



IDA14

**Aid Delivery in Conflict-Affected IDA Countries:
the Role of the World Bank**

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Table of Contents

I.	Introduction	1
II.	Background.....	1
III.	Working Together at the Country Level	2
	<i>Working with the UN and Other Agencies</i>	3
	Working with the IMF at the Country Level.....	6
	Working with the Regional Development Banks and other Bodies at the Country Level.....	7
IV.	Policy and Institutional Partnerships	7
	Partnering with the UN and Other Donors.....	7
	Partnering with Conflict Networks.....	8
	Partnering with NGOs and Civil Society	9
V.	Financing Instruments.....	9
	IDA Post-Conflict Allocations	9
	Other Financing Facilities for Conflict-Affected Countries	10
VI.	Ongoing Strengthening of the Bank's Post-Conflict Response	13
VII.	Conclusion	14
	References:	15
	Tables:	
	Table 1: Post Conflict Fund (PCF) Grant Allocations to UNDP and other UN Agencies, 1997-04.....	12
	Box:	
	Box 1: Afghanistan.....	4
	Box 2: The Results Based Transitional Framework.....	6

Abbreviations and Acronyms

AsDB	Asian Development Bank
AfDB	African Development Bank
AIDS	Acquired Immune Deficiency Syndrome
ARPP	Annual Review of Portfolio Performance
ARTF	Afghanistan Reconstruction Trust Fund
BIH	Bosnia and Herzegovina
CAR	Central African Republic
CAS	Country Assistance Strategy
CPDC	Conflict Peace and Development Cooperation
CPIA	Country Policy and Institutional Assessment
CPR	Conflict Prevention and Reconstruction
CPRN	Conflict Prevention and Post-Conflict Reconstruction Network
DAC	Development Assistance Committee
DDR	Disarmament, Demobilization and Reintegration
DGF	Development Grant Facility
DRC	Democratic Republic of the Congo
FAO	Food and Agriculture Organization
HIV	Human Immunodeficiency Virus
IBRD	International Bank for Reconstruction & Development
IDA	International Development Association
IDP	Internally Displaced People
IFI	International Financial Institution
IGAD	Inter-Governmental Authority on Development
IMF	International Monetary Fund
LICUS	Low Income Countries Under Stress
LOTFA	Law and Order Trust Fund for Afghanistan
MDGs	Millennium Development Goals
MDRP	Multi-Donor Reintegration Program
MDTF	Multi-Donor Trust Fund
MoU	Memorandum of Understanding
NGO	Non-Governmental Organization
OECD	Organization for Economic Co-operation and Development
OED	Operations Evaluation Department
PCF	Post Conflict Fund
PCPI	Post-Conflict Progress Indicators
PCPR	Post-Conflict Performance Rating
PHRD	Policy and Human Resources Development Trust Fund
PRSP	Poverty Reduction Strategy Paper
RBTF	Results Based Transitional Framework
TA	Technical Assistance
TSP	Transition Support Program
TSS	Transition Support Strategy
UN	United Nations
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNDPKO	United Nations Department for Peacekeeping Operations
UNHABITAT	United Nations Human Settlements Programme
UNHCR	United Nations High Commission for Refugees
UNICEF	United Nations International Childrens' Emergency Fund
UNOPS	United Nations Office for Project Services

Aid Delivery in Conflict-Affected IDA Countries: the Role of the World Bank

I. Introduction

1. At the IDA14 Deputies Meeting in Washington on October 4-6, 2004, it was agreed that IDA would prepare a short note on the World Bank's work in Conflict-Affected Countries, with particular attention to the role of the Bank vis-à-vis other donor agencies. This note responds to that request. It describes the Bank's assistance in conflict-affected countries, how this role has evolved over time, and how the Bank works in cooperation with UN agencies and other partners.

2. Section II provides some background to the development role of the Bank in conflict-affected countries and some of the recent developments in policy in this area. Section III describes the different stages of country-level engagement and how the Bank cooperates with other agencies in fulfilling them. Section IV looks at global policy and institutional partnerships in more detail. In particular it describes how the Bank and the UN have been working on a shared strategic framework for these countries, and how the Bank is working with a range of donors in implementing that framework. Section IV provides information on the financial instruments the Bank uses in conflict-affected and post-conflict countries. Section VI goes into policy changes that are under way in the Bank to facilitate increased harmonization in a post-conflict context. Section VII concludes.

II. Background

3. Conflict is a key issue for development and attainment of the Millennium Development Goals (MDGs). Conflict retards development – in effect, it represents development in reverse – and conversely, development is the best insurance against conflict. Where development is effective, countries become progressively safer from violent conflict. Where development fails, countries are at high risk of becoming caught in a conflict trap in which violence wrecks the economy, exacerbates poverty and social distress, and increases the risk of further conflict, threatening regional and at times global stability (Collier et al. 2003). The consequences of conflict are mostly borne by civilians, especially children, and by those in neighboring countries. As intra-state conflicts have accumulated and persisted, especially among low-income countries, they have generated or intensified a significant part of the global poverty problem. Since poverty is both a cause and a consequence of conflict, the World Bank's core mission of poverty alleviation is greatly affected by the persistence of violent conflict - the Bank cannot afford to stay away from conflict and its impact on poverty and development.

4. In 1998 the Operations Evaluation Department (OED) took a careful look at the institution's post-conflict performance (OED 1998). Although OED judged that the Bank's performance could be improved in a number of respects (e.g., greater efforts to rebuild human and social capital), it concluded that the institution had a definite comparative advantage in supporting the special needs of countries emerging from conflict. The links between sustainable post-conflict reconstruction and development - economic stability, sound public finances, good

governance, growth and employment generation, and access to social services - were compelling. In addition, the Bank was in a prime position to support donor coordination and assist in mobilizing substantial reconstruction funds. OED's main concern was that the Bank had addressed the special needs posed by civil conflict on an *ad hoc* basis. The evaluation recommended a deepening of Bank involvement in conflict-affected countries and called for further clarification of the Bank policy, a sharpening of the Bank's comparative advantage, and the tailoring of institutional arrangements to better assist conflict-affected countries.

5. As discussed in this paper, over the past decade or so the Bank has increasingly sought to address the conflict-development nexus in line with its overall poverty alleviation mandate. In doing so, the Bank has adapted its policies and tools to increase the flexibility and speed with which it responds to the needs of conflict-affected countries; strengthened partnerships with the international community, especially the UN system; developed its analytical and knowledge capacity to gain a better understanding of the causes and impact of conflict; and considerably expanded the level and type of resource transfers to support countries emerging from conflict. Six years on from the OED study, post-conflict reconstruction has been successfully mainstreamed in Bank operations. The Bank still has much to learn about rebuilding war-torn societies, but the processes and mindsets to learn from post-conflict experience and to try to respond rapidly and flexibly are in place and well established within the institution.

