

APPENDIX A: DEFINITIONS AND DATA SOURCES

Term	Definition and data sources
AAA	<p>Analytical and advisory activities (AAA) is an umbrella term for several product lines. Examples of AAA include economic and sector work, technical assistance, donor and aid coordination, research services, the <i>World Development Report</i>, and impact evaluation.</p> <p><i>Source:</i> http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/0,,contentMDK:20267395-menuPK:764245-pagePK:64137152-piPK:64136883-theSitePK:388672,00.html#1</p>
Administrative budget	<p>Administrative budget refers to the allocations made to each vice presidential unit and then to country units based on country benchmarks for resource allocation, seen as a function of the supervision needs, lending requirements, and AAA requirements. Lending requirements were dropped from the formula in fiscal 2004 (thus disconnecting the administrative budget from lending). The elements of AAA requirements in the setting of country benchmarks are related to population size, poverty, and countries that are relatively new members of the Bank.</p> <p><i>Source:</i> http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTRMAy0,,contentMDK:20336533-menuPK:422043-pagePK:64088751-piPK:64087868-theSitePK:330235-ROLE:(ALS),00.html</p>
Analytical work	<p>Analytical work is synonymous with AAA. See AAA above.</p>
Africa Catalytic Growth Fund	<p>The Africa Catalytic Growth Fund (ACGF) was launched in March 2006 to provide rapid, targeted support to countries with credible programs to accelerate growth, poverty reduction, and attainment of the Millennium Development Goals (MDGs). The group of countries that ACGF aims to serve is almost entirely separate from the group served by the LICUS Trust Fund grants. In some cases, the “transforming countries” could be countries where the LICUS Trust Fund has already prepared the groundwork, but that are now ready to graduate, shifting from post-conflict or LICUS status to a more substantial scale of funding based on clearer evidence of government reforms.</p> <p><i>Source:</i> ACGF Board Report-Africa Catalytic Growth Fund http://siteresources.worldbank.org/INTAFRCATGROFUND/Resources/board_report.pdf</p>
Conflict-affected countries	<p>Conflict-affected countries are countries that have recently experienced, are experiencing, or are widely regarded as at risk of experiencing violent conflict. These countries are identified by the Regional vice presidencies. The conflict-affected LICUS are: Afghanistan, Angola, Burundi, Cambodia, Central African Republic, Comoros, Democratic Republic of Congo, Republic of Congo, Guinea-Bissau, Haiti, Kosovo, Liberia, Myanmar, Nigeria, Solomon Islands, Somalia, Sudan, Tajikistan, and Timor-Leste.</p> <p><i>Source:</i> World Bank data.</p>

Term	Definition and data sources
CPIA	<p>The Country Policy and Institutional Assessment (CPIA) assesses the quality of a country's present policy and institutional framework, particularly how conducive that framework is to fostering poverty reduction, sustainable growth, and the effective use of development assistance. The CPIA consists (as of 2004) of a set of 16 criteria representing the policy and institutional dimensions of an effective poverty reduction and growth strategy, which are divided into four clusters: economic management, structural policies, policies for social inclusion/equity, and public sector management and institutions. For each criterion, countries are rated on a scale of 1 (low) to 6 (high). A rating of 1 corresponds to very weak performance, and a 6 rating to very strong performance. Intermediate scores of 1.5, 2.5, 3.5, 4.5, and 5.5 may also be given. <i>Source:</i> OPCS, "Country Policy and Institutional Assessments: 2004 Assessment Questionnaire."</p>
ESW	<p>Economic and sector work (ESW) supports World Bank country operations by adapting research to specific projects or circumstances. <i>Source:</i> http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/0,,contentMDK:20267395-menuPK:764245-pagePK:64137152-piPK:64136883-theSitePK:388672,00.html#1</p>
HDI	<p>The Human Development Index (HDI) is a composite index that measures average achievement in three basic dimensions of human development—a long and healthy life (measured by life expectancy at birth), knowledge (measured by adult literacy rate and gross enrollment ratio), and a decent standard of living (measured by GDP per capita). <i>Source:</i> http://hdr.undp.org/reports/global/2005/pdf/HDR05_HDI.pdf</p>
HIPC	<p>The Heavily Indebted Poor Countries (HIPC) Initiative was launched in 1996 and modified in 1999 to create a framework for all creditors, including multilateral creditors, to provide debt relief to the world's poorest and most heavily indebted countries, and thereby reduce the constraint on economic growth and poverty reduction imposed by the debt build-up in these countries. The HIPC decision point is the date at which a heavily indebted poor country with a record of good performance under adjustment programs supported by the International Monetary Fund (IMF) and the World Bank commits to undertake additional reforms and to develop and implement a poverty reduction strategy. The HIPC completion point is the date at which the country successfully completes the key structural reforms agreed at the decision point, including the development and implementation of its poverty reduction strategy. The country then receives the bulk of debt relief under the HIPC Initiative without any further policy conditions. The HIPC Initiative currently identifies 40 countries, including 12 LICUS, as potentially eligible to receive debt relief. The 12 LICUS are: Burundi, Central African Republic, Comoros, Democratic Republic of Congo, Republic of Congo, Guinea-Bissau, Haiti, Liberia, São Tomé and Príncipe, Somalia, Sudan, and Togo. None of the 12 LICUS is at HIPC completion point. <i>Sources:</i> http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTPREMNET/INTDEBTDEPT/0,,content; World Bank and IMF 2006a.</p>

