

 FRAGILITY and CONFLICT



STATE- AND PEACE-BUILDING FUND  
**ANNUAL REPORT**

**2011**



THE WORLD BANK  
FRAGILE AND CONFLICT-AFFECTED COUNTRIES GROUP (OPFC)

## ABBREVIATIONS AND ACRONYMS

AFR	Africa Region
EAP	East Asia and Pacific Region
ECA	Europe and Central Asia Region
FAO	Food and Agriculture Organization
FY	Fiscal year (July 1 to June 30)
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
LAC	Latin America and the Caribbean Region
MDTF	Multi-Donor Trust Fund
MENA	Middle East and North Africa Region
NGO	Nongovernmental organization
OPCFC	Fragile and Conflict-Affected Countries Group (World Bank)
SA	South Asia Region
SPF	State- and Peace-Building Fund
WDR	World Development Report

## KEY TO THEMES

- CB** Capacity Building
- CDD** Community-Driven Development
- GVNC** Governance
- MktF** Market Formation
- SUBNAT** Subnational Conflict Management
- VULN** Vulnerable Groups (including youth, women, and internally displaced people)

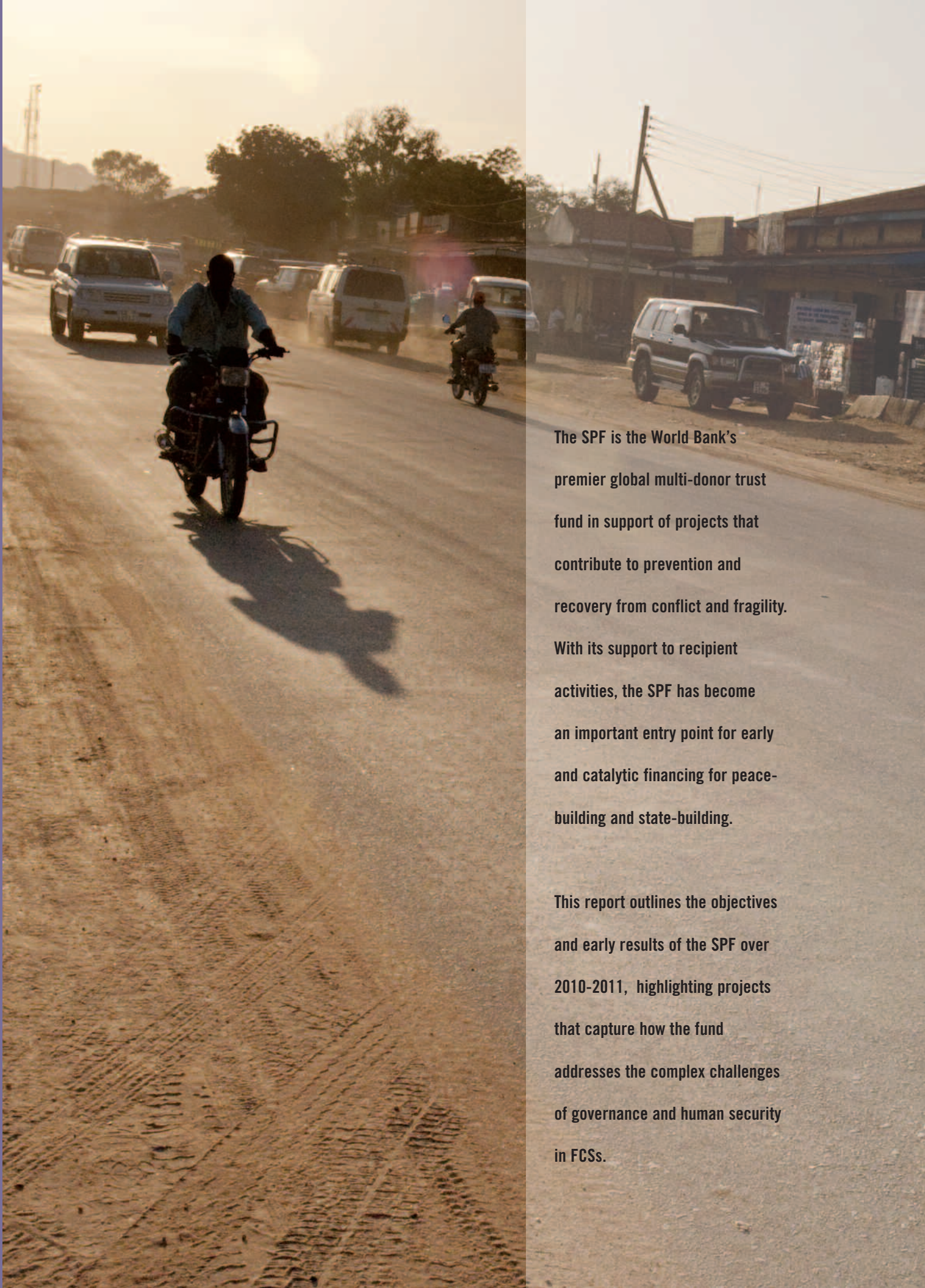
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FUND ANNUAL REPORT  
FISCAL YEAR 2011

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The SPF is the World Bank's premier global multi-donor trust fund in support of projects that contribute to prevention and recovery from conflict and fragility.

With its support to recipient activities, the SPF has become an important entry point for early and catalytic financing for peace-building and state-building.

This report outlines the objectives and early results of the SPF over 2010-2011, highlighting projects that capture how the fund addresses the complex challenges of governance and human security in FCSs.

State-building and peace-building are inter-related and complementary processes. The State- and Peace-building Fund (SPF) was established in 2008 to address the needs of state and local governance and peace-building in fragile and conflict-affected states. The SPF is the World Bank's premier global, multi-donor trust fund in support of projects that contribute to prevention and recovery from conflict and fragility. With its support to recipient activities, the SPF has become an important entry point for early and catalytic financing for peace-building and state-building. This annual report outlines the objectives and early results of the SPF over 2010-2011, highlighting projects that capture how the fund addresses the complex challenges of governance and human security in fragile and conflict-affected situations (FCSs).<sup>1</sup>

### Fragility and Conflict: The Challenge

During 2010-2011, emerging situations of conflict and fragility existed in every region of the developing world. Civil upheavals in both Tunisia and Egypt and sustained instability in Bahrain, Libya, Syria, and Yemen severely marked the year's events in the Middle East and North Africa Region in 2011. Ethnic strife in Kyrgyzstan; continued violence in Afghanistan, Iraq, Nepal, and Pakistan; and post-election violence in Côte d'Ivoire, Guinea, and Nigeria demonstrate the global scale of the

challenge in a single year.