III. Working Together at the Country Level

6. In January 2001 the Executive Directors approved Operational Policy/Bank Procedures 2.30 (OP/BP2.30), *Development Cooperation and Conflict*, which provides a strategic framework and sets the parameters for Bank engagement in countries affected by conflict. The World Bank has three stages of engagement in conflict-affected countries:

- A **Watching Brief** where normal Bank assistance is not possible due to conflict or its aftermath. This allows a minimum level of engagement, monitoring evolving conditions and prospects for change. As part of the watching brief the Bank may support additional activities at the request of countries or international partners. Bank activities under watching brief status have improved readiness to respond to transition opportunities, most recently in Haiti and Sudan;
- A **Transitional Support Strategy (TSS)**, which is a short- to medium-term Bank assistance strategy for a country that does not have a Country Assistance Strategy (e.g., Afghanistan, Sierra Leone, Timor-Leste). Transitional Support Strategies place particular emphasis on conflict and development linkages. In Timor-Leste, for example, the Bank has been working with the UN and other donors to lead a multi-donor medium-term Transitional Support Program (TSP).
- A **Country Assistance Strategy (CAS)**. After a post-conflict country successfully transitions to a more stable development environment, the Bank can revert to a normal CAS. In some instances of on-going conflict, assistance is provided under a CAS if the

Bank determines it can still assist the country meet its development objectives (e.g., Sri Lanka, Nepal, Indonesia).

Working with the UN and Other Agencies

7. All of these stages involve close partnerships with the UN system and other donors. Flexibility is a hallmark of these interventions and helps ensure readiness in fluid conflict-affected environments. While countries are under watching brief status, the Bank typically works closely with UN agencies and bilateral donors to keep abreast of basic economic and social conditions and changes in national institutions, and to contribute where possible to efforts to build capacity for social service delivery and governance reform. For example, the Bank is working with UNDP and other UN agencies in Somalia to build capacity in the livestock and health care sectors (including HIV/AIDS), and to initiate a poverty data and monitoring program. In addition the Bank may, at the request of international partners, provide input on economic issues to peace and national reconciliation processes, as has been the case in the IGAD-facilitated Sudan peace talks.

8. Once a country has entered into a transition from war to peace, the Bank will, where requested by national counterparts and international donors, lead or co-coordinate a post-conflict needs assessment to help national counterparts put in place a plan and budget to guide the transition and mobilize external resources. These needs assessments are typically co-coordinated by the Bank and UNDP, in collaboration with the regional development banks and bilateral donors. Drawing on this experience, the Bank has recently collaborated in a partnership between the Conflict Prevention and Reconstruction (CPR) Unit, UNDP's Bureau of Crisis Prevention and Recovery, UNDG(O) and the Government of Germany, to produce a Practical Guide to Multilateral Needs Assessments in Post-Conflict Situations. The Guide represents an agreed framework between the Bank and the UN system and has been used effectively in Afghanistan (see Box 1), Iraq, Liberia, Haiti and Sudan to better coordinate donor efforts to determine needs and plan the reconstruction process.

Box 1: Afghanistan

Over the past two and a half years, Afghanistan has been undergoing a transition from a UN-led humanitarian assistance effort, which provided crucial social protection in the absence of an effective, developmentally-oriented state, to a large, government-led reconstruction program with state-building at its core. Evolving from that UN-led assistance program, in early 2002, the Government of Afghanistan quickly developed leadership of the post-conflict reconstruction and development agenda. A key factor in this coordinated approach is the close interaction among the various bilateral and multilateral agencies of the international community in Afghanistan, organized into ministry-led consultative groups along sectoral lines.

The Bank's engagement with the UN occurs at a number of levels: as a resource for overall strategic, political and security developments; as a partner in development strategy to support government; and as an implementing partner for national programs. Prior to the events of 2001, the Bank financed a watching brief program conducted by UNDP. In late 2001, the Bank, UNDP and the Asian Development Bank co-coordinated a post-conflict needs assessment for Afghanistan. The Bank has committed substantial IDA funds to Afghanistan's reconstruction, including a pre-arrears clearance grant, and also administers the Afghanistan Reconstruction Trust Fund (ARTF).

The ARTF was established in May 2002 and has received contributions of over US\$650 million from 24 bilateral donors. The ARTF has proved itself a key mechanism for channeling resources to cover the recurrent costs of government and to finance priority investments. As members of the ARTF Management Committee, partners from the UN engage in monthly interactions with the Bank on administrative and strategic decision-making as well as priority setting for the ARTF. In addition, the ARTF has provided resources to the Law and Order Trust Fund for Afghanistan (LOTFA), managed by UNDP to support the nascent police force in Afghanistan.

The agencies of the UN play a key role as implementation partners to the Government and are engaged in a number of contracts under IDA funded programs. These include UNOPS which has an implementing role in the National Emergency Employment Program financed in part through a US\$39 million IDA credit/grant, and the FAO which is providing management of the US\$40 million Emergency Irrigation Rehabilitation Program. Under the IDA-funded National Solidarity Program, which supports community-driven initiatives based on locally elected councils throughout the country, the Bank worked with UN Habitat through the Ministry of Rural Reconstruction and Development. UN Habitat was also a key partner in the design of the Kabul Urban Reconstruction Program, supported through a US\$25 million IDA credit.

The World Bank maintains close and collaborative links with the various agencies of the UN in Afghanistan. Since its re-engagement in Afghanistan, the Bank has gained from the interaction with the United Nations Assistance Missions to Afghanistan for political and strategic insights pertaining to that organization's mandate. In addition, the UN-managed security process is a vital part of the everyday functioning of the World Bank's country office in Kabul as well as for field visits throughout the country. These links benefit the Bank both by providing insights into areas that affect, but fall outside of, the Bank's mandates, as well as by facilitating more routine matters of staff well-being, crucial to the effective functioning of the program.

These provide a few illustrations of the close interaction between the World Bank and agencies of the United Nations in Afghanistan. Cooperation, based on the comparative advantage of the respective institutions, also allows for interaction in strategy formulation and policy development, for example in areas such as regional trade and private sector development, as well as in program implementation.

