, such as the West Africa Network for Peacebuilding (WANEP), the Peace Building Fund (PBF) and Search for Common Ground (SFCG), to identify opportunities. In mid-September, stakeholder workshops were organized to build consensus on the design of the pilot Early Warning and Response System with the participation of key Ministries, UN-PBF, UNICEF, and civil society organizations.

14. **The PACV3 is exploring links with existing citizen engagement mechanisms, such as a national call center and participatory monitoring and evaluation to ensure sound data collection and monitoring arrangements.** Moreover, a database has been set up to monitor projects and investments at the commune level. Activities implemented by PACV3 are monitored with specific indicators in the project's results framework. The objective is to test the pilot in seven communes and then scale up the system to the entire country under the new Local Governance Project, currently under preparation. Lessons learned will be drawn in 2019.

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<sup>79</sup> P164225 – US\$50 million - under preparation and Board delivery December 2018.

<sup>80</sup> P168777 – US\$40 million, under identification and to be delivered in July 2019.

## Nepal

### Overview

15. **Nepal's RRA clustered the risk of fragility into institutions and governance, equity and inclusion, economic competitiveness and jobs, and exogenous factors that intensify the risks (i.e. vulnerability to natural disasters and climate change).** It highlighted exclusion by geography, gender, ethnicity, and caste as a critical source of fragility. The SCD and CPF consultation process took into account four clusters of fragility risks. It also integrated the need to address exclusion in the SCD analysis and in setting the CPF priorities.

16. **In Nepal, RMR support prioritizes strengthening institutions and governance to underpin the new federal system, and addressing equity and inclusion, especially in terms of access to economic opportunities - all key aspects of the 2006 Peace Agreement that ended the 10-year civil war.** The *First Programmatic and Fiscal Public Financial Management DPC*<sup>81</sup> supports the government's efforts to address the most immediate sources of fragility related to the new federal state. It has been critical in supporting policy reforms for Nepal to move towards fiscal federalism and new fiscal transfer infrastructure, with improved public financial management, taking into consideration the geographic disparities. Establishing the fiscal framework is an important part of the transition of functions and functionaries to new provincial and local governments under the 2015 constitution. This DPC is being complemented by an ongoing joint World Bank-UNDP institutional needs assessment of local governments, financed by other development partners including DFID and the Swiss Development Cooperation. RMR resources will also be utilized for projects supporting jobs creation to target vulnerable groups and promote greater inclusion and participation of youth and women in increasing their economic empowerment. This is expected to be accomplished through public sector engagements and private sector led entrepreneurship opportunities.

17. **The International Development Partner Group (IDPG) is the main platform for coordination with development partners.** It played a critical role in bringing together development partners to undertake the needs assessment and carry out coordinated response to the 2015 earthquake. It also serves as a mechanism for dialogue on issues of common interest. Under the IDPG, the Federalism Working Group (FWG) was established, led by the WBG and the Swiss Development Cooperation. The FWG serves as a coordination platform for multilateral and bilateral development partners in the evolving context of federalism. It seeks to identify potential gaps and duplication, synergies to maximize impact with available resources, and common/coordinated approaches to issues (e.g. responding to capacity needs, addressing inequities) linked to the new federal structure.

### Progress Update

18. **Early results include Parliament adopting the main laws that provide the legal framework for implementing federalism and meeting the commitments of the Comprehensive Peace Agreement.** Three critical legal frameworks were supported by the *First*

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<sup>81</sup> P160792.

*Programmatic and Fiscal Public Financial Management DPC.* One is the Intergovernmental Fiscal Arrangement Act, which provides the legal framework for resource allocation among the three tiers of government. This establishes the fiscal policies that guide the public financial management systems, including the fund transfer channels from the central to local governments. Second is the Local Government Operations Act- 2017. This Act defines the functions, duties and rights of local government, and governs the operation and management of local governments. Third is the National Natural Resources and Fiscal Commission Bill which governs the federal transfers to state and local governments. This involves providing policy guidance in the design of natural resources mobilization, revenue, and grant sharing across the three levels of government. It would also develop the formula for fund transfer of equalization grants and conditional grants that is expected to lead to more balanced development across states and regions, and to support and lift the previously underserved regions and groups.