Term	Definition and data sources
IDA PC	IDA Post-Conflict Exceptional Financing (IDAPC) is based on Post-Conflict Progress Indicators (PCPIs).
ISN	<p>Interim Strategy Note (ISN) is the umbrella term for Transitional Support Strategies (TSSs) and Country Re-engagement Notes (CRNs). When country circumstances are not conducive to a normal Country Assistance Strategy (CAS) approach, the Bank may prepare an ISN. An ISN may also be used for countries affected by or emerging from conflict or in countries in which the Bank has not recently been engaged. The ISN may be put in place for a period of up to 24 months and may be renewed for additional periods with the endorsement of the executive directors. An ISN normally includes a discussion of the country context, including the legal context, the history of the Bank's involvement in the country, and the roles of regional and international partners. It establishes immediate priority assistance objectives along with a proposed program of assistance to meet these objectives. An ISN also includes an assessment of risks, strategies for entry and exit, and contingency responses to a reversal of progress, especially renewed conflict. Finally, it describes benchmarks and performance monitoring indicators for assessing progress, and a schedule for periodic consultations with the Board.</p> <p>The term "Watching Brief" refers to a phase in World Bank engagement in conflict-affected countries. A country is determined to be in the Watching Brief phase when conflict is ongoing and prevents the Bank from continued assistance or other business. The Watching Brief was introduced in 1996 as a way of maintaining constructive engagement with countries where the Bank might otherwise have been absent.</p>
KKZ	<p>Kaufmann, Kraay, Mastruzzi (KKZ) indicators reflect the statistical compilation of responses on the quality of governance given by a large number of enterprise, citizen, and expert survey respondents in industrial and developing countries, as reported by a number of survey institutes, think tanks, nongovernmental organizations, and international organizations (drawn from 37 separate data sources constructed by 31 different organizations, including the CPIA). The KKZ scale ranges from -2.5 to +2.5.</p> <p><i>Source:</i> http://www.worldbank.org/wbi/governance/data.html</p>
Lending	<p>Lending refers to commitments for projects financed by (i) IDA (credits, exceptional IDA post-conflict grants, guarantees, and other grants); (ii) IBRD; or (iii) Special Financing. Other grants under IDA include: debt vulnerability, poorest countries, natural disasters, and HIV/AIDS.</p>
LIC	<p>Sixty-two countries were classified as low-income countries (LICs) by the 2005 <i>World Development Indicators</i>. The list includes the 25 LICUS, 35 non-LICUS LICs, and Chad and Sierra Leone.</p> <p><i>Source:</i> World Bank 2005j.</p>