9. Following on from this initial planning and budgeting exercise, the Bank is in general requested to provide assistance to rebuild core public finance systems and support the transition from the short-term recovery plan to a longer-term poverty reduction strategy. In close cooperation with the International Monetary Fund (IMF), the Bank is often requested to lead dialogue and donor activities in these areas. The Bank does not provide humanitarian relief or possess technical expertise on political or security sector governance issues; recognizing,

however, that these areas are central to post-conflict recovery and have strong development linkages, the Bank now works much more closely with other development partners such as UNDP, UN-DPKO, regional organizations and bilateral donors, who have the expertise to lead dialogue and coordinate assistance in these areas. A recent example is the development of results-based transitional frameworks in Liberia, Haiti and the Central African Republic (CAR), and the on-going preparatory exercise in Sudan, where the Bank is working closely with national counterparts, the UN, regional organizations, IFIs and bilateral donors to develop integrated transitional plans.

10. Reconstruction and development planning, economic policy and public finance management form an important focus for the technical assistance and policy dialogue work of the Bank in post-conflict environments, but they are not the major cost item: the majority of IDA post-conflict assistance is devoted to sectoral reconstruction and, where needed, transitional budget support. The Bank may provide financing and technical expertise to specific reconstruction sub-sectors within its mandate and institutional capacity. Areas of sectoral emphasis will vary from country to country depending on needs and priorities identified by national counterparts; on financing gaps; and on the availability of support from other donors. Examples of different country arrangements for sectoral collaboration and division of labor are given below:

- In many post-conflict countries, the Bank finances joint recovery programs in the social sectors which work with UN agencies such as UNICEF and WHO, to help make the transition from emergency non-governmental service provision to public sector management (e.g., Timor-Leste, Kosovo, Sri Lanka). In situations where these sectors are strongly supported by other donors (e.g., Liberia), they will not be the focus of IDA's financial support;
- In several post-conflict countries, the Bank's program has a strong emphasis on the reconstruction of large-scale physical infrastructure (e.g., Democratic Republic of the Congo (DRC), Bosnia and Herzegovina (BIH)); in some cases this area is strongly supported by other donors (e.g., the Asian Development Bank and the Government of Japan in Timor-Leste) and hence is not the focus of IDA's assistance;
- In some countries the Bank works with UN agencies and bilateral donors to support demobilization and reintegration activities which are critical to the realization of a peace dividend and face large financing gaps (e.g., Eritrea, the Great Lakes region,¹ Sierra

¹ The Bank-administered Multi-Donor Reintegration Program (MDRP) for the Greater Great Lakes is carried out in close collaboration with UN peace-keeping missions in those countries, UNDP, UN specialized agencies and bilateral donors. In spite of earlier difficulties due to the uniqueness of the MDRP partnership, working relations with UNDP have improved, as has the development of a common approach amongst the MDRP donor group. MDRP is now providing approximately \$24 million to UNDP to finance Disarmament, Demobilization and Reintegration (DDR)-related activities in DRC, CAR and Angola, and \$8.5 million to UNICEF to support the demobilization and reintegration of child-soldiers in Burundi and the DRC. The MDRP has provided important harmonization lessons for the Bank, in particular on fiduciary issues where the lack of a common framework between the Bank and the UN caused initial delays; these areas are now being addressed at a Bank-wide level through the development of framework agreements and revision of the Bank's emergency policies and guidelines.

Leone); in others (Liberia, Afghanistan) a division of labor was agreed upon with UNDP for the latter to take the lead on demobilization and reintegration.

11. Each post-conflict setting presents very different challenges. The Bank's approach is to evaluate each case on its merits, and determine its role based on: the Bank's own comparative advantage and available organizational capacity; the preferences of national counterparts; and the willingness of other donors to provide technical support and finance in different areas. As there is no one-size-fits-all solution to post-conflict reconstruction, this approach ensures the necessary flexibility and adaptability to each country setting. This country-driven approach does require early and strong donor coordination to arrive at a division of labor appropriate to each country context and to make more effective use of aid for post-conflict recovery. In order to improve donor coordination, the Bank has recently been working closely with UNDP and donor partners on the concept of a Results Based Transitional Framework (RBTF), based on the processes which emerged at country level in Timor-Leste and Liberia. For new post-conflict governments, the RBTF provides a simple and effective tool to monitor progress and revise plans; for donors it can operate as a basic national development framework to assist in prioritizing and harmonizing assistance (see Box 2).

Box 2: The Results Based Transitional Framework

RBTFs can provide a way to apply the poverty reduction strategy principles of a unified, country-driven plan to early post-conflict settings. They are based on five core principles, derived from the Rome Declaration and its harmonization agenda but adapted to the circumstances of post-conflict countries. RBTFs need to be **simple, selective, integrated across political, security, economic and social aspects of recovery, nationally owned, and have sufficient donor buy-in**. They promote the use of outcome indicators and monitorable targets, including intermediate indicators to track the progress of recovery programs. The frameworks function as management tools for strategic planning and implementation monitoring and an umbrella for donor coordination. In this way, the frameworks can become compacts of joint responsibilities between the country authorities and the donor community. By enhancing transparency across the board, RBTFs can create strong incentives to achieve more visible results in post-conflict reconstruction and provide a basis for participation and domestic scrutiny by civil society organizations. The Bank is undertaking a review of recent experience with RBTFs in order to distill good practices and to prepare a guidance note for staff.

Working with the IMF at the Country Level

12. The IMF provides assistance to countries emerging from conflict in three ways: technical assistance with a focus on rebuilding capacity to formulate and implement economic policies; economic policy advice; and financial assistance, including through the IMF's emergency post-conflict assistance facility. Emergency post-conflict assistance can be provided in those situations where: (i) there is an urgent balance of payments need to help rebuild reserves; (ii) the country's institutional and administrative capacity is disrupted as a result of the conflict so that the member country is not yet able to develop and implement a comprehensive economic program that could be supported by a Fund arrangement; (iii) there is nonetheless sufficient capacity for policy planning and implementation, and demonstrated commitment on the part of the authorities; and (iv) Fund support would be part of a concerted international effort to address the aftermath of the conflict.

13. IMF staff are in the process of reviewing the Fund's experience in assisting post-conflict countries, to see if there are lessons to be learned and ways to make the assistance more

effective. The Bank will continue to work closely with the Fund in a number of key areas, including the need to apply the PRSP framework flexibly in conflict-affected countries, the clearance of arrears and early access to HIPC in post-conflict countries. The Bank and the IMF have been collaborating closely on economic recovery and rebuilding public finance systems in Timor-Leste, Afghanistan, Liberia and other post-conflict country programs; the Central African Republic is a recent example of particularly close collaboration between the Bank and the Fund in helping government to develop and implement its results-based transitional framework, in conjunction with UNDP, the European Commission and the Government of France.