19. **Building on the reforms supported under the first DPC, the Bank is continuing the policy dialogue on different aspects of federalism to strengthen institutions and governance.** This includes the dialogue on the Federal Financial Procedures Bill, which will guide budget execution. In addition, the first DPC is deepening the policy dialogue with institutions that support a more inclusive and resilient society. The first DPC addresses strengthening of institutions focused on supporting the plight of women – namely the National Women Commission (NWC). It is following up on a critical early initiative of NWC to adopt an integrated platform for a comprehensive response system that may be further expanded at subnational levels, and to coordinate and expand access to services for Gender Based Violence cases. It is supporting the NWC to establish a 24-hour Helpline operated by trained staff; (ii) establish a case processing system to track service provision; and, (iii) issue protocols and guidelines for survivor support, case prioritization and service access. The DPC is also supporting policy dialogue for disaster risk management and climate resilience, including investment guidelines to sub-national governments to minimize risks from floods, landslides, and glacier outbursts. Through the DPC, the first steps are being taken to devolve and integrate state and local governments in disaster risk management. Currently, and as a result of the pathways opened through the DPC, the World Bank is leading the dialogue with the seven new provincial chief ministers, as well as the mayors across the 753 nascent municipalities, in determining the institutional development needs for a new federal Nepal.

20. **Monitoring Arrangements.** In close collaboration with development partners, a matrix of policy reforms is being discussed regularly with the government (i.e., Ministry of Finance and relevant implementing agencies). It is linked to the government's efforts to focus on results. The ongoing Federalism Needs Assessment will also inform the development of a baseline assessment of the current status of progress with reforms and the transition to Federalism.

21. **Lessons Learned.** An increased involvement of development partners has been systematically sought. Regular meetings are raising awareness of the program at the IDPG level but also at a more technical level to ensure buy-in and improved coordination among all development partners, which is critical given the scale of the federalism transition. This is helping to reduce transaction costs for the government, which is keen to ensure a coordinated response by the development partners.

## Niger

### Overview

22. **Niger is exposed to multiple conflict and fragility risks, which stem from a combination of deep-rooted structural causes and short-term drivers including:** (i) increasing competition over natural resources intensified by the country's strong demographic pressures and climate related stresses; (ii) the marginalization of youth in the form of limited economic opportunities, difficulty accessing land and low education (iii) governance challenges hamper the already weak delivery of public services and have resulted in widespread popular dissatisfaction in a context of rapid demographic growth; (iv) inadequate management of extractives and unequal redistribution of mining revenues; and (v) growing regional insecurity and violent extremist groups threaten Niger's stability and fuel pre-existing intercommunal tensions.

23. **The overall objective of the Bank's RMR support in Niger is to mitigate the escalation of existing crises and contribute to the reduction of key fragility and conflict risks.** The strategy for risk reduction will therefore pursue a dual approach. First, it will address the short-term drivers of conflict and fragility that may contribute to an escalation of existing conflicts, with a focus on the most fragile and crises-affected regions (prevention of escalation). Second, it will tackle medium- to long-term drivers and structural factors, for example, through investments that can reduce risks of future conflict and strengthen institutions to manage risks and support social cohesion (sustaining peace).

24. **Three strategic priority areas have been identified to support the attenuation of FCV-related risks:** (i) Reducing grievances through more equitable and transparent institutions and improved local governance and service delivery; (ii) Increasing opportunities for youth and women in fragile regions and supporting the peaceful management and sharing of agro-pastoral resources and (iii) Strengthening crisis prevention, preparedness and response. A spatial approach that targets the regions and communities that are more fragile and at highest risk of violence, conflict and instability – including the border regions – will be pursued.

### Progress Update

25. **Niger's RMR support (US\$300 million) was endorsed in the WBG Niger Country Partnership Framework 2018-2022, presented to the Board on April 10, 2018.** With the CPF adopted recently, most programs identified to receive RMR support are under preparation or recently approved. The following sections reports on progress in the three priority areas:

26. **Reducing grievances through more equitable and transparent institutions and improved local governance and service delivery (\$107 million RMR resources):** IDA18 operations to strengthen local institutions and improve service delivery throughout the country are under preparation (with presentations to Board planned in FY20 unless otherwise noted). These include: *Governance of Extractive Resources for Local Development*<sup>82</sup>; *Kandadji Niger Basin*

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<sup>82</sup> P164271 (Board date planned March 2019).

*Water Resources Program*<sup>83</sup> – local development component associated with resettlement action plan; a *Health and Nutrition P4R*<sup>84</sup>; and a *Basic and Secondary Education with Early Childhood Development*<sup>85</sup> (ECD).