One-and-a-half billion people live in areas affected by fragility, conflict, or organized criminal violence. Each year of violence in a country is associated with lagging poverty reduction of nearly one percentage point. Poverty rates are 20 percentage points higher in countries that have been affected by repeated cycles of violence. Conflict and fragility work to create a vicious cycle. Ninety percent of the civil wars in the 21st century occurred in countries that had already experienced a civil war in the previous 30 years. In addition to the economic costs, the human costs of conflict are also high: children in conflict- and violence-affected countries are three times as likely to be out of school, and women in these environments suffer from increased levels of domestic violence and abuse. Persons living in a country affected by violence are twice as likely to be malnourished, and an additional 50 percent are likely to be impoverished. Indeed, no low-income fragile or conflict-affected state has yet achieved a single Millennium Development Goal.

The impact of conflict does not end at the borders of fragile and conflict-affected states. Countries lose an estimated 0.7 percent of annual GDP for each neighboring country that is involved in a civil war. Fifteen million people are refugees outside their country. And fragile and conflict-affected states are the primary exporters of cocaine, heroin, and maritime piracy.<sup>2</sup>



### The State and Peace-Building Fund

The State- and Peace-Building Fund was created in 2008 to consolidate and advance the World Bank's strategic approach to conflict and fragility. The SPF operates at the intersection of development, conflict prevention, post-conflict reconstruction, and peace-building within the World Bank's legal and policy framework. The following salient points describe the SPF:

#### OBJECTIVES

The overarching objective of the SPF is to address the needs of state and local governance and peace-building in fragile and conflict-affected situations. The SPF also strives to capture and disseminate the lessons of its activities to promote better understanding of the dynamics of fragility and conflict as well as effective strategic and operational approaches to support national and local efforts to prevent and recover from violence.

#### CONCEPTUAL ALIGNMENT

The SPF recognizes the inherent connection between security and development; and the vital link between building peace and building institutions. Thus the SPF promotes crosscutting and innovative approaches. The SPF projects that promote youth entrepreneurs, for example, recognize that generating jobs and livelihoods for at-risk youth contribute to prevention of violence, but they must also touch on issues such as rule of law, broader economic development, and cultural attitudes. These challenges should be approached and tackled through a sustainable and holistic approach.

#### ENTRY POINT FOR ENGAGEMENT

By definition, fragile and conflict-affected states have weak governance and limited institutional capacity for development. A key value of the SPF is its mandate to pilot innovative initiatives that create a foothold for wider development involvement. The SPF is often used as an instrument for initiating World Bank engagement in countries that otherwise have limited or no access to World Bank resources: serving as an entry point for scaling up World Bank funding for specific projects or for re-engaging with IDA.

#### RESULTS OF CALL FOR PROPOSALS (FY11)

Effective Fall 2010, a new strategy was introduced including a call for proposal process and companion criteria. The call resulted in the submission of over 50 concept notes at a value of over US\$100 million. This new streamlined process for selecting projects aimed to consolidate administrative procedures, allow for greater prioritization and strategic selection across the SPF portfo-

lio, and improve the speed of project processing.

The biannual call has been successful in allowing the SPF to overcome the first-come, first-serve approach to project selection, promoting a more strategic effort in prioritizing activities. The SPF has also continued to accept ad hoc proposal submissions where the projects catalyzed engagement and financing are clearly in situations of crisis or urgent need. Projects in Guinea Bissau, Libya, Somalia, and Tunisia were all processed in FY11 in line with these criteria.

#### PROJECT PORTFOLIO

As of June 30, 2011, the SPF approved 44 projects for US\$95.5 million across all Regions. The projects represent initiatives that aim to respond to the needs of fragile and conflict-affected states, including employment generation initiatives in Côte d'Ivoire, Kosovo, and Togo; justice and governance reform in Guinea Bissau, Liberia, and Nepal; livelihood and community-driven development approaches in Somalia and Sudan; and responses to the needs of vulnerable groups, including women, internally displaced people, refugees, and youth across all regions. The SPF supports a wide range of implementing partners, including government entities, UN agencies, and international and local NGOs. To date, the SPF has granted US\$74.5 million, the largest share of financing, to government entities and NGOs. Annex 1 provides lists of all projects approved in the first three years of operations (FY09-11).

#### THEMATIC LEARNING

With its mandate to pilot innovative approaches in fragile and conflict-affected states, a central pillar of the SPF is the capturing and sharing of lessons learned. By incorporating learning components into project design and initiating independent knowledge and learning activities, the SPF promotes increased understanding of project impacts. This knowledge and learning agenda helps guide the strategic direction of the SPF and informs the areas of work in which the SPF engages. For example, two impact evaluations of gender-based violence in the Democratic Republic of Congo and Côte d'Ivoire aims to improve the delivery of services for women who suffer

from this endemic problem and in turn inform SPF projects that are working toward ways to end this violence. The SPF also commissioned a thematic activity for developing a system of monitoring and evaluation for projects that support youth employment and empowerment. To date, this activity has resulted in the development of a youth-generated monitoring and evaluation system to track progress for five projects in Eastern Europe. Through partnership with development partners, the knowledge gained from SPF thematic learning activities will help to guide and inform future efforts that promote peace-building and state-building in fragile and conflict-affected states. The Thematic Learning Section of this report highlights new learning initiatives in the areas of internally displaced people and subnational conflicts.

#### PROGRAM MANAGEMENT STRUCTURE

The SPF is housed within the World Bank's Fragile and Conflict-Affected Countries Group (OPCFC), a working unit responsible for coordinating country strategy, institutional reform, knowledge management, and strategic partnerships to improve the World Bank's engagement with fragile and conflict-affected states. Within OPCFC, the Secretariat manages all aspects of the SPF program, endeavors to build a network of programmatic partnerships, and works to orchestrate learning and knowledge-sharing activities. The SPF Secretariat supports a director-level, governing body, the SPF Committee, which provides strategic direction and is the approval authority for all SPF projects. The OPCFC is also the World Bank unit that leads operationalization strategy<sup>3</sup> of the World Development Report (WDR) 2011, which commits the World Bank to implementation of WDR recommendations.