Working with the Regional Development Banks and other Bodies at the Country Level

14. Over the past decade, regional development banks have become important actors in international efforts to assist conflict-affected countries, and they have been strengthening their capacities in conflict mitigation and post-conflict reconstruction. In post-conflict countries or regions, such as Cambodia, Timor-Leste, and Mindanao in the Philippines, the Bank and the Asian Development Bank (AsDB) are closely coordinating their activities. Collaboration with AsDB, as well as with the Islamic Development Bank, is also being strengthened in the reconstruction of Afghanistan. A Memorandum of Understanding (MoU) between the African Development Bank (AfDB) and the World Bank, including with regard to post-conflict collaboration, is being operationalized. As part of this agreement, the Bank is discussing extending Bank training in conflict and development to staff from AfDB. In Latin America, the Bank has worked closely with the Inter-American Development Bank in supporting donor coordination and reconstruction programs in Central America, and more recently in formulating an approach to Haiti, also in collaboration with the Organization of American States and the Pan-American Health Organization.

IV. Policy and Institutional Partnerships

Partnering with the UN and Other Donors

15. A shared strategic framework with other stakeholders is particularly critical in conflict settings. The increasingly complex political, social, economic and international dimensions of conflict require strong policy coherence. This in turn will require bilateral donors, the IFIs and the UN system to build greater consensus on the sequencing and linkages between political, security, economic and social interventions and approaches.

16. Last Fall, the Secretary General of the UN set up a *High-Level Panel on Threats, Challenges and Change*, which is tasked with examining the major threats and challenges to the collective security system and with proposing ways to reform the international system. The Bank has been engaged in the consultation process, and, in an informal manner and by request, it has shared its analysis and understanding of development, economic and financial issues, and their linkages to peace and security.

17. The *Millennium Declaration* and the Secretary General's *Report on the Prevention of Armed Conflict* (2000) called for a paradigm shift from a culture of reaction to a culture of prevention, and set out a vision to develop the conflict prevention capacity of the UN. At the invitation of the UN, the Bank has joined several UN standing bodies with observer status: the

Executive Committee on Peace and Security, a high-level advisory and coordinating body; the Framework Team for Coordination, a mechanism for early warning and preventive action among the UN participating agencies and departments; and the UN Development Group. Newly-designed transitional frameworks could more effectively help strengthen coordination with UNHCR and UNDP during conflict emergencies and the humanitarian and relief phases of post-conflict reconstruction. The Bank also takes part selectively in the Mine Action Advisory Group and has developed policies and guidelines for demining projects. In addition to the standardized framework for needs assessments in post-conflict settings, developed jointly with UNDP/UNDG and discussed above, two important collaborative efforts have been recently agreed with the UN.

- The first is the effort to address the ‘relief to development gap’ in collaboration with UNHCR and other UN agencies. The Bank is supporting the piloting of UNHCR’s innovative ‘4Rs’ (Repatriation, Reintegration, Rehabilitation and Reconstruction) concept. In three pilot ‘4Rs’ countries (Eritrea, Sierra Leone and Sri Lanka), UNHCR, UNDP and the Bank agreed in 2002 to put basic collaborative principles into action i.e. improve inter-agency collaboration; ensure full ownership of the respective country teams; secure commitment and ownership of governments; and leverage donors’ political support. The ‘4Rs’ initiative is an innovative approach that, if effectively managed, could foster country-specific, country-driven and flexible efforts, in the quest to bridge repatriation, reintegration, rehabilitation and reconstruction processes and promote durable solutions for refugees and displaced populations;
- The second axis of collaboration is around the LICUS partnership with UNDP which, in line with the recommendations of the LICUS Task Force, includes joint work at both the country and the policy level. Two fully joint strategies in LICUS (Somalia and Togo) are underway, together with four partnerships to support the use of Results-Based Transitional Frameworks (Liberia, Haiti, Sudan and CAR). The Bank and UNDP are also co-sponsoring, with the OECD/DAC and the European Commission, a conference on fragile states to be held in London in January 2005. In the run-up to the conference, the Bank and UNDP have been collaborating closely on research and policy discussions on planning frameworks, aid instruments and aid allocations in fragile states.

Partnering with Conflict Networks

18. The Bank has played an active role in contributing to policy formulation, and in disseminating and facilitating the exchange of knowledge among key players working on conflict-related issues. This is a critical two-way street, as the Bank also gains tremendously from the knowledge and experience of external partners. The Bank is an active member of two key international conflict networks designed to exchange knowledge and experience in the conflict field. The first is the OECD/DAC Network on Conflict, Peace and Development Cooperation (CPDC). The Bank participated actively in CPDC’s extensive work to develop guidance on conflict prevention for OECD members, issued in 2001 as *The DAC Guidelines: Helping Prevent Violent Conflict* (OECD 2001). The second is the Conflict Prevention and Post-Conflict Reconstruction Network (CPRN), which the Bank helped to establish and is a more informal network of agencies, governments, NGOs and think tanks involved in conflict-related work. CPRN has a rotating chair and a focus on implementation issues as a complement to OECD/DAC’s focus on policy development.

Partnering with NGOs and Civil Society

19. NGOs and other civil society organizations participate actively in many Bank programs in conflict-affected countries. At a broader level, the Bank held consultations and discussions with key international NGOs in preparing OP/BP 2.30 and has since maintained an active dialogue with interested NGOs on its implementation. In addition, NGOs are major recipients of Post Conflict Fund (PCF) grants. Over 30 non-governmental entities have received PCF grants, including: Save the Children, Catholic Relief Services, CARE, the International Federation of Red Cross and Red Crescent Societies, International Committee of the Red Cross and ACTIONAID, as well as a number of local NGOs.

V. Financing Instruments

IDA Post-Conflict Allocations

20. Over the past six years, IDA has expanded its ability to support countries recovering from conflict by strengthening its direct assistance to conflict and post-conflict countries through increased financial resources and by introducing a new policy framework.