Term	Definition and data sources
LICUS	<p>The Bank classifies a country as LICUS if it is a low-income country (falling within the threshold of IDA eligibility) scoring = 3.0 on both the overall and governance CPIA averages, plus low-income countries without CPIA data (including Afghanistan, Liberia, Myanmar, Somalia, Timor-Leste, and the territory of Kosovo). The fiscal 2005 LICUS list of countries (created using the fiscal 2004 Gross National Income [GNI] threshold of \$865 or less per capita and 2003 CPIA ratings) includes 25 countries: Afghanistan, Angola, Burundi, Cambodia, Central African Republic, Comoros, Democratic Republic of Congo, Republic of Congo, Guinea-Bissau, Haiti, Kosovo, Lao People’s Democratic Republic, Liberia, Myanmar, Nigeria, Papua New Guinea, São Tomé and Príncipe, Solomon Islands, Somalia, Sudan, Tajikistan, Timor-Leste, Togo, Uzbekistan, and Zimbabwe. <i>Source:</i> LICUS Unit, World Bank.</p>
LICUS Trust Fund	<p>The Bank created the LICUS Trust Fund on January 15, 2004. The fund targets the most marginalized LICUS in non-accrual that cannot use IDA funds for basic reforms or capacity building. Under exceptional circumstances, it also permits a Bank contribution to an agreed multidonor strategy in an active IDA LICUS, where existing IDA funds are inappropriate for this purpose and executive directors have endorsed such a cofinancing program in the country strategy document. LICUS classified as post-conflict by the Resource Mobilization Department (FRM) and that are eligible for IDA post-conflict financing are not eligible for support under the trust fund. Activities eligible for financing under the LICUS Trust Fund include capacity building to support governance reform and strengthening social service delivery, including the fight against HIV/AIDS. To date, beneficiaries of the LICUS Trust Fund have been Central African Republic, Comoros, Haiti, Liberia, Somalia, Sudan, Togo, and Zimbabwe. A total of \$23.8 million has been committed through 37 LICUS Trust Funds in 8 non-accrual LICUS since the establishment of the trust fund. <i>Source:</i> http://imagebank.worldbank.org/servlet/WDSCContentServer/IW3P/IB/2004/10/07/000090341_20041007095849/Rendered/PDF/275350GLB0rev.pdf</p>
Non-accrual status	<p>Loans to, or guaranteed by, a sovereign are placed in non-accrual status when the oldest payment arrears are six months overdue—that is, when the second consecutive payment is missed on the loans with the oldest arrears. In order to be eligible for new loans, the sovereign concerned must clear all payment arrears in full. Once all arrears are cleared, all loans to, or guaranteed by, the sovereign are generally restored to accrual status. <i>Source:</i> http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/SRM/0,,contentMDK:20669963-menuPK:1748372-pagePK:67677-piPK:64094917-theSitePK:134920,00.html</p>
Non-LICUS LICs	<p>Non-LICUS LICs are low-income countries, excluding those that were classified as “core” or “severe” LICUS in fiscal 2003–05. This excludes from LICs the 25 LICUS (mentioned above), Chad, and Sierra Leone. Chad and Sierra Leone were excluded because they were not classified as LICUS in fiscal 2005, although Chad was classified as LICUS in fiscal 2003 and Sierra Leone was classified as LICUS in fiscal 2003 and 2004. The non-LICUS LICs thus include: Bangladesh, Benin, Bhutan, Burkina Faso, Cameroon, Côte d’Ivoire, Eritrea, Ethiopia, The Gambia, Ghana, Guinea, India, Kenya, Democratic People’s Republic of Korea, Kyrgyz Republic, Lesotho, Madagascar, Malawi, Mali, Mauritania, Moldova, Mongolia, Mozambique, Nepal, Nicaragua, Niger, Pakistan, Rwanda, Senegal, Tanzania, Uganda, Vietnam, Republic of Yemen, and Zambia. <i>Sources:</i> World Bank 2005j and LICUS Unit, World Bank.</p>

