



THE WORLD BANK

STATE- AND PEACE-BUILDING FUND
ANNUAL REPORT
2012



GLOBAL CENTER ON CONFLICT
SECURITY AND DEVELOPMENT

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ABBREVIATIONS AND ACRONYMS

AFR	Africa Region
CCSD	Global Center on Conflict, Security and Development
EAP	East Asia and Pacific Region
ECA	Europe and Central Asia Region
FAO	Food and Agriculture Organization
FY	Fiscal year
GDP	Gross domestic product
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
LAC	Latin America and the Caribbean Region
LICUS	Low Income Countries Under Stress (Trust Fund)
MENA	Middle East and North Africa Region
MTR	Mid-term review
NGO	Nongovernmental organization
PCF	Post-Conflict Fund
SAR	South Asia Region
SPF	State- and Peace-Building Fund
WDR	World Development Report

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FUND ANNUAL REPORT
FISCAL YEAR 2012

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The overarching goal of the State- and Peace-building Fund (SPF) is to address the needs of state and local governance by supporting measures to improve governance, institutional performance, reconstruction, and development in countries emerging from, in, or at risk of sliding into crisis or arrears. Established in FY09, the SPF is the World Bank's only global multi-donor trust fund to support projects that contribute to prevention and recovery from conflict and fragility. With its support to recipient-executed activities, the SPF has become an important entry point for early and catalytic financing for peace-building and state-building.

As a share of overall World Bank support to fragile and conflict-affected countries, the SPF represents a small program. Yet as this report illustrates, SPF grants are beginning to respond to the challenge posed in the *2011 World Development Report: Conflict, Security and Development (2011 WDR)*—how to encourage development progress in countries impacted by conflict and fragility.

There is a distinction between grants that are “merely” innovative, timely, and responsive, and those that aim at transformative change. That distinction is highlighted in newly proposed strategic initiatives that the SPF authorized for funding this past year. These initiatives include an “integrated approach” to scaling up citizen security in Central America, ranked as the most violent subregion in

the world, and an innovative regional strategy to test and extend measures that mitigate fragility and conflict in the Caucasus and Central Asia. Strategic initiatives, described in Part 4 of the report, are packages of SPF assistance to support “conflict- and fragility-sensitive” strategies aligned with WDR findings. These initiatives expand the SPF's support beyond one-off stand-alone projects and encourage greater impact and catalytic value of SPF investments. Strategic initiatives draw upon the core strengths of the SPF: flexibility, partnership, and innovation.

In addition to strategic initiatives, the SPF supports projects that address the challenges of fragility and create a foothold for wider development involvement. The SPF is unique in that it finances projects in countries that are in arrears, such as Somalia, Sudan, and Zimbabwe, enabling the World Bank to remain engaged and assist in transitions toward recovery and re-engagement.

Currently, more than 40 World Bank operations are actively contributing to state-building; a selection of these stand-alone projects are illustrated in Part 3. The SPF in 2012 also performed important work in peace-building. The rehabilitation of water and sanitation systems in five West Bank villages may seem like a small step; however the SPF grant takes on greater significance because it also represents an instance where cooperative planning and recognition of shared interest have guided a process of positive change.

In addition to strategic initiatives and new stand-alone grantmaking, FY2012 was a productive year in other respects. The year began by revising the SPF Engagement Strategy in response to the challenges posed by the 2011 WDR. That was followed by revisions to the SPF's Results Framework, which is used to guide fund-level performance. The conceptual changes were then matched with practical changes to the process of soliciting, developing, and approving proposals. The SPF also launched an in-depth mid-term review of its program to both reflect on progress to date and ensure the SPF is “fit for purpose” moving forward.

Beyond the implications of the WDR, the SPF has a role to play in the implementation of the New Deal for Engagement in Fragile States. The New Deal is



essentially designed to place more emphasis on country leadership and ownership of the transition out of fragility and identifies peace-building and state-building goals as the reference for guiding work in fragile and conflict-affected states. The World Bank is committed to support implementation of the New Deal, and the SPF is viewed as a natural vehicle for support and potential funding of projects under the New Deal at the country level.

The SPF will also continue to foster partnerships between development, security, humanitarian and justice actors, and with nongovernmental institutions, through integrated project approaches. The SPF has been working closely with other international trust fund partners focused on conflict and fragility, including with the UN Peace-building Fund, on countries of shared interest.

Moving forward, findings and recommendations from the mid-term review (released in Fall, 2012) will inform the SPF's strategic and operational approach. With a robust evidence base, the mid-term review aims to set a renewed direction for the SPF, thus ensuring that the SPF reaches its full potential as the World Bank's pre-eminent global multi-donor trust fund addressing conflict and fragility.

Joel Hellman
Director, Global Center on Conflict, Security,
and Development (CCSD)
Chair, SPF Committee
October 2012

PART I: OVERVIEW OF 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 State- and Peace-Building Fund (SPF), a multi-donor trust fund managed by the World Bank, makes grants that build resilience to conflict and strengthen governance in countries impacted by fragility and conflict. Financing from the SPF is available to all Bank member countries, IBRD- and IDA-eligible countries, as well as countries in arrears.

The SPF's overarching goal is to address the needs of state and local governance and peace-building in fragile situations and areas that are prone to, or affected by, conflict.

THE SPF HAS TWO OBJECTIVES:

- To support measures to improve governance and institutional performance in countries emerging from, in, or at risk of sliding into crisis or arrears.
- To support the reconstruction and development of countries prone to, in, or emerging from conflict.

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.

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 reintegration 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.



THE EVOLUTION OF FCS TRUST FUNDS WITHIN THE WORLD BANK

The SPF builds upon two predecessor trust funds within the World Bank—the Post-Conflict Fund (1997–2011) and the Low-Income Countries Under Stress Trust Fund (2004–2011).

Within the World Bank, the evolution of trust funds which focus or prioritize support to fragile and conflict-affected situations (FCS)¹, began with the creation of the Post-Conflict Fund in 1997 under the Development Grant Facility. The Post-Conflict Fund was designed to facilitate the Bank's upstream work on post-conflict initiatives and to support innovative operational approaches that responded to the needs of countries affected by or emerging from conflict.

In 1999, it was clear that a different arrangement was necessary to facilitate greater flexibility in the use of funds and to allow for donor contributions, so subsequently the Post-Conflict Fund (PCF) became a trust fund. The mandate of the PCF was to "support countries in transition from conflict to sustainable peace and economic growth." The initial focus on rehabilitation in the aftermath of war was quickly broadened. The Post-Conflict Fund pushed boundaries through its emphasis on learning and innovation. Between 1998 and 2011, the PCF made some 200 grants, totaling approximately US\$112 million. These grants created a substantial legacy of accumulated knowledge and new approaches. Valuable experience was also gained in working with other international agencies, national and international NGOs, and public sector partners.

The LICUS (Low Income Countries Under Stress) Trust Fund was established in 2004 to assist low-income countries, particularly those in non-accrual and with the most severe conflict and institutional problems, to implement the reforms necessary for re-engagement with the international community and address urgent social need such as HIV/AIDS through a coordinated multi-donor approach. The establishment of the LICUS Trust Fund was linked closely to growing attention and concern from the World Bank and the broader donor community regarding aid effectiveness in countries with weak policies and low institutional capacity.

Between 2004 and 2011, 100 grants totaling approximately US\$92 million were approved under the LICUS

Trust Fund. The vast majority of the grants focused on public sector institutional capacity and policy reforms to facilitate socially inclusive economic growth. Where countries have been in arrears, LICUS Trust Fund grants have been important to put basic reforms in place, pave the way for arrears clearance, and establish a track record for subsequent access to IDA financing and debt relief. The LICUS Trust Fund primarily supported *country packages*, or in other words "more intensive programs of transitional support," consisting of a number of discrete projects.

In 2007/2008 an internal World Bank study was commissioned to evaluate the objectives, focus, and achievements of the two existing FCS trust funds, duplication of gaps in coverage, the pros and cons of consolidation, opportunities for streamlining, and the efficiency of the funding replenishment process. As a result it was proposed that the State-building and Peace-building Fund be established.

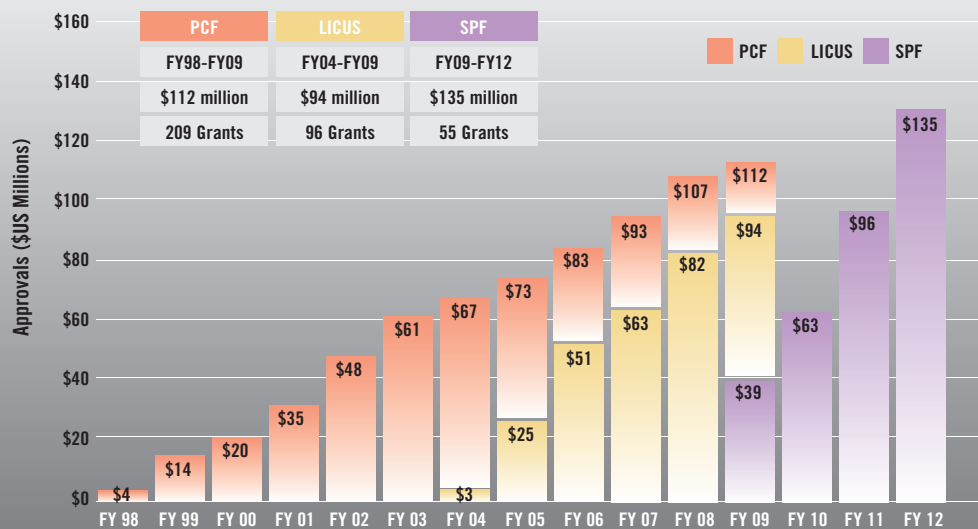
The SPF would replace the Post-Conflict Fund and the LICUS Trust Fund, consolidate the Bank's strategic approach to conflict and fragility, and streamline related processes and procedures. The SPF was designed to address the needs of state and local governance and peace-building in fragile and conflict-prone and conflict-affected situations that offer the promise of high impact, through measures to improve governance and institutional performance and through reconstruction and development activities.



Like its predecessors, the newly created SPF was given a mandate that embraced learning and innovation, governmental and nongovernmental partnerships, and timeliness in response to emergencies. During the first two years of its operation, the SPF developed its approach through active grant-making while simultaneously managing the Post-Conflict Fund and LICUS portfolios. The SPF built upon the achievements of the two trust funds in such areas as sequencing and scaling up Bank engagement; enabling cross-cutting, innovative approaches to the difficult challenges of development in fragile and conflict-affected environments; and fostering strategic partnerships for greater impact. A Bank commitment of US\$100 million provided support for three initial years of operations.

Bilateral donors subsequently contributed an additional US\$30.5 million, including US\$14 million from The Netherlands, US\$5.4 million from Denmark, US\$4.3 million from Australia, US\$3.3 million from Norway, US\$2.9 million from Sweden, and US\$0.5 million from Germany.