21. The allocation procedure for severely impacted² post-conflict countries was developed and implemented on a trial basis during IDA12, and formally adopted as part of IDA13. This allocation procedure has since been modified; details of the current methodology are attached as an annex to this paper. At this time, nine IDA countries are eligible for special post-conflict allocations: Afghanistan, Angola, Burundi, DRC, Republic of Congo, Côte d'Ivoire, Eritrea, Sierra Leone, and Timor-Leste (in addition, Liberia and Sudan are expected to qualify in the near future). The procedure aims to set out a systematic framework for providing, for a limited period, allocations in excess of what would normally be allocated with respect to the country's performance, as measured by the CPIA. This is done so as to help solidify peace and kickstart stabilization and reconstruction. It also improves the predictability of resource flows to post-conflict countries, improves the basis for judging resource needs, and ensures equity of treatment across countries and regions. Furthermore, the procedure puts in place a set of performance indicators adapted from the CPIA, which have been specifically tailored to the circumstances of post-conflict countries and focus on performance in areas that are most relevant in post-conflict settings, including security and reconciliation.

22. In order to allocate its resources effectively, IDA began in IDA12 to use a new framework for calibrating its response to different phases of the post-conflict period: (i) the first stage where there would be limited or no IDA involvement before the end of the conflict; (ii) a second stage during the recovery period – typically 4 years, as codified at the IDA13 Mid-term Review – where IDA allocations may well need to be in excess of the regular allocation norm; and (iii) a final stage where a phase down back to regular IDA allocations, as conditions in the

² The intensity of the conflict is judged on the basis of the degree to which exceptional assistance will be needed for reconstruction efforts. The three key dimensions of conflict intensity are: (i) the extent of human casualties directly or indirectly caused by the conflict; (ii) the proportion of the population that is either internally displaced, or in exile; and (iii) the extent of physical destruction, e.g., isolated, local, regional etc. Generally it is expected that eligible countries would be those that have experienced highly intensive conflicts as measured across one or more of these three dimensions.

country normalize, is appropriate.³ This approach sharpens the focus on performance, and also emphasizes the need for judgment to take account of the complexities and heterogeneity of post-conflict situations.

23. Within this framework, IDA has greatly stepped up its commitments to post-conflict countries. IDA approved fifteen loans to five eligible post-conflict countries during IDA12, totaling \$815 million, and commitments to post-conflict countries have significantly increased in IDA13, amounting to \$3.2 billion as of September 2004⁴.

24. In addition, in view of post-conflict countries' vulnerability during the early stages of reconstruction, the IDA13 agreement provides that these countries can get up to 40 percent of their allocation as a grant, and also allows for grants to be made available in special cases for use in territories within member countries that are under UN administration on an interim basis (the latter provision is used to provide grants to Kosovo). As a result, of the \$3.2 billion so far committed in IDA13 to post-conflict countries, \$1.0 billion has been in the form of 29 grants for post-conflict situations. These grants provide a very important source of support for post-conflict countries, enabling them to receive relatively high net transfers.

25. Enhancements to the post-conflict framework. During the IDA13 Mid-term Review, IDA Deputies supported measures to stretch out the phasing of the special post-conflict allocations while keeping the same total allocation. Starting in FY04, eligible countries are receiving the special post-conflict allocation for four years instead of three previously, and there will be three years of transition to the normal PBA allocation instead of the previous two. This approach gives country teams greater flexibility in stretching annual commitments to support country programs. In addition, experience during IDA13 – in particular with the Haiti transition – has shown that special consideration may be needed to cover failed states where recent loss of life and physical destruction have not been high enough to qualify for exceptional post-conflict assistance, but where exceptional assistance is nevertheless required to rapidly rebuild core financial, administrative and service delivery institutions which have ceased to function. Decisions in such cases, which are rare, have been made on an individual basis, which was seen as preferable to setting new criteria to overlay the rules that determine exceptional post-conflict assistance.

Other Financing Facilities for Conflict-Affected Countries

26. IDA has been and remains a key instrument for financial assistance in conflict-affected countries but it does leave some gaps in special cases. Recognizing the need for exceptional financial assistance to post-conflict countries, IDA Deputies and Bank Executive Directors have also established specific financing facilities to provide assistance in conflict-affected and post-conflict countries, thereby laying the basis for new modalities that can be mobilized to provide rapid transitional assistance prior to IDA engagement. These new modalities include three trust funds as well as a number of other mechanisms⁵:

³ IDA's Performance-based Allocation System: Current and Emerging Issues. October, 2004.

⁴ This benefited the nine eligible countries listed above, plus Guinea Bissau (now back to normal allocations), and Kosovo.

⁵ A further discussion of the role of trust funds in capacity building in IDA countries is provided in a companion paper, "IBRD/IDA Capacity Building: Support from Trust Funds", IDA, November 2004. In addition to the

27. Pre-arrears clearance grants from IDA: To address the problem of very limited access to resources that conflict-affected countries with arrears face, the IDA12 replenishment arrangements authorized the use of small amounts of grant funding to post-conflict countries with large and protracted arrears, but only as a last resort where other funding sources are inadequate and where the use of IDA credits would be inappropriate. These grants enable IDA to engage early with countries that are in the process of emerging from conflict without compromising the financial policies that prevent lending to countries in arrears. To date, DRC has received a \$50 million grant allocation to finance one operation, and Afghanistan has received a \$100 million allocation to finance four operations.

28. The Post-Conflict Fund: Assisting Conflict-Affected Countries. The Post-Conflict Fund, financed in part by the Bank's Development Grant Facility (DGF), was set up in August 1997 to support countries in transition from conflict to sustainable peace and economic development. Grants range from \$25,000 to \$1 million, but this can be exceeded for multi-year programs. As with the Bank's evolving approach to conflict, the PCF has evolved and adapted to new demands. In June 1999, the Executive Directors endorsed trust fund status for the PCF to enable donor contributions and more efficient management of funds in the 'stop-start' environment of operations in conflict-affected countries. The range of grant proposals that could be considered was also broadened to conflict-affected countries more generally, in line with the broadened mandate provided by OP/BP 2.30, and including for example conflict analysis, capacity building, community development, youth-at-risk, psychosocial and mental health in post-conflict populations, support for women and other vulnerable groups, focused research on the causes of conflict, and support for the reintegration of internally displaced people (IDPs) and refugees.⁶

29. The PCF was subject to an independent external evaluation completed in February 2002 (Muscat and Morfit 2002), which found that the PCF had broken new ground and generated new partnerships. The evaluation noted the relatively high performance of PCF grants, despite the high-risk and unstable settings in which most grants in conflict-affected countries must operate.

