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# STATE & PEACE BUILDING FUND 2022 ANNUAL REPORT

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# ACKNOWLEDGMENTS

The State and Peacebuilding Fund (SPF) program management team in the Fragility, Conflict, and Violence Group at the World Bank, led by Program Manager Valery Ciancio and under the leadership of Practice Manager Nabila Assaf, prepared this SPF 2022 Annual Report. Core team members include Sara Agostini, Abdelqader Bakir, Sarah Craig, Zainiddin Karaev, Ezequiel Miranda, and Cynthia Delgadillo. Mohini Bhatia, operations consultant, drafted the report and Katherine Hutt Scott, communications consultant, provided editorial support. The team is grateful to all who provided input and support.

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## **ACRONYMS AND ABBREVIATIONS**

DRC	Democratic Republic of Congo
FAO	Food and Agriculture Organization of the United Nations
FCS	Fragile and conflict-affected situations
FCV	Fragility, conflict, and violence
FY	Fiscal year
GBV	Gender-based violence
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFC	International Finance Corporation
MIGA	Multilateral Investment Guarantee Agency
NGO	Nongovernmental organization
SDG	Sustainable Development Goal
SPF	State and Peacebuilding Fund
UN	United Nations
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
WBG	World Bank Group (IBRD, IDA, IFC, MIGA)
WFP	World Food Programme

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## FOREWORD

People in fragility, conflict, and violence (FCV) live with the persistent threat to what little resilience they have as they struggle to provide the basics for their families. Today's overlapping set of challenges—including climate change, escalating debt, inflation, and food insecurity, to name but a few—only serve to compound this threat.

My recent visits to the Democratic Republic of Congo, Gambia, Mindanao (the Philippines), and Thailand reinforced my conviction that we are living through a moment of both crisis and opportunity: crisis because fragility increasingly affects a larger mix of countries and regions; and opportunity because challenging times compel us to deliberate, innovate, and cooperate. As fragility is on the rise, the newly launched State and Peacebuilding Umbrella Trust Fund (SPF 2.0) is more relevant than ever. It is built on the 15 years of experience with SPF 1.0, the first-of-its-kind predecessor.

To many of our government partners, SPF 1.0 is considered instrumental in elevating the World Bank Group's work on conflict prevention, the protection of human capital, and critical institutions. SPF 1.0 enabled us to collaborate effectively with our multilateral and civil society partners in pursuit of a coherent response to crises, while also seeking to maximize our collective impact. Discussions with our interlocutors also emphasized the growing relevance of SPF 2.0 in meeting the increasing demand for rapid responses in crisis situations—including in emerging frontier regions where strengthening resilience is of paramount importance.

The SPF has a special role to play in financing the work at the frontiers of the FCV agenda, through innovative, analytical, and operational activities that can be mainstreamed and expanded. In 2022, 52 percent of SPF grants have been scaled up or mainstreamed, with an even higher uptake for gender-focused grants (76 percent).

These tools gained more importance as the pandemic pushed millions into extreme poverty, the first rise in global poverty since 1998. While the rest of the world has seen a broadly downward trajectory in poverty, extreme poverty continues to grow and concentrate in fragile and conflict-affected situations (FCS).<sup>1</sup> The year 2024 is expected to be the inflection point, when the extreme poor in FCS countries are estimated to surpass those in non-FCS countries. In addition to becoming more prevalent, violent conflicts have also become more protracted, with durations nearly doubling and new types of conflict emerging.

<sup>&</sup>lt;sup>1</sup> World Bank Group. WBG FCS Classification (World Bank Group, July 2022), <u>https://www.worldbank.org/en/topic/fragilityconflictviolence/brief/harmonized-list-of-fragile-situations.</u>

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It is assumed that poorer countries are more prone than middle-income ones to FCV. Yet, over the past decade, there have been more instances of FCV in middle-income countries than in lower-income ones. Even some higher-income countries show greater exposure to FCV. Accordingly, growth can mask deep social fragility that must be understood before extreme poverty can be reduced. Thus, SPF 2.0 is fully aligned with the World Bank Group's FCV Strategy to support all countries in addressing the drivers and impacts of FCV, as well as strengthening their resilience, especially for vulnerable and marginalized populations.