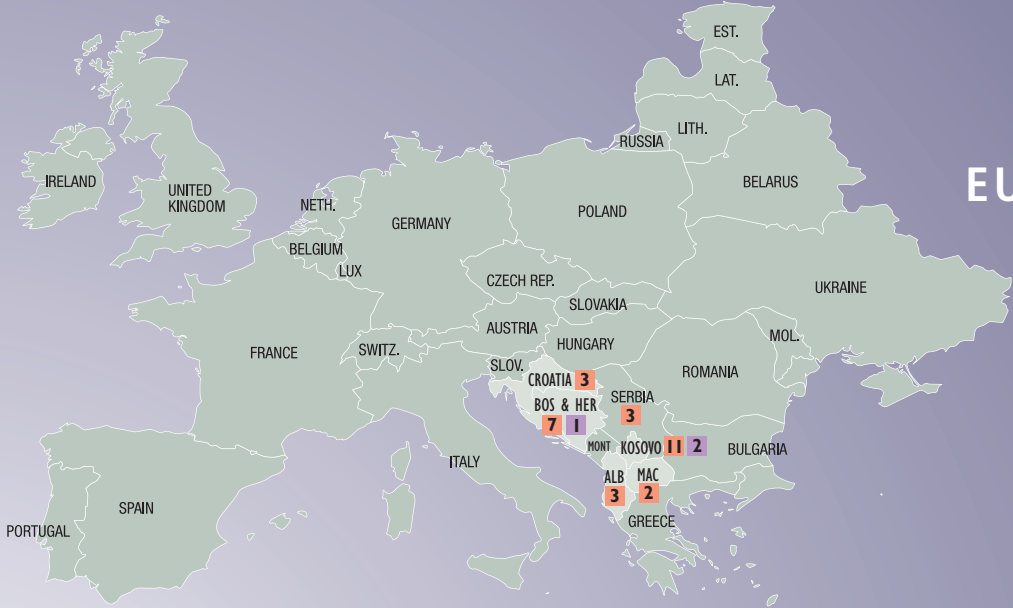
FIGURE 1: AMOUNT APPROVED FOR PCF, LICUS, AND SPF, FY98-12 (CUMULATIVE)





somalia

EUROPE



LATIN AMERICA AND AFRICA



DEFINING FEATURES OF THE SPF

The SPF has grown to occupy a distinct position within the World Bank. The defining features embedded in its mandate—emphasis on innovation and learning, latitude in implementation partners, the ability to act quickly—have contributed to this distinction for several reasons:

- **The SPF works in countries and in ways where the rest of the World Bank is necessarily more constrained.** This includes grant-making in countries that are in arrears and non-members of the World Bank. This latitude is strategically important because it enables the Bank to maintain its engagement and stay positioned as circumstances unfold. In many situations, this creates “points of entry,” for example, where IDA might wish to resume activities or build a new program but has a limited in-country foundation upon which to start.
- **Strategically the SPF can assist to mobilize significant action *outside* the World Bank, including at the global development level** through quick catalytic support in the aftermath of natural disasters or humanitarian emergencies that have significant consequences.
- **The timeliness of SPF grants, rather than their short-term focus, can sometimes be the basis for long-term results.** Transition processes seldom conform to the normal timetables of development funders; and because windows of opportunity are often quite narrow, the importance of SPF grants is often closely related to the timing of the process. SPF responsiveness under such circumstances is illustrated by the three projects (discussed in Part 3) that were financed during a year of upheaval and transition in the Middle East and North Africa.
- **The SPF plays a very important role** in the Bank’s and the international community’s efforts to address the challenges of fragility. In many fragile and conflict-affected situations, it is the only avenue through which the Bank can provide funding. The projects it supports directly address some of the most intractable problems that FCS face and, at the same time, provide a rich source of lessons for future Bank operations. In addition, the SPF creates an enabling environment for the coordination among relevant partners, including the UN and multilateral and bilateral agencies that is so critical to the success of work in FCS.

HOW THE SPF IS GOVERNED AND MANAGED

The SPF Committee serves as the governance structure for the fund, including responsibility for overall strategic guidance and final grant decision approval. The Committee meets regularly to review projects and provide strategic direction. Its members are director-level staff representing the Bank’s sectors and regions. The Committee chair is also the director of the Global Center on Conflict, Security, and Development (CCSD). The chair is appointed by the Operations Policy and Country Services (OPCS) Vice Presidency within the World Bank as set forth in the Bank Board paper that established the SPF.

The SPF Secretariat operates from within the World Bank’s Global Center on Conflict, Security, and Development, with staff in Washington D.C. and Nairobi, Kenya. The Secretariat manages day-to-day operations, which includes support to task teams that are preparing projects, processing grants, monitoring and evaluating the grant portfolio, promoting knowledge exchange and learning, addressing implementation bottlenecks, drafting strategy papers, and managing calls for proposals. The Secretariat also benefits from the larger pool of CCSD staff who can provide technical and operational support to SPF projects.



HOW GRANT MAKING WORKS

WHO IS ELIGIBLE?

Financing is available to all Bank member countries (IBRD and IDA-eligible countries, as well as countries in arrears). Assistance from the SPF is also available to non-members on a case-by-case basis. To ensure selectivity, however, priority is given to countries with one or more of the following characteristics:

- arrears to IBRD and/or IDA;
- “fragile state/situation,” defined by a CPIA rating of 3.2 or lower (reflecting poor governance) or the presence of a UN or regional peacekeeping or political mission;
- current violent conflict and/or violent conflict within the past 10 years;
- insufficient IDA grant allocations during a transition process when needs are high; and/or
- deteriorating situations, including an escalating risk of falling into arrears or violent conflict.

Requests for funding are received from World Bank task teams. Grants are allocated to government counterparts, including regional or municipal government and public sector entities outside the executive branch, international organizations such as the UN agencies, international or national NGOs, or universities or research organizations.

The latitude in eligibility is significant, because this opens access to categories of recipients who would normally be ineligible through other Bank channels. This includes non-members of the World Bank (for example, the West Bank–Gaza); countries in arrears to the Bank (such as Somalia, Myanmar, or Zimbabwe). This flexibility allows the Bank to stay engaged with such countries and often provides a point of entry or strategic continuity

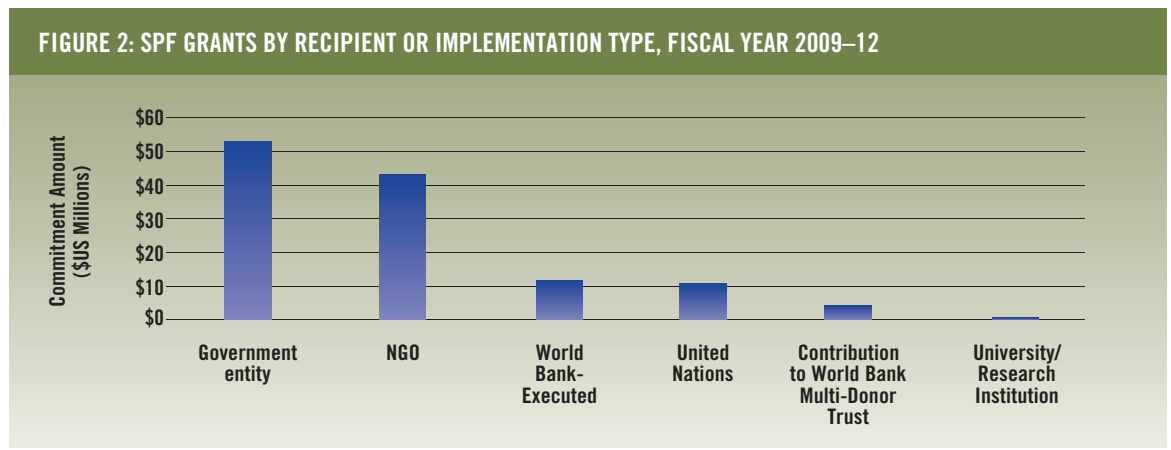
when normal relations resume.

As shown in Figure 2, the most frequent implementation arrangement is grants to government entities. This is followed closely by grants to national and international NGOs (including relief agencies, specialized technical assistance providers, and local civil society).

In very exceptional circumstances, the Bank may consider executing activities on behalf of the grant recipient. The Bank executes projects on behalf of the recipient (or specialized components within projects) when host governments request such support, or where the Bank itself has a particular comparative advantage. This generally occurs where effective government is not yet established, or where national authorities lack necessary technical capacity—for example, economic modeling of policy alternatives, training of trainers, or implementation of a modern land survey. These situations are almost always viewed as a transitional process. They are typically accompanied by training and capacity-building components, so that necessary skill sets are incorporated at the project level.

GRANT SELECTION AND COMPETITION

The criteria for grant selection are published with the SPF’s call for proposals. Concept notes for individual projects or expressions of interest for strategy initiatives are reviewed and shortlisted. If a project/strategy initiative is selected to move to the full proposal stage, it is peer reviewed by country specialists, thematic experts, and the SPF Secretariat prior to submission to the SPF Committee for approval. SPF grants are subject to the same legal, technical, and fiscal due diligence as all other Bank trust fund projects.



WHAT IS SUPPORTED, AND WHERE

ACTIVITIES

Grants have been split relatively evenly over the years between the SPF's dual objectives of state-building and peace-building. Just under half (47 percent) are focused on governance and institutional performance (state-building). A slightly larger share (53 percent) is focused on reconstruction and development (peace-building).

Figure 3 shows the number of projects that are contributing to state-building results as articulated in the revised SPF Fund-level results framework. Grants with state-building objectives typically assist government authorities with service delivery improvements, community-driven development, public financial management, and access to justice. They promote demand-side governance and general strengthening of civil society. As shown in the figure, the category accounting for the largest number of these grants is 'improved capacity to deliver services' (52 per-

cent). This is followed by 'improved policy-formulation capacity' (39 percent); 'more efficient, transparent, and accountable use of public resources' (35 percent); 'increased demand-side governance' (26 percent); and 'increased access to justice' (9 percent).

Grants that contribute to peace-building results (Figure 4) typically aim at short-term job creation for unemployed youth, recovery or reintegration of conflict-affected populations, gender-sensitive approaches, and support for peace and transition agreements. In humanitarian crises or natural disasters, these grants often provide basic assistance through programs such as cash-for-work. As shown in the figure, the most frequent objectives of these grants are to 'increase job opportunities and private sector development for at-risk populations' (33 percent). This is followed by 'recovery or (re)integration of conflict-affected populations and increased social cohesion' (30 percent); 'gender sensitivity in transforming institutions and managing stresses' (20 percent); 'resilience to manage external stress' (13 percent); and 'successful peace and transition agreements' (2 percent).

FIGURE 3. RESULTS OBJECTIVES AMONG STATE-BUILDING PROJECTS (percent)

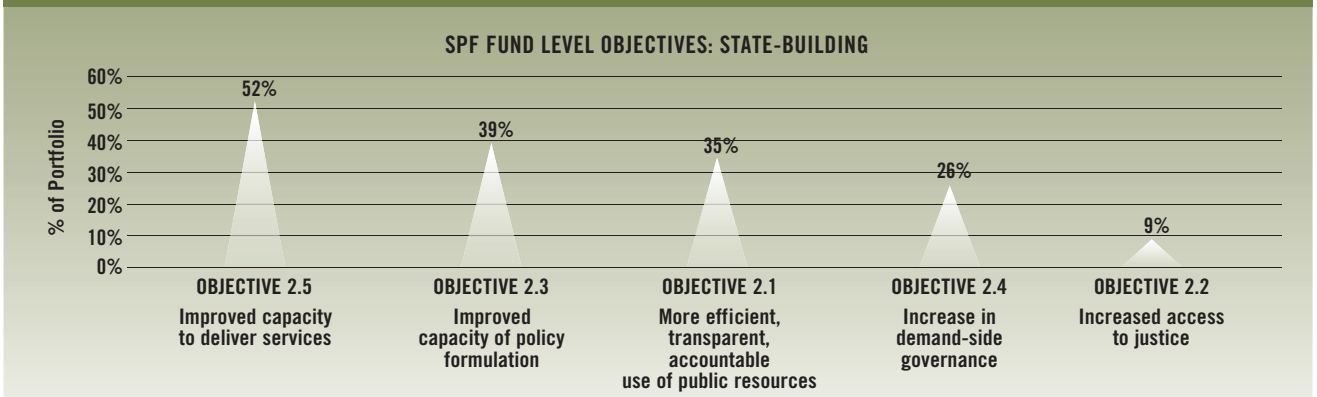
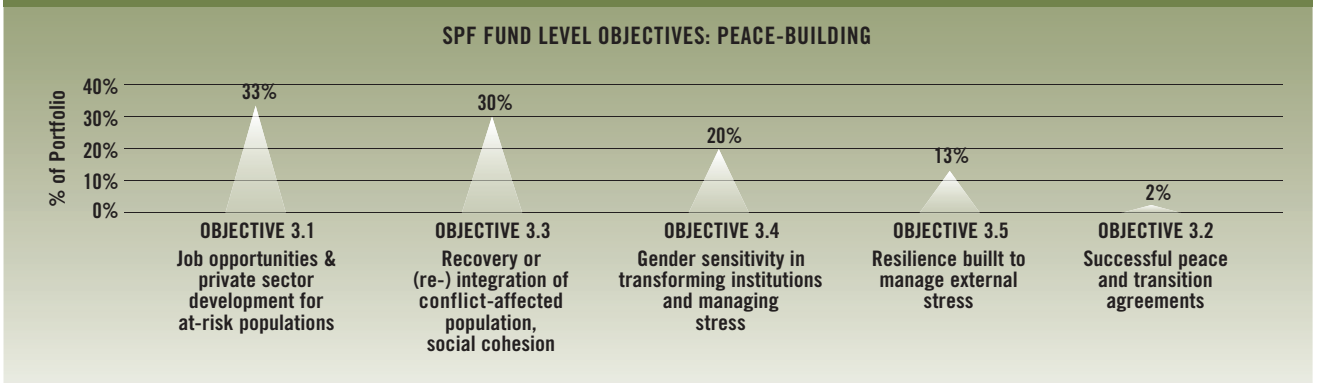


