



**IDA19**

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**MID-TERM REVIEW OF THE  
OPERATIONALIZATION OF THE FRAGILITY,  
CONFLICT AND VIOLENCE (FCV) ENVELOPE**

**Development Finance, Corporate IDA & IBRD (DFCII)**

**September 23, 2021**

## ACRONYMS AND ABBREVIATIONS

Fiscal Year (FY) = July 1 to June 30

All dollar amounts are US dollars

AfDB	African Development Bank	MIGA	Multilateral Investment Guarantee Agency
AS	Alliance Sahel	NGO	Nongovernmental Organization
CAR	Central African Republic	PBA	Performance-Based Allocation
CPF	Country Partnership Framework	PFM	Public Financial Management
CPIA	Country, Policy and Institutional Assessment	PLR	Performance and Learning Review
CPSD	Country Private Sector Diagnostic	PRA	Prevention and Resilience Allocation
CSO	Civil Society Organization	RECA	Remaining Engaged during Conflict Allocation
ECCAS	Economic Community of Central African States	RRA	Risk and Resilience Assessment
FAO	Food and Agriculture Organization	TAA	Turn Around Allocation
FCS	Fragile and Conflict-affected Situations	TPM	Third-Party Monitoring
FCV	Fragility, Conflict and Violence	UN	United Nations
GEMS	Geo-Enabling Initiative for Monitoring and Supervision	UNDP	United Nations Development Programme
ICRC	International Committee of the Red Cross	UNHCR	UN High Commissioner for Refugees
IDA	International Development Association	UNICEF	United Nations Children's Fund
IDA19	19th Replenishment of the International Development Association	UNMISS	United Nations Mission for South Sudan
IFC	International Finance Corporation	WBG	World Bank Group
IMF	International Monetary Fund	WFP	World Food Programme
		WHO	World Health Organization

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## EXECUTIVE SUMMARY

i. **The Fragility, Conflict and Violence (FCV) Envelope was established in the 19th Replenishment of the International Development Association (IDA19) to enhance support for FCV-affected countries.**<sup>i</sup> As an important part of IDA's financing toolkit, it has been instrumental in operationalizing the World Bank's FCV Strategy. The FCV Envelope resources provided as a top-up to the regular Performance-Based Allocation (PBA) have supported efforts to develop tailored solutions for addressing drivers of FCV and leveraging sources of resilience. In doing so, the FCV Envelope enabled IDA to broaden its support to programs that seek to enhance peace and mitigate the impact of conflict and violence.

ii. **The uptake and demand for the FCV Envelope has remained significant since its launch and the preliminary review indicates promising progress against agreed milestones in several countries.** In FY21, the FCV Envelope provided \$2.3 billion in top-ups to PBA to nine eligible countries.<sup>ii</sup> In FY22, additional countries will be requesting eligibility, though the precise number and allocation amounts will be subject to approval of eligibility notes. These additional allocations are likely to take the total support closer to the adjusted envelope of \$6.3 billion.<sup>iii</sup> Despite a challenging year with increasing poverty and short implementation period, early findings show progress on agreed milestones and important contributions to policy dialogue and targeted interventions for addressing drivers of FCV.

iii. **The FCV Envelope has successfully incentivized the governments and country teams in eligible countries to focus the policy dialogue and financing programs more directly on FCV drivers and sources of resilience.** Early lessons indicate that the offer of additional resources and the associated process of engaging more comprehensively, including on governance and security dimensions, have strengthened IDA's support for the eligible countries. The FCV Envelope's focus on government policy and leadership and anchoring of IDA's support within broader international efforts has promoted comprehensive and multifaceted dialogue and engagement to address FCV drivers. At the same time, political events in Mali and the worsening environment in the Central African Republic (CAR) highlight continued challenges and setbacks that could be expected in complex and uncertain FCV engagements.

iv. **The three distinct allocations of the FCV Envelope have facilitated tailored solutions and operational approaches to achieve the objectives of conflict prevention, preserving development gains, and managing transitions.** The Prevention and Resilience Allocation (PRA) supported upstream efforts on prevention, such as in Burkina Faso, Mozambique, and Niger. The Remaining Engaged during Conflict Allocation (RECA) helped IDA remain effectively engaged in high-intensity conflict settings, like Yemen and South Sudan. Similarly, the Turn Around Allocation (TAA) enabled nimble and timely responses, seizing windows of opportunity, and supporting reengagement in countries such as Somalia and Sudan. Risk and Resilience

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<sup>i</sup> FCV refers to the challenge of fragility, conflict, and violence, regardless of classification as fragile and conflict-affected situations (FCS).

<sup>ii</sup> Burkina Faso, Mali, Mozambique, and Niger for the PRA; South Sudan and Yemen for the RECA; and CAR, Somalia, and Sudan for the TAA.

<sup>iii</sup> The initial allocation of the IDA19 FCV Envelope was set at \$7.5 billion for the three-year period of IDA19. This allocation was adjusted to \$6.3 billion due to shortening of the IDA19 to a two-year cycle.

Assessments (RRAs) and related FCV diagnostics provided important analytic underpinnings for these engagements.

v. **The dialogue and process around FCV Envelope eligibility renewed impetus for stronger partnerships, including across the Humanitarian-Development-Peace nexus.** Development assistance alone is not sufficient to tackle some of the most challenging and sensitive issues in conflict-affected countries. The comprehensive dialogue and engagement with stakeholders and development partners during the eligibility process and recalibration of country programs enabled broader strategic partnerships, specifically with those engaged in the humanitarian, security, mediation, and diplomacy domains. In insecure settings such as Yemen and South Sudan, the World Bank is working with international partners such as the United Nations (UN) agencies and the International Committee of the Red Cross (ICRC) to leverage their presence and expertise for effective implementation.

vi. **Going forward, the FCV Envelope eligibility and annual reviews could be mainstreamed more systematically into country engagement instruments<sup>iv</sup> to maximize leverage and effectiveness.** It was expected for most eligibility notes to be stand-alone during the first year of implementation, as it was not possible to align the introduction of the FCV Envelope with various country engagement/strategy cycles. Out of the initial nine countries, only CAR was able to establish eligibility through its Country Partnership Framework (CPF) as the timing of the two processes coincided. Similarly, none of the annual reviews were timed with the Performance and Learning Reviews (PLRs) or Completion and Learning Reviews (CLRs). However, experience with stand-alone eligibility processes shows that not only does this increase transaction costs but could also lead to potential misalignment between the eligibility notes, country strategies, and intended country outcomes/results. Integrating Eligibility Notes more systematically into CPFs and dove-tailing the two review processes will be encouraged going forward, with continued flexibility on stand-alone notes as needed in select cases. Similarly, annual reviews could be dove-tailed/integrated with PLRs and CLRs, where possible, while preserving their frequency.

vii. **In the longer term, there is a need to establish a path for phasing out FCV Envelope support.** Countries with a history of protracted and recurrent conflicts, like CAR, Mali, Niger, South Sudan, Sudan, or Yemen, cannot be expected to transition out of conflict in a short time frame. The efforts carried out by national and international stakeholders will likely take many years to achieve intended results, often experiencing setbacks along the way. At the same time, the exceptional funds provided by the FCV Envelope come with expectations that there is an opportunity to change the trajectory. When countries achieve sustained progress in transitioning out of conflict and/or are no longer eligible as per the FCV Envelope's eligibility requirements, a flexible and sustainable process of phasing out funding will be needed. Management will consider options and share a proposal for discussion during the IDA20 Mid-Term Review.

viii. **Given the short implementation time since its launch and its satisfactory operationalization, Management is not proposing any significant changes to the FCV Envelope architecture for the remaining IDA19 period.** However, Management will consider some refinements to maximize the impact of the FCV Envelope.

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<sup>iv</sup> Country Partnership Frameworks (CPF), Country Engagement Notes (CENs), Performance and Learning Reviews (PLRs), and Completion and Learning Review (CLRs).

- a. **Systematically mainstreaming FCV Envelope eligibility and annual reviews into country engagement instruments and processes:** Stand-alone applications will be limited to situations where such mainstreaming is not possible. Similarly, there will be more emphasis on timing the annual reviews with the PLRs/CLRs, to the extent possible.
- b. **Considering a sustainable phase-out approach:** Management will consider a phased approach to taper funding levels, as information becomes available on countries successfully achieving conflict prevention and turn-around or becoming ineligible against the given criteria.