## MOVING FORWARD

At its inception, the SPF was designed to align conceptually with cutting-edge research, policy reforms, and discourse both within the World Bank and across key partner institutions with regard to peace-building and state-building approaches. The release of the World Development Report 2011: Conflict, Security, and Development and the WDR operationalization strategy has marked a significant shift—both within the World Bank and across the international development system—toward new and revitalized approaches in fragile and conflict-affected situations.

With its focus on early entry and institution-building approaches, the SPF, implemented in collaboration with a broad range of partners, is uniquely positioned to serve as a catalytic and flexible resource that “field tests” WDR 2011 recommendations. While many synergies already exist, there are areas where the SPF will be brought further in line with the WDR recommendations. This alignment requires reframing and prioritization of the SPF focus and target results rather than fundamental changes to the SPF guiding principles. As advocated for in the WDR 2011, the SPF is exploring better ways to support strategic, sustained engagements in fragile and conflict-affected situations. Concurrently with this aim, the SPF is continuing to fund innovative projects and fast, flexible, and early engagements to take advantage of windows of opportunity to support successful transitions or to respond to crises.

## STATE-BUILDING: PROJECTS IN HIGHLIGHT

STATE-BUILDING seeks to strengthen, build, or rebuild institutions of governance that are capable of providing citizens with such functions as transparent and accountable management of public finances, investment in human capital and social development, rule of law, basic services and infrastructure, and an enabling environment for market development. A state's low capacity to perform such functions along with limited civil society engagement and NGO oversight is often inherent in conditions of fragility, conflict, and violence. By strengthening and building institutional capacity and legitimacy—both governmental and nongovernmental—to carry out these functions, state-building increases resilience to fragility, conflict, and violence. The case studies below illustrate a range of SPF projects that respond to state-building challenges.

### Piloting a Community Model for Service Delivery

HAITI

CDD CB GVNC

#### Rural Water and Sanitation

Already wrestling with the insurmountable problems of being one of the poorest countries in the Western Hemisphere, Haiti was severely impacted by the world food and fuel crises of 2008 and later in that year was hit by three hurricanes. Still reeling from these external shocks, in January 2011 Haiti experienced a massive earthquake that left hundreds of thousands of its citizens dead and more than a million homeless. Rioting and violence and a deadly cholera outbreak followed, adding to the devastation.

In this challenging context, the SPF “Rural Water and Sanitation” project aims to improve access to water supply and sanitation services in participating rural communities and strengthen community-level and municipal-level governance and institutional arrangements to reinforce state effectiveness and reduce the risk of social conflicts. The project is designed to ensure that such benefits will be sustainable by making services less vulnerable to natural disasters. After the 2011 earthquake,

the SPF project filled an unmet need by providing access to water and sanitation services to rural areas. Most international assistance was focused on Port-au-Prince and camps serving the urban homeless. The SPF project also pilots a credible model of community involvement in service delivery whereby villages and private firms share the responsibilities of managing water and sanitation services. This model strengthens community capacity while increasing the credibility of government to deliver critical services.

In the first stages of implementation, the project has successfully completed a water and sanitation system for the community of Côteaux that serves approximately 5,000 people. The project is scheduled to build 14 wells with pumps for 4 rural communities (Côteaux, Laval, Fond-des-Blancs, and Baie du Mesle), which could serve an additional 6,500 people. With an aim to establish a long-term sustainable system, the SPF project also focuses on strengthening training on system maintenance and operation, with a particular emphasis on chlorination, the relevance of which has been painfully underscored by Haiti's cholera epidemic. In the long run, clean water, good sanitation, and improved family hygiene will improve the living conditions of rural Haitians and assist with the prevention of disease outbreaks.





## Targeting Unemployment and Service Delivery through a Participatory Approach

### TUNISIA

CB GVNC

#### Participatory Service Delivery for Reintegration

High unemployment, coupled with a lack of social and political inclusiveness, fueled the civil unrest in Tunisia. Southern Tunisia in particular continues to be affected by the double shock of the political crisis and unrest as well as the effects of returning workers, Libyan refugees, and loss of cross-border trade and economic activity due to the current political and civil crisis in Libya. Working in collaboration with the government and a national non-profit organization, the SPF is supporting a project to generate short-term employment opportunities in basic social services for local populations and returning Tunisian workers from Libya, through a community-building, participatory approach. The program will be implemented in the southern, predominantly rural governorates bordering Libya that face constraints in generating jobs and providing public services in part due to growing numbers of Tunisian migrant and refugee populations from Libya.

The “Participatory Service Delivery for Reintegration” project builds on the consensus among government and

civil society in Tunisia of promoting the quality of public services in underserved regions and of developing local civil society and government capacity to address social disparities. As part of the Social and Economic Recovery Program supported by the World Bank, the Government of Tunisia has instituted policies to expand citizen participation and the reach of social services through community-based initiatives, such as the community-based social service delivery approach supported by the proposed SPF project. The SPF project will act as a confidence-building measure by funding cash for work and desirable services identified by the target communities and will complement the World Bank’s existing work in Tunisia by acting as an early pilot and testing ground for the participatory development approaches advocated by the Government of Tunisia in its transition strategy.

The program will work with local NGOs and communities to identify basic services that can be provided by local citizens without advanced professional skills but with the guidance of trained professionals. Services may include assistance in welfare monitoring, alert systems, nutrition and feeding programs, peer support groups, youth mentorship, and home assistance.



## Holistic Approach to Gender-Based Violence

### CÔTE D'IVOIRE

CB GVNC VULN

#### Protection from Gender-Based Violence

Since 2002, Côte d'Ivoire has experienced civil conflict characterized by cycles of extreme violence. There have been numerous reports of massive human rights abuses, particularly targeted at women. Rape and other forms of sexual abuse have been used to humiliate and terrorize the civilian population. Domestic violence, female genital mutilation, and early/forced marriage are common. In addition to the physical violence against women in Côte d'Ivoire, women cannot own the land they cultivate and are not allowed to participate in community decision-making. The literacy rate for women is only 38.6 percent as compared to 60.8 percent for men.<sup>4</sup> These circumstances create a difficult context for efforts to prevent abuses and protect victims. To help address the situation, the International Rescue Committee (IRC) has implemented the SPF-funded project, "Protection from Gender-Based Violence." Box 1 describes an SPF-financed study that evaluates the impact of assistance directed toward gender-based violence in Côte d'Ivoire.