FIGURE 4. RESULTS OBJECTIVES AMONG PEACE-BUILDING PROJECTS (percent)

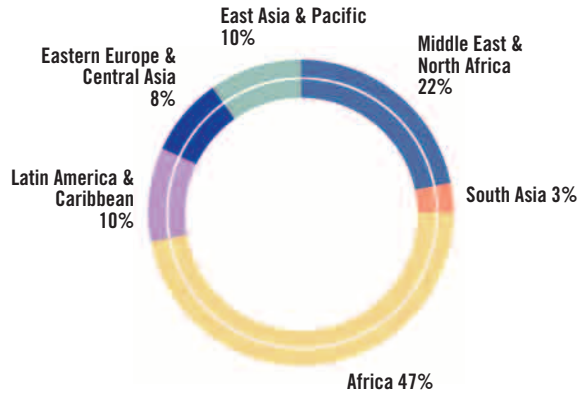


WHERE THE SPF WORKS

As shown in Figure 5, the Africa Region accounted for just under half of SPF grant commitments between 2009 and 2012, amounting to about US\$55.5 million. The concentration reflects several factors—the large number of FCS countries in Africa and the continuity from the Post-Conflict Fund/LICUS portfolio.

At the same time, demand has increased from other regions. By the close of fiscal 2012, the Middle East and North African Region accounted for about 22 percent of the portfolio. The Latin American and Caribbean region and the East Asian and Pacific Region each accounted for approximately 10 percent of the portfolio, while the Eastern Europe and Central Asian Region accounted for 8 percent. Demand from these other regions continues to grow.

FIGURE 5. SPF FUNDING COMMITMENTS BY BANK REGION, FISCAL 2009-12 (percentage of total)



Note: AFR (Africa Region), LCR (Latin America and the Caribbean Region), MENA (Middle East and North Africa Region), EAP (East Asia and Pacific Region), ECA (Europe and Central Asia Region), SAR (South Asia Region)



PART II: FISCAL YEAR 2012 PROGRAM HIGHLIGHTS

FY2012 marked the midpoint of the SPF's first phase of operations. An overarching challenge shaping the year's work was how to respond to the landmark *2011 World Development Report: Conflict, Security, and Development*.

PROGRAM HIGHLIGHTS INCLUDED THE FOLLOWING:

- Revision of the SPF-level results framework
- A mid-term review of the SPF
- Learning and knowledge sharing activities
- Continued support for stand-alone projects (Part 3)
- A new grant-making mode—strategic initiatives (Part 4)

THE FY12 SPF ENGAGEMENT STRATEGY

"Twenty-first century conflict and violence are a development problem that does not fit the 20th century mold." This observation in the *2011 World Development Report* challenges the international community to approach this problem by thinking and responding in new ways.

The SPF began its work in FY2012 with a question: *how can the SPF's FY12 Engagement Strategy best align with the findings and recommendations of the 2011 WDR?* Four areas emerged as a concrete response with associated action items:

- 1 Catalyze transformative country and regional strategies that are aligned with WDR recommendations while continuing to fund stand-alone projects that represent urgent need, rare opportunities, and innovation.
 - The SPF's Fall 2012 call for proposals announced new support for countries or regions that commit to transformative strategies aligned with the fragility and conflict paradigm articulated in the *2011 WDR*. These "strategic initiative" applications sought to move beyond the SPF's single project approach to promote greater impact of SPF investments. A new mode of grant-making—"packages" of SPF grants alongside broader CCSD and other Bank support for strategy development, partnership, and knowledge and learning activities—was introduced (See Part 4, "Strategic Initiatives").
 - Stand-alone grant making continued, but "raised the bar" by focusing on projects representing urgent need in response to crises, rare opportunities, and high innovative value (see Part 3, "Stand-alone Grants").
- 2 Revitalize the SPF Results Framework, aligning results with WDR recommendations and utilizing the results framework to help in prioritizing grant selection and evaluating the overall impact of the portfolio.
 - All projects/strategic initiatives are now required to identify how their results will contribute to results outlined in the SPF-level results framework.
 - This results framework will ultimately be utilized to better assess impact across the SPF portfolio.

3 Bolster the knowledge and learning function for better mainstreaming of SPF approaches to fragile and conflict-affected countries across World Bank operations.

- Sharpen the focus on research, knowledge, and learning by investing more, designing knowledge components into new projects, and compiling and reporting on results.
- Leverage learning and knowledge sharing in fragile and conflict-affected countries by linking with ongoing operational work and research assets across the World Bank.
- Expand SPF learning activities within new knowledge-sharing platforms aimed at fragile and conflict-affected countries, for example, the newly launched "Hive" (an online collaborative site on fragile and conflict-affected situations).

4 Revise the processing and management of grants for efficient alignment with the new engagement strategy.

- Make use of the formal call for proposals, as well as the procedures for processing ad-hoc rapid response applications, to announce and reinforce new program priorities.
- Develop application processing guidelines that improve responsiveness to SPF task teams.
- Provide SPF Secretariat support to prospective applicants in developing grant packages aimed at transformative strategies.



REVISION OF THE SPF-LEVEL RESULTS FRAMEWORK

Integral to implementation of the FY12 Engagement Strategy, the SPF results framework was revised to make priorities more consistent and to better measure and aggregate results across the portfolio. The results framework was revised based on findings of the 2011 WDR and alignment with the founding papers that established the SPF. As a practical matter, the results framework provides a way for the SPF to hold its grantees, and itself, accountable for performance and results.

In preparing grant applications, task teams must now articulate how their proposed project or strategic initiative *will contribute* to the Fund’s peace- and state-building objectives. The results framework also provides examples of sample indicators that can be used to document progress toward results.

The revised results framework is shown in Figure 6. It can be read and understood as follows:

The blue horizontal bar at the top restates the SPF’s overarching objective—to address the needs of state and local governance and peace-building in fragile and conflict-prone and affected situations.

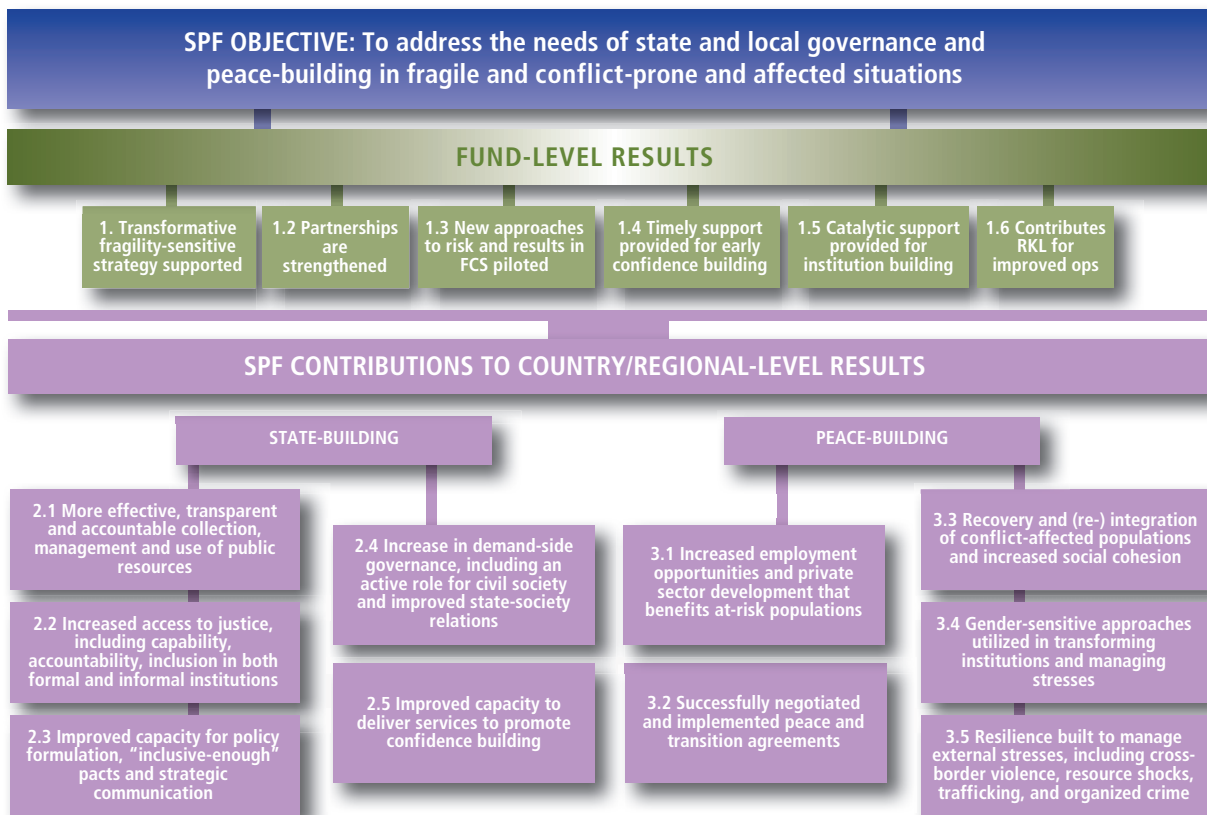
The horizontal green bars—Fund-level results—specify the six result categories to which the SPF is now broadly accountable:

- support for transformative fragility-sensitive strategies,
- strengthening partnerships,
- piloting of new approaches to risk and results,
- timely support for early confidence building,
- catalytic support for institution building, and
- contributions to research, knowledge, and learning that improves World Bank operations.

Result categories at the country (or regional) level are shown in purple, with state-building and peace-building branches. The detailed results framework also provides sample indicators associated with each result.

Whether for stand-alone projects or for strategic initiatives, beginning in FY12 all SPF grants must provide a rationale that articulates how the intervention will contribute to results as defined in the revised framework. For analytical purposes, older SPF projects were “mapped” against the revised SPF results framework (See Figures 3 and 4 in Section 1 for output produced in this analysis).

FIGURE 6: REVISED SPF RESULTS FRAMEWORK



THE SPF MID-TERM REVIEW

The SPF committed to the World Bank’s Board of Directors and SPF donors to conduct a mid-term review (MTR) at its mid-way point in FY2012. The MTR was a major focus of the SPF Secretariat over the fiscal year—results of the MTR will be disseminated in Fall 2012. The goal of the SPF MTR is to step back and assess the continued relevance of the SPF’s objectives, design, assumptions and implementation arrangements and to assess progress and draw lessons from SPF performance to date. Findings and recommendations from the MTR will inform the SPF’s strategic and operational approach moving forward. In order to focus the review, the MTR considered three areas of inquiry, illustrated in Figure 7:

The MTR employed a mixed method approach to review the SPF at a strategic and operational level—gathering lessons on the overall design and direction

of the SPF as well as a review of individual projects and implementation. The MTR team has mixed internal/ external participants including the SPF Secretariat and expert consultants in evaluation, Bank operations, and Bank management and strategy. The MTR includes: (i) a comprehensive document review that incorporates strategic documentation, project documentation, studies and reviews; (ii) consultations and workshops with relevant stakeholders in the World Bank, donor community, non-governmental organizations, government and other stakeholders; (iii) triangulation of qualitative findings via a quantitative analysis of the results of SPF-funded projects, impact assessments and the review of relevant project documentation. The MTR team also visited 12 projects in 7 countries and employed a standardized analytical framework to guide consultations and reporting.