## I. INTRODUCTION

1. **The 19th Replenishment of the International Development Association (IDA19) established the Fragility, Conflict and Violence (FCV) Envelope as an important innovation to deepen engagement on FCV.** As part of the IDA19 replenishment, an FCV Envelope was created to provide additional resources to eligible FCV countries as a top-up to their Performance-Based Allocation (PBA). It supports implementation of the World Bank Group’s (WBG) FCV Strategy<sup>1</sup> and uses an incentive-based approach to strengthen the analytic underpinnings of country engagements; recalibrate programming, deepen partnerships across diplomatic, security, and humanitarian domains; and support the governments in monitoring progress against concrete FCV-focused milestones. The FCV Envelope expanded, consolidated, and refined the existing financing toolkit available to IDA countries experiencing FCV challenges.<sup>2</sup> Details on strategic objectives and other features of the FCV Envelope are outlined in [Annex 2. Strategic Objectives and Features of the FCV Envelope](#). The initial allocation of the IDA19 FCV Envelope was set at \$7.5 billion for the original three-year period of IDA19, to be fully integrated into each eligible country’s PBA. This allocation was adjusted to \$6.3 billion due to shortening of IDA19 to a two-year cycle.<sup>3</sup>

2. **The FCV Envelope offers three distinct allocations, each one corresponding to a pillar of engagement within the WBG FCV Strategy:** (a) *Prevention and Resilience Allocation* (PRA) provides enhanced support for countries at risk of escalating into high-intensity conflict or large-scale violence; (b) *Remaining Engaged during Conflict Allocation* (RECA) enables the International Development Association (IDA) to maintain a base level of engagement in a small number of countries that experience high-intensity conflict and have extremely limited government capacity; and (c) *Turn Around Allocation* (TAA) supports countries emerging from conflict, social/political crisis, or disengagement, and where there is a window of opportunity for IDA to re-engage or intensify engagement to support countries to pursue major reforms to accelerate a transition out of FCV.<sup>4</sup> Specific eligibility criteria and funding levels for each of the allocations are set out in the implementation guidelines.<sup>5</sup>

3. **This paper responds to the IDA Partners’ request to report on the operationalization of the FCV Envelope.**<sup>6</sup> The paper is structured as follows: Section II presents a snapshot of the FCV Envelope demand and utilization, implementation progress, and strategic partnerships; Section III provides early lessons learned; and Section IV shares some refinements for the remaining IDA19 implementation period.

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<sup>1</sup> “IDA19: Special Theme: Fragility, Conflict and Violence,” May 24, 2019.

<sup>2</sup> The exceptional regimes under IDA18 (the Post-conflict regime, Risk Mitigation Regime, and Turn Around Regime) and the Post-conflict regime phase-out applicable to South Sudan.

<sup>3</sup> “IDA19 Implementation and Adjustments,” March 29, 2021.

<sup>4</sup> Due to the truncation of IDA19 to two years, the notional top-up caps for individual country allocations were amended to \$600 million for PRA, \$250 million for RECA, and \$1.1 billion for TAA.

<sup>5</sup> “IDA19: Ten Years to 2030: Growth, People, Resilience,” Annex 3, February 11, 2020.

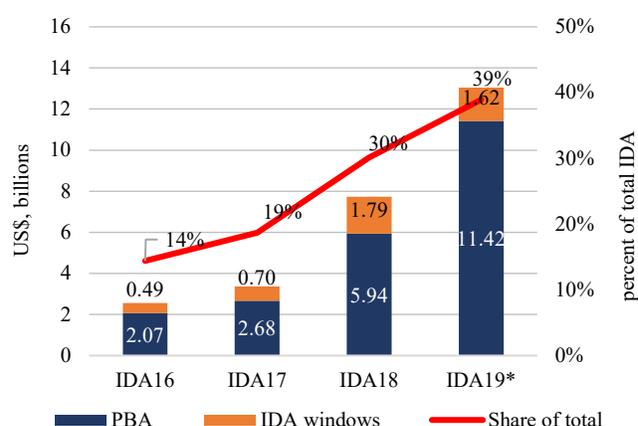
<sup>6</sup> Ibid.

## II. OPERATIONALIZATION AND IMPLEMENTATION UPDATE

### A. Overall Financing, Utilization, and Demand

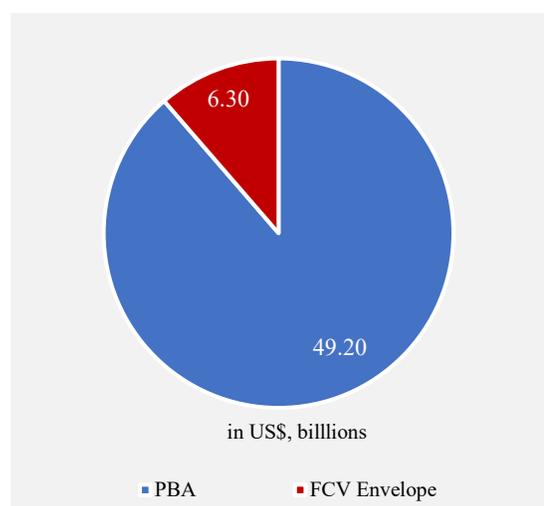
4. **Supporting countries experiencing FCV is core to IDA’s mission, and the FCV Envelope has helped provide additional resources, thus enabling deeper engagement in these difficult settings.**<sup>7</sup> Commitments to IDA fragile and conflict-affected situations (FCS) and FCV have increased fivefold from IDA16 to IDA19 (Figure 2.1), reaching over 39 percent of total IDA resources.<sup>8</sup> In terms of concessionality, the share of grants has also increased, with more than half of the grants going to IDA FCS/V. The FCV Envelope has been a critical part of this enhanced support for deepening IDA’s engagement in FCS/V, as it is not only providing additional resources but also transforming IDA’s approach in these countries. The adjusted FCV Envelope relative to total IDA19 PBA allocation is shown in Figure 2.2.

**Figure 2.1. Average Annual Commitments in IDA FCS/V, IDA16 to IDA19**  
(including FCV Envelope)



Source: World Bank Group staff estimates. Commitments’ data also include countries under the IDA18 Risk Mitigation Regime.  
Note: \*IDA19 data as of June 30, 2021.

**Figure 2.2. FCV Envelope as part of IDA19 PBA Allocation**



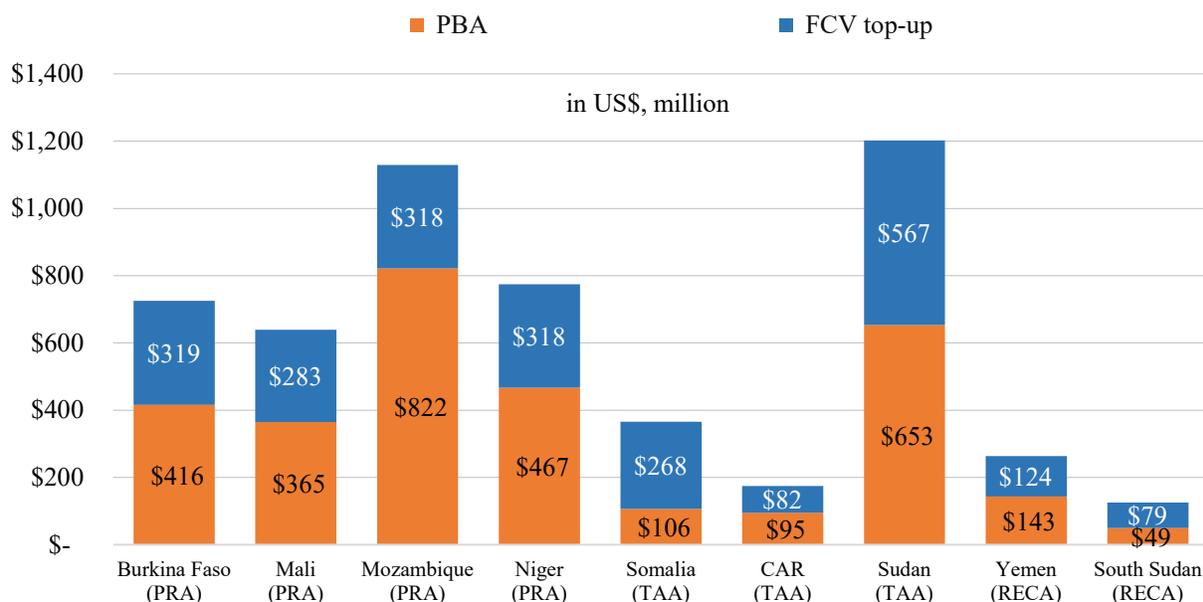
5. **In FY21, the FCV Envelope provided \$2.3 billion in PBA top-ups to nine eligible countries.**<sup>9</sup> This represents 37 percent of the adjusted Envelope of \$6.3 billion. Four PRA eligible countries (Burkina Faso, Mali, Mozambique, and Niger) received an additional \$1.2 billion. Three TAA eligible countries (CAR, Somalia, and Sudan) received an additional \$917 million; and two RECA eligible countries (South Sudan and Yemen) received an additional \$203 million. The country-level breakdown for each allocation is provided in Figure 2.3. As a result of this supplemental finance, the nine current recipient countries received an average increase in allocation equivalent to 76 percent of PBA.