Term	Definition and data sources
ODA	<p>Official development assistance (ODA) comprises grants or loans to developing countries and territories on the OECD Development Assistance Committee list of aid recipients that are undertaken by the official sector with promotion of economic development and welfare as the main objective and at concessional financial terms (if a loan, having a grant element of at least 25 percent). Technical cooperation is included. Grants, loans, and credits for military purposes are excluded. Also excluded is aid to more advanced developing and transition countries, as determined by DAC.</p> <p><i>Source:</i> http://sima.worldbank.org/gmis/mdg/UNDG%20documeiTLfinal.pdf</p>
Post-conflict countries	<p>Post-conflict countries are a subset of conflict-affected countries. They are identified based on Post-Conflict Progress Indicators (PCPI) for purposes of determining exceptional IDA grants. Eligible countries receive up to 4 years of full post-conflict allocations. In years 5, 6, and 7, allocations are reduced by 25 percent, 50 percent, and 75 percent, respectively, of the excess above the CPIA norm. By year 8, they return to CPIA-based allocations. The LICUS that became eligible for these exceptional loans are: Guinea-Bissau (fiscal 2001), Democratic Republic of Congo (fiscal 2002), Republic of Congo (fiscal 2002), Afghanistan (fiscal 2003), Angola (fiscal 2003), Burundi (fiscal 2003), and Timor-Leste (fiscal 2003).</p> <p><i>Source:</i> LICUS Unit, OPCS, Financial Resource Mobilization (FRM), World Bank.</p>
PCF	<p>The Post-Conflict Fund (PCF) was established in 1997 and became a trust fund in 1999, eligible to receive contributions from donors. The PCF supports research, planning, piloting, and analysis of ground-breaking activities through funding to governments and partner organizations in the forefront of this work, including nongovernmental organizations, United Nations agencies, transitional authorities, governmental institutions, and civil society groups. The main focus has widened from that of mainly rebuilding infrastructure to promoting economic recovery, creating effective and accountable institutions, assisting vulnerable groups, working to improve health and education services, supporting community-driven reconstruction processes, and demobilizing and returning ex-combatants and displaced people to their communities. As of July 2005, PCF beneficiaries were Afghanistan, Burundi, Cambodia, Comoros, Democratic Republic of Congo, Republic of Congo, Haiti, Kosovo, Nigeria, Somalia, Sudan, Tajikistan, and Timor-Leste.</p> <p><i>Source:</i> http://Aweb.worldbank.org/MBSITBEXTERNAL/TOPICS/EXTSOCIALDEVELOPMENT/EXTCPR/0,,menuPK:407746-pagePK:1'49018-piPK:149093-theSitePK:407740,00.html; http://siteresources.worldbank.org/INTCPR/21'4578-1115615449417/20698452PCFAnnualReport05.pdf</p>
PCPI	<p>The Post-Conflict Performance Indicators (PCPI) ratings framework is designed to measure change in countries that are eligible for exceptional post-conflict allocations from IDA. The scale of the PCPI is 1–6 (low to high). A rating of 1 is equal to a situation of ongoing or re-ignited conflict, and therefore no positive change; a rating of 6 indicates very strong performance, which roughly equals a rating of 4 on the CPIA scale, and would be very unusual for any country under the PCPI framework.</p> <p><i>Source:</i> http://siteresources.worldbank.org/INTCPRi1090479-1115613025365/20482305/Post-Conflict+Performance+Indicators,+2004-05.pdf</p>