**27. Increasing opportunities for youth and women in fragile regions and supporting the peaceful management and sharing of agro-pastoral resources (\$128 million RMR resources):** IDA18 operations approved to receive RMR resources to support this include: *Youth Employment and Productive Inclusion Project*<sup>86</sup>; *Sahel Regional Irrigation Initiative Project*<sup>87</sup>; and *Skills Development for Growth Project AF*<sup>88</sup>. These 3 projects have benefitted from a total amount of US\$48 million of RMR resources. Operations under preparation include: *Agriculture and Livestock Transformation*<sup>89</sup>; *Rural Mobility and Connectivity*<sup>90</sup>; and a potential *Additional Financing for Regional Pastoralism Support*<sup>91</sup> project (FY20). The ongoing Regional Sahel Pastoralism Support Project operation is supporting these RMR strategic priorities coordinating closely with the High Authority for Peace Consolidation.

**28. Strengthening crisis prevention, preparedness and response (\$65 million RMR resources):** The *Refugees and Host Communities Support Project*<sup>92</sup> benefitted from US\$15 million of RMR resources. The project will be implemented by the Executive Secretariat of the SDS (Strategy for the Development and Security of the Sahelian-Sahara Areas of Niger) and work closely with UNHCR to provide support to refugees and host communities. The project includes support to local government institutions to build capacity to provide basic services and anticipate shocks. The second *Adaptive Social Safety Nets Project*<sup>93</sup> is in an advanced stage of preparation and will build on the ongoing safety nets project with a focus on communities experiencing or at heightened risk of experiencing shocks, including related to conflict or insecurity. Early results include strengthening local institutions involved in supporting implementation of operations with RMR resources, include SE/SDS, Safety Nets Unit (Cellule de Filets Sociaux).

**29. The implementation of the FCV Risk Mitigation Regime requires simple monitoring arrangements at country level.** A set of relevant indicators have been selected and used to monitor Niger's progress on mitigating identified risks and their evolution. This section includes two key components: (i) Monitoring progress in the implementation of the Risk Mitigation Regime by the World Bank; (ii) Strengthening the Government's own systems for monitoring FCV risks and conflict early warning.

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<sup>83</sup> P149714.

<sup>84</sup> No P# available.

<sup>85</sup> No P# available.

<sup>86</sup> P163157 (approved June 14, 2018).

<sup>87</sup> P154482 (approved December 5, 2017).

<sup>88</sup> P163467 (approved April 10, 2018).

<sup>89</sup> P164509 (Board date planned January 2019).

<sup>90</sup> P164498 (Board date planned December 2018).

<sup>91</sup> P147674.

<sup>92</sup> P164563 was approved on September 12, 2018.

<sup>93</sup> P166602 (Board date planned December 2018).

30. **The coordination of aid in Niger is currently framed around a donor committee which leads the policy dialogue with the government especially on Niger’s national Plan for Economic and Social Development (PDES, 2017-21).** Several sector working groups seeking to ensure a better coordination between donors in different areas of cooperation. A UNDP-led unit supports the coordination process. Coordination of RMR-funded programs will primarily be Niger-based and will be sought within this framework.

31. **The WBG is also contributing to the operationalization of the Sahel Alliance’s priorities in Niger<sup>94</sup>.** Following the Alliance Secretariat visit on March 30 in Niamey, the Government of Niger agreed on the following two priorities for operationalization of the Sahel Alliance: (i) develop a multisectoral multi-donor approach for rapid results in the vulnerable area of North Tillabery - West Tahoua, aligned with the Stratégie de Développement et de Sécurité dans les Zones Sahélo-Sahariennes du Niger (SDS SAHEL NIGER); and (ii) Improve aid effectiveness of the joint Government / Alliance Sahel members. The North Tillabery - West Tahoua approach to prevention and stabilization is under development. This cross-border area (part of the “fuseau centre” of deployment of the G5 Sahel force) is weakened by three factors: importation of armed violence from Mali; recurrent violence produced by competition in access to resources between different economic actors; and insufficient state presence. The Bank’s anchor project will be the US\$80 million Niger Refugees and Host Communities Support Project recently approved in September 2018.