<sup>7</sup> “IDA20 Special theme: Fragility, Conflict and Violence,” June 11, 2021

<sup>8</sup> As of June 30, 2021.

<sup>9</sup> Exchange US\$/SDR 1.42641 - June 30, 2021.

**Figure 2.3. FY21 FCV Envelope Allocation by Country**



Source: World Bank Data.

6. **Despite the challenging operating environment in eligible countries, utilization of allocated funds was strong.**<sup>10</sup> During FY21, the nine eligible countries committed \$5.2 billion for specific operations, which amounts to 106 percent of their total FY21 IDA allocation (PBA and FCV Envelope allocation),<sup>11</sup> and 49 percent of their total expected IDA19 allocation. Just as importantly, FY21 disbursements in these countries amounted to \$3.3 billion, and each country had a disbursement ratio of over 20 percent.<sup>12</sup>

7. **The demand for the FCV Envelope resources remains robust with additional countries expected to become eligible in FY22.** Over the two-year IDA19 period, total allocation for the nine currently eligible countries is expected to be around \$4.4 billion. In FY22, additional countries may gain eligibility, though the precise number and allocation amounts will be subject to approval of eligibility notes. These additional allocations are likely to take the total support closer to the adjusted FCV Envelope of \$6.3 billion. Any remaining or unutilized funds will be reallocated for use within the overall IDA19 PBA.

<sup>10</sup> FCV Envelope resources are provided as part of PBA, so it is not possible to assess their utilization separately.

<sup>11</sup> Due to frontloading.

<sup>12</sup> This refers to overall FY21 IDA commitment including resources from the IDA19 PBA, FCV Envelope, and IDA18 funds where applicable.

## **B. Eligibility Approach and Incentives for Performance**

8. **The FCV Envelope approach for assessing eligibility has worked well to capture critical opportunities for support at the right time.** Depending on the allocation (PRA, RECA, TAA), eligibility criteria include three dimensions: (a) the intensity of conflict and violence; (b) a Country, Policy and Institutional Assessment (CPIA) score below a set threshold; and (c) an acceptable strategy to reduce FCV (see [Annex 2](#)). These criteria have been applied rigorously to ensure that funds are provided both where they are most needed and where countries are committed to changing the trajectory and proactively addressing the drivers of fragility and conflict.

9. **Risk and Resilience Assessments (RRAs) and other strategic analytical products helped define focused engagements in eligible countries.** Eligibility Notes for TAA and PRA recipient countries were informed by RRAs' analysis of key drivers of FCV and other rigorous analytics developed in collaboration with the UN and other development partners. The *Regional RRA* for the Sahel<sup>13</sup> and the Recovery and Peace Building Assessment (RPBA)<sup>14</sup> prepared for Burkina Faso<sup>15</sup> are salient examples of such partnerships. The new RRA methodology helped establish a robust diagnostic framework with an FCV-sensitive portfolio analysis and actionable recommendations on country programming. Other analytical instruments also played an important role in deepening country dialogue on drivers of conflict such as in Sudan, where the World Bank is supporting the transition through a Poverty Reduction Strategy that will set country priorities within an FCV context.

10. **The eligibility process has incentivized stronger dialogue and engagement with stakeholders and partners on prioritizing support for peace, stability, and inclusion.** The eligibility process requires strong government policy and leadership and comprehensive dialogue anchored within broader international efforts. In Mozambique, the candid dialogue among stakeholders during the eligibility process around the immediate and structural drivers of conflict entailed sensitive conversations about national reconciliation, peacebuilding, and the need for greater inclusion, marking a shift away from solely security-based approaches. As a result, the government was able to identify a comprehensive approach and monitoring framework to mitigate risks of conflict escalation.<sup>16</sup> This has helped build a solid platform for engaging the government and partners to monitor progress and prioritize support for peace building and social inclusion. The deep engagement with government and development partners on sensitive issues has demonstrated the early leveraging potential of the additional funds, as seen in the case of Burkina Faso (see Box 2.1).

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<sup>13</sup> The Regional RRA for the Sahel was prepared under WBG leadership with contributions from the Governments of France, Germany, and the UK and the United National Development Programme (UNDP).

<sup>14</sup> RPBA's support clients in formulating and prioritizing recovery and peace-building objectives.

<sup>15</sup> The Prevention and Peacebuilding Assessment was developed for the Government of Burkina Faso with support from the World Bank, African Development Bank, United Nations (UN), and the European Union.

<sup>16</sup> Mozambique PRA Eligibility Note, April 1, 2021.

### **Box 2.1. Partner Perspective - Leveraging the FCV Envelope to Strengthen Country Dialogue**

In Burkina Faso, the PRA eligibility process has been instrumental in strengthening the policy dialogue and collaboration in support of peace and stability objectives. As a result of this process, conflict prevention is now at the center of the policy dialogue with the government and other stakeholders. Both at the level of country strategy and operations, the PRA objectives and milestones are widely discussed to effectively address drivers of conflict. The eligibility process also helped incentivize the government to address FCV drivers as a priority.

*“The eligibility process was very useful in and of itself because it has formalized the Government’s major commitments on prevention in an annual reporting framework. This is a powerful tool to sustain momentum on key issues. For example, Burkina Faso was awarded the PRA in December 2020 in recognition of its robust prevention strategy, which -- as the UN and partners had recommended -- includes new milestones on national reconciliation. Very rapidly after that, in January 2021 the opposition leader was appointed new State Minister for National Reconciliation and the national reconciliation strategy has been published ahead of a Forum to take place by the end of 2021.”*

--UN Resident Coordinator for Burkina Faso

11. **The focus on specific milestones proved effective in monitoring and encouraging progress on critical governance and security issues.**<sup>17</sup> Specific annual milestones, including those in the governance domains, are established for all PRA and TAA countries to assess government commitment and efforts to address key FCV drivers.<sup>18</sup> In CAR, the TAA milestones played an important role in advancing strategic goals even while implementation progress slowed during a volatile period. Holding of the elections and formation of a new government were discussed and agreed as the most critical milestones that would trigger continued access to TAA resources. This helped incentivize the government to hold the elections within the foreseen deadlines that were later validated by the constitutional court and the international community. In Somalia, the supported milestones on biometric registration and a human resources audit of civilian and security forces, combined with a shift to direct payments to bank accounts, have been completed and salary and some ration payments are now made directly to bank accounts. In Niger, the government achieved the milestone of adopting the *National Security Policy Document and the Counter-radicalization Strategy* in FY21 with planned implementation in the remaining IDA19 period. While RECA countries do not have specific FCV milestones, the eligibility processes here too have focused activities on identifying and addressing underlying causes of violence. It is

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<sup>17</sup> The World Bank’s monitoring framework for FCV allocations is implemented in consultation with relevant stakeholders in IDA countries, including relevant UN agencies. The milestones include both the actions that fall within IDA’s mandate and expertise and other activities that are not within IDA’s mandate and may be supported by other partners. This is based on a recognition that realizing the full benefits and impact of IDA resources under the TAA and PRA will require the effective implementation of a comprehensive effort that spans economic, social, governance, and security dimensions. Cooperation with partners plays a key role in the monitoring of measures, particularly those that fall outside of the World Bank’s mandate. Measures that are part of the monitoring framework, particularly with regard to elections, reconciliation, and security are monitored usually by a range of actors, including, for example, the UN, the African Union, bilateral partners, and the International Committee of the Red Cross (ICRC), among others.

<sup>18</sup> There are no fixed parameters for establishing milestones; they are unique and specific to a given country context. The aim is to provide flexibility to eligible countries to focus on the drivers of FCV and government priorities. However, the commitment of respective governments is an important criterion for PRA and TAA eligibility that is applied rigorously.

important to note that all these milestones were reached due to the ownership of each government and the support of specialized partners with expertise in these topics. IDA reports the advances in reaching these milestones while not engaging nor financing activities that exceed its mandate or interfere in member countries' political affairs.