The recent World Bank-International Monetary Fund Spring Meetings in April 2023 served to affirm that we will not be facing this challenge alone. More than ever, we will be doing our work and delivering as one World Bank Group alongside key partners, including other international and multilateral institutions, the United Nations, civil society, and the private sector. These partnerships are essential for our joint response to the rise in fragility. Thus, SPF 2.0 remains the leading World Bank-led global umbrella trust fund for implementing the FCV Strategy. Indeed, it forms an essential part of the World Bank Group's contributions to the collective global effort to tackle FCV situations.

I would like to recognize and thank our donors, including the governments of Australia, Denmark, France, Germany, the Netherlands, Norway, Sweden, Switzerland, and the United Kingdom, for their ongoing commitment and dedicated support to this crucial agenda. I also look forward to the new opportunities under SPF 2.0 to support countries during these tough times, as we collectively continue to innovate and push the frontiers toward greater resilience, stability, and prosperity.



Soukeyna Kane Director, Fragility, Conflict, and Violence Group The World Bank Group

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# FRAGILITY, CONFLICT, AND VIOLENCE GLOBAL LANDSCAPE AND WORLD BANK GROUP RESPONSE

#### **Global Landscape**

As we reach the midpoint (years 2022-2023) in implementing the 2030 Sustainable Development Goals (SDGs), multiple severe and mutually reinforcing shocks have struck the world economy in the last few years and evolved into a global polycrisis,<sup>2</sup> making the fragility landscape more complex. With the impacts of the COVID-19 pandemic still felt worldwide, the war in Ukraine ignited a new crisis, disrupting food and energy markets and worsening food insecurity and malnutrition in many developing countries. The result was a reversal in gains in poverty reduction and decelerated global economic output. The global extreme poverty rate has risen from 8.4 percent to 9.3 percent, and today more than 700 million people live on less than \$2.15 a day. If these trends persist, two-thirds of the global poor may live in areas classified by the World Bank Group (WBG) as fragile and conflictaffected situations (FCS) by 2030.<sup>3</sup> While fragility, conflict, and violence (FCV) contexts affect both females and males, women and girls are disproportionately affected by increased risks of gender-based violence (GBV) and have a higher incidence of experiencing poverty, dropping out of school, and losing agency. The world also experienced a spike in conflict-related fatalities, driven mainly by countries in the regions of South Asia, Middle East and North Africa, and Africa.<sup>4</sup> Elsewhere, there is increasing unrest around the world, particularly in several middle-income countries and high-income countries. The climate crisis continues to impose a heavy toll, with heat waves, wildfires, floods, and hurricanes inflicting massive economic damage and generating humanitarian crises in many countries. At the same time, high inflation has produced an erosion of real incomes and a global cost-of-living crisis that has pushed millions into poverty and economic hardship.

<sup>&</sup>lt;sup>2</sup> The World Economic Forum, Global Risks Report 2023, definition of "polycrisis": a cluster of related global risks with compounding effects, such that the overall impact exceeds the sum of each part.

<sup>&</sup>lt;sup>3</sup> WBG FCS Classification (July 2022), <u>https://www.worldbank.org/en/topic/fragilityconflictviolence/brief/harmonized-list-of-fragile-situations.</u> <sup>4</sup> Uppsala Conflict Data Program (UCDP).