30. Grant approvals since the PCF's inception total \$66.9 million for 137 projects across 37 countries/territories, with disbursements of \$60 million. The Africa and the Eastern Europe and Central Asia Regions have received the highest share of approved grants. Partners have included governments, transitional authorities, UN agencies and a variety of NGOs. UNDP and other UN agencies have been the main beneficiaries of PCF grants (see Table 1).

mechanisms described in the text, another modality which the Bank can use to provide support to post-conflict countries is arrears accumulation, which allows the Bank flexibility to contribute to a country's financing plan by allowing debt service to continue to accumulate throughout the arrears clearance period, in cases where a country does not have sufficient resources to re-establish a track record of good performance through 'good faith payments'. Bank management can also propose to the Board to use IBRD net income to finance an ad hoc trust fund to support a country in non-accrual.

⁶ The PCF has played an important role in allowing the Bank a more proactive role in addressing the needs of IDPs and refugees. The PCF has approved 17 grants for a total commitment of \$20 million to support reintegration of IDPs and refugees. For a recent evaluation of this portfolio see Rajagopalan (2004). For recent Bank analytical work on uprooted populations, see Holtzman and Nezam (2004).

Table 1: Post Conflict Fund (PCF) Grant Allocations to UNDP and other UN Agencies, 1997-04

PCF Grants for:	Committed (\$ million)	% of Total Grants	Disbursed (\$ million)
UNDP	13.9	21	10.6
Other UN Agencies ¹	15.7	23	13.5
Total PCF Grants to UN Agencies	29.6	44	24.1

¹: ILO, UNICEF, UNFPA, UNHCR, UNMIK, UNOPS, PAHO, UNDPKO, MONUC, IOM, ESCWA, UNESCO.
Source: PCF/LICUS Secretariat (World Bank).

31. The LICUS Trust Fund: Support for readiness and early transitional activities in non-accrual countries. The Low Income Countries Under Stress (LICUS) Initiative aims to improve the Bank's response in countries with weak policies and institutions, over 75% of which are conflict-affected. Of these, eight are IDA countries in non-accrual status with the Bank. In March 2002, the Board of Governors approved the establishment of the LICUS implementation trust fund with a \$25 million grant from surplus, to support countries in non-accrual status, where IDA financing is unavailable and PCF funds are insufficient to finance the integrated programs necessary to maintain readiness and supporting the early stages of transition. The objectives of the LICUS trust fund (LICUS TF) are to: (i) support the implementation of early policy and institutional reforms to improve performance and facilitate reengagement with the international community; (ii) develop resilient systems for social service delivery, including HIV/AIDS programs, that can continue to operate effectively and mobilize multi-donor support even in situations of political instability; and (iii) develop harmonized multi-donor approaches that combine scarce resources behind a selective strategy for reform. Administration of the LICUS TF is performed by the Post-Conflict Fund secretariat to ensure complementarity between the two programs.

32. The LICUS TF has already committed support to a number of re-engagement strategies in conflict-affected and post-conflict countries, including programs to CAR, Haiti, Liberia and Sudan totaling \$18.9 million and smaller grants of under \$1 million to Comoros and Somalia. These programs have just started disbursing so it is too early to judge success on the ground. However, the program shows some early encouraging results in terms of supporting multi-donor approaches. The Haiti and Liberia proposals support the implementation of results-based transitional approaches agreed between the government and the donor group; the Somalia program is a fully joint strategy between the Bank and UNDP; the Sudan program involves close collaboration with UNICEF, UNDP and bilateral donors to establish the basic administrative capacity and public finance systems necessary to rapidly implement reconstruction programs once progress in finalizing a comprehensive peace agreement has been made.

33. Multi-Donor Trust Funds. Multi-Donor Trust Funds (MDTFs) are often used to mobilize resources and provide flexible financing mechanisms in conflict environments, especially to fund activities considered essential or urgent by the recipient government and donor community, and which are not easily covered through normal Bank or donor funding mechanisms. In some instances and on a case-by-case basis, the Bank has utilized its net income to make grants to post-conflict countries before a normal lending relationship can resume and has leveraged these resources by establishing multi-donor trust funds. The Holst Fund in West Bank Gaza was a pioneering example of this financing formula for conflict countries.⁷

34. Governance arrangements for MDTFs have evolved in recent years to include a closer cooperation between the Bank, UNDP and the regional development banks. The Timor-Leste trust fund was jointly managed by the Bank and the Asian Development Bank; the Afghanistan Reconstruction Trust Fund is governed by a Steering Committee composed of the Bank, UNDP, the Asian Development Bank and the Islamic Development Bank; and the International Reconstruction Fund Facility for Iraq is comprised of two separate funds administered by the Bank and UNDP under one joint review umbrella. As mentioned above, recent experience also indicates that MDTFs can be flexibly adapted to cover areas in which the Bank does not have expertise and works solely through partner UN agencies and other donors, including the financing of a program for police capacity-building in Afghanistan through UNDP's Law and Order Trust Fund for Afghanistan. The flexible use of MDTFs provides a practical approach to ensure that post-conflict recovery needs are comprehensively covered and interventions are provided through a unified budgetary framework, preserving the mandates and priorities of international partners, while ensuring that donor efforts and their financing are better coordinated. To better facilitate these arrangements, the Bank has developed framework agreements with several UN agencies on financial management. It is expected that these arrangements, together with on-going work on the harmonization of procurement, will assist in avoiding the delays which have been caused in some post-conflict operations by lack of fiduciary harmonization between the Bank and the UN system.

VI. Ongoing Strengthening of the Bank's Post-Conflict Response

35. The World Bank is committed to continuing to learn from the experience of early engagement and close work with other partners in post-conflict settings. The Bank has participated actively in the UN Development Group/Executive Committee on Humanitarian Affairs efforts on transition models and discussions on transitional assistance, and has agreed with UNDP to hold discussions at the policy level to review the evolving capacities of the Bank,

⁷ A recent study reviewed the Bank's experience with MDTFs, based on detailed assessments for West Bank/Gaza, Bosnia-Herzegovina, Timor-Leste and Afghanistan (Schiavo-Campo 2003). The study concludes that MDTFs are effective in coordinating post-conflict reconstruction programs and draws a number of important lessons, including the need to ensure that the MDTF performs both a fiduciary and an executive function; is linked with a realistic and comprehensive government budget; provides incentives for donors to join while avoiding earmarking; provides for systematic consultations with contributing donors; can start early, not waiting for all contributions to be in; includes an agreed set of priorities and closest possible involvement of local counterparts; avoids fragmentation of funding vehicles, especially between financing of recurrent needs and investments; includes strong safeguards to guard against corruption and leakages; and has well-functioning payments mechanisms.

the Fund, UNDP and the UN specialized agencies in order to inform country planning exercises. A review of the policy and procedural framework for emergency operations (O.P./B.P. 8.50) is currently underway and will result in a proposed revision to improve the speed of the Bank's response to natural disasters and post-conflict needs and its ability to work in a more integrated framework with the UN system and other development partners. The Bank will continue to evaluate the Post-Conflict Fund and LICUS Trust Fund to maintain a focus on quality support and to adapt to lessons learned. Finally, the Bank will continue to participate in collaborative research and policy discussions with development partners to better understand the links between peace, security and development, and develop new and more effective modes of assistance.