FIGURE 7: MTR AREAS OF INQUIRY



MTR COUNTRY VISITS

The MTR team conducted country visits to look at ongoing and past SPF projects in Zimbabwe, Central African Republic (CAR), Colombia, Cote d’Ivoire, Liberia, Nepal, and the Philippines. Each visit employ a standard analytic framework and involves consultations with: project teams; implementing partners; World Bank Country Managers and Country team staff; government, donors, partners, and civil society representatives; and project beneficiaries.

LEARNING AND KNOWLEDGE-SHARING

Knowledge and learning initiatives during the fiscal year focused on three areas—informing the MTR as it unfolded; continuing to support independent SPF knowledge and learning initiatives; and embedding knowledge components more deeply into initial project designs.

Further developing the SPF's knowledge and learning agenda is a key finding of the SPF mid-term review and will be a core priority for the SPF over the upcoming year. For FY12, however, SPF's primary priority as laid out in the SPF Engagement Strategy was to strengthen learning and knowledge sharing among the proximate communities of which SPF is a direct participant.

INFORMING THE MID-TERM REVIEW

The MTR served as a backward- and forward-looking exercise to mark the midway point of the SPF's first phase of operations. As part of the MTR, the SPF began to develop a community of practice—convening workshops and conducting consultations that engaged the SPF Committee and Secretariat, SPF task teams, World Bank country team representatives, partners, and external experts.

A first MTR workshop with field-based SPF task teams was held in Nairobi, Kenya, on February 20–22, 2012. A group of task team leaders and implementing partners shared lessons and early results of their SPF projects and built informal ties for ongoing exchanges of information and experience from SPF projects. The meetings served a useful secondary purpose by linking SPF task teams with staff and resources at the new Nairobi-based office of the Global Center on Conflict, Security and Development, whose role is to help implement the *2011 WDR*, including through hands-on support to country teams working in fragile and conflict-affected situations. Participating task teams and implementing partners came to this workshop from across the Africa region and from the Philippines.

A mirror MTR workshop was held in Washington, D.C., on April 26, 2012, to gather DC-based SPF task teams. The meeting combined project presentations with thematic-based exchanges between task teams, country teams, and the SPF Secretariat. As in Nairobi, the workshop included both presentations of lessons from individual SPF projects and discussion of key areas for potential SPF reform, including on project design, implementation support, and monitoring and evaluation. A diverse range of SPF projects were represented including from across the Bank's Regions as well as various thematic areas—for example,

strategic initiatives, technical assistance, research, service delivery, governance, and capacity-building. A range of country contexts were also considered, including the needs of countries in arrears, situations of post-conflict recovery, and responding to sub-national conflict.

CONTINUING TO SUPPORT INDEPENDENT KNOWLEDGE AND LEARNING INITIATIVES

By supporting independent knowledge and learning activities, the SPF promotes increased understanding of project impacts and informs the areas of work in which the SPF engages. The SPF has financed a series of independent knowledge initiatives in thematic areas relevant to conflict and fragility challenges. This support continued in FY12, including for the following:

- Two impact evaluations of projects that target gender-based violence (GBV) in the Democratic Republic of Congo and Côte d'Ivoire 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 GBV.
- Development of a monitoring and evaluation system for projects that support youth employment and empowerment in Eastern Europe.
- A study of livelihood rehabilitation for internally displaced persons and refugees in situations of return or displacement. The assessment evaluates relevant projects in the SPF portfolio, other World Bank trust-funded projects, and IDA-financed projects to identify effective livelihood approaches and make recommendations for future interventions.
- A study to assess the unique challenges of development assistance in conflict-affected subnational areas in South and Southeast Asia, and to analyze the relevance and appropriateness of current development responses and practice. While there has been a surge in financing to 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.

EMBEDDING KNOWLEDGE COMPONENTS INTO THE FABRIC OF SPF GRANTS

With the SPF's focus on innovation and piloting, dedicated knowledge and learning and monitoring and evaluation components have been encouraged in the design of SPF projects to capture lessons to inform future opera-

tions. At the individual project level, 40 percent of all SPF grants feature learning components. Notable examples include conflict mapping in the Philippines, political economy analysis in Somalia, assessment of key institutional strengths and deficits in Libya, a socioeconomic impact study of protracted displacement (of Syrians) in Jordan and land reform analysis in Colombia.

Under the SPF's new strategic initiatives, analytic and learning components have been included as part of SPF packages of support to build client and Bank capacity for conflict response. For the Central America strategy initiative on urban violence, for example, a regional learning

and knowledge-sharing platform will be established. For the Eastern Europe and Central Asia regional initiative on conflict and fragility, one grant will support development of a "conflict filter" to take explicit account of conflict-related stress factors in portfolio management and new project design.



PART III: STAND-ALONE PROJECTS

Stand-alone projects in FY2012 highlighted state-building in Africa and support to transitions underway in the Middle East and North Africa.

SOMALIA

A SPF-supported transition strategy from humanitarian assistance to livelihood recovery.

DROUGHT MANAGEMENT AND LIVELIHOOD RECOVERY \$4.0 million

With no effective central government for more than two decades, Somalis have endured chronic lawlessness that has stretched through three wars. Armed militia groups compete for power in the countryside, including a well-armed al-Shabab insurgency that attacks civilian populations and controls large areas of the southern and central parts of the country.

The Transitional Federal Government that was created in 2004 continues to struggle for legitimacy. Outside agencies are constrained by the absence of a complementary public counterpart and adequate public accounting and reporting. Agencies in country are greatly hindered by a security situation that makes it difficult to operate and sustain long-term field staff beyond the capital. Logistics were further complicated in November 2011, when al-Shabab announced a “ban” on 16 aid agencies, including six UN agencies.

Peace and reconciliation efforts have been underway for some time. Progress has been limited and set back by natural disasters. Recognizing the overall lack of progress, representatives from 57 countries and 11 international and regional organizations met in Istanbul in May-June 2012 to discuss further coordinated responses to the unmet needs for energy, infrastructure, water, and drought resilience.

In July 20, 2011, the United Nations declared that people across the Bakool and Lower Shabelle regions in southern Somalia were experiencing fam-

ine. Across southern Somalia, farmers and herders lost to the drought the crops and animals that are often their sole source of income and primary basis for household food security. As a consequence, many Somalis struggled to cope with severely reduced access to food, acute malnutrition, and high morbidity and mortality, and many left their home areas seeking assistance elsewhere. Refugee camps in Kenya and Ethiopia, already host to over 500,000 refugees, continued to receive up to 2,000 new cases a day. Together with ongoing crises in the rest of Somalia, the number of Somalis needing humanitarian assistance increased from 2.4 million to 3.7 million since January 2011, out of which 3.2 million people were in need of immediate lifesaving assistance.

The SPF in collaboration with GFDRR (Global Facility for Disaster Reduction and Recovery, a partnership of 41 countries and 8 international organizations), contributed US\$4 million and US\$5 million, respectively, to finance the FY2012 grant. The grant is significant because it links and addresses short-term, medium-term, and long-term needs. The proj-





ect was implemented by the Food and Agriculture Organization (FAO), who had staff on the ground and existing relationship with Somali NGOs. Within three months of the initial SPF-GFDDR grant, an additional \$77 million was contributed from other partners.

The Food and Agriculture Organization distributed about 700 metric tons of maize and sorghum to about 100,000 people in over six months. Emergency food distribution was linked to a cash-for-work program, which provides help to reclaim land, herds, roads, and water supplies. Distribution targets were largely met despite obstacles from local authorities and interference from the insurgency. About 30 percent of the beneficiaries were households headed

by women. Four-hundred tons of drought-tolerant crop seeds and 1,700 metric tons of fertilizers were distributed for agricultural recovery. FAO trainers showed farmers how to plant, thin, and weed the higher-yield varieties. Heavy rains and flash flooding along the Juba River further complicated the delivery of agricultural inputs so that planting was delayed in some areas. Although yields were lower than desired, harvests still far exceeded the levels that would have been produced with unimproved local varieties. In addition, FAO has procured sufficient vaccines and cold chain equipment. Nearly 1.8 million sheep and goats have been vaccinated, benefitting nearly 50,000 pastoral households.

GUINEA-BISSAU

A SPF grant aims to promote transparent and effective use of future mineral and petroleum wealth—and may help Guinea-Bissau to escape the natural resource curse that often plagues fragile states.

TECHNICAL ASSISTANCE TO EXTRACTIVE INDUSTRIES \$3.2 million

Following independence in the 1960s, Guinea-Bissau was ruled as a one-party regime, interrupted by a brutal civil war in 1998–99. Repeated military coups occurred throughout the next decade. The most recent was in 2010, which led to suspension of activities among most remaining development donors.

Although Guinea-Bissau is among the world's poorest countries, development assistance has been limited, primarily because of persistent political instability. Public sector capacity to deliver services is weak, including widely acknowledged bribery and corruption. Governance has become more problematic with the rising influence of organized drug traffickers who use the country as a transfer hub for shipments to Western Europe and Latin

America. Human rights abuses are routine, especially in the countryside. For the most part, international assistance has focused on peacekeeping and humanitarian needs rather than longer-term institution building.

Guinea-Bissau illustrates the particular dilemma of assistance to the poorest and least stable countries—that those most caught in repeated cycles of fragility often do not receive sufficient long-term development support; as a consequence, they become set on a path toward further marginalization rather than recovery. Grant support from the SPF and its predecessors has been particularly important in this context. The SPF has invested in three prior projects in Guinea Bissau targeting public financial management, rural development, and health.



The most recent SPF grant aims at a particularly important target of opportunity—the extractive industries sector. Guinea-Bissau has significant, though unproven, reserves of bauxite and phosphate as well as offshore heavy crude oil. Revenues from these resources could substantially improve prospects for social and economic well-being. Yet the country must first be committed to responsible private sector investment and revenue streams must be managed in the public interest.

The US\$3.2 million FY2012 project supports a process of institutional and regulatory reform in the extractive industries sector. The first phase entails a “scoping study”, which will help to locate and assess the extent of actual reserves. Technical work will be managed by the Bank in this first phase, with accompanying training to key ministries. All findings will be transparent and fully accessible to the public, potential investors, and civil society groups.

The study methodology is known as an “extractive industries value-chain assessment.” The *chain* here represents linked stages of transition—from competitive award of exploration and extraction rights, to efficient regulatory oversight of operations, to optimal collection of taxes and royalties, to sound macroeconomic policies adapted to volatile pricing of finite resources and the need for sustainable socioeconomic development. In effect, the study establishes a roadmap based on past experience from many other countries in similar situations. The adequacy of public sector response to the study and step-by-step follow through on its recommendations

will be closely watched by development donors as well as international investors.

In the second component of the grant, the Bank’s technical team will assist the Government in developing its capacity to analyze policy alternatives and respond to regulatory gaps. The focus will be on short- and medium-term interventions that close gaps and strengthen governance capacity—for example, an environmental impact unit and technical training to manage a modern cadastral survey.

Grant implementation will be carried out by the Government in the second component. A third, knowledge-building component aims at policy choices and the reform process. Among issues to be addressed are:

- how to maximize local employment opportunities, especially among the extensive population of unemployed young men (who increasingly have been drawn to the drug trade and illegal European immigration);
- how new infrastructure will affect communities and the environment;
- what tax regimes are most likely to be workable; and
- how revenues can be collected, monitored, and then redistributed for social welfare.