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Violent conflict has spiked dramatically since 2010.<sup>5</sup> Since the start of the COVID-19 pandemic, there has been a series of significant setbacks to stability in regions across the world: from Asia and Africa to Latin America and the Caribbean, and more recently in Eastern Europe. As a result, political violence in 2022 spiked by 27 percent over 2021 levels, to nearly 27,000 events—a sharp reversal after declines for several years. In addition to Ukraine, the countries with the highest numbers of events of political violence in 2022 were Syria, Myanmar, Brazil, and Mexico.<sup>6</sup> Dominant drivers of conflict were unresolved regional tensions, a breakdown in the rule of law, absent or weak state institutions and grievances that arise from these, and scarcity of and competition over resources exacerbated by climate change.

The surge in violent conflict has led to historically high levels of forced displacement. <u>More than 100 million people</u> were estimated to be forcibly displaced by May 2022, after the war in Ukraine caused the fastest-growing refugee crisis in Europe since the end of World War II. In 2022, 85 percent of 27.1 million refugees were hosted in developing

In the past decade, there have been more deaths from political violence and homicides in middleincome countries than in low-income ones. countries, with approximately three out of four displaced for at least five years. The hardships they endure make these people vulnerable. They lose assets and livelihoods and are unable to plan their future. Many suffer from trauma, and women and girls are at high risk of genderbased violence. They need help to regain their agency and begin rebuilding their lives. The forcibly displaced often live in developing countries that are struggling to meet their own development goals, and host governments need support for the increased pressure on their basic services and infrastructure.

In the past decade, there have been more deaths from political violence and homicides in middle-income countries than in low-income ones. Subnational conflicts occur even as countries see significant economic growth, and national-level growth can mask deep institutional fragility. Middle-income countries are often home to multiple, interconnected forms of violence at the same time, adding to the complexity and making it difficult even for motivated national governments to resolve FCV issues.<sup>7</sup> Higher-income countries also are struggling with the effects of the global volatility.

In addition to the violence, the war in Ukraine has unleashed a global food and energy crisis that is hitting many developing countries, resulting in soaring debt levels. Global supply chain disruptions have increased prices of essential commodities such as fuel and food around the world. Persistently high inflation, about 9 percent

<sup>&</sup>lt;sup>5</sup> United Nations and World Bank, Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict (Washington, DC: The World Bank Group, 2018), https://openknowledge.worldbank. org/handle/10986/28337.

<sup>&</sup>lt;sup>6</sup> The Armed Conflict Location and Event Data Project (ACLED), https://acleddata.com/2023/01/31/global-disorder-2022-the-year-in-review/.

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in 2022, prompted central banks worldwide to raise interest rates to tame inflation. Rising interest rates and diminishing purchasing power have weakened consumer confidence and investor sentiment. Furthermore, severe droughts and floods have damaged crops, especially in parts of Africa and South Asia, pushing millions into poverty. Amid soaring food and fertilizer prices and supply disruptions, severe food insecurity more than doubled between 2019 and 2022.

Climate change can aggravate already fragile situations and increase vulnerabilities, including creating more conflicts around fewer resources and forced displacement. By 2030, climate impacts could push an additional 100 million people into poverty. By 2050, in three regions alone (Sub-Saharan Africa, South Asia, and Latin America and the Caribbean), as many as 143 million people could become climate migrants, with potentially destabilizing effects.<sup>8</sup>

This confluence of multiple crises, or polycrisis, created one of the lowest global economic growth rates in recent decades. World output growth has decelerated from an estimated 3 percent in 2022 to a projected 1.9 percent in 2023. The current downturn has slowed the pace of economic recovery from the COVID-19 pandemic, threatening several countries, both developed and developing, with the prospects of recession in 2023, further threatening debt sustainability.<sup>9</sup>

Extreme poverty is becoming more entrenched in fragile situations. Unless we tackle the drivers of fragility and conflict, we won't be able to win the fight against extreme poverty.

**Carolina Sánchez-Páramo** Former Global Director, World Bank Poverty and Equity Global Practice

These FCV challenges thwart efforts to end extreme poverty in both low- and middle-income countries. The WBG estimates that an additional 20 million people live in extreme poverty in FCV<sup>10</sup> countries since the pandemic.<sup