Term	Definition and data sources
Special Financing	Country-specific trust funds.
TA	<p>Technical assistance (TA) supports external clients to implement reforms or strengthen institutions. For example, a Bank ESW report may recommend that a government establish a unified body to regulate the power and water sectors, while a follow-on Bank technical assistance activity assists the government in developing a draft act for the establishment of such a multisectoral regulator.</p> <p><i>Source:</i> http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/INTOPCS/INTDELIVERYMGMT/0,,contentMDK:20267395~menuPK:764245~pagePK:64137152~piPK:64136883~theSitePK:388672,00.html#1</p>
TRM	<p>The Transitional Results Matrix (TRM), also referred to as a Transitional Calendar or Results-Focused Transitional Framework (RFTF), is a planning, coordination, and management tool developed by the UNDG and the World Bank that national stakeholders and donors can use to prioritize actions necessary to achieve a successful transition in fragile states. The TRM helps launch a poverty-reduction strategy (PRS) approach in these environments, either as an early framework to lay the groundwork for a PRS or, later, as a way to operationalize a PRS in low-capacity countries. TRMs are organized by clusters and sectors that are key to the recovery process and include the following: (i) strategic objective or goal, (ii) baseline (or current situation), (iii) time intervals for actions and priority outputs, (iv) targets and monitoring indicators, and (iv) agencies/units responsible for implementation of each action.</p> <p><i>Source:</i> World Bank and UNDP 2005.</p>
Trust funds	<p>Financial and administrative arrangements between the World Bank and external donors under which donors entrust funds to the Bank to finance specific development-related activities. Formal legal agreements with donors designate the Bank as trustee and define the terms and conditions for use of the funds. Donors include many Bank member countries, the private sector, foundations, and nongovernmental organizations, including the World Bank Group. The top 10 trust fund programs in LICUS are HIPC, Afghanistan Reconstruction Trust Fund (ARTF), Single-Purpose Trust Funds (SPTF), Trust Fund for East Timor–Bank Executed (ETBK), Japan Social Development Fund (JSDF), Trust Fund for East Timor–ADB Executed (ET-ADB), Global Environment Facility–IBRD as Implementing Agency (GEFIA), Debt Service Trust Fund (DS), LICUS, and Institutional Development Fund (IDF).</p> <p><i>Source:</i> http://intranet.worldbank.oip/WBSITE/INTRANET/UNITS/INTCFP/0,,contentIVIDK:20153435~menuPK:323877~pagePK:64060698~piPK:64060705~theSitePK:299971,00.html</p>

APPENDIX B: LICUS, FISCAL 2003–06

Country	Conflict status	Fiscal	Fiscal	Fiscal	Fiscal	Core/ severe
		2003	2004	2005	2006	LICUS in all 4 years
		C = Core; S = Severe; M = Marginal				Y = Yes
Africa						
Angola	Post-conflict and conflict-affected	C	S	S	C	Y
Burundi	Post-conflict and conflict-affected	C	C	C	C	Y
Cameroon	Non-conflict-affected	M	M	—	—	—
Central African Republic ^a	Conflict-affected	M	S	S	S	—
Chad	Non-conflict-affected	C	M	M	M	—
Comoros	Conflict-affected	M	C	C	S	—
Congo, Democratic Republic of	Post-conflict and conflict-affected	C	C	C	C	Y
Congo, Republic of	Post-conflict and conflict-affected	M	C	C	C	—
Côte d'Ivoire ^a	Conflict-affected	—	—	M	C	—
Equatorial Guinea	Non-conflict-affected	—	S	—	—	—
Eritrea	Conflict-affected	—	—	M	C	—
Gambia, The	Non-conflict-affected	—	M	M	M	—
Guinea	Non-conflict-affected	—	M	M	C	—
Guinea-Bissau	Post-conflict and conflict-affected	C	S	C	C	Y
Liberia ^a	Conflict-affected	C	S	S	S	Y
Niger	Non-conflict-affected	—	M	M	—	—
Nigeria	Conflict-affected	M	C	C	C	—
São Tomé and Príncipe	Non-conflict-affected	—	C	C	M	—
Sierra-Leone	Conflict-affected	C	C	M	M	—
Somalia ^a	Conflict-affected	C	S	S	S	Y
Sudan ^a	Conflict-affected	C	S	S	C	Y
Togo ^a	Non-conflict-affected	M	S	C	C	—
Zimbabwe ^a	Non-conflict-affected	C	S	S	S	Y
East Asia and Pacific						
Cambodia	Conflict-affected	M	M	C	C	—
Lao People's Democratic Republic	Non-conflict-affected	C	C	C	C	Y
Papua New Guinea	Non-conflict-affected	M	C	C	M	—
Solomon Islands	Conflict-affected	—	S	S	C	—
Timor-Leste	Post-conflict and conflict-affected	—	C	C	C	—
Tonga	Non-conflict-affected	—	—	—	M	—
Vanuatu	Non-conflict-affected	—	—	—	C	—