**12. Despite a challenging year and short implementation time, the annual reviews indicate promising progress against agreed milestones and targets.** FY21 was challenging, more so for FCV-affected countries. In addition to continued conflict, Somalia had to navigate through a triple crisis of drought/floods, the COVID-19 pandemic, and a desert locust infestation. In South Sudan, violence remained intense despite the peace agreement—the number of victims of violent incidents and deaths more than doubled in 2020 from the previous year. In CAR, military clashes with armed groups led to a new wave of 200,000 internally displaced persons (IDPs) as well as an acute food insecurity crisis. Despite these difficulties, early findings show progress against FCV milestones and targets in most countries, with mixed progress in some instances such as CAR and Mali. For example, in Burkina Faso, all milestones for 2021 are on track to be met, except for the milestone on the use of health services in conflict-affected areas. Somalia continues to make progress on structural reforms in PFM and the security sector while preserving development gains during a volatile past year. In Niger, out of the five FY21 milestones, four have been achieved, including the rehabilitation of key service delivery infrastructure and the formulation of a new security policy, though there was limited progress on the transfer of mining and oil royalties. Country-specific implementation status of FCV Envelope milestones is outlined in [Annex 1. Country Implementation Progress and Status of FY21 Milestones](#).

### **C. Targeted Recalibration of Country Program/Portfolio for Maximizing Impact**

**13. As part of the eligibility requirement, PRA and TAA countries recalibrated their entire IDA country programs/portfolios to focus on addressing FCV drivers and sources of resilience.** While the changes have generally been more substantial in those countries that did not already have conflict-oriented portfolios, all country programs witnessed a further strengthening of focus. RRAs and related analytic work and dialogue have helped rethink engagement priorities, improved geographical and beneficiary targeting, enhanced attention to inclusion and social standards, and enabled better management of risks through tools such as Environmental and Social Frameworks (ESFs) and Public Financial Management (PFM). In Niger, the process led to significant transformation from an ad hoc approach with a few projects in conflict hotspots to a comprehensive recalibration of the whole portfolio in support of prevention and resilience. In Mozambique, the recalibration is anchored in an emergency response to the conflict through provision of essential services to vulnerable communities, in areas adjacent to the conflict-affected regions to ensure similar access to basic services, livelihoods, and economic opportunities. (See Box 2.2.)

**Box 2.2. Recalibration of the Country Portfolio in Mozambique**

Rapidly increasing insecurity in Northern Mozambique resulted in a rethink of the World Bank's engagement in the country, in close collaboration with partners on the ground. The dialogue with the government and national stakeholders on the country's conflict risks and resilience and access to the PRA helped refocus the WBG-supported portfolio on conflict prevention. The portfolio was recalibrated using a spatially differentiated approach whereby the WBG operations support delivery of essential services to vulnerable communities and the reestablishment of the state's presence in areas adjacent to the conflict to prevent escalation and spillover:

- (a) *The Smallholder Irrigated Agriculture and Market Access Project* was restructured to better target vulnerable groups in North and Central Mozambique, supported by a communications strategy to target and address the specific needs of these populations.
- (b) *The Mozambique Agriculture and Natural Resources Landscape Management Project* was adjusted to scale up support to land tenure security through community delimitation, regularization of land use rights, and community capacity building, with a particular focus on inclusion of poor subsistence farmers, women, and youth.
- (c) *The Mozambique Forest Investment Project* was restructured to refocus agricultural activities on rural communities living in the 'buffer zone' and to provide financing under the 'Sustenta Emergência' to support agribusiness and tourism operations affected by the conflict in the North.

14. **Joint WBG engagements also benefitted from opportunities to enhance alignment of International Finance Corporation (IFC)/Multilateral Investment Guarantee Agency (MIGA) programs to the FCV agenda.** Countries benefiting from the FCV Envelope took advantage of important analytical products and synergies between RRAs and WBG diagnostics, such as the IFC's Country Private Sector Diagnostic (CPSD), to refine joint efforts for job creation, sustainable economic development, and strengthening of resilience to shocks in conflict settings. The IFC program in Mozambique aims to promote private sector solutions for crisis prevention. IDA, IFC, and MIGA are all working together in the Mozambique electricity transmission operations, *Temane Independent Power Producer* and *Central Termica de Temane*, to improve energy access to marginalized communities. In CAR, FCV drivers were applied as a selectivity filter for the IFC program and FCV was embedded into the intervention logic for all IFC operations. The *Burkina Faso Solar Energy and Access Project* will leverage private financing to support electrification of rural localities and community facilities such as schools and health centers. To tackle food insecurity in Yemen, IFC is supporting Hayel Saeed Anam Group's food processing operation to increase supply of essential items.

15. **The recalibrated program in PRA eligible countries (Burkina Faso, Mali, Mozambique, and Niger) focused on prevention and resilience, including through spatial targeting.** In these countries, the FCV Envelope has, among other things, driven a focus on rebuilding trust between citizens and the state, promoting peace and security, and strengthening governance structures to deliver essential services. Frequently, this involves spatial targeting whereby the portfolio is tailored differently to areas that are in conflict, those that are at risk of spillover, and those that might be stable at the moment but where structural drivers increase the

risk of future conflict. For example, in Niger, operations are designed to address key grievances driving the instability (see Box 2.3).

**Box 2.3. Targeting Crisis-Affected Regions - PRA Interventions in Niger**

In Niger, the PRA supported two new projects aimed to address central grievances underpinning the country's instability. The *Governance of Extractives for Local Development & COVID-19 Response Project (P164271; \$100 million)* aims to strengthen state presence in fragile zones and reduce grievances through more equitable and transparent institutions and improved local governance and service delivery. Similarly, the additional financing for the *Adaptive Safety Net Project (P173013; \$130 million)* allows the government to strengthen the adaptive and scalable safety net system in Niger and build resilience through cash transfers and cash for work. The project will use spatial targeting and focus interventions on the most fragile and crises-affected regions.

16. **The RECA countries (Yemen and South Sudan) prioritized maintaining IDA's engagement, responding to basic needs, and building local capacity.** Given the intensity of conflict, limited government control of territories and low capacity, partnerships with the UN and other agencies have enabled IDA to remain engaged in Yemen and South Sudan. Priority interventions have included income support, food security, basic health and nutrition, cholera response, urban services delivery, and restoration of agriculture production. More importantly, supplemental funding has also allowed the World Bank to invest in building the capacity of local institutions while gradually transferring responsibility to government-led institutions when feasible. In Yemen, this is being done through the *Emergency Social Protection Enhancement and the COVID Response Project* as well as the new *Food Security Response and Resilience Project* that aim to improve social security and tackle food insecurity—key drivers of fragility. In South Sudan, the World Bank is enhancing the capacity of the government through PFM efforts, ongoing economic reforms, and projects such as the *Resilient Agricultural Livelihoods Project* and *Emergency Locust Response Project* that are building capacity of local institutions and communities to respond to food crises.

17. **In the TAA countries (CAR, Somalia, and Sudan), recalibrated programs are helping build stability and resilience.** In Sudan, the government aims to complement the peacebuilding strategy stipulated in the *Juba Peace Agreement* through an economic revival program as well as various interventions in health, education, women empowerment, and social protection aimed at strengthening the social contract (see Box 2.4). Similarly, in CAR, the TAA is supporting the government in its peacebuilding and reconciliation processes as well as building resilience by tailored interventions to strengthen inclusive local governance, disaster preparedness, basic services, and promote economic opportunities for conflict-affected areas to rebuild trust and confidence in government. In Somalia, TAA eligibility coincided with the broader IDA reengagement process and proved critical to scale up resources at a pivotal time to make progress on several fronts, including the security sector reform, PFM, and human capital investments.

**Box 2.4. Supporting Reengagement and Economic Reform - TAA interventions in Sudan**

Recognizing the once-in-a-generation window of opportunity for Sudan to chart a path out of FCV, IDA was quick to make full use of its instruments to support the transition. IDA worked closely with multilateral and bilateral partners to ensure Sudan cleared its arrears to IDA, the International Monetary Fund (IMF), and the African Development Bank (AfDB), enabling Sudan's reengagement with the international community.

As Sudan turns the page of its history, TAA is supporting its efforts to build a stronger economy through several programs centering around downstream service delivery and investing in key productive sectors to stimulate economic opportunities in marginalized states. This includes the *Sudan Reengagement and Reform Development Policy Financing (P175139 - \$1.315 million)*, which is facilitating Sudan's economic reform agenda through (a) correcting macroeconomic imbalances, exchange rate liberalization, and phasing out fuel subsidies; (b) strengthening social protection and financial inclusion; and (c) improving public sector transparency and accountability.

18. **The FCV Envelope has enabled eligible countries to strengthen focus on regional dimension of fragility and conflict.** Conflict and fragility can easily spill over to neighboring countries making a regional perspective critical to sustainable progress. Engagement in the Sahel (Burkina Faso, Niger, and Mali) has been informed by the regional RRA. It recognizes that cross-border collaboration is necessary to sustain progress on peace and stability. The country portfolio in the three countries includes strong regional programs, such as the *Community-Based Recovery and Stabilization Project for the Sahel* which provides inclusive services to the Liptako-Gourma Region of Burkina Faso, Mali, and Niger. A similar process for developing a regional RRA is under way in the Lake Chad Basin and the Horn of Africa.