Achievement of grant objectives would serve an important intermediary purpose. Guinea-Bissau could move toward membership in the global Extractive Industries Transparency Initiative (EITI). This would further enhance eligibility for IDA and IMF support and facilitate expansion of well-regulated foreign investment. This would also help Guinea Bissau in ensuring that use of its future natural resource wealth is used to fuel investment and development rather than violence and corruption.



LIBERIA

Support to Liberia that began with the LICUS Trust Fund has evolved from meeting emergency needs in the aftermath of civil war to gradual but steady state-building.

Liberia made considerable gains between the end of a brutal 14-year civil war in 2003 and the democratic election of a new President, Ellen Johnson-Sirleaf. Financial support began with a US\$4.7 million LICUS Trust Fund package in 2004 that helped to restore core government capacities in areas such as public financial management, procurement, and judicial reform. This paved the way for a US\$25 million IDA contribution and the creation of the Trust Fund for Liberia (TFLIB). A second package of LICUS-funded projects continued support for public sector strengthening by focusing more narrowly on civil service and justice system reforms. A community development project that emerged from this second package was later scaled up through IDA.

The SPF continued LICUS-initiated momentum through follow-up financing for civil service and justice system reform. In 2009, the focus was broadened with a \$2 million grant to support land reform.

Trust fund support during the previous decade was largely shaped by opportunities as they occurred. However, these ad hoc responses gained focus and traction, and they attracted new resources with the passage of time. Today the World Bank manages over 60 ongoing operations in Liberia. The SPF's two grants in FY2012 are particularly significant because the civil service and justice systems are areas in need for reforms that have yet to be scaled up through other operations. The strengthening and piloting described below will lay the foundation for possible further financing from IDA or other donors.

CIVIL SERVICE REFORM AND CAPACITY BUILDING **\$2.0 million**

This grant builds on LICUS Trust Fund support that began in the immediate aftermath of the civil war. Between 2007 and 2011, a range of measures were instituted to support reform in the sector—for example, a performance-based civil service salary structure, transparent job descriptions, biometric identification to improve payroll accuracy, a pension study, and functional reviews to measure job performance. These foundational activities are now being extended through support for a second phase of reforms.

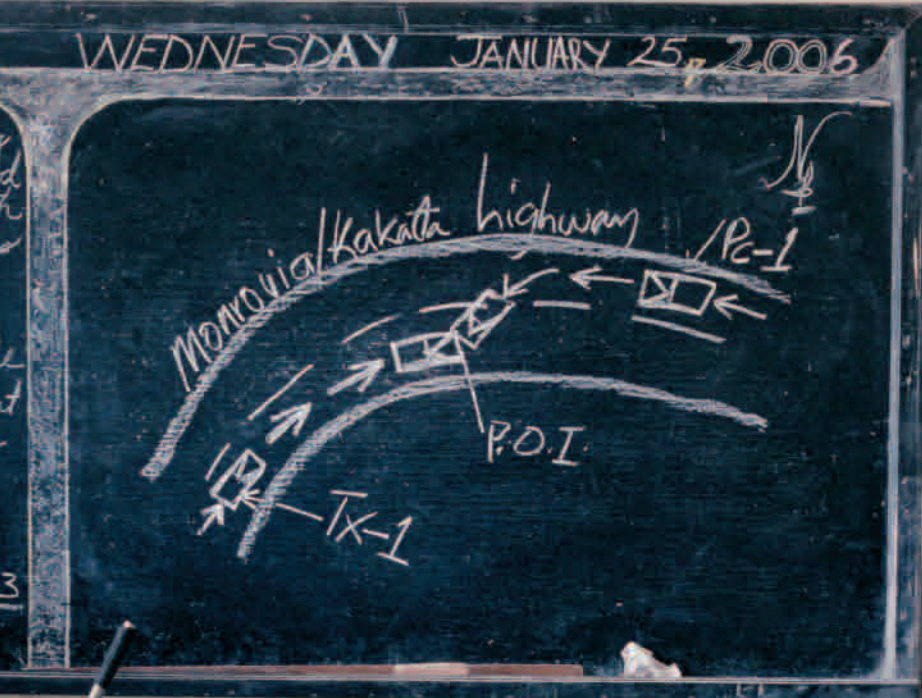
The current grant addresses the overall civil service reform strategy, including a new plan to decentralize

many public sector services by strengthening capacity at the local level beyond the present high concentration of civil servants in the capital. The recipient, Liberia's civil service agency, has underscored the need to make civil servants aware that job responsibility, pay scales, and pensions are defined by transparent job descriptions. Further grant support will strengthen the capacity of the Liberian Institute of Public Administration (LIPA) to meet this need through more and better-targeted training.

ACCESS TO JUSTICE AND ACCOUNTABILITY **\$1.5 million**

The Liberian judicial system requires extensive reform. The urgent need to modernize the justice system, including prevention of judicial corruption, was underscored in early 2012. The grant will help train investigative staff at the Liberia Anti-Corruption Commission on how to verify public asset use by government officials. Prevention measures will be implemented, including a transparent system of asset declaration. This financing is complemented through additional support for improving the formal justice system from UNDP, the U.S. Agency for International Development, and German bilateral aid programs. Previous support from the LICUS Trust Fund and the SPF for a series of community outreach activities that provided court officials with travel and study opportunities to broaden their perspectives are now starting to show results. Other countries' experiences with alternative dispute resolution mechanisms have entered the reform dialogue in Liberia—for example, the potential for formal mediation techniques and greater reliance on traditional leaders.

The SPF grants support efforts by the Ministry of Justice to develop a more holistic approach that integrates an expanded range of formal and informal justice options to cope with legal challenges.



liberia

LIBYA

The SPF promotes successful transition in Libya in partnership with other international donors through a SPF-financed diagnostic assessment and follow-on capacity-building support.

TRANSITION ASSISTANCE

\$3.0 million

As fighting brought an end to Muammar Gadhafi's 40-year rule and the National Transitional Council (NTC) was established, the World Bank, the United Nations, and the European Union worked together to coordinate the international assistance response. This included the IMF, Western bilateral donors, and Arab partners.

SPF funding supported the Bank's early engagement in Libya through a grant for assessment and capacity-building support, in partnership with other donors. An initial \$0.5 million was used at the outset for a diagnostic and analytical component in critical areas where reliable information was lacking. A larger second grant component (\$2.5 million) was set aside for follow-up strategic technical assistance to support the country's state- and peace-building efforts. The project was designed around the need for flexibility. An incrementally expanding knowledge base guided authorities and the Bank in selecting and implementing the targeted technical assistance.

The initial diagnostics covered the need for effective and transparent state institutions, economic recovery measures to produce new income streams beyond petroleum, the urgent need for job creation to reintegrate ex-combatants and employ youth, and support for local governance structures.

In developing its own longer-term strategy, the Bank weighed factors such as the perceived absorptive capacity of the country, the possibility of demonstrative effects, and the need for early confidence building. SPF flexibility to engage at the earliest stage of reconstruction was particularly important. As the review process indicated, "the fact that the Bank has not yet developed its Interim Strategy Note for the country makes this grant a key input into the development of a strategy, rather than the reflection of one."

The early SPF work also conferred a particularly important benefit for Libyan government counterparts by advancing necessary dialogue with the international community about public financial management. Establishing standards and capacity was a prerequisite for unfreezing



Libyan funds abroad under UN Security Council Resolution 200, and therefore a national priority. Between January and the middle of 2012, three related missions on public investment management and internal budgetary controls were carried out.

By helping to fill the information void, the grant helped transitional authorities toward a smoother hand-over to the National Congress elected in the summer. Conflict analysis, included as part of the assessment, focused on the need for follow-on assistance that could help address underlying regional tensions and the passions aroused by identity politics. The assessment pointed out that differing experiences of the conflict, new opportunities for expression, and wildly uneven wealth across the country have all contributed to a situation that holds considerable potential for renewal of conflict and reversal of gains.

The diagnostic study also looked at the consequences of the breakdown in state administrative rule. In many parts of the country, power has been transferred to towns and cities that became self-governing by default with the collapse of central authority. Many Libyans champion the idea of decentralization to varying degrees. The Bank studies do not provide a blueprint for resolving

that debate, but they have helped to frame issues and questions as the country moves forward on the path to reconstruction.

As decisions are made, the Government will have to devise workable plans for implementing changes over a reasonable time frame. The SPF grant will help to finance necessary technical inputs. For example, the heavily divided city of Misrata will receive assistance in implementing a "special economic zone" to promote domestic and foreign investments that will create jobs. Support will be provided to formulate reconciliation, reconstruction, and recovery plans in Benghazi and in Tripoli, engaging diverse stakeholders from the private sector, civil society, and the various political factions.

In undertaking specific technical assistance subprojects, World Bank task team leaders have prioritized the hiring of Libyan consultants and firms that can undertake implementation, helping to ensure proper contextualization as well as the longer-term need for capacity building in technical areas. Funds set aside for technical assistance will be utilized to respond adaptively to the fluidity of the environment, election results, and the new windows of opportunity likely to develop.

WEST BANK AND GAZA

A water rehabilitation project in the West Bank demonstrates the possibility of natural resource management even in contentious, mobility-restricted areas.

**WATER SUPPLY AND SANITATION IN
WEST BETHLEHEM VILLAGES**
\$3.7 million

More than 25,000 Palestinians living in five villages in the Bethlehem district of the West Bank are subject to water shortages and deficient wastewater management. These communities are located in zones defined as "Area C" (controlled and administered by the Israeli Civil Administration) under the Oslo Peace Accords in 1993. As a result, mobility of the local population is directly restricted, with corresponding impact on economic activity and the availability of basic services. Donor investments have also been limited by the mobility restrictions, ongoing political tensions, and the chronic risk of conflict.

In response to the water and sanitation deficits, the mayors of 19 West Bank villages joined together to increase water access and improve wastewater management. They are organized within an inter-municipal cooperative structure (termed a JSCPD) that is part of the local Palestinian government. The mayors and the head of the JSCPD began to work to address the water issues with Friends of the Earth Middle East, an environmental NGO with cross-border offices and working relations in both Bethlehem and Tel Aviv. Ties were established between Israeli and Palestinian counterparts. This facilitated a planning process and dialogue that engaged respective parties on the basis of shared concerns.

Since the West Bank and Gaza is not a World Bank Member, limited support is available in Bank financing. Some funds are committed through the IDA Special Grants

Fund, but these are highly limited in the area of water and sanitation and were already fully committed in the West Bank and Gaza. The SPF, with its flexibility to finance projects in a range of country and regional circumstances, helped to fill gaps in institution-building needs.

The SPF approved a three-year pilot project to improve water delivery and plan wastewater services in five of the conflict-affected rural communities. The project will be implemented in several steps. First, a feasibility study will be conducted to evaluate and recommend appropriate wastewater management alternatives and to prepare engineering designs for infrastructure and effluent reuse. Second, a fully costed project plan will be prepared. Third, a contract will be extended for replacing the pipe networks of four villages and constructing water supply reservoirs.

The process is expected to take nearly two years, including preparation of social and environmental safeguards, completion of any potential resettlement or land acquisition programs, procurement of a contractor, and

installation of the civil works. Finally, six months have been allocated for capacity-building and training activities related to the strategy and solutions adopted by the initial assessment.

The project faces implementation challenges that are specific to the context—for example, the second phase could be delayed if required permits and access cannot be secured expeditiously through the chain of authorities. The SPF's flexibility and experience with project implementation in conflict-affected situations is important under such circumstances.

Considered narrowly, the expected outcome of this project is relatively modest: upgrading the sewerage pipes of four villages, building new reservoirs for two villages, and planning for wastewater management. More broadly, it helps to encourage dialogue-based solutions in a contentious region, responding to the needs of conflict-affected populations and building local capacity for sustainable service delivery.



JORDAN AND LEBANON

World Bank assistance to Syrian refugees in Lebanon and Jordan requires urgency.