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Country	Conflict status	Fiscal 2003	Fiscal 2004	Fiscal 2005	Fiscal 2006	Core/ severe LICUS in all 4 years
		C = Core; S = Severe; M = Marginal				Y = Yes
Europe and Central Asia						
Kosovo	Conflict-affected	—	C	C	C	—
Kyrgyz Republic	Non-conflict-affected	M	—	—	—	—
Tajikistan	Conflict-affected	C	C	C	M	—
Uzbekistan	Non-conflict-affected	C	S	C	M	—
Latin America and the Caribbean						
Haiti	Conflict-affected	C	S	S	C	Y
Middle East and North Africa						
Djibouti	Non-conflict-affected	C	—	—	M	—
West Bank and Gaza	Conflict-affected	—	—	—	C	—
Yemen	Non-conflict-affected	M	—	—	—	—
South Asia						
Afghanistan	Post-conflict and conflict-affected	C	S	S	S	Y
Myanmar ^a	Conflict-affected	C	S	S	S	Y
Total (core and severe only)^b		17	26	25	26	12

Sources: For LICUS list of countries—OPCS, World Bank. For list of countries in non-accrual—World Bank 2005g.

Note: S indicates LICUS classified as “severe” (an overall and governance CPIA of 2.5 or less); C indicates LICUS classified as “core” (an overall and governance CPIA of 2.6–3.0); and M indicates LICUS classified as “marginal” (an overall and governance CPIA of 3.2). The criteria for identifying LICUS have undergone modification over time.

a. Countries in non-accrual.

b. Marginal LICUS score on the edge of what is considered LICUS and are identified by the Bank only for monitoring purposes (hence, the total includes only “core” and “severe” LICUS, not “marginal” LICUS).

APPENDIX C: PROGRESS ON MILLENNIUM DEVELOPMENT GOALS

Most LICUS are unlikely to achieve the Millennium Development Goal (MDG) targets by 2015. Six LICUS—Burundi, the Democratic Republic of Congo, Liberia, Nigeria, Papua New Guinea, and Sudan—are unlikely to meet four or more of the six (for which the data is available) MDG targets. Another seven LICUS—the Republic of Congo, Haiti, Myanmar, Tajikistan, Togo, Uzbekistan, and Zimbabwe—are unlikely to

meet three of the six targets. Countries that are doing relatively better are Angola, Cambodia, and Lao People’s Democratic Republic. These countries will be able to achieve three of the six MDG targets if they continue to progress according to the past trend. While this analysis is simplistic, it does shed light on the challenge the World Bank and other donors face in helping the LICUS to achieve the MDGs.

Goal	Target	Indicator	Likely	Possible	Improving, but unlikely	Unlikely
Goal 1: Eradicate extreme poverty and hunger	Reduce by half the proportion of people who suffer from hunger	Population below minimum level of dietary energy consumption (%)	Angola, Cambodia, Central African Republic, Republic of Congo, Haiti, Lao People’s Democratic Republic	Myanmar	Comoros, Solomon Islands, ^a Zimbabwe, LIC	Burundi, Democratic Republic of Congo, Liberia, Nigeria, Sudan, Tajikistan, Togo, Uzbekistan
Goal 2: Achieve universal primary education	Ensure that all boys and girls complete a full course of primary schooling	Primary completion rate, total (% of relevant age group)	Cambodia, Lao People’s Democratic Republic, Liberia, ^b São Tomé and Príncipe, Solomon Islands, Tajikistan, Togo	Comoros, Uzbekistan ^c	Republic of Congo, Myanmar, Papua New Guinea, Sudan, Nigeria, ^b LIC	Burundi, Democratic Republic of Congo, Guinea-Bissau, Zimbabwe
Goal 3: Promote gender equality and empower women	Eliminate gender disparity in primary and secondary education, preferably by 2005, and at all levels by 2015	Ratio of girls to boys in primary and secondary education (%)	Angola, Myanmar, Sudan, Uzbekistan, LIC	Cambodia, Comoros, Lao People’s Democratic Republic, Papua New Guinea, Togo, Zimbabwe ^c	Nigeria	Burundi, Republic of Congo, Liberia, Tajikistan