19. **The FCV Envelope has also supported efforts on climate resilience, particularly where climate change risks are exacerbating key drivers of FCV.** Climate variability can exacerbate conflict and tension over natural resources in FCV-affected countries, where vulnerable communities are severely threatened by impacts of climate change and natural disasters. To mitigate these risks, Burkina Faso is developing a *Communal Climate Action and Landscape Management Project* that will strengthen sustainable landscape management practices and improve access to revenues, for greater resilience of rural communities in targeted forestry zones. It is also investing in renewable energy focusing on energy access for local communities. Similarly, Niger and Mali are planning operations to improve the management of natural resources and build climate resilience in vulnerable areas.<sup>19</sup>

**D. Strategic Partnerships for Peace and Stability**

20. **Consultations and engagement around FCV Envelope eligibility and program implementation significantly strengthened partnerships around shared goals.** The eligibility notes for all countries were prepared in consultation with a broad range of partners and stakeholders, including the UN, bilateral and multilateral partners, and civil society organizations (CSOs). In addition, CSOs and nongovernmental organizations (NGOs) were also active players

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<sup>19</sup> Niger Integrated Water Security Platform Project (P174414) and Strengthening Climate Resilience in Mali Project (P161406)

in implementation and monitoring progress on the milestones in instances such as Niger. In Sudan, for example, IDA worked very closely with other development partners and international institutions to help chart a path for sustainable reengagement (see Box 2.4). In CAR, the World Bank partnered with several development institutions on governance milestones established during TAA eligibility including United National Development Programme (UNDP) and the United Nations Multi-Dimensional Integrated Stabilization Mission in CAR (MINUSCA) that are supporting the work on local elections. In many FCV settings, co-financing arrangements and trust funds also augmented IDA resources and support partner coordination (see Box 2.5).

**Box 2.5. Donor Co-financing: Complementing the FCV Envelope with Trust Funds in Yemen**

Trust funds and co-financing are augmenting IDA resources in Yemen and supporting donor coordination. The *Emergency Crisis Response Project* includes grants from the United States Department of State and from the United Kingdom. The *Emergency Health and Nutrition Project* leveraged a co-financing contribution of £7 million from the United Kingdom. The country program also benefits from funds by the *Global Agriculture and Food Security Program* as well as the *Global Partnership for Education*. In addition, a *Resilience, Recovery and Reconstruction Multi-Donor Trust Fund* is being set up to ensure efficiency, strategic alignment, and integrated management of donor programs.

21. **Partnerships across the Humanitarian-Development-Peace nexus have been systematically strengthened, as IDA enhanced its collaborations with other international institutions, to support or monitor broader peacebuilding efforts.** Many issues outside the WBG's core approach/mandate are critical for effective conflict prevention and transition, including those related to elections, security, and reconciliation. The WBG engaged actively in coordination forums and worked in complementarity with other actors, specifically those working in the humanitarian, security, and diplomatic domains such as the African Union in Somalia, to ensure progress on common objectives that are aligned with respective mandates. To expand operations into certain hard-to-reach areas in South Sudan, for example, the World Bank worked to build strong dialogue and relationship with the United Nations Mission for South Sudan (UNMISS) on the implementation of the revitalized peace agreement and situational analyses in conflict-affected regions. As the World Bank's work and experience in this complex field expands and new partnerships are forged, some of the transaction costs associated with engagement with such a varied group of partners are expected to decrease.<sup>20</sup>

22. **Partnerships with local and international NGOs were also expanded with some engaging in direct implementation, particularly in insecure settings.** For instance, in Yemen, while the United Nations Children's Fund (UNICEF) and ICRC are the main implementation partners for the *South Sudan COVID-19 Emergency Response and Health Systems Preparedness Project* and the *Provision of Essential Health Services Project Additional Financing*,<sup>21</sup> some project activities are subcontracted to local and international NGOs to support delivery of health services. Similar arrangements have been made in the *Restoring Education and Learning Project*, with Save the Children as one of the partners directly implementing a significant part of the

<sup>20</sup> Noting that the World Bank is not supporting or financing activities outside of its mandate.

<sup>21</sup> P176480 and P174049, respectively.

operation across Yemen. Moreover, under the *Emergency Health and Nutrition Project*,<sup>22</sup> the World Health Organization (WHO) and UNICEF have worked with 46 NGOs as implementing partners. The ongoing *South Sudan Provision of Essential Health Services Project*<sup>23</sup> has several international and local NGOs as implementing partners including World Vision, Christian Mission for Development, Care International, LiveWell South Sudan, and Nile Hope.

23. **Collaboration and partnerships around program design and implementation helped refine engagement models.** The Alliance Sahel (AS)—a donor coalition with the World Bank as one of the founding members—developed an *Integrated Territorial Approach* based on shared local analyses and streamlined implementation processes. In Mali and Niger, active partnerships with the WHO, the UN High Commissioner for Refugees (UNHCR), UNICEF, the World Food Programme (WFP), and the AfDB enhanced knowledge sharing on effective approaches to strengthening health systems and inclusion of vulnerable communities. Further opportunities for increasing knowledge exchange and program coordination will continue to be pursued at both the country and regional levels.

### III. LESSONS LEARNED

24. **Conflict prevention, reduction, and turn-around are complex processes requiring flexible and sustained long-term engagement.** Countries with deeply entrenched drivers of FCV, like CAR, Mali, Niger, Somalia, South Sudan, Sudan, or Yemen, cannot be expected to transition out of conflict in a short time frame. Many of the FCV Envelope’s recipients have been in or in and out of conflict for many years if not decades and engaging in these countries is not a linear process, as evidenced by the recent increased violence and political instability in CAR and Mali. The FCV Envelope’s flexible and context-driven approach is supporting countries’ high-risk high-reward journeys toward peace and stability.

25. **At the same time, there is an expectation that countries that manage to effectively address their drivers of FCV can move away from conflict and see more stable development trajectories.** As countries exit the FCV Envelope, a strategic, flexible, and sustainable process of phasing out of the associated resources would be needed. In this way, countries with a history of fragility and conflict would see additional support tapered rather than ended abruptly, which could create risks of destabilization.

26. **While the FCV Envelope’s eligibility process has helped increase the FCV focus of WBG programs, the use of RRAs and related analytics could be further enhanced to inform portfolio recalibration.**<sup>24</sup> RRAs and related analytic work inform not just which activities are chosen but also how and where they are delivered, as well as which beneficiaries are prioritized. Without consideration of how things are implemented, there is the risk of ‘redefinition’ rather than a real ‘recalibration’ of the portfolio. In addition to a robust analytical work, the recalibration process is supported through extensive country dialogue with partners on conflict drivers and ways to address them. As the FCV Envelope is further operationalized, the eligibility framework and

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<sup>22</sup> P161809

<sup>23</sup> P168926

<sup>24</sup> IEG report on World Bank Engagement in situation of conflict, September 2021.

processes need to continue to be applied rigorously to ensure sustainability and outcomes it supports.

**27. The eligibility and annual review processes have provided the needed flexibility to adjust programs and milestones within a multi-year framework while maintaining strong accountability.** The eligibility process was tailored to country needs and the flexibility was critical in ensuring the program addresses drivers of conflict unique to a given context. The PRA milestones for Burkina Faso were well-defined for the first year but included fewer specific milestones for outer years. Based on progress on some of the key FY21 milestones (for example, adoption of a new, conflict-sensitive National Development Plan), additional milestones were agreed to strengthen implementation. Similarly, the CAR TAA framework was updated as part of its annual review to incorporate new milestones in FY22 to strengthen accountability for political inclusion, as outlined in the Peace Accord signed<sup>25</sup> in FY21. In Somalia, the TAA country program was recalibrated with agility to respond to emerging needs due to ‘triple crisis’ while maintaining focus on agreed milestones. The annual reviews and flexibility to adjust milestones and programs ensures that frameworks remain relevant, impactful, and focused on the most critical areas in support of a country’s transformation.

**28. Mainstreaming FCV eligibility, milestones, and annual reviews into country engagement instruments (CPFs, Country Engagement Notes [CENs], Performance and Learning Reviews [PLRs], Completion and Learning Reviews [CLRs]) was envisaged,<sup>26</sup> but in practice this option has rarely been used.** It was expected for most eligibility notes to be stand-alone during the first year of implementation, as it was not possible to align the introduction of the FCV Envelope with various country engagement cycles. Out of the initial nine countries, only CAR established eligibility through its CPF. Similarly, none of the annual reviews were part of the PLRs/CPFs/CENs for various reasons, including adjustments in timeline of some of these strategy products during the pandemic. Nonetheless, experience with stand-alone eligibility process shows that not only does this increase transaction costs but it may also lead to misalignment between eligibility notes, country strategies, and outcomes/results. Having the two processes integrally linked/ dove-tailed would further strengthen the conflict sensitivity of country engagement instruments, including facilitating a more robust FCV focus on the World Bank’s engagement.<sup>27</sup> Going forward, alignment of eligibility and annual reviews<sup>28</sup> with country strategies/engagements will be encouraged more systematically, with continued flexibility as needed in select cases.