MITIGATING THE IMPACT OF POPULATION DISPLACEMENT FROM SYRIA

\$2.4 million

As many as 300,000 Syrians have been internally displaced since violence broke out in Syria in March 2011. As many as 200,000 people are estimated to have been displaced to neighboring Iraq, Turkey, Jordan, and Lebanon.

The displacement of populations internally as well as across borders has created humanitarian needs and strain on public services in recipient countries. This could additionally contribute to existing sectarian tensions, especially in Lebanon. In response, the SPF processed a rapid response project outside its formal call for proposals process to help alleviate the impact of displacement in both Jordan and Lebanon.

The approved grant will support Jordanian and Lebanese authorities to manage the development impact of displacement. Assistance will be provided to host communities and authorities to sustain the economic, human, and social capital of affected populations. The project aims to achieve near-term improvements in local service delivery while at the same time building local planning capacity for longer-term benefits. The project, implemented by Save the Children-Sweden, will support refugees and host communities in both countries and will include a socioeconomic impact study of protracted displacement.

Syrian refugees in Lebanon have generally moved into border villages that previously depended on underground trade and cross-border employment. Basic services in these communities were already minimal; however, with economic life now disrupted, local coping mechanisms as well as government resources have been stretched to the limit.

As in Lebanon, the Jordanian Government has kept its border with Syria open. Displaced persons have concentrated in Ramtha, Mafraq, and the Northern Jordan Valley, three of the most economically vulnerable areas in the country. Services for families and children in this area are limited under normal circumstances, so the additional influx of displaced people has generated a significant burden.

Both Jordan and Lebanon already are well experienced in the challenge of absorbing refugees. In Jordan, an estimated 380,000 Palestinian remain in camps. About 425,000 Palestinians and 20,000 Iraqis reside in Lebanon. As temporary displacement has become protracted or

permanent, the consequences have included shortages in housing, jobs, and services. The volatility of such situations was underscored in 2007 when intense fighting broke out in northern Lebanon between national armed forces and the Fatah group. Conflict spread to the Nahr el Bared refugee camp where many Fatah family members lived among the 33,000 inhabitants.

Refugee integration also has other less-visible, negative consequences—increased rates of crime and insecurity, economic exploitation of children, and overload in school systems. Communities that may welcome displaced children find themselves swamped in the absence of adequate facilities and human resources. The SPF grant in Jordan focuses on strengthening community-based institutions to meet such needs. Primary healthcare services will be improved and economic empowerment activities will be undertaken for vulnerable households, especially those headed by women.

Since short-term displacement routinely converts to a longer-term development problem, the grant will also be used to strengthen existing development capacities within the host governments and communities. Grant-funded training will be provided to on-the-ground service teams from the national ministries of education and social affairs. While these activities are modest, they will be focused locally and will help expand the experience base more broadly. Pathways will be created for follow-on projects that can continue to build capacity in areas such as needs assessment and long-term planning.

Just as development organizations like the World Bank are not primarily focused on emergency response, emergency responders like Save the Children-Sweden are not primarily focused on long-term development. By creating an interface, the SPF helps to join these two perspectives.

PART IV: STRATEGIC INITIATIVES

In fiscal year 2012, the SPF launched strategic initiatives, “packages” of assistance that seek to promote successful state- and peace-building strategies at a country and regional level. The first such initiatives include efforts promoting citizen security in Central America and addressing regional conflict and fragility challenges in Eastern Europe and Central Asia.

WHAT CONSTITUTES A SPF STRATEGIC INITIATIVE?

Starting with the work of the Post-Conflict Fund and the LICUS Trust Fund, the World Bank has sought to improve the impact of its trust fund financing to countries impacted by conflict and fragility. The extension, formalization, and “packaging” of the SPF’s approach in FY2012 represents the latest step in that process. This is a natural progression of learning that also capitalizes on the momentum generated by release of the milestone *2011 World Development Report*.

As part of its call for proposals in Fall 2012, the SPF announced priority support for strategy initiative applications: packages of assistance to support transformative strategies aligned with 2011 WDR findings. The announcement led to a competition for proposals to design, develop, and finance multiyear initiatives that went beyond the one-off stand-alone projects described in the previous section. These strategies are designed

from the perspective of generating new approaches to addressing conflict and fragility and building on the WDR messages around promotion of citizen security, justice, and jobs. The goal is for SPF financing to be used to catalyze broader change across the World Bank portfolio, and in support of fragility-sensitive strategies. The initiatives are conceptualized in relationship to piloting approaches and influencing the use of larger pools of resources that might potentially be mobilized through IDA allocations, other multidonor trust funds within the Bank, and complementary financing from donor partners.

The SPF Secretariat has developed new processing guidelines and has provided country teams with hands-on assistance to develop these packages. Knowledge and learning components were strongly emphasized in their design to facilitate mainstreaming across the spectrum of the Bank’s FCS operations. The SPF Secretariat and task teams also worked with staff and resources the Global Center for Conflict, Security, and Development in developing strategy initiative applications.

The kinds of ideas that emerged—and are likely to be represented in subsequent applications—are illustrated by the following examples:

- Building upon larger Bank country strategies or helping to make them more FCS-sensitive—for example, helping to reshape how a multiyear Country Assistance Strategy or Interim Strategy Note might be planned or unfold;
- Updating such a strategy to refocus on prevention of or recovery from conflict and fragility, subnational violence, or an element of such violence related to organized criminality;
- Creating a cross-border multi-country strategy endorsed and supported by several country directors; and
- Building broader partnerships that integrate joint programming with several partners or regional organizations in support of shared goals.



CENTRAL AMERICA

Citizen Security in the northern triangle

The SPF's first strategic initiative tackles rising urban violence in Central America—combining education, social services, job creation, youth outreach, and judicial activities in an “integrated approach” to promoting citizen security.

HONDURAS, EL SALVADOR, GUATEMALA
\$5 million

Honduras, El Salvador, and Guatemala rank first, second, and seventh, respectively, in having the highest homicide rates in the world (UN Office on Drugs and Crime, 2010). Their rates roughly doubled over the past decade and the northern triangle of Central America was ranked as the most violent sub-region in the world.

Violence in Central America is the product of a tangled web of poverty, drug trafficking, urban gang culture, social dislocation, and the complicated histories of each affected country. Yet despite the multitude of causes, the costs everywhere are similar: shared suffering and deepening personal insecurity.

The SPF's first strategic initiative employs an integrated and learning-oriented approach to tackle the challenges of urban violence. The international development community, including the World Bank, is inexperienced in anti-crime and anti-violence programming compared to the decades of accumulated experience in poverty investments and economic growth. A what-works evidence base is urgently needed to promote development in countries and regions plagued by rising urban violence.

The Central American initiative will be implemented through three separate grants with one set of objectives—strengthening regional knowledge; building national capacities, including coordination between central governments and municipal actors; and improving the donor tools that are used for risk assessment in this area.

Partners include the respective national governments, the Central American Integration System, the Organization of American States, UN agencies, research institutions, and an array of municipal authorities and civil society groups. The strategic initiative adds value to the shared effort through the partnership framework itself, which expands opportunities for synergies and the application of shared learning.

AN INTEGRATED APPROACH TO CITIZEN SECURITY, HONDURAS

The initiative will launch work in Honduras through support to an interlinked network of neighborhood “security centers.” These centers will offer comprehensive services that span treatment, referral, and violence prevention. The first level of response will be emergency services for individual victims of street crime, gang violence, and domestic violence. More general preventive services will be designed and offered to reduce vulnerability among high-risk children, young adults, and older family members. The menu for early intervention ranges from training in parenting skills to introduction of violence-prevention programs in schools. Communities will be mobilized to marshal resources for dealing with situational crime (for example, working more effectively with local police) as well as instituting a broader range of methods for conflict resolution. The network of centers will be integrated at the national level, enabling neighborhoods to tap into resources that might otherwise be unavailable.

The model will be refined through systematic testing in high-crime neighborhoods. SPF support will provide incremental financing for learning and wider sharing of information. This addresses a gap in the Bank’s larger pre-existing project, the Honduran Safer Municipalities Initiative, which has already been approved within the framework of the Bank’s country partnership strategy with Honduras. Thus, the SPF initiative builds upon a pre-existing pathway that offers significant potential for scaling up a workable model.

APPLYING INTEGRATED APPROACHES IN GUATEMALA AND EL SALVADOR

A parallel grant in Guatemala and El Salvador will support related activities by building upon early Honduran results. Potential start-up activities will include strengthening the capacity of national and local authorities to coordinate pre-existing policies and programs that target citizen security (for example, the Violence Prevention

Cabinet in El Salvador). Similarly, data systems and crime/violence indicators will be improved at both national and local levels. Training materials developed from these experiences will be shared more widely to support similar innovation elsewhere.

In operationalizing the new integrated security model, a major challenge will be finding the “right” investment balance among the many kinds of activities that a given center might offer in principle. Testing will generate the data for cost-benefit comparisons—for example, between primary services (such as crisis or legal intervention for battered women), secondary violence prevention (such as screening at-risk women or coordinating services across centers), and tertiary services (such as mental health support for women who have suffered trauma and face ongoing risk of stress disorders).

A REGIONAL LEARNING PLATFORM AND RISK ASSESSMENT

A third part of the package is a grant to create a regional learning and knowledge-sharing platform. This includes an emerging network of applied researchers who will be better positioned to engage in ongoing policy dialogue. The INCAE business management school in Costa Rica and the Woodrow Wilson International Center (a think tank based in Washington, D.C.) will take leadership roles in coordinating these efforts.

The grant brings together service providers with researchers and policy specialists. Their complementarity will be strengthened through information technology—for example, the creation of databases, portals, and information systems for accessing regional crime statistics and the literature on violence prevention. Research seminars and regional workshops will bring together participants for face-to-face dialogues. South-South virtual exchanges are also planned between practitioners and experts in Brazil, Colombia, Mexico, and South Africa working on urban violence prevention. Finally, the door for information exchange can be opened more widely through the crowd-sourcing of new ideas in the Development Marketplace.

The Central American strategic initiative offers considerable potential for development interventions making a difference in addressing urban violence. It creates a laboratory for mapping the unfamiliar topography of antiviolenence activities as a set of investment alternatives, thus providing donors with more sophisticated and locally responsive methods for assessing risks, monitoring implementation, and comparing outcomes.

EASTERN EUROPE AND CENTRAL ASIA

Regional initiative on fragility and conflict

Promoting a conflict-sensitive approach to World Bank strategy and operations in the ECA Region to address underlying sources of fragility and violence.

AZERBAIJAN, GEORGIA, THE KYRGYZ REPUBLIC,
THE RUSSIAN FEDERATION, TAJIKISTAN, UZBEKISTAN
\$5.4 million

Many countries in the Caucasus and neighboring Central Asia are violence-prone and/or conflict-affected. Their vulnerabilities include internal ethnic and religious tensions, long-standing unresolved disputes between states, new disputes over natural resources, trans-border smuggling and criminality, social discontent related to economic stagnation, and the unmet expectations of a large under-employed youth population. These are post-authoritarian settings in which civil society and public institutions in general are poorly matched against powerful interest groups in a struggle for the future.

The broad objective of the ECA strategic initiative is to generate better informed responses to the dynamics of

conflict and fragility across the region, enabling the World Bank and other partners to impact long-term outcomes more effectively. The initiative began with a wide range of consultations and a systematic portfolio review that focused on the previous five years. This included an array of investment projects, technical and advisory services, and analytics on the drivers of conflict and fragility. Key lessons were drawn from this analysis, and a set of major unmet needs sprang to the surface—most prominently the importance of community-driven development, the long-standing needs of displaced populations, and the urgency of integrating youth into society.

Priorities for the initiative evolved iteratively through ongoing discussions with national authorities and civil society organizations, as well as UN agencies, European bilateral donors, and international NGOs. What emerged was a collaborative framework within which new

approaches could be tested and refined. Four complementary activities were selected.