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Goal	Target	Indicator	Likely	Possible	Improving, but unlikely	Unlikely
Goal 4: Reduce child mortality	Reduce by two-thirds the mortality rate among children under five	Under-5 mortality rate (per 1,000)	Lao People's Democratic Republic	Comoros, Solomon Islands	Guinea-Bissau, Haiti, Myanmar, Nigeria, Papua New Guinea, Sudan, Tajikistan, Timor-Leste, Togo, Uzbekistan, LIC	Angola, Burundi, Cambodia, Central African Republic, Democratic Republic of Congo, Republic of Congo, Liberia, São Tomé and Príncipe, Somalia, Zimbabwe
Goal 5: Improve maternal health	Reduce by three-quarters the maternal mortality rate	Maternal mortality ratio				
Goal 6: Combat HIV/AIDS, malaria, and other diseases	Halt and begin to reverse the spread of HIV/AIDS	Prevalence of HIV, total (percent of population aged 15–49)	Burundi, Cambodia, Republic of Congo, Nigeria, Zimbabwe, Togo	Lao People's Democratic Republic, ^d Democratic Republic of Congo, ^d Central African Republic, ^d Uzbekistan, ^d LIC ^d		Angola, Haiti, Liberia, Sudan, Myanmar, Papua New Guinea
Goal 7: Ensure environmental sustainability	Reduce by half the proportion of people without sustainable access to safe drinking water	Access to an improved water source (percent of population)	Angola, Burundi, Central African Republic, Comoros, Myanmar, Zimbabwe, LIC	Nigeria	Democratic Republic of Congo, Haiti, Liberia, Sudan	Papua New Guinea, Togo, Uzbekistan

Source: World Bank 2005j.

Note: LIC refers to low-income countries with a Gross National Income (GNI) per capita of \$825 or less in 2004.

(i) The calculations are based on past trends between two points, the earliest taken from the period 1990–94 and the other from 1997 to 2003. Then it was determined how long it would take a country to achieve the MDG based on the growth rate between the two points (in a few cases extrapolations are based on data from 2000 and 2003, for example, Haiti Target 1). Countries that would achieve the MDG based on the past trend on or before 2015 were considered “likely”; countries that were close to the target by 2015, or close to the target in 2003, regardless of past trends, were considered “possible”; countries that are moving in the right direction, but are unlikely to achieve the target by 2015, were considered “improving, but unlikely”; and countries that have made no progress or are moving in the reverse direction were considered “unlikely.”

(ii) No data available on Afghanistan and Kosovo; LICs include all countries with a Gross National Income (GNI) per capita of \$825 or less in 2004.

a. Because data were lacking on the indicator, an alternative indicator—prevalence of underweight in children (under five years of age) was used.

b. Because data were lacking on the indicator, an alternative indicator—net primary enrollment ratio (% of relevant age group)—was used.

c. “Possible” if declining trend controlled.

d. Stagnant growth rates for prevalence of HIV, total (% of population aged 15–49).

APPENDIX D: FOUR LICUS BUSINESS MODELS

Deterioration

- Interim Strategy Note, focusing on stemming decline in governance and social services, and contributing in economic and development areas to multidonor conflict-prevention efforts. Limited new financing; focus on portfolio restructuring.
- Increased use of CDD, private sector, NGO, and ring-fenced mechanisms (including service delivery and local economic development in areas of insecurity).
- State capacity and accountability: focus on transparency, dialogue, and maintaining institutional capital to facilitate eventual turnaround.
- Contribute to community-level conflict prevention and to multidonor efforts for peacebuilding or governance reform at a national level.