## Tajikistan

### Overview

32. **The Tajikistan Risk and Resilience Assessment (RRA, 2017) identified fragility risks and sources of resilience.** Key risks include: (i) insufficient economic opportunities, specifically for the rural population, women and youth; (ii) high dependence of households on remittances from labor migration; (iii) disparities for the rural population (specifically in lagging regions) in access to basic services and infrastructure; (iv) heightened vulnerability in certain regions; (v) vulnerabilities, particularly of youths, to radical religious ideologies and attempts to recruit them into actions that are cause of concern and could be considered potentially destabilizing and a risk to development achievements in the country so far. Source of resilience that could help mitigate potential FCV risks include: (i) popular interest in stability; (ii) positive contribution of labor migration to the national economy; (iii) durability of community-level institutions; (iv) patriotism/overall satisfaction with quality of life and shared history and cultural ties with neighbors; (v) opportunities to make use of hydropower and mineral wealth for economic growth and regional cooperation.

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<sup>94</sup> The Sahel Alliance was launched in July 2017 by France, Germany and the EU, with the WBG, UNDP and AFDB as founding partners. Its intent is to strengthen the peace, security and development nexus by a) speeding up delivery of development projects; b) crowding in resources, including from the private sector; and c) measuring results. The Alliance presents a new way of working in a more coordinated and focused manner. Founding partners, now joined by Italy, Spain, the UK, Luxembourg and the Netherlands have developed the so-called corpus which includes: (i) a pipeline of almost 500 projects totaling almost €7.5billion in six thematic areas (Youth Employability and Education; Rural Development, Agriculture and Food Security; Energy and Climate [WBG is thematic lead] ; Decentralization and Basic Services; Governance; Internal Security) ; (ii) a list of 30 key indicators against which the Sahel Alliance will report on an annual basis; and (iii) a selection of 12 flagship projects aimed at showcasing the ability of the Sahel Alliance to deliver rapid results, including in vulnerable and insecure areas.

33. **A key recommendation of the RRA to address identified risks and build on sources of resilience was the creation of local development platforms in high risk and lagging regions of the country.** The aim of these conflict-sensitive local investments would be to promote participatory, inclusive local development planning, including a focus on youth and women, to build local institutional capacity, to provide economic opportunities for at-risk populations, and to build trust between citizens and the state. Against this backdrop, a “rural development program” with a focus on Khatlon and GBOA will be the overarching umbrella for mainly three complementary investment lending operations (thereof two funded under the RMR). Analytical work and efforts to include fragility sensitive elements into the overall country program will add to the features of the program. The first operation, tentatively titled *Rural Economy Development Project*<sup>95</sup> will aim at creating jobs for underserved segments of the population, by fostering and developing private-sector opportunities in labor-intensive sectors. The second operation, tentatively titled *Socio-Economic Resilience Strengthening Project*<sup>96</sup> (community and youth resilience) would focus on (i) improving access to local infrastructure and services, with a possible focus on drinking water, on-farm irrigation, off-grid energy, and local roads; (ii) social and entrepreneurship support services for youth and vulnerable women; and (iii) capacity-building for local administrations and community organizations for quality and sustainable service delivery.

### **Progress Update**

34. **The RRA was completed in May 2017; and the RMR Implementation Note one year later.** The two operations envisaged for RMR funding are currently in the identification phase, slated for Board approval in FY19/Q4.

35. **A Pre-identification Mission for the RMR Program took place from May 28 to June 1, 2018, resulting in a broad understanding with government authorities on the main pillars of the program.** Dialogue has continued on a more granular level by project identifications missions for the two projects, which took place in September and October 2018.

36. **Monitoring arrangements for the overall program still need to be finetuned and will build on results indicators for the above-mentioned investment lending projects and related ones, to assure attribution to concrete activities.** Based on initial discussions at HQ and country level, a potential partnership with UNDPA could include a collaboration related to the monitoring of the overall fragility situation in the country (they do this for UNDP projects as an internal service). In addition, DPA might be conducting conflict assessments of the target project areas and convene an information-sharing group to discuss and prioritize FCV risks (to be confirmed). Trust fund financing will be sought for supporting community-based risk and socio-economic development monitoring associated with local development platforms, including drawing from World Bank emerging experience in geocoded data portals and mapping completed as part of RRA analysis. The Agha Khan Foundation is a potentially strategic and implementation partner for all described interventions given its extensive presence in GBAO, and in the border regions of Kyrgyzstan and Tajikistan. There are also opportunities to support the Tajikistan State Statistics Committee on RMR monitoring.

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<sup>95</sup> P168326.

<sup>96</sup> P168052.