The overall objectives of the SPF project are prevention of sexual violence against women and improved assistance to survivors. The project seeks to improve the

commitment and capacity of local authorities and community members (women and men) to prevent gender-based violence; improve access to extended services for survivors of gender-based violence; and improve the coordination and capacity of local organizations and key stakeholders in prevention and response, including a multi-sectoral referral network for gender-based violence. The project operates at three inter-related levels (community, provincial, and national) that involve a wide range of stakeholders. The Ministry of Health, the Ministry of Social Affairs, the Ministry of Justice, the armed forces, NGOs, media, and local communities are all involved.

Since the launch of the project in December 2010, the project team has conducted awareness-raising activities with more than 10,000 beneficiaries of which 38 percent have been men. The project has also developed agendas for dialogue among groups of women and men and has supported 370 survivors of gender-based violence in collaboration with network partners. To respond to the economic needs of women, 40 new micro-credit groups were established in 24 villages with a total of 1,330 women participating. The project has also focused on supporting legal reforms as part of penal code revisions initiated by the Ministry of Justice.



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VULN

BOX 1

### CÔTE D'IVOIRE Improving the Development Response to Gender-Based Violence

An integral part of the SPF's work is to pilot, and learn from, current projects to inform current and future operations. Two SPF-financed projects in the Democratic Republic of Congo and Côte d'Ivoire are implementing different approaches that respond to gender-based violence. For both projects, the SPF is financing complementing impact evaluations as learning components of project activities. The objective of these evaluations is to identify effective development approaches to respond to gender-based violence and inform related operations.

Findings in studies of conflict-affected populations across countries and regions often reveal high levels of accompanying violence against women. Recent community-based research in Côte d'Ivoire, for example, underscores the pervasiveness of gender-based violence against women and girls in this West African nation, with 60 percent of women report-

ing having experienced violence perpetrated by an intimate partner at some point in their life.\* Thus the Côte d'Ivoire context offers important opportunities to build evidence through rigorous impact evaluations of gender-based violence programs.

In 2010, the International Rescue Committee, the Yale School of Public Health, and Innovations for Poverty Action partnered to conduct a research evaluation of the IRC's socioeconomic program in Côte d'Ivoire. The research partners bring together methodological and content expertise in the areas of epidemiology, gender-based violence, randomized trials, qualitative research, developmental economics, and social policy. This evaluation will help to inform current and future projects implementing approaches specific to gender-based violence.

\* M. Hossain, C. Zimmerman, L. Kiss, and C. Watts, *Violence against Women and Men in Côte d'Ivoire: A Cluster Randomized Controlled Trial to Assess the Impact of the 'Men & Women in Partnership' Intervention on the Reduction of Violence against Women and Girls in Rural Côte d'Ivoire—Results from a Community Survey*. (London, England: London School of Hygiene & Tropical Medicine, 2010).



## Increase Youth Civic Engagement through Volunteerism

### LEBANON

CDD VULN GVNC MktF

#### National Volunteer Service Program (NVSP)

For many young adults in Lebanon, war is a prominent backdrop of everyday life. Conflict has gripped Lebanon on and off for over three decades. Many of the country's youth are all too familiar with being confined to their homes, finding refuge at shelters, obeying curfews, and sifting through the rubble of their homes to find the remnants of their lives. Despite living in a country of small geographic size, many youth have not been exposed to other parts of their country before they begin their education or start to work. With a highly complex political, religious, and social landscape consisting of 18 religious sects, numerous political parties, and hundreds of thousands of refugees, the country's current civil peace is fragile. There is a great need to work preventively for peace- and state-building by supporting the reconciliation potential of society as a whole. There is a need to rebuild destroyed relationships and defuse tensions by bringing groups together around shared goals.

The SPF-supported "National Volunteer Service Program" is an innovative project that plans to use volunteerism as a means of increasing youth civic engagement with the aim of contributing to social cohesion in the medium term. Voluntary civic service is believed to build more cohesive societies through building citizenship. The benefits of youth volunteering toward civic development, citizenship, and social cohesion are backed

by international evidence. And volunteering outside of one's own community has been considered good practice by development practitioners who posit that a change in context is a prerequisite for a change in attitudes. The project is designed to develop and scale up the nascent volunteerism activities of the Ministry of Social Affairs by developing the institutional and governance structure for volunteerism in the country; strengthening capacity of the Ministry of Social Affairs, NGOs, universities, schools and volunteers; and expanding opportunities for volunteerism through civil society.

The project also aims to improve youth employability. Many Lebanese working-age youth lack the skills and competencies demanded by employers, particularly the transferable work-related skills acquired through community-service learning, the very competencies that are needed for young people to contribute to civic engagement and national cohesion. In the international arena, these skills can often only be developed through volunteerism in civic service, community work, and internships, in order to give hands-on experiences in interacting with others within the community and provide the skills that can help make the younger generation more employable. This innovative project also incorporates a strong learning element, whereby an impact evaluation will help provide evidence on whether volunteered, community-service experience can lead to greater labor market integration.





Lebanon

state-building: projects in highlight

## PEACE-BUILDING: PROJECTS IN HIGHLIGHT

*Peace-building* seeks to develop conditions, values, and behaviors that foster and sustain social and economic development that is peaceful, stable, and sustainable. Peace-building includes the broad spectrum of reconstruction, including recovery and re-integration of conflict-affected populations and increased social cohesion; use of gender-sensitive approaches and response to vulnerable groups; and the management of external stresses, including cross-border violence, economic shocks, trafficking, and organized crime. These efforts are necessary for a country to recover from conflict and that support the development of integrated strategies to lay the foundation for sustainable development. The case studies below illustrate SPF projects that contribute to peace-building results.



### Support for Economic and Infrastructure Development

#### KOSOVO

CDD CB GVNC MktF

#### Social Inclusion and Local Development

In Kosovo, one of the poorest countries in Europe, poverty is persistent and widespread. According to available data, 45 percent of the population lives below the national poverty line, and an estimated 17 percent are considered extremely poor. With an unemployment rate of 47 percent, Kosovo has the weakest employment track record in Europe, substantially below the average among all transition economies. Kosovo's four main ethnic minorities—Serbs, Turkish Muslims, Slav Muslims, and Roma—are particularly vulnerable, with extreme poverty the highest among Roma and Slav Muslim households. High unemployment and lack of adequately paying jobs contribute significantly to poverty and income insecurity as well as to ethnic tensions.