**29. The use of Third-Party Monitoring (TPM) and the Geo-Enabling initiative for Monitoring and Supervision (GEMS) have effectively supported World Bank’s supervision responsibilities in FCV contexts and could be further strengthened with IDA resources, including the FCV Envelope.** TPM arrangements involving nongovernment actors and local CSOs have been crucial for monitoring project progress in situations where World Bank staff face restricted access. At the same time, some TPM has fallen short on account of accessibility and

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<sup>25</sup> World Bank’s involvement limited to monitoring and reporting on this milestone.

<sup>26</sup> “IDA-19: Ten Years to 2030: Growth, People, Resilience,” Annex 3, February 11, 2020.

<sup>27</sup> Draft IEG report “World Bank Engagement in Situations of Conflict,” June 11, 2021

<sup>28</sup> Frequency of annual reviews will be preserved. These reviews will continue to be required as a prerequisite for releasing resources each fiscal year.

capacity issues. In such situations, effectiveness of TPM is being enhanced in combination with other mechanisms such as mobile technology and community monitors to provide real-time checks. The FCV Envelope resources have helped scale up use of digital tools such as GEMS for enhanced project supervision and coordination, being used across the World Bank's portfolios in Mali, Niger, and CAR, while necessary capacity is being developed in other countries. There are opportunities to scale up and further strengthen these mechanisms.

**30. Implementation of programs through the UN and other organizations in areas where the WBG has limited access can be beneficial but also needs to be carefully managed.** The experience in Yemen has highlighted several benefits, including use of knowledge and systems developed by UN agencies and mitigation of risks of political interference in implementation. However, there have also been significant challenges associated with this model, including, for example, the issues of sustainability, higher costs, and arrangements for accessing each other's documentation. Other key issues that have been identified include slow communication, lack of harmonized approaches in project implementation, financial management, and safeguards. The World Bank and the UN are working closely to address these challenges and improve understandings and processes related to these issues. It will be important to continue these efforts to enhance effectiveness of such arrangements. Noting that increased cooperation with other international agencies, bilateral donors, and NGOs may also strengthen effectiveness.

## IV. WAY FORWARD

31. **Given satisfactory operationalization in FY21 and high demand, Management is not proposing any significant changes to the FCV Envelope architecture for the remaining IDA19 period.** Most countries are early in their implementation and evidence at this point is limited to warrant any substantial changes. The World Bank will continue to apply the eligibility and review framework rigorously to ensure the sustainability of the FCV Envelope. Partnerships will be further strengthened at each stage of the process.
32. **Management will consider the following refinements for the remainder of IDA19 to maximize the leverage and support provided by the FCV Envelope:**
- a. **Systematically mainstreaming FCV Envelope eligibility and annual reviews into country engagement instruments and processes:**<sup>32F</sup><sup>29</sup> This will limit transaction costs and ensure greater institutionalization of the objectives of the FCV allocations. Stand-alone applications will be limited to situations where such mainstreaming is not possible. Similarly, more emphasis will be applied on timing the annual reviews with the PLRs/CLRs, to the extent possible.
  - b. **Considering a sustainable phase-out approach:** Management will consider a phased approach to taper funding levels, as information becomes available on countries successfully achieving conflict prevention and turn-around or becoming ineligible against the given criteria. Management will consider options and share a proposal for discussion at IDA20 Mid-Term Review. Any approach for phasing out would need to be flexible, recognizing the dynamic nature of FCV contexts and need for countries to adjust.
33. **Management will continue to consider any additional factors in the ongoing implementation of the FCV Envelope and update IDA Participants as part of regular IDA reporting.**

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<sup>29</sup> To strengthen outcome orientation in the WBG's country engagement, the Country Engagement Guidance, the Country Engagement Procedure, and the Systematic Country Diagnostic (SCD) Guidance have been updated, effective as of July 1, 2021. The revised approach to country engagement introduces High-Level Outcomes (HLOs) in SCDs and CPFs, strengthens learning and adaptation, and provides for more flexibility in the CPF Results Matrix toward better capturing the WBG contributions to long-term country outcomes.

## Annex 1. Country Implementation Progress and Status of FY21 Milestones

1. **FY21 was a challenging environment for all developing countries, but particularly difficult for Fragility, Conflict and Violence (FCV)-affected countries.** The pandemic and its socioeconomic impacts are aggravating existing FCV risks, increasing poverty and levels of displacement. In addition to continued conflict, Somalia had to navigate through a triple crisis of drought/floods, COVID-19 pandemic, and a desert locust infestation. In South Sudan, violence remained intense despite the peace agreement—in 2020 the number of victims of violent incidents and deaths more than doubled from the previous year. In Central African Republic (CAR) military clashes with armed groups led to a new wave of 200,000 Internally Displaced Persons (IDPs) as well as an acute food insecurity crisis. In light of these and many other challenges, the need to address the drivers of FCV with additional resources from the FCV Envelope is more important than ever.

2. **Despite the challenging year, a preliminary review indicates good progress against FCV milestones in several countries.**<sup>1</sup> In Burkina Faso, all milestones for 2021 are on track to be met, except for the milestone on the use of health services in conflict-affected areas.<sup>2</sup> The government adopted a road map for reconciliation in April 2021 and has established the national committee that will oversee the process. The new National Development Plan is also being finalized and includes an analysis of the impacts of conflict and a strategic pillar on *Building Resilience, Security, Social Cohesion and Peace*. Similarly, in Niger, progress against the FY21 indicators is strong. Out of the five milestone indicators to be achieved by FY21, four have been achieved/almost completed, including the rehabilitation of key service delivery infrastructure and the formulation of a new security policy, with only limited progress on the transfer of mining and oil royalties.<sup>3</sup>

3. **At the same time, progress has been mixed in CAR and Mali.** CAR showed progress against some FY21 milestones, despite a spike in insecurity and violence. This includes holding general and Presidential elections, the formation of a new government, and the enactment of a new law on territorial administration. However, increased conflict resulted in setbacks in terms of security, humanitarian, and socioeconomic indicators as well as relationships with key partners. The annual review added new milestones on political inclusion and addressing human rights violations. In Mali, OP 7.30 review (working with de facto governments) was triggered in light of the political developments taking place shortly after the country became eligible.<sup>4</sup> These developments underline the fact that progress in FCV countries is not a linear process, with countries experiencing setbacks along the way.

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<sup>1</sup> Countries that have prepared Annual Reviews as of mid-September are Burkina Faso, CAR, Mozambique, Niger, Somalia, South Sudan, Sudan, and Yemen. Eligibility notes do not have FCV milestones for RECA countries given their high volatility and intense violence.

<sup>2</sup> Burkina Faso PRA Annual Review Note, June 18, 2021

<sup>3</sup> Niger PRA Annual Review Note, July 14, 2021

<sup>4</sup> OP 7.30 assessment was recently concluded and provided an update on the progress of the PRA milestones for Mali.

4. **The program pipeline for FCV Envelope recipients remains strong with a focus on FCV issues specific to country circumstances as identified through Risk and Resilience Assessments (RRAs and related analysis.** In PRA countries, pipeline programs are centered on empowering at-risk communities, strengthening the presence of the state in marginalized communities, and/or supporting decentralization or equitable distribution of resources. Several programs are being developed to build transparent practices regarding management of natural resources, identified in RRAs as a key driver of conflict. In TAA countries, the pipeline focuses on supporting economic and social inclusion and institutional support to facilitate transition out of fragility. In Sudan, this centers around accountability of the public sector through Public Financial Management (PFM), extending downstream service delivery and investing in key productive sectors to stimulate economic opportunities in marginalized states. In Somalia and CAR, the pipeline prioritizes developing human capital with a focus on women and youth economic revitalization to create jobs, energy access, and crisis recovery to renew the social contract. And in Yemen and South Sudan, the International and Development Association (IDA) projects will continue to focus on strengthening institutions and preserving human capital. (See Box A1.1.)