VII. Conclusion

36. Conflict prevention and post-conflict reconstruction are critical to the World Bank's mission of poverty reduction. Through an assessment of the causes, consequences and characteristics of conflict and the dissemination of lessons learned, the Bank has expanded and improved the design of development approaches specific to conflict-affected countries. Beginning with IDA12, IDA designed a new framework for calibrating its response to different phases of the post-conflict period. IDA grants now provide a very important source of support to post-conflict countries, enabling them to receive relatively large net transfers. Furthermore, this framework is evolving; IDA has added new and innovative instruments to assist countries that are making an effort to emerge from protracted and destructive conflict to restore human, social and institutional capital and rebuild damaged infrastructure. By virtue of their flexibility, the Post-Conflict Fund and LICUS Trust Fund can be mobilized to provide rapid transitional assistance to lay the basis for IDA engagement and to support collaborative multi-donor approaches between the UN system, IFIs and bilateral donors.

37. The Bank's strategy, tools and approaches to conflict-affected countries have evolved considerably since its early focus on physical reconstruction. Today, it is much better able to engage early and, by adapting its policies and instruments, work in closer harmonization with the UN system and other partners to help bridge the conflict-to-peace transition gap. Closer links in recent years between the Bank and the UN system on post-conflict needs assessments, results-based transitional frameworks and sectoral transitional strategies are helping to develop a stronger understanding of the links between conflict and development and share good practice in post-conflict recovery. Each post-conflict country does, however, face different challenges: needs, preferences of national counterparts, absorptive capacity, sectoral capabilities of different donors engaged and financing gaps must inform strategies which are adapted to country context. The Bank and the UN system have mutually supportive roles to play, through their complementary mandates on political, humanitarian, peace-keeping and development issues and the technical capacity and finance they can bring to bear. The Bank will evaluate carefully the report of the UN High Level Panel on Threats, Challenges and Change and its reform proposals pertaining to conflict prevention and reconstruction, and looks forward to deepening collaboration on global policy and country-level operational partnerships to address the critical peace, security and development nexus.

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Annex

IDA's Approach for Allocating Resources to Post-Conflict Countries

I. Introduction

1. Assisting post-conflict countries⁸ as they begin the process of recovery poses a special challenge for IDA. The effectiveness of IDA's response in these cases depends on ensuring the right timing, volume and composition of assistance. IDA seeks to provide staff and management with a more systematic basis for calibrating IDA's response to the different phases of the post-conflict period. While the methodology for doing so sharpens the focus on performance – in line with the stronger emphasis on performance in all IDA countries – it also emphasizes the need for judgment to take account of the complexities and heterogeneity of post-conflict situations. This attachment outlines the key features of the methodology.

II. Overview of Procedure

2. The allocation procedure for post-conflict countries encompasses the entire transition period and comprises three distinct steps. Before the end of the conflict, allocations tend to be low or non-existent. After the decision to engage has been made, the eligibility of the country for exceptional allocations is evaluated (Step I). If considered eligible, the country's needs and circumstances are assessed along with the prospects that IDA resources will have a positive impact on the recovery process. This assessment forms the basis for deciding the appropriate size of the initial one-year allocation (Step II) and is a key component of the effort to formulate a Transitional Support Strategy (TSS) which sets out IDA's assistance program for the immediate post-conflict period.⁹

3. Subsequent allocations are then made at annual intervals on the basis of performance and with country-specific adjustments as required by specific circumstances (Step III). Performance is measured by a set of Post-Conflict Progress Indicators (PCPI). A country will normally be expected to return to IDA's regular (CPIA-based) allocation process by the eighth year. Given the level of destruction and dislocation that some countries have experienced, it may in some cases be necessary to extend exceptional treatment for one, or at most two additional years. Details of each of these steps are provided below.

Step I: Determining Eligibility

4. The primary objectives for IDA's re-engagement in a post-conflict country are to facilitate the transition to sustainable peace after hostilities have ceased and to support the resumption of economic and social development. The decision to engage in a country affected

⁸ For the purpose of this note, the term "post-conflict country" refers to IDA countries emerging from violent and protracted conflict.

⁹ See OP 2.30 "*Development Cooperation and Conflict*". The TSS would be in place for a period of up to 24 months and may be renewed for additional periods with the endorsement of the Executive Directors, until such time as a full, participatory Country Assistance Strategy (CAS) can be developed.

by conflict is based on an assessment made by Bank staff and management, and will always be made in consultation with other international partners, including UN agencies and other multilateral organizations, bilateral donors and regional institutions as appropriate. The significance of a particular re-engagement opportunity will be set out in a TSS, as provided for in the Bank's operational policy on "*Development Cooperation and Conflict*".¹⁰ The process of ascertaining if a country qualifies for exceptional IDA allocations, and the size of this allocation, will be an important part of the preparation of the TSS.

5. After the decision on initial engagement has been made, staff evaluate the country's eligibility for access to exceptional post-conflict IDA allocations.¹¹ This access needs to be properly ring-fenced with eligibility criteria so that perennial poor performers with some record of conflict can be distinguished from countries that are making a determined effort to emerge from a protracted and highly destructive conflict. Eligible candidates are defined as: (i) a country that has suffered from a severe and long-lasting conflict which has led to the inactivity of the borrower for an extended period, or at least a substantial decline in the level of external assistance, including from IDA; (ii) a country that has experienced a short but highly intensive conflict leading to a disruption of IDA involvement; and (iii) a newly sovereign state that has emerged through the violent break-up of a former sovereign entity.

6. The intensity of the conflict has a direct bearing on the degree to which exceptional assistance is needed for reconstruction efforts. The three key dimensions of conflict intensity are: (i) the extent of human casualties directly or indirectly caused by the conflict; (ii) the proportion of the population that is either internally displaced, or in exile; and (iii) the extent of physical destruction, e.g., isolated, local, regional etc. Generally it is expected that eligible countries will be those that have experienced highly intensive conflicts as measured across one or more of these three dimensions. Given the frequent lack of good data in post-conflict situations, the evaluation will rely mainly on qualitative judgment to assess conflict intensity in each dimension, supplemented by quantitative evidence where available.