DIAGNOSTIC TOOLS

New methods will be developed to better analyze responses to conflict and fragility in the region. Methodologies were selected with scope for replication in mind. In the Kyrgyz Republic, for example, the Bank's Interim Strategy Note specifies that a "conflict filter" is to be applied across the existing portfolio and that all new projects are to take "explicit account of conflict-related stress factors in portfolio management and new project design." Experience in other countries, such as Sri Lanka and Nepal, has confirmed that a simple checklist approach generally does not suffice. Thus the Kyrgyz team will receive support to develop techniques that can "map" fragile and conflict vulnerabilities more reliably. This diagnostic tool will be employed as part of an "early-warning system" for flagging potential conflict so that the Bank can respond proactively. Development of the tool will be accompanied by expert technical training for both World Bank task teams and government counterparts.

Civil society groups will also be closely involved. The goal is not simply improved World Bank decision-making and better project management, but a greatly expanded social dialogue to reduce vulnerabilities and increase the likelihood that new projects will work. Lessons from newly piloted methodologies—the Kyrgyz Republic mapping and filter project, for example—will be adapted to other countries in the region for further refinement. Peer-to-peer learning and country-to-country exchanges are the primary mechanisms for transferring new insights.

YOUTH INCLUSION IN THE CAUCASUS

A very large share of the region's 15-to-29 year-olds are unemployed or under-employed. The result is social and political marginalization of the young, and a high loss of emerging talent through emigration. The young are not only more likely to be vulnerable economically; they are more likely to be receptive to the extremism of violent ideologies. On the other hand, they are also a driving force in the opposite direction—articulating the case for reform and providing energy and direction for positive change. Thus the strategic initiative includes a range of activities to enlist their participation in activities that promote the role of young people in delivering social accountability and good governance.

Complementary activities will be implemented in several countries simultaneously. These include exchanges that make use of social media websites and mobile telephone applications. The initiative will draw upon crowdsourcing techniques that have been used to develop online games elsewhere—for example, the social-network-based EVOKE game ("Changing the World") from the World Bank Institute. Youth development activities will seek to engage young people in social accountability and development initiatives that promote their role in fostering stability and economic development.

THE EVIDENCE BASE FOR PROMOTING SOCIAL COHESION THROUGH COMMUNITY-BASED DEVELOPMENT

The virtues of community-driven development (CDD) are often cited but have seldom been rigorously documented, particularly the "returns" they generate in social capital and cohesion in fragile and conflict-affected countries. This component proposes to learn from and expand the evidence base. The initiative will pilot CDD projects designed to build community resilience in fragile settings, and results from strengthened social cohesion will then be targeted, monitored, and assessed.

Many IDA-financed, community-level projects are currently under way in the large transnational Fergana Valley that stretches across portions of the Kyrgyz Republic, Tajikistan, and Uzbekistan. New tools to promote social cohesion and conflict resilience are being introduced and tested through these projects—for example, conflict mapping in which mobile phone users are able to track and report upon evolving crises through use of global information systems.

The Agha Khan Development Network employs a set of quality-of-life indicators to help assess social cohesion and will contribute to this component. The current survey will be adapted to include new quantitative and qualitative metrics. A baseline will be established to measure progress toward social cohesion in a set of ongoing CDD projects. Pilot activities—for example, new forms of community asset management and cooperative resource sharing—will be introduced to test reciprocal impacts. Pilot activities will be tested not only within communities but across them.

Partnerships will also be developed with domestic and international research institutes and a comprehensive interdisciplinary analytic framework will be developed for the research program. Issues such as pluralism, social cohesion, and community development will be spotlighted, and local capacity will be enhanced through a center

for research excellence within the newly established University of Central Asia. The center will operate both in the Kyrgyz Republic and in Tajikistan.

**CAPACITY WITHIN THE WORLD BANK'S ECA REGION
TO MITIGATE THE EFFECTS OF FRAGILITY AND CONFLICT**

A fourth component will strengthen capacity—within the ECA Region of the Bank specifically, and more generally Bank-wide—to reduce risk of fragility and conflict in ongoing operations. The objective is to help mainstream workable strategies that expand resilience and stability in fragile and conflict-affected situations. This cross-cutting effort will internalize lessons and findings drawn from the other components of the initiative and help integrate these findings into the overall process of regional planning. Knowledge exchanges, strategic dialogue, and capacity-building activities will all be undertaken so that World Bank staff are better equipped to manage current challenges as well as anticipate and respond to prospective risks.



PART V: FINANCIAL SUMMARY

With the creation of the SPF in 2008, the World Bank Board of Directors approved \$100 million over three years to finance the Fund (the Bank has since pledged an additional \$33 million per year to the SPF). As of June 30, 2012, the SPF has received a total of US\$163.8 million, comprising World Bank contributions (US\$133.3 million), donor contributions (US\$30.5 million), and investment income (US\$2.9 million). Germany has pledged an amount of US\$331 thousand for FY13. Table 1 outlines in detail the contributions received from each donor.

TABLE 1: SPF DONORS (as of June 30, 2012)

Donor	Contribution Received	Pledge (FY13)	Total
IBRD	133.3	33.3	166.6
AUSTRALIA	4.3		4.3
DENMARK	5.4		5.4
NETHERLANDS	14.1		14.1
NORWAY	3.3		3.3
SWEDEN	2.9		2.9
GERMANY	0.54	0.33	0.87
TOTAL CONTRIBUTIONS	163.84	33.63	197.47

Overall, the SPF disbursement ratio at the end of June 30, 2012 was US\$55.2 million, or 34 percent of total contributions.¹ Disbursements to SPF grant recipients totaled US\$48.9 million, or 30 percent of total contributions. Table 2 outlines the percentage disbursed by fiscal year for all approved projects.

TABLE 2: PROJECT DISBURSEMENTS BY YEAR (as of June 30, 2012)

	DISBURSEMENTS					CUMULATIVE DISBURSEMENT
	FY12	FY11	FY10	FY09	FY08	
TO GRANTEE	23,616,212.99	18,814,236.92*	5,750,760.51	677,664.16	0.00	48,858,874.58

In FY12, nine projects for a total of US\$25.7 million have been approved by the SPF committee, including projects responding to urgent needs in Tunisia, Libya, Somalia, and countries dealing with spillover impacts from the conflict in Syria. With these recent project approvals, the SPF Committee has approved \$121.2 million for 47 projects since its creation. There are currently 8 projects and 3 Strategy Initiatives under preparation for a total amount of approximately US\$30.6 million. This pipeline amount, if approved, will bring the total amount of projects approved to approximately US\$151.8 million. In addition to its project portfolio, the SPF has supported six thematic learning activities, totaling US\$1.67 million.

The SPF portfolio has seen some shifts in terms of regional representation since the fund's creation. In line with rising needs in the Middle East and North Africa, the share of SPF financing to the region has increased from nine percent of total SPF commitments in FY10 to 22 percent in FY12. Financing to the Africa region continues to be a priority for the SPF and represents 47 percent of the total SPF commitments. Figure 1 outlines SPF commitments by region and year of project approval. Figure 2 illustrates the shift in regional composition of the SPF between FY09 and FY12.

FIGURE 1: SPF COMMITMENTS BY REGION AND FY (US \$ Millions as of June 30, 2012)

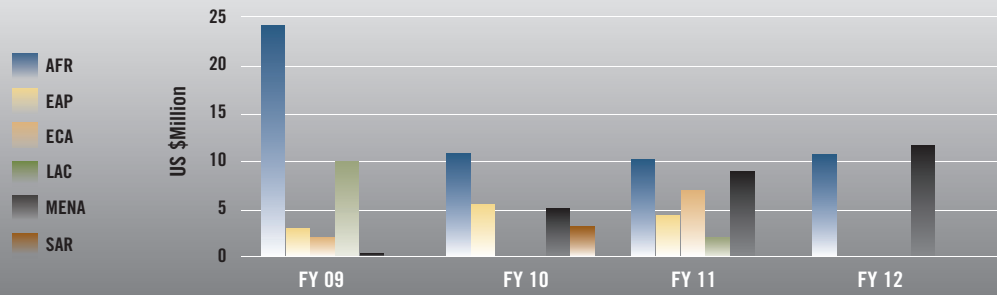
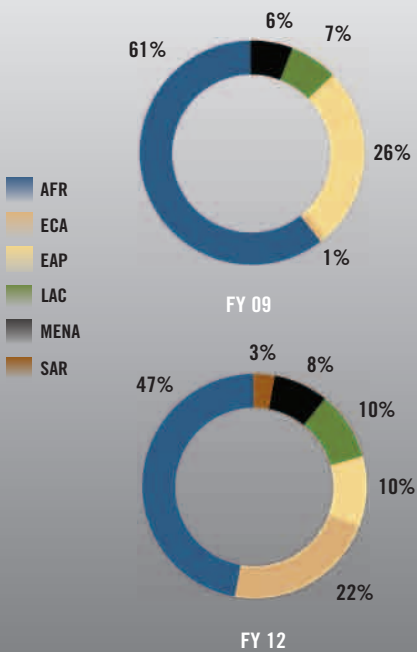


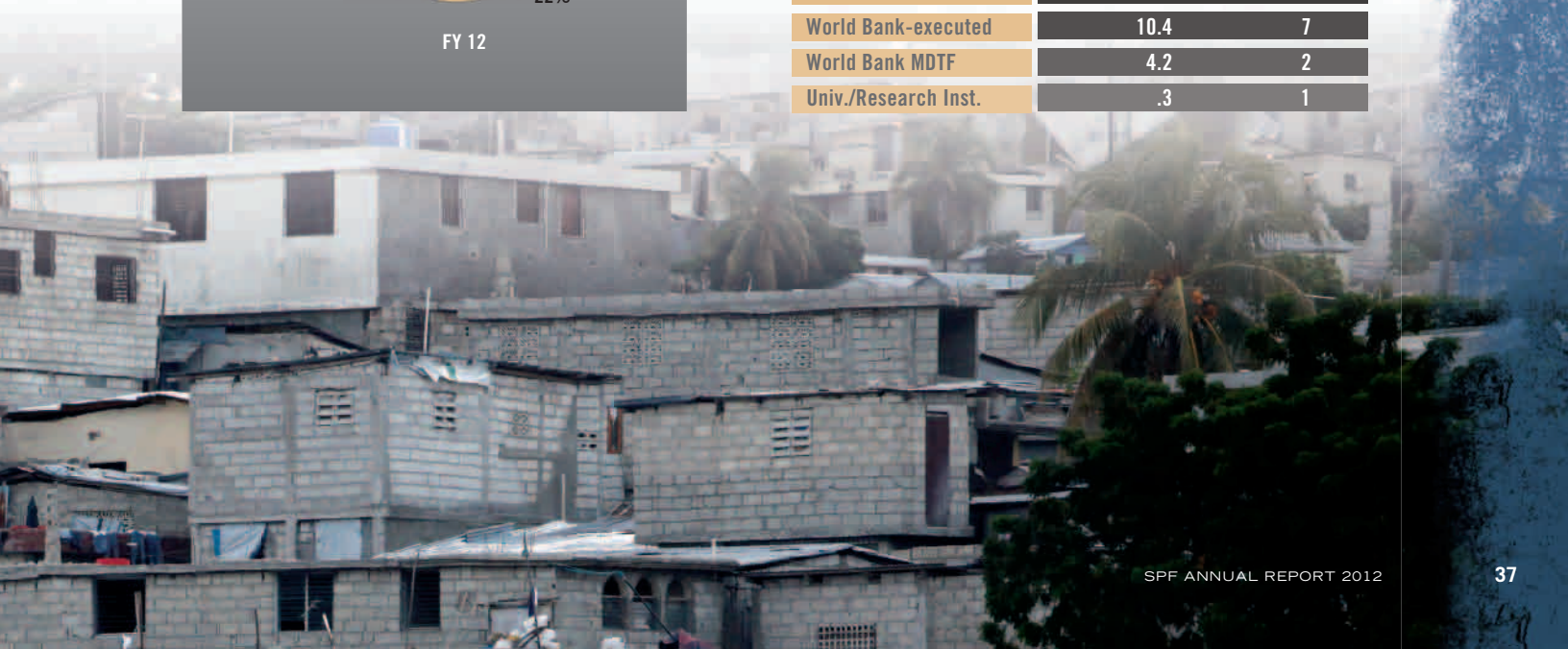
FIGURE 2: REGIONAL COMPOSITION OF SPF PORTFOLIO, FY09 VERSUS FY12 (percent of total SPF Commitments, as of June 30, 2012)



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. Table 3 provides a breakdown of SPF financing by recipient type.