Although the country has come a long way in re-establishing peace and social stability, the relationship between the Albanian community and the Serb community remains tense. Ethnically mixed municipalities remain especially prone to localized outbreaks of violence. Security forces also continue to monitor the enclaves and islands of ethnic Serbs communities that are scattered within the ethnic Albanian population.

Financing from the SPF is critical to support reconstruction and development through a participatory and inclusive development process at the local level. The SPF-supported project enables efforts by the Government, donors, and the international authorities to increase access to basic social services, reconstruct key infrastructure, and increase income and employment opportunities. Project activities are designed to foster reconciliation among different ethnic groups and encourage the integration of minorities and other vulnerable groups, including women. The beneficiaries of the project are populations residing in the poorest of Kosovo's municipalities, including all municipalities that have minority or multi-ethnic enclaves. The project focuses on viable, sustainable enterprises that can create jobs and strengthen local communities. It also targets enterprises that are owned by female and ethnic minorities.



## Mitigate Conflict through Resource Management

### SUDAN

#### Peace-Building and Development

CDD CB

Sudan's 2005 Comprehensive Peace Agreement made provisions for funds to target the least developed states, namely Abyei, Blue Nile, Darfur, and South Kordofan, reflecting the recovery and development needs of these areas as well as their pivotal roles in sustained peace and security. The implementation of development activities became critical as internally displaced people returned and humanitarian and development agencies scaled up activities. Households had greater opportunity to invest in agriculture, heightened security, and improved mobility—creating opportunities for increase in food and cash income. However, these states suffer from insecurity due to conflict over national resources and pressure on the already strained social services. In areas that were largely depopulated during the years of

conflict, little or no infrastructure exists. Large-scale return of displaced populations has added to the competition for limited resources and increased the depletion and strain on the limited, existing infrastructure. Minor conflicts between pastoralist nomadic herders and settled farmers have escalated as a result.

The SPF project "Peace-Building and Development" promotes peaceful coexistence between divergent groups through increased understanding and improved livelihood opportunities. To achieve this objective, the project undertakes development activities that address the important causes of ethnic conflicts such as stock routes, water resources, and employment and income-generating opportunities. Beneficiaries include nomadic pastoralists and the settled farmers along stock routes. The project supports the demarcation of high-priority stock routes prone to conflicts and provision of water points where water-related conflicts are a continuing





## Mitigate Conflict through Resource Management

threat. The stock routes are demarcated through intensive consultations with the settled communities of the villages in the path of the stock routes, the farmers' and herders' associations, village opinion leaders, government entities and related departments and extension services, and NGO volunteers who will contact the villages to start the initial dialogue with the impacted communities. The watering facilities are built at regular intervals for the moving livestock, and also take care of the drinking water needs of the local human and cattle populations of the village.

Women and youth are targeted as primary beneficiaries. To complement the demarcation work and address the lack of economic opportunities, the SPF project also provides training and start-up support to women and youth in simple income-generating activities, including tailoring, food processing, and carpentry. Looking ahead, Southern Sudan will look to a new SPF project to help manage its resource dependence (Box 2).



CB GVNC

BOX 2

### EARLY ENGAGEMENT TO MANAGE RESOURCE DEPENDENCE



The Republic of Southern Sudan was officially recognized as a newly independent state in July 2011, and had to quickly transform itself from a subnational entity to a fully sovereign state. A new SPF-financed project, "Strengthening Core Functions for Managing Resource Dependence," responds to a comprehensive assessment of immediate priorities conducted by the Government and its development partners to assure an effective transition to the post-peace agreement era. Southern Sudan derives about 98 percent of its revenues from oil, which is channeled through the fiscal budget. The new Government of Southern Sudan is expected to remain significantly dependent on oil over the near term. The objective of the SPF project is to establish basic capacity within the Government to manage resource dependence through technical assistance in (a) managing resources and revenue, (b) establishing an independent macroeconomic and fiscal policy framework that takes into account the challenges coming from significant oil dependence, and (c) initiating the Government's accountability function for the use of oil revenues.

## Employment Creation for Vulnerable Groups

### SOLOMON ISLANDS Rapid Employment

CB GVNC VULN MktF

Solomon Islands is a fragile, post-conflict country. Between 1998 and 2003 the country underwent a period of civil unrest, the legacy of which continues to threaten stability and development progress today. The country has also experienced severe decline in economic activity that has caused a fiscal and balance-of-payments crisis. This situation, which has been exacerbated by the global economic crisis, has raised government concerns about the potential for renewed violence, especially in the urban areas of the country where previous tensions were focused.

As a preventative measure, the SPF-financed “Rapid Employment” project aims to contribute to government efforts to mitigate renewed unrest or violence by improving employment opportunities for targeted urban working-age youth and other vulnerable groups. The project uses a rapid employment scheme to provide short-term temporary employment opportunities through labor-

based public works paired with pre-employment training. Pre-employment training addresses the beneficiary group’s general lack of experience with, and exposure to, the formal economy and job market. The training is geared to supporting skills, attitudes, and practices that are valued by employers who will both support work under the rapid employment scheme and improve opportunities for participants to gain further employment. As of March 2011, the project has engaged about 130 community groups and supported 3,777 hired workers, 49 percent of whom are women and 50 percent are working-age youth.

Secondary benefits will accrue to target communities/neighborhoods and the general urban population from the infrastructure and services that are provided through the rapid employment scheme. The project also helps to mitigate the negative effects of government austerity measures by ensuring basic services and access for the poorer communities in Honiara, one of the target communities for the project, including those where the previous conflicts were focused.



solomon islands

### SOMALIA

#### Support to the Extended Program of Immunization

VULN

Somalia has experienced a prolonged humanitarian crisis due to a civil war that is still affecting large parts of the country. Without a functioning central government there has been a collapse in the delivery of basic social services, including a system of health care. The political situation together with regular occurrence of emergencies, including floods, droughts, and disease outbreaks, has resulted in a catastrophic health dilemma. Today, child and maternal mortality rates for Somalia (including Puntland and Somaliland) are among the highest in the world. Recent statistics indicate that 1 out of every 12 Somali children dies before their first birthday. Similarly, 1 out of every 100 women dies due to pregnancy-related causes. In late 2009, the reported immunization coverage for Somalia was about 30 percent, an astoundingly insufficient figure in preventing the spread of vaccine-preventable diseases.