**Box A1.1. Supporting Governance and Service Delivery in South Sudan**

The IDA program in South Sudan—complemented by Remaining Engaged during Conflict Allocation (RECA) resources—embraces a cautiously optimistic approach that seeks to capitalize on an opportunity for change through a systematic focus on building local capacity while also acknowledging South Sudan’s fragility. A *PFM and Financial Sector Strengthening Project* is being prepared that will build the capacity of the Ministry of Finance and Economic Planning to conduct and oversee core aspects of PFM, including budget planning and execution, revenue management, auditing, and others. This will be complemented by a focus on capacity building in other relevant ministries for pipeline operations on service delivery, even as they continue to be delivered by third party agencies, such as the *COVID-19 Emergency Response and Health System* on pandemic response and the *South Sudan Enhancing Community Resilience and Local Governance Project AF* on tackling food security.

5. **The subsequent tables outline progress against FY21 milestones for each of the eligible countries.** Table A1.1 notes implementation status of FY21 milestones for the PRA countries (Niger, Burkina Faso, and Mozambique). Table A1.2 highlights the implementation status of FY21 milestones for the Turn Around Allocation (TAA) countries (Somalia, Sudan, and CAR). Eligibility notes for the RECA countries (Yemen and South Sudan) do not have milestones but include objectives of FY21 planned operations. Table A1.3 outlines the objectives of FY21 operations for RECA countries.

6. **The World Bank’s monitoring framework for FCV allocations is implemented in consultation with relevant stakeholders in IDA countries, including relevant UN agencies.** The milestones include both actions that fall within IDA’s mandate and expertise and other activities that are not within IDA’s mandate and are therefore supported by other partners. This is based on a recognition that realizing the full benefits and impact of IDA resources under TAA and PRA will require the effective implementation of a comprehensive effort that spans economic, social, governance, and security dimensions. Cooperation with partners plays a key role in the monitoring of measures, particularly those that fall outside of the World Bank’s mandate.

Measures that are part of the monitoring framework, particularly with regard to elections, reconciliation, and security are monitored usually by a range of actors, including, for example, the United Nations, the African Union, bilateral partners, and the International Committee of the Red Cross (ICRC), among others.

**Table A1.1. Implementation Status of FY21 PRA Milestones by Country**

FY21 Milestones/Targets	Status
<b>Burkina Faso</b>	
Holding a National Reconciliation Forum with broad-based participation	Significant Progress 
Incorporation of a conflict dimension in the next NDP and integration of this dimension in future development planning	Achieved 
Performance score from the SUPERMUN service delivery measurement tool in education, health, and water sanitation improved to 80/140.	Achieved 
The number of contacts with health facilities in regions affected by insecurity, including IDPs, increased to 14,850,081.	Limited progress 
<b>Mali</b>	
Establishment of the transitional bodies: (a) appointment, by consensus, of a civilian transitional President, (b) appointment of a civilian Prime Minister followed by the establishment of a transitional government, (c) establishment of the National Transition Council, the legislative body of the transition	Limited progress 
Representation of women in the management mechanisms of the Peace and Reconciliation Agreement: (a) At the level of the Agreement Monitoring Committee (CSA): 11 women, 3 for the government, 3 for the platform, 3 for the CMA, and 2 for the inclusiveness coalition (b) At the sub-committee level: 3 women per sub-committee (total of 12 women across the 4 sub-committees)	Some progress 
Integration of 3,350 ex-combatants into the paramilitary forces (National Police, Territorial Police, Civil Protection, Customs, Water and Forests, Prison Administration) and into the civil service	Significant progress 
Increase in the number of personnel of defense and security forces by 14,000 in 2021: (a) 10,000 for armed forces (including Gendarmerie and National Guard), (b) 3,250 for the Police, (c) 750 for Civil Protection services	Significant progress 
Strengthening justice delivery in conflict-affected areas through the organization of one hearing per month and per relocated jurisdiction in the North and Center (at least 10 hearings per month in total)	Some progress 
Strengthening the operational capacity of the justice system through the deployment of 40 new magistrates	Achieved 
Operationalization of 3 new regions per year: (a) Creation of new administrative districts: cercles, arrondissements, and communes (b) Appointment and secured installation of prefects and sub-prefects	Some progress 

Table A1.1 *continued*

FY21 Milestones/Targets	Status
<b>Mozambique</b>	
One high-level dialogue event on reconciliation with representation from stakeholders across society	Limited progress 
Rollout of 12 peace clubs across Central Mozambique	Achieved 
2,500 former combatants demobilized	Achieved 
64 percent of primary health facilities with at least two maternal and child health (MCH) nurses	Some progress 
Average pupil–teacher ratio in the Northern and Central regions improved to 66	Some progress 
150,000 IDPs/host community members who receive emergency support	Achieved 
Access to electricity increased to 18.4 percent	Achieved 
Water supply services improved to 58 percent in the underserved Northern and Central provinces	Some progress 
4,000 women and youth who have benefitted from new employability training programs	Achieved 
30 percent vulnerable households covered by social protection program	Achieved 
30 percent of conservation areas (CAs) under co-management between public/private entities and communities to improve the management and revenues	Achieved 
100,000 people consulted for the review of the National Land Policy, in an inclusive and transparent manner	Achieved 
Approval by the Council of Ministers and submission to Parliament of new mining law to legalize artisanal mining	Some progress 
800 community lands demarcated to identify and formalize customary land rights	Achieved 
Broad-based consultation for the technical proposal on Sovereign Wealth Fund Model for Mozambique	Achieved 
<b>Niger</b>	
At least 150,000 youth are helped in establishing enterprises for the development of agricultural value chains, as well as other economic activities.	Significant progress 
The national security policy document, the national internal security strategy, and the counter-radicalization strategy are adopted	Significant progress 
400 basic infrastructure services are built or rehabilitated, adequately equipped and staffed in at-risk areas (70 municipalities).	Achieved 
27 district courts are established and operational in 27 new departments	Achieved 

Table A1.1 *continued*

FY21 Milestones/Targets	Status
15 percent of mining and oil royalties are distributed to the municipalities in the concerned regions and data about royalty transfers published annually	Limited progress 

**Table A1.2. Implementation Status of FY21 TAA Milestones by Country**

FY21 Milestones/Targets	Status
<b>Central African Republic</b>	
General and Presidential Elections are held within constitutional deadlines	Achieved <sup>5</sup> 
Truth, Justice & Reconciliation Commission is operational	Some progress 
Submission of new mining code to National Assembly	Significant progress 
Reduce domestic arrears through the adoption and implementation of a domestic arrears-clearance plan	Some progress 
Reduction in conflict-related civilian deaths by 25 percent per year	Limited progress 
Concessional loans limited to 5 percent of GDP	Achieved 
Re-deployment of civil servants and national security forces (FACA) across the territory—increase of 25 percent per year	Limited progress 
<b>Somalia<sup>6</sup></b>	
Enact Electoral Law and amendments to the Political Parties Law, including at least 30 percent minimum quota for women parliamentarians	Some progress 
Public consultations held, including with Federal Member States (FMS), on the draft text of a revised constitution	Some progress 
Political party registration and voter registration	Limited progress 
Restart of the Somaliland-Somalia talks	Some progress 
Completion of biometric registration of all national armed forces and payments made ‘direct to bank’ through the Financial Management Information System (FMIS)	Achieved 
All rations contracts for the security forces procured through competitive bidding, based on the February 2019 decree	Achieved 

<sup>5</sup> As per the validation by the Constitutional Court and the international community (G5+ in CAR), which includes United States, France, the Russian Federation, African Union, European Union, Economic Community of Central African States (ECCAS), UN, and World Bank.

<sup>6</sup> Reporting and monitoring on select milestones, including regarding political and security-related developments, were provided through dialogue with a broad range of partners, including the UN, among others.