TABLE 3: SPF COMMITMENTS BY RECIPIENT TYPE, THROUGH FY12 (US\$ Millions, as of June 30, 2012)

RECIPIENT TYPE	Amount Committed	Number of SPF Grants ²
Government Entity	51.0	21
NGO or iNGO	41.5	16
UN	10.5	5
World Bank-executed	10.4	7
World Bank MDTF	4.2	2
Univ./Research Inst.	.3	1



annex 1: description of approved projects/strategy initiatives

STATE AND PEACE-BUILDING FUND (SPF): DESCRIPTION OF APPROVED PROJECTS/STRATEGY INITIATIVES

COUNTRY	PROJECT TITLE	IMPLEMENTING AGENCY	DEVELOPMENT OBJECTIVE
AFRICA REGION			
Central African Republic	Safe and Reliable Public Electricity Project	Government Entity: Energie Centrafricaine (Enerca)	Improve the safety and reliability of the power supply and ensure sustainable operation of the power utility through internal reform
Cote d'Ivoire	Protection from Gender-Based Violence	NGO: International Rescue Committee (IRC)	Prevent sexual violence against women and provide assistance to victims through methods of prevention and response; and community capacity building and coordination
Cote d'Ivoire	Strengthening communication and transparency for governance reform	NGO: Claude Aburbe Associés (CAA)	Build skills for balanced investigative reporting, better media management and advocacy for press freedoms, through strengthening independent media and fostering pluralistic civil society development
Cote d'Ivoire	Young Entrepreneurs and Urban Job Creation	NGO: TechnoServe	Assist young entrepreneurs to launch successful businesses and generate employment while also promoting corporate social responsibility
Democratic Republic of Congo	Addressing Gender Based Violence in South Kivu	NGO: International Rescue Committee (IRC)	Improve the provision of services that promote treatment and prevention of gender based violence against women and girls in South Kivu
Guinea Bissau	Extractive Industries Sectors	Directorate General of Energy, Ministry of Energy and Natural Resources	Build the foundation for transparent, socially inclusive, and environmentally sustainable management of the emerging extractive industries sectors
Guinea Bissau	Economic Governance Support	Government Entity: Ministry of Finance	Strengthen the capacity of the Ministry of Finance in critical areas of public financial management
Guinea Bissau	Participatory Rural Development Grant (PRD)	Government Entity: Ministry of Economy and Regional Integration	Enable the rural communities of Oio and Bafata to plan, implement, and use and maintain priority basic social and economic infrastructures and services through a transparent and participatory process
Liberia	Improving Access to Justice and Enhancing Accountability	Government Entity: Ministry of Finance/ Ministry of Justice	Increase citizen access to alternative dispute resolution by establishing a framework for the operation of an alternative dispute resolution mechanism at the local level and increase capacity of the government to implement corruption prevention measures
Liberia	Land Sector Reforms	Government Entity: Governance Commission	Improve land tenure security through specific land law reforms and the restoration of the land administration system
Liberia	Civil Service Reforms and Capacity Building	Government Entity: Ministry of Finance/Civil Service Agency (CSA)	Strengthen the capacity of the government to develop key policies and plans to allow for the systematic implementation of the Civil Service Reform Strategy and deliver the training required to enable civil servants to fulfill their functions in reformed civil service system
Nigeria	Community Foundations Initiative	NGO: Rivers State Community Foundation	Promote sustained and conflict sensitive community development in the Niger Delta through an innovative framework for effective partnership and collaboration among local communities, civil society actors, private sector firms, and bilateral donors
Somalia	Somalia Knowledge for Operations and Political Economy Program (SKOPE)	World Bank Executed on behalf of the recipient	Provide the analytical underpinnings of better designed DP interventions and more transparent policy choices in Somalia

COUNTRY	PROJECT TITLE	IMPLEMENTING AGENCY	DEVELOPMENT OBJECTIVE
AFRICA REGION (continued)			
Somalia	Drought Management and Livelihood Project	Recipient-executed: Food and Agriculture Organization (FAO)	Cash-for-work program to increase access to food through the markets by providing short-term employment in food insecure areas
South Sudan	Strengthening Core Functions for Managing Resource Dependence	World Bank Executed on behalf of the recipient	Establish basic capacity within the government to manage resource dependence through technical assistance in managing resources and revenue
Sudan	Peace-Building for Development	Government Entity: Ministry of Finance and National Economy	Promote a peaceful coexistence of groups by improving livelihood opportunities through development activities that address the important causes of ethnic conflicts
Togo	Private Sector Revitalization	Government entity: Ministry of Economy and Finance	Support the identification and implementation of business-friendly reforms to attract investments; and facilitate the start-up of small and medium size enterprises
Zimbabwe	Beitbridge Emergency Water Supply and Sanitation Project	Beitbridge Town Council	Improve access to sustainable quality water supply and sanitation services in Beitbridge
EAST ASIA AND PACIFIC			
Papua New Guinea	Inclusive Development in Post-Conflict Bougainville (IDIB)	NGO: Division of Community Development (Autonomic Government of Bougainville)	Increase equitable access to basic services by: enhancing the capacity of local government and civil society organizations to engage in more inclusive development planning and service delivery
Philippines	Encouraging More Resilient Communities in Conflict-affected Areas in the Philippines	Local NGOs and World Bank Execution on behalf of the Recipient	Support dynamic and coordinated strategic planning in conflicted-affected areas through improved data collection and analysis, enhanced operational effectiveness, greater conflict sensitivity and strengthened institutional capacity for sustainable peace
Solomon Islands	Mining Sector Technical Assistance (Phase 1)	Government and World Bank Execution on behalf of the Recipient	Support the review of existing regulatory frameworks and institutional capacities within the Ministry of Mining, Energy and Rural Electrification; and build the institutional capacity of the Ministry to enhance the management of the mining sector, support a process of stakeholder engagement; and inform future policy initiatives
Solomon Islands	Rapid Employment (RE portion)	Government and World Bank Execution on behalf of the Recipient	Assist targeted urban poor to: i) increase their incomes through the provision of short term employment; and ii) improve their knowledge, experience and basic life-skills that are valued in the work place and society
Regional	Opportunities and Challenges for Aid Delivery in Sub-National Conflict Areas	The Asia Foundation	Improve the international development partners' understanding of the dynamics of selected sub-national conflict areas in South and South-East Asia
Thailand	Piloting Community Approaches	NGO and World Bank Execution on behalf of the recipient	Develop effective community approaches to local development which create "space" and opportunity for increased interaction and trust within and between communities and the state apparatus

COUNTRY	PROJECT TITLE	IMPLEMENTING AGENCY	DEVELOPMENT OBJECTIVE
EUROPE AND CENTRAL ASIA			
Bosnia/ Herzegovina	War Veteran Reforms	Government Implementation	Build trust among veteran groups in the public institutions by strengthening capacity of the responsible government agencies to implement transparent and equitable targeting of benefits for all veteran categories
Georgia	Internally Displaced Peoples Community Driven Development	Government Entity: Ministry of Refugees and Accommodations	Improve the social and economic integration of IDPs by increasing their participation in community development activities, and access to basic infrastructure, services and employment
Kosovo	Second Kosovo Youth Development	Government Entity: Ministry of Culture, Youth and Sports	Promote social cohesion through inter-ethnic collaboration among youth from marginalized and vulnerable groups and improve economic opportunities for young people and sustainable access to youth services in Kosovo
Kosovo	Social Inclusion and Local Development	NGO: Community Development Fund (CDF)	Improve the quality and availability of basic community infrastructure and support small and micro enterprise development in a way that promotes social inclusion
LATIN AMERICA & CARIBBEAN			
Colombia	Protection of Patrimonial Assets (Phase III)	Directorate General of Energy, Ministry of Energy and Natural Resources	Build the foundation for transparent, socially inclusive, and environmentally sustainable management of the emerging extractive industries sectors
Haiti	Rural Water and Sanitation	Government Entity: Société Nationale d'Eau Potable (SNEP)	Strengthen government and community efforts to provide water and sanitation services in participating rural communities and small towns in the Southern Department of Haiti
MIDDLE EAST AND NORTH AFRICA			
Iraq	Consultative Service Delivery Program (Phase III)	NGO : ACDI/VOCA	Develop local communities' capacities for sustainable, consultative decision making on resource allocation and service delivery
Jordan	Enhancing Legal Aid Services to Iraqi and Palestinian Refugees	Ministry of Planning and International Cooperation (MOPIC) in collaboration with the Justice Center for Legal Aid (JCLA)	Facilitate access to existing legal aid services, enhance services, and improve institutional performance for the benefit of Iraqi and Palestinian refugees
Lebanon	The National Volunteer Service Program (NVSP)	Government Entity: Ministry of Social Affairs (MOSA)	Expand opportunities for meaningful volunteering, develop the institutional capacity of the MOSA, NGOs, and universities to effectively utilize volunteers, and build the capacity of youth to become active volunteers and to contribute to communities
Lebanon/Jordan	Mitigating Socio-Economic Impact of Syrian Displacement	NGO and World Bank Execution on behalf of the recipient	The objective of the proposed grant is to contribute to national and local efforts to minimize the development impact of displacement following the Syrian conflict by improving access to basic education, vocational training opportunities for targeted host and displaced communities as well as improving the capacity to deal with displaced populations of key local stakeholders
Libya	Transitional Assistance to Libya	World Bank Executed on behalf of the recipient	Support the Libyan transition process through the provision of appropriate technical assistance and socio-economic analysis on development priorities
Tunisia	Participatory Service Delivery for Reintegration	NGO: Union Tunisienne de la Solidarite Sociale	Improve access to social services and job opportunities using participatory approaches in underserved regions
West Bank and Gaza	Water Supply and Sanitation Improvements for West Bethlehem Villages	Government Implementation	To improve the delivery of water and the planning of wastewater services in conflict-affected rural communities that are marginalized due to mobility restrictions

COUNTRY	PROJECT TITLE	IMPLEMENTING AGENCY	DEVELOPMENT OBJECTIVE
SOUTH ASIA			
Nepal	Demand for Good Governance	Government Implementation	Build trust among veteran groups in the public institutions by strengthening capacity of the responsible government agencies to implement transparent and equitable targeting of benefits for all veteran categories
Nepal	Program for Accountability in Nepal (PRAN)	Government Implementation	To enable civil society practitioners and government official in Nepal to effectively promote and implement social accountability approaches

endnotes and photo credits

ENDNOTES

¹ When referencing “fragile and conflict-affected situations”, the World Bank uses the abbreviation *FCS*. A fragile situation is defined as having either (a) a composite World Bank, African Development Bank, and Asian Development Bank Country Policy and Institutional Assessment rating of 3.2 or less; or (b) the presence of a United Nations and/or regional peace-keeping or peace-building mission (for example, African Union, European Union, NATO), with the exclusion of border monitoring operations, during the past three years.

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People in fragile and conflict-affected states are more than twice as likely to be undernourished as those in other developing countries, more than three times as likely to be unable to send their children to school, twice as likely to see their children die before age five, and more than twice as likely to lack clean water. On average, a country that experienced major violence over the period from 1981 to 2005 has a poverty rate 21 percentage points higher than a country that saw no violence. No low-income fragile or conflict-affected country has yet achieved a single Millennium Development Goal.

—The World Development Report 2011:
Conflict, Security, and Development

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