Post-Conflict or Political Transition

- Interim Strategy Note, focusing on rebuilding state capacity and accountability and delivering rapid, visible development results in support of peace building.
- Exceptional IDA allocation.
- Joint needs assessment/recovery planning that links political, security, economic, and social recovery.
- State capacity and accountability: support for a broad state-building agenda through institution building and, where appropriate, development policy operations with robust oversight mechanisms and sector programs (including transitional projects that work through CDD or NGO mechanisms). Leadership and civil society support.

- Public administration, service delivery, and economic development to address areas with crime, insecurity, or conflict.

Prolonged Crisis or Impasse

- Interim strategy note, focusing on maintaining operational readiness for reengagement and providing economic inputs to early peace or reconciliation dialogue.
- Small grant-based finance, aiming at local economic development and protection of human capital, generally through nongovernmental recipients (including service delivery and local economic development in areas of insecurity).
- Capacity and accountability: focus on institutional analysis, dialogue, and counterpart training.
- Use of socioeconomic issues for restoration of dialogue/identification of entry points for change.

Gradual Improvement

- Country Assistance Strategy, focusing on building state capacity and accountability, achieving selective development results, and boosting support for reform currents, supported by moderate IDA allocation.
- Activities to boost domestic reform currents, including leadership support, communications initiatives, training, and capacity building.
- State capacity and accountability: development policy operations (where appropriate and restricted in volume), supported by sector and capacity-building projects and with strong oversight mechanisms. Asymmetric reforms.
- Public administration, service delivery, and economic development to address areas with crime, insecurity, or conflict.

Source: World Bank 2005e.

APPENDIX E: SUMMARY OF OECD-DAC PRINCIPLES FOR INTERNATIONAL ENGAGEMENT IN FRAGILE STATES

- **Take context as the starting point.** Conduct political analysis above and beyond quantitative indicators of governance, institutional strength, or conflict.
- **Move from reaction to prevention.** Share and respond to risk analysis, address the root causes of state fragility, and strengthen the capacity of regional organizations.
- **Focus on state building as the long-term vision.** Strengthen the capacity of state structures to perform core functions. Help ensure the legitimacy and accountability of those structures and their ability to provide an enabling environment for strong economic performance.
- **Align with local priorities.** Acknowledge and accept priorities where governments demonstrate the political will to foster their countries' development; where donor and government consensus is lacking, seek wider consultations and partial or shadow alignment.
- **Recognize the political-security-development nexus.** Support national reformers in developing unified planning frameworks for political, security, humanitarian, economic, and development activities at the country level.
- **Promote coherence between donor agencies.** Involve those responsible for security, political, and economic affairs as well as those responsible for development aid and humanitarian assistance.
- **Agree on practical coordination mechanisms between international actors.** Include upstream analysis, joint assessments, shared strategies, coordination of political engagement, joint offices, multidonor trust funds, and common reporting frameworks.
- **Do no harm.** Avoid activities that undermine national institution building, such as bypassing budget processes or setting high salaries for local staff.
- **Mix and sequence instruments.** Use both state recurrent financing and nongovernmental delivery to fit different contexts.
- **Act fast . . . and with flexibility at short notice when opportunities occur . . .**
- **. . . but stay engaged long enough to give success a chance.** Capacity development in core institutions will take at least 10 years.
- **Avoid pockets of exclusion.** Address “aid orphans” and coordinate with donors to prevent excessive aid volatility.

Sources: OECD 2005c, <http://www.oecd.org/dataoecd/59/55/34700989.pdf>.

APPENDIX F: FOUR BANK THEMES BASED ON THE OECD-DAC PRINCIPLES

- **Building state capacity and accountability.** A long-term focus on state capacity and accountability is critical if these countries are ever to find a durable exit from crisis.
- **Peace, security, and development linkages.** Political, security, and development linkages are particularly important in fragile states.
- **Donor coordination for results.** Particularly close partnerships between international actors are needed, because low counterpart capacity and difficult political environments mean that fragmented international dialogue or donor programs are unlikely to deliver results.
- **Institutional flexibility and responsiveness.** Donor organizational responses must be calibrated to the specific needs of the countries, acting faster and more flexibly, staying engaged for the long term, and coordinating to address problems of aid orphans and donor-driven aid volatility.

Source: World Bank 2005e.