Table A1.2 *continued*

FY21 Milestones/Targets	Status
Decrease in security incidents in Mogadishu	Limited progress 
Sustained fiscal reporting on a quarterly basis from Federal Government of Somalia (FGS) and all FMS	Achieved 
Sustained flow of fiscal transfers to FMS	Achieved 
Finance Minister's Fiscal Forum meetings continue to be held regularly	Achieved 
Policy paper on principles for resource sharing completed/issued	Significant progress 
Enactment of Revenue, PFM and Companies Bills into law	Achieved 
HIPC decision point reached, and Somalia remains on track with HIPC completion point triggers and DPOs	Achieved 
Pro-poor (social sectors) budget allocations increase in absolute terms and maintained at no less than 7 percent of the FGS budget through 2022	Achieved 
Government to initiate implementation of the Somali Women Charter's Strategic Action Plan	Some progress 
<b>Sudan</b>	
Establishment of the Transitional Legislative Council	Limited progress 
Government budget allocates increased spending for social programs (health, education, and social protection) and transfers to conflict states.	Achieved 
Satisfactory track record under the Staff Monitored Program (SMP) maintained and adherence to IMF funded program following decision point to facilitate HIPC debt relief	Achieved 
Poverty Reduction Strategy Paper (PRSP) finalized	Achieved 
Citizen budget published	Some progress 
Anti-corruption law adopted, and anti-corruption commission established	Achieved 

**Table A1.3. Objectives of Operations Identified in RECA Eligibility Notes**

<b>FY21 RECA Operation</b>	<b>Objective</b>	<b>Status</b>
<b>South Sudan</b>		
Resilient Agricultural Livelihoods Project	Strengthen capacity of farmers and their organizations and improve agricultural production.	Approved on June 8, 2021
Emergency Locust Response Project	Respond to the threat posed by the locust, protect, and restore livelihoods and food security, and strengthen systems for preparedness.	Approved on June 8, 2021
<b>Yemen</b>		
Emergency Social Protection Enhancement and COVID-19 Response Project	Provide cash transfers, temporary employment, and increased access to basic services and economic opportunities to food-insecure populations affected by COVID-19; address the conflict and climate-related shocks; and strengthen capacity of institutions.	Approved on December 17, 2020. Implementation to date is satisfactory.
Restoring Education and Learning Project	Maintain access to basic education, improve conditions for learning, and strengthen education sector capacity in selected districts	Approved on December 17, 2020. Implementation to date is satisfactory.
Food Security Response and Resilience Project	Improve the availability of and access to food and nutritious diets, for targeted households to enhance Yemen's capacity to respond to food insecurity.	Approved on May 11, 2021
Integrated Urban Service Emergency Project	Enable provision of basic services in select cities with an emphasis on water, sanitation, and hygiene (WASH) interventions.	Approved on June 7, 2021

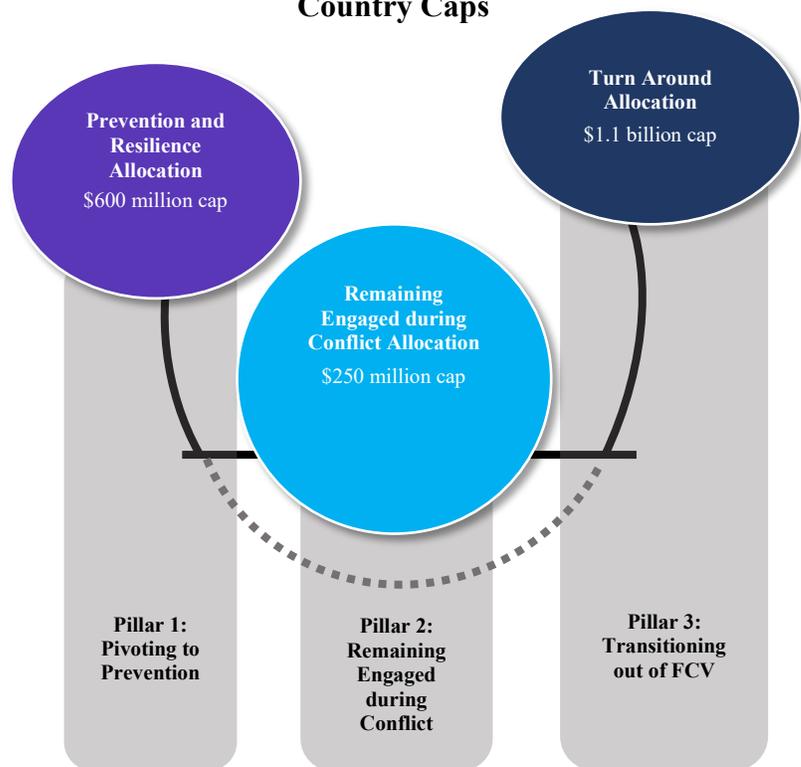
## Annex 2. Strategic Objectives and Features of the FCV Envelope

1. **The Fragility, Conflict and Violence (FCV) Envelope provides an incentive-based approach to help operationalize the World Bank’s engagement in International Development Association (IDA) countries affected by FCV, promoting both incentives and accountability.** Building on FCV experience during IDA17/18, the IDA19 FCV allocation framework enables IDA to better seize opportunities and respond with greater agility to the dynamic needs of select IDA countries affected by FCV by providing additional resources through ‘top-ups’ that complement performance-based allocations (PBA) for eligible countries. Identification of potential recipients is made through objective and transparent criteria, including criteria that stress government commitment and leadership. In addition, the World Bank is required to recalibrate its country programs in partnership with the government to address drivers of FCV. The eligibility notes are discussed by the Board and contain targeted and conflict-focused milestones that are reviewed annually. In this way, the FCV Envelope contains a strong focus on government leadership and commitment.

2. **Anchored to the FCV Strategy, the Envelope offers tailored allocations dedicated to three of the pillars of the strategy: prevention, remaining engaged in conflict, and transition out of FCV<sup>1</sup>** (Figure A2.1). The three allocations are the embodiment of the premise of the FCV Strategy that there is no one-size-fits-all approach given the diversity of FCV challenges. Operating in FCV settings is far from business as usual because of the complex dynamics of FCV, and the FCV Envelope is designed accordingly.

3. **Specific eligibility criteria and funding levels for each pillar are set out in the implementation guidelines.<sup>2</sup>** Depending on the allocation, eligibility criteria include the intensity of conflict and violence, a Country, Policy, and Institutional Assessment (CPIA) score below a set threshold, and an acceptable strategy to reduce FCV. Due to the truncation of IDA19 to two years,<sup>3</sup> the notional

Figure A2.1. FCV Pillars and Revised IDA19 Country Caps



<sup>1</sup> World Bank Group Strategy for Fragility, Conflict, and Violence, 2020–2025.

<sup>2</sup> “IDA-19: Ten Years to 2030: Growth, People, Resilience,” Annex 3, February 11, 2020. IDA FCS countries can only access the FCV Envelope if they satisfy the eligibility criteria.

<sup>3</sup> “IDA-19 Implementation and Adjustments”, March 29, 2021, Original caps for the PRA, RECA, and TAA were \$700 million, \$300 million, and \$1.25 billion, respectively.

top-up caps for individual country allocations were amended and the overall set-aside for the FCV Envelope was reduced from the initial \$7.5 billion to \$6.3 billion.

4. **The FCV Envelope promotes a differentiated approach to programming and partnerships as defined in the FCV Strategy.**<sup>4</sup> This approach includes using Risk and Resilience Assessments (RRAs) and other FCV analytics to ensure country programs address drivers of FCV; developing FCV-sensitive operations; in some cases scaling up regional programs to respond to fragility risks; developing conflict sensitive approaches for the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA) programs; systematizing partnerships with humanitarian, development, security, and peacebuilding actors as relevant by drawing on the World Bank Group's (WBG) comparative advantage as a development actor; and ensuring effective implementation arrangements with third parties as needed in insecure environments.

5. **The Prevention and Resilience Allocation (PRA) supports governments in taking proactive measures to address escalating conflict and violence.** It provides enhanced support for countries at risk of escalating into high-intensity conflict or large-scale violence, where the government is committed to addressing the underlying drivers of conflict and violence. Countries receiving the PRA recalibrate their IDA portfolio to focus on de-escalating conflict and violence through development interventions. The PRA facilitates World Bank engagement with the government on critical yet difficult issues and scales up best-fit preventive and inclusive approaches beyond business as usual.

6. **The Remaining Engaged during Conflict Allocation (RECA) provides a base level of support to countries in high-intensity conflict.** In these countries, the regular PBA allocation is often extremely low due to both the conflict and weak institutional capacity. Based on lessons from IDA18 engagement in Yemen, this financing tool gives IDA the means to support countries in circumstances where, despite conflict, the World Bank can meaningfully engage to preserve institutional capacity and human capital that will be critical for the country's future recovery. The use of the allocation seeks to ensure value for money in achieving development outcomes while recognizing that working in these contexts entails higher costs.<sup>5</sup>

7. **The Turn Around Allocation (TAA) provides enhanced support to countries that are emerging from conflict, social/political crisis, or disengagement from IDA and where the government is pursuing a reform agenda to accelerate its transition out of fragility and build resilience.** These countries are at a critical juncture in their development trajectory where there is a significant window of opportunity for IDA to help build stability and resilience to accelerate the transition out of fragility. Through TAA, the IDA portfolio is recalibrated to improve transparency, strengthen institutions, and restore economic resilience, among other things, as identified in the specific context. A key element in the rebuilding process is to renew the social contract between the state and its citizens and promote the economic and social inclusion of disadvantaged groups such as women and youth.

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<sup>4</sup> World Bank Group Strategy for Fragility, Conflict, and Violence, 2020–2025.

<sup>5</sup> "IDA-19: Ten Years to 2030: Growth, People, Resilience," Annex 3, February 11, 2020.