The SPF-supported rapid response project, “Support to the Extended Program of Immunization” secured the delivery of vaccines and cold chain equipment to Central Somalia in Jowhar. UNICEF, the SPF project implementing partner, has reached more than 100,000 beneficiaries in the most difficult of operating conditions. The cold chain equipment and accessories were distributed and installed in maternal and child health centers in Central Somalia. Although initially responding to a health emergency by providing basic services, the medium- to long-term objective of the project is to re-establish the institutional capacity of the interim government to maintain basic health service provision. The SPF project is linked to UNICEF’s longer-term, child survival and primary health care goals. This long-term aim is to institutionalize services for highly impacted populations by building the capacity of the health system and local health personnel. This scheme would be required to effectively plan and regularly deliver community-level health services. It would also serve as an entry point for a comprehensive behavioral change program with focus on breastfeeding and complementary feeding practices and hand washing, all of which are underlying factors associated with consistently high malnutrition and mortality rates in Somalia.

Box 3 describes another SPF-supported project in response to the famine that has threatened the lives and livelihoods of Southern Somalia.

VULN GVNC MktF

BOX 3

#### RESPONSE TO DROUGHT AND FAMINE EMERGENCY IN SOMALIA

On July 20, 2011, the United Nations issued a declaration and call for aid in response to the famine impacting the Bakool and Lower Shabelle regions in Southern Somalia. The famine had already killed tens of thousands of people and was expected to become widespread throughout the country. Due to drought across Southern Somalia, farmers and herders lost crops and animals that are often their sole source of income and primary basis for household food security. Crop production was expected to reach no more than 50 percent of a five-year average, and pasture availability was significantly below average and expected to deteriorate further, indicating that the coming dry season would be especially difficult for pastoral households.

As a consequence, many Somalis struggled to cope with severely reduced access to food, acute malnutrition, and high morbidity and mortality; many left their homes to seek assistance elsewhere. Kenyan and Ethiopian refugee camps hosted hundreds of thousands of Somali refugees during the drought emergency. Refugees arrived in horribly weakened conditions, on the verge of starvation.

In response to the famine emergency, in August 2011 the SPF agreed to support a project that would finance a cash-for-work program to increase access to food through the markets by providing short-term employment to beneficiaries in food-insecure areas. The objective of the “Drought Management and Livelihood Protection” project is to rehabilitate basic infrastructure that would support long-term drought management and resilience. This project is a continuation of previous agriculture and livestock projects implemented by FAO and financed by the SPF and other World Bank-administered trust funds.

The emphasis of this project is placed on post-crisis recovery, bridging the gap between humanitarian relief and development activities. The project activities respond to the crisis by increasing access to food in food-insecure areas in the short-term while developing a medium- to long-term development livelihood plan.



With a focus on supporting innovative projects that often pilot new approaches in fragile and conflict-affected states, assessing project impact and collecting lessons is a key function of the SPF. The knowledge gained from SPF thematic learning activities will help to guide and inform the strategic direction of the trust fund program and inform future World Bank efforts that promote peace-building and state-building in fragile and conflict-affected states. For this reason, the SPF Secretariat has launched learning initiatives in thematic areas that are relevant to the fragility and conflict agenda.

### Livelihood Rehabilitation for Internally Displaced People

In 2011 the SPF Secretariat expanded its knowledge and learning portfolio to include livelihood rehabilitation for internally displaced people and refugees in situations of return or displacement. An assessment carried out by the World Bank's Social Development Unit reports that an estimated 20 percent of active SPF grants target displaced populations. The assessment also plans to evaluate the SPF portfolio, other World Bank trust-funded projects, and IDA-financed projects to identify effective livelihood approaches and make recommendations for future interventions. The activity is split into two phases: (a) the development of an evaluation methodology and (b) the application of the methodology to selected projects. An informal consultative network has been established with a wide range of external partners, including UN agencies and research institutions, to discuss the methodology and the selection of projects for case studies. Results of this assessment are expected in 2012.



### Assessing the Challenges of Subnational Conflicts

Subnational conflict is a widespread problem in Asia, affecting nearly two-thirds of the countries in South and Southeast Asia. While most of Asia is rapidly developing, subnational conflict areas typically lag behind in key development indicators. Many of these regions have been afflicted for decades, leading to protracted cycles of under-development, poor governance, and instability. These conditions often create an environment that stifles local economic growth, prevents integration into the national and regional economies, leads to deteriorating social services and consistently high level of violent conflict, and has potentially negative spillover effects in neighboring regions.

While there has been a surge in funding for development assistance in subnational conflict areas, there have been relatively few studies that specifically analyze the unique challenges for donor decision-making processes, aid relevance, and implications for such expanded aid to these regions. A current SPF project aims to assess the unique challenges in conflict-affected subnational areas in South and Southeast Asia, and to analyze the relevance and appropriateness of current development responses and practice. The research focuses on the analysis of the interaction between contested governance, development assistance, and violent conflict in conflict-affected regions. The research methodology utilizes the local political-economy dynamics as a framework of analysis for understanding the level of contestation over governance, and takes advantage of potential opportunities for South-South learning across the case studies. Research findings will help to inform decision-making among international donor organizations and government officials in countries affected by subnational conflicts.

## financial summary

During the first three years of operations (FY09-11) the SPF received a total of US\$130.7 million, comprising World Bank contributions (US\$100 million), donor contributions (US\$28.2 million), and investment

income (US\$2.6 million). Denmark has pledged an amount of US\$1.8 million in the 2012 fiscal year. Table 1 outlines in detail the contributions received from each donor.