Step II: Determining the Initial Allocation

7. Once the decision to engage has been made and country eligibility has been affirmed, staff initiate a consultative process to find the best possible match between the size of the initial allocation and country needs and circumstances, and the prospects for strong performance on a social and economic recovery program. The key input into this process is an assessment of four sets of issues that could have a bearing on the size of the initial allocation: (i) the prospects of peace; (ii) country needs, capacity and resources; (iii) government commitment to sustainable development; and (iv) moral hazard considerations. The lack of a recent performance track record and other reliable information that often characterize the immediate post-conflict period necessitates that the assessment be based mainly on qualitative judgments, though supplemented with quantitative data where available. An indicative list of 10 sets of questions has been developed to guide the assessment (see Attachment 1) which should be summarized in the TSS.

¹⁰ Or in a CAS if appropriate.

¹¹ Since countries may re-activate at any point during the year, the allocations are not tied to the fiscal year cycle.

8. Given the acute need for resources typically faced by countries devastated by conflict, it is expected that most eligible countries will need an allocation that exceeds what they would qualify for based on their regular IDA performance rating. This allocation typically is on the order of \$6 per capita per annum. While this range is in line with the per capita levels that have been seen as necessary in recent post-conflict cases, it is important to note that most past cases have been countries with relatively small populations. More populous countries may face special difficulties in rapidly absorbing high per capita levels of aid. To avoid over-allocating scarce IDA resources, special attention should therefore be given to assessing the absorptive capacity of countries with large populations. Higher allocations could be considered if warranted by special circumstances, e.g., in cases where the conflict has been extremely destructive, but where the government's capacity to implement a comprehensive recovery program has remained strong.¹²

9. At the time of the determination of the initial allocation, the country team also does a 'shadow' rating of country performance, using a set of indicators tailored to post-conflict circumstances (see next section). Given the data limitations that are normal in the early post-conflict recovery phase, the main function of the results of this rating exercise would be to provide a benchmark against which future ratings can be compared.

Step III: Determining Subsequent Allocations

10. Allocation norms for the second and subsequent years are based on systematic performance measurement using a set of indicators specifically tailored to the realities of post-conflict countries. With the exception of the indicators that relate to security and reconciliation, these Post-Conflict Performance Indicators have been adapted from existing CPIA indicators and have been formulated to take account of the lack of reliable information and data that is often a feature of post-conflict contexts.¹³ As with the CPIA, standards have been set such that a country at any stage of development is able to score well. Furthermore, performance is measured on the basis of the government's record of implementing pro-poor measures. The PCPI rating scale ranges from 1 to 6. Given the short-term horizon of the new allocation mechanism and the volatility of post-conflict-situations, the PCPI should be updated at least once a year. Where available, the ARPP (the portfolio component of the performance rating) is included with a 20 percent weight to form the Post-Conflict Performance Rating (PCPR).

11. The PCPR is the basis for the calculation of indicative post-conflict allocation norms. These norms, in turn, are the basis for determining assistance levels for the program that is set out in the TSS for each country. The norms will increase or decrease depending on country performance: countries with good performance will be able to maintain or increase their exceptional allocation norms, whereas less strong performers could see a significant decrease. If the initial allocation was already at the high end of the normal allocation range, continued strong performance would be necessary to sustain that level for a second year. If the initial allocation

¹² For post-conflict countries with large and protracted arrears to the Bank, the allocation methodology is also proposed to be used as an input to the determination of the size of pre-arrears clearance IDA grants authorized in the IDA12 Replenishment Agreement.

¹³ For further detail, a 2004 review and update of the Post Conflict Progress Indicators and the PCPI questionnaire is available upon request.

was in the medium range, subsequent allocation norms reflecting various performance levels could be represented as shown in Figure 1.

12. Exceptional post-conflict allocations are not an “entitlement” but rather a reflection of special assistance by IDA to support countries performing strongly in a program to consolidate peace and reconciliation. To underline this fact and ensure broad equity in IDA’s performance-based allocation system, exceptional post-conflict allocations are limited in duration. Eligibility for exceptional allocations is normally limited to four years. During the subsequent three years the post-conflict allocation premium is expected to be phased out, so that by year 8 the country will return to regular performance based IDA allocations.

Attachment 1: Considerations for the Initial Allocation

<i>Dimensions</i>	<i>Questions</i>
Prospects of Peace	1. Reconciliation: Is a peace treaty in place? Have all the major parties signed it? Are insurgent groups still carrying out activities? Which accompanying efforts have been carried out to safeguard the peace treaty or cease fire agreement? Is a mediation process in place and how effective is it?
	2. Domestic security: Have there been shootings over the past six months? Is movement of goods and people around the territory unhindered? To what extent does the security situation allow the preparation, implementation and supervision of projects?
	3. Impact of neighboring conflict: To what extent does conflict in neighboring countries affect the internal conflict dynamics? How would stabilization impact the country's neighbors?
Needs	4. Damage assessment: What is the extent of destruction of social and economic infrastructure? What are the needs of conflict-affected groups? What is the estimated cost of a comprehensive emergency recovery/reconstruction program?
	5. Absorptive capacity: What level of government and donor resources can be effectively absorbed? If low, can capacity be quickly augmented? What are the main constraints to absorb development assistance?
	6. Adequacy of available resources: Is there a substantial unmet resource need in light of available government and donor resources? Are other donors making a substantial effort to ensure that the recovery program is fully funded? Would IDA engagement help mobilize donor resources? If IDA has a portfolio in the country, what level of resources can be redirected to support the recovery program?
Government Commitment to Sustainable Development	7. Social and economic reform program: Is the government intending to pursue social and economic policies that would contribute to sustainable and broad-based economic growth and poverty reduction? Which constraints could impede the implementation of the reform program?
	8. Economic management: Is the government putting in place adequate economic management functions, including fiduciary safeguards? Is the government committed to normalizing relations with donors and creditors, and has it encouraged official creditors to participate in an orderly arrears clearance process?
Moral Hazard Concerns	9. Signaling impact of IDA involvement: Could a resumption of IDA assistance undermine the domestic or regional commitment to peace? What role did the incumbent government play in the conflict? Could IDA assistance be perceived to "reward" one or more parties to the conflict?
	10. Probability of misuse of IDA assistance: Could IDA assistance fuel the conflict? To what degree should the fungibility of resources be considered a concern, either in the country or regionally?

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