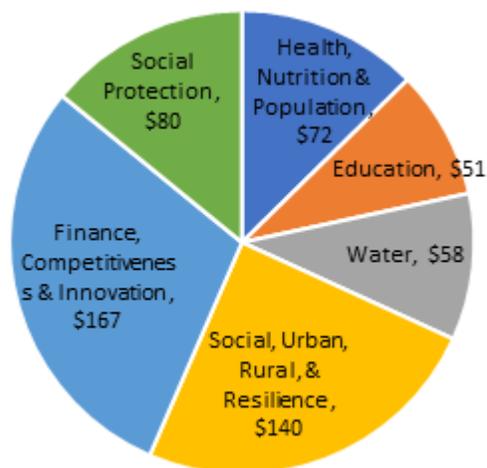
## Annex 5: Refugee Sub-Window: Portfolio Update

1. **The WBG’s framework in responding to the refugee crisis is to help mitigate the medium-term negative development impact of forced displacement on both refugees and their hosts, and to maximize positive impacts where possible.** The WBG aims to support government-led national programs and broader regional initiatives, and to use financing to underpin policy and institutional reforms. Its efforts are complementary to, but distinct from, both short-term emergency responses and the rights-based protection agenda. Bank support is not aimed at compensating refugee-hosting countries, or at substituting for other forms of assistance, but at helping better manage a difficult situation. These efforts are part of a broader set of WBG engagements, which includes efforts to mitigate the risks and impacts of conflict, to facilitate post-conflict recovery, to support poverty reduction and shared prosperity in host countries, and to increase engagement in support of IDPs.

2. **The Refugee Sub-Window portfolio for the nine eligible countries is spread across several Global Practices and includes a mix of instruments (Investment Project Financing (IPF) and Program for Results (PforR)) based on country-specific needs** (Figure A5.1 and Table A5.1). Some are additional financing to existing projects while others are stand-alone depending on what can realistically be carried out in the current environment and can potentially have a transformational impact. There is also a strong pipeline of projects planned for delivery in FY19-20 across a range of sectors.

3. **The portfolio is accompanied by an extensive ASA program and efforts to build partnerships with key stakeholders** (including, but not limited, to UNHCR). The ASA program provides data and evidence on which RSW projects are based and underpins the operationalization of the development responses to refugee situations. The ongoing ASA includes poverty and vulnerability assessment of refugees and host communities, analysis on transition from humanitarian assistance to development response in various sectors, and impact evaluations, among others.

**Figure A5.1. Approved RSW Projects by Global Practice**  
(in US\$ million)



**Table A5.1. List of Approved Projects**

| #            | Country    | Project Name  | GP    | Instrument | Financing from RSW (\$M) | Total project amount (\$M) | Approval Date |
|--------------|------------|---|-------|------------|--------------------------|----------------------------|---------------|
| 1            | Bangladesh | Additional Financing for Health Sector Support Project (P167672)                                | HNP   | IPF        | 41.7                     | 50                         | 28-Jun-18     |
| 2            | Bangladesh | Additional Financing for Reaching Out of School Children II (P167870)                           | EDU   | IPF        | 20.8                     | 25                         | 18-Sep-18     |
| 3            | Cameroon   | Community Development Program Support Project Response to Forced Displacement (P164803)         | SURR  | IPF        | 40                       | 48                         | 1-May-18      |
| 4            | Cameroon   | Social Safety Nets for Crisis Response (P164830)  | SPL   | IPF        | 30                       | 60                         | 1-May-18      |
| 5            | Cameroon   | Health System Performance Reinforcement Project - Additional Financing (P164954)                | HNP   | IPF        | 30                       | 36                         | 1-May-18      |
| 6            | Cameroon   | Cameroon Education Reform Support Project (P160926)   | EDU   | IPF        | 30                       | 130                        | 1-May-18      |
| 7            | Chad       | Chad - Refugees and Host Communities Support Project  | SPL   | IPF        | 50                       | 60                         | 12-Sep-18     |
| 8            | Ethiopia   | Ethiopia Economic Opportunities Program (P163829)   | FCI   | PforR      | 166.7                    | 202                        | 26-Jun-18     |
| 9            | Niger      | Niger Refugees and Host Communities Support Project   | SURR  | IPF        | 50                       | 80                         | 12-Sep-18     |
| 10           | Uganda     | Uganda Support to Municipal Infrastructure Development Program - Additional Financing (P163515) | SURR  | PforR      | 50                       | 360                        | 15-May-18     |
| 11           | Uganda     | Integrated Water Management and Development Project (P163782)                                   | WATER | IPF        | 58                       | 280                        | 14-Jun-18     |
| <b>TOTAL</b> |            |   |       |            | <b>567.2</b>             | <b>1,331</b>               |               |