**TABLE 1: SPF DONORS (US\$ MILLIONS, AS OF JUNE 30, 2011)**

DONOR	CONTRIBUTIONS RECEIVED	PLEDGES (FY12)	TOTAL
<b>IBRD</b>	<b>100.0</b>		<b>100.0</b>
Australia	4.3		4.3
Denmark	3.6	1.8	5.4
Netherlands	14.1		14.1
Norway	3.3		3.3
Sweden	2.9		2.9
<b>TOTAL CONTRIBUTIONS</b>	<b>128.2</b>	<b>1.8</b>	<b>130.0</b>

As of June 30, 2010, and from the total sources of funds (US\$130.7 million), the SPF has approved 44 projects, totaling commitments of US\$95.5 million. In early FY12, a pipeline amount of approximately US\$20 million for 7 projects is pending review by the SPF Committee. This pipeline amount, if approved, will bring the total amount of projects approved to approximately US\$115.0 million.<sup>6</sup>

By the end of FY11, the SPF had also committed an amount of US\$6.8 million for program management costs (including knowledge and learning activities). Program management funds are expected to cover the costs of 6 years of operations. This funding includes a commitment for three thematic learning activities that cover the thematic areas of youth, gender-based violence, and internally displaced people. Table 2 provides a complete picture of the sources and uses of SPF funds.

**TABLE 2: SOURCES AND USES OF FUNDS (US\$ MILLIONS, AS OF JUNE 30, 2011)**

SOURCE	SOURCES	APPROVALS/ COMMITMENT	DISBURSEMENTS
Funding (all donors)	128.2		
Investment income	2.6		
Projects	-	95.5	26.6
Program management*	-	6.8	2.7
<b>TOTAL</b>	<b>130.7</b>	<b>102.3</b>	<b>29.2</b>

\* Program management includes knowledge and learning activities for six years of operations.

Overall, the disbursement rate for the SPF at the end of June 30, 2011, was 22 percent for the total portfolio—that is, total disbursements of US\$29.2 million from total sources of funding of US\$130.7 million. From the 44 projects approved since inception, US\$26.6 million (or 27 percent) has been disbursed directly to grant recipients. In 2011, the SPF also supported the Haiti Reconstruction Trust Fund with a contribution of US\$2 million, raising the total amount disbursed to projects from US\$26.6 million to US\$28.6 million. Most proj-

ects have an implementation timeline of three years and have an increase in disbursement in the second year of operations. This increase in disbursements from the first to the second year of operations accurately depicts the operational reality of implementing projects in fragile and conflict-affected states, where projects often require a longer than usual start-up period because of country instability, weak institutions, and the need to hire qualified personnel. Table 3 outlines disbursements by fiscal year for all approved projects.

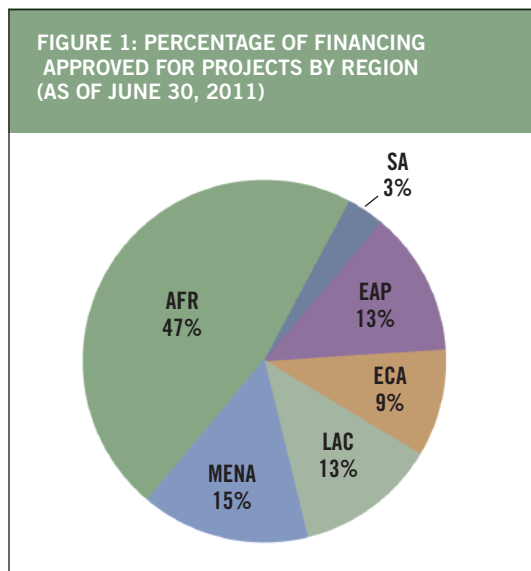
**TABLE 3: PROJECT DISBURSEMENTS BY YEAR OF IMPLEMENTATION (US\$ MILLIONS, AS OF JUNE 30, 2011)**

FISCAL YEAR APPROVED	DISBURSEMENTS			
	1ST YEAR	2ND YEAR	3RD YEAR	TOTAL
2009	0.7	3.7	11.2	15.6
2010	-	2.2	8.1	10.3
2011*	-	-	2.7*	2.7
<b>TOTAL</b>	<b>0.7</b>	<b>5.9</b>	<b>22.0</b>	<b>28.6</b>

\*Includes an MDTF contribution (disbursement) of US\$2 million for Haiti, raising the total amount disbursed to projects from \$26.6 (Table 2) to \$28.6 million.

In 2011, the SPF increased its financing to the Middle East and North Africa Region from 8 percent (in 2010) to 15 percent as a result of the rising needs in the Region, and financing to the East Asia and Pacific Region increased by 5 percentage points. Financing to

the Africa Region continues to be a priority for the SPF and represents 47 percent of the total financing for projects in early FY12. Figure 1 presents a breakdown of the financing approved for each World Bank Region.



## financial summary

As a recipient trust fund focused on partnership, the SPF engages with a wide range of government agencies and civil society organizations, transferring valuable skills and lessons back to the World Bank. SPF projects are implemented through partnerships with government line ministries as well as nongovernment entities such as international and local NGOs, research institutions, or UN agencies. Under exceptional circumstances, governments may request that the World Bank execute a portion or phase of a project while local capacity required to implement the activities is developed.

As of June 30, 2011, the SPF granted US\$74.5 million, the largest share of financing (78 percent), to gov-

ernment entities and NGOs. To improve strategic engagement within fragile and conflict-affected situations, the SPF also supports learning and knowledge-sharing initiatives through collaborations with world-class institutions such as the Harvard Program in Refugee Trauma, Oxford University, Yale School of Global Health, the Woodrow Wilson International Center for Scholars, the Brookings Institution, and the Center for Conflict Resolution (South Africa). These activities are designed to benefit the wider development community. Table 4 outlines the amount of funding approved by recipient type.

**TABLE 4. FUNDING APPROVED BY RECIPIENT TYPE (US\$ MILLIONS, AS OF JUNE 30, 2011)**

GRANT RECIPIENT TYPE	NO. OF PROJECTS APPROVED	AMOUNT APPROVED
Government Entity	16	38.0
NGOs	15	36.5
UN Agencies	4	6.5
World Bank-executed	8	14.2
Research Institution	1	0.3
<b>TOTAL</b>	<b>44</b>	<b>95.5</b>





## annex 1: projects approved in three years of operations (FY09-11)

### PROJECTS APPROVED IN FIRST YEAR OF OPERATION (FY09: JULY 2008-JUNE 2009)

COUNTRY	PROJECT TITLE	PROJECT AMOUNT US\$
Central African Republic	Safe and Reliable Public Electricity Project	2,500,000
Colombia	Protection of Patrimonial Assets—Phase III	5,000,000
Côte d'Ivoire	Young Entrepreneurs and Urban Job Creation	2,000,000
Côte d'Ivoire	Strengthening Communication and Transparency for Governance Reform	1,400,000
Georgia	Internally Displaced Peoples Community Driven Development	2,209,400
Guinea-Bissau	Support to National Health Development Plan—Phase II	2,041,500
Guinea-Bissau	Economic Governance Support	1,740,000
Guinea-Bissau	Participatory Rural Development Grant	5,000,000
Haiti	Rural Water and Sanitation	5,000,000
Iraq	Regional Perspectives on Iraqi Displacement	321,304
Liberia	Land Sector Reforms	2,982,000
Nigeria	Community Foundations Initiative	1,386,200
Thailand	Piloting Community Approaches (World Bank-executed)	600,000
Thailand	Piloting Community Approaches (Recipient-executed)	2,000,000
Zimbabwe	Agricultural Inputs Project	4,900,000
<b>TOTAL</b>		<b>39,080,404</b>

### PROJECTS APPROVED IN SECOND YEAR OF OPERATIONS (FY10: JULY 2009-JUNE 2010)

COUNTRY	PROJECT TITLE	PROJECT AMOUNT US\$
Côte d'Ivoire	Protection from Gender-Based Violence	2,050,000
Dem. Republic of Congo	Addressing Gender Based Violence in South Kivu	1,984,787
Iraq	Consultative Service Delivery Program (Phase II)	5,026,854
Lebanon	Nahr el-Bared Palestinian Refugee Camp	90,000
Nepal	Program to Promote the Demand of Good Governance (Recipient-executed)	782,000
Nepal	Program to Promote the Demand of Good Governance (World Bank-executed)	2,218,000
Philippines	Encouraging More Resilient Communities in Conflict-affected Areas in the Philippines (World Bank-executed)	1,799,711
Philippines	Encouraging More Resilient Communities in Conflict-affected Areas in the Philippines (Recipient-executed)	424,804
Philippines	Encouraging More Resilient Communities in Conflict-affected Areas in the Philippines (Recipient-executed)	345,485
Solomon Islands	Rapid Employment (Recipient-executed)	1,821,250
Solomon Islands	Rapid Employment (World Bank-executed)	178,750
Solomon Islands	Mining Sector Technical Assistance (Phase 1) (Recipient-executed)	750,000
Solomon Islands	Mining Sector Technical Assistance (Phase 1) (World Bank-executed)	150,000
Somalia	Support to the Extended Program of Immunization (EPI) in Somalia	499,990
Somalia	Emergency Livestock Disease Surveillance and Control and Promoting Competitive Meat Industry	900,000
Sudan	Peace-Building for Development	4,200,000
Togo	Private Sector Revitalization	1,100,000
<b>TOTAL</b>		<b>24,321,631</b>

## annex 1: projects approved in three years of operations (FY09-11)

PROJECTS APPROVED IN THIRD YEAR OF OPERATION (FY11: JULY 2010-JUNE 2011)		
COUNTRY	PROJECT TITLE	PROJECT AMOUNT US\$
Haiti	MDTF Contribution to the Haiti Reconstruction Trust Fund (HRTF)	2,000,000
Iraq	Consultative Service Delivery Program (Phase III)	5,000,000
Jordan	Enhancing Legal Aid Services to Iraqi and Palestinian Refugees	1,827,530
Kosovo	Second Kosovo Youth Development	2,000,000
Kosovo	Social Inclusion and Local Development	4,902,762
Lebanon	The National Volunteer Service Program (NVSP)	2,000,000
Papua New Guinea	Inclusive Development in Post-Conflict Bougainville (IDIB)	2,518,230
Regional	Opportunities and Challenges for Aid Delivery in Sub-National Conflict Areas	1,770,000
Somalia	MDTF Contribution to the Private Sector Development Re-engagement Program for Somalia—Phase II	2,200,000
Somalia	Somalia Knowledge for Operations and Political Economy Program (SKOPE)	2,000,000
Sudan	Strengthening Core Functions for Managing Resource Dependence	3,260,000
Zimbabwe	Beitbridge Emergency Water Supply and Sanitation Project	2,650,000
<b>TOTAL</b>		<b>32,128,522</b>



## ENDNOTES

<sup>1</sup> The terminology “fragile and conflict-affected situation” is sometimes used to capture a broader range of events not necessarily associated just within the purview of a fragile or conflict-affected state or country, but periods when states or institutions lack the capacity, accountability, or legitimacy to mediate relations between citizen groups and between citizens and the state, making them vulnerable to violence.

<sup>2</sup> The data presented in this section was obtained from the *World Development Report 2011: Conflict, Security and Development*. (Washington, D.C.: World Bank, 2011). The poverty data was obtained from WDR team calculations based on poverty data from Shaohua Chen, Martin Ravallion, and Prem Sangraula, “Dollar a Day Revisited,” *World Bank Economic Review* (2008). The data on repeated cycle of civil wars was obtained from Barbara F. Walter, “Conflict Relapse and the Sustainability of Post-conflict Peace”, background paper for the WDR 2011 (Washington, D.C.: World Bank, 2010). The spillover effect of conflict data came from Resat Bayer and Matthew C. Rupert, “Effects of Civil Wars on International Trade, 1950–92”, *Journal of Peace Research* (2004). Refugee data was obtained from “World Refugee Survey 2009” (U.S. Committee for Refugees and Immigrants, Arlington, VA, 2009). The data on arrested social development impact of conflict was obtained from WDR team calculations based on Scott Gates,

Håvard Hegre, Håvard M. Nygård, and Håvard Strand, “Human, Economic, and Social Consequences of Fragility and Conflict”, background paper for the WDR 2011 (Washington, D.C.: World Bank, 2011). The gender impact of conflict data was obtained from Sanam Anderlini, “Gender Background Paper”, background paper for the WDR 2011 (Washington, D.C.: World Bank, 2011).

<sup>3</sup> “Operationalizing the World Development Report 2011: Conflict, Security, and Development” (World Bank, April 16, 2011).

<sup>4</sup> World Development Indicators 2011 (Washington, D.C.: World Bank, 2011)

<sup>5</sup> World Bank Poverty Assessment, 2007.

<sup>6</sup> To see an updated list and description of projects (including the projects approved in FY12), please visit the SPF website located at the following link:

<http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/STRATEGIES/EXTLICUS/0,,contentMDK:22031772~menuPK:519150~pagePK:64171531~piPK:64171507~theSitePK:511778,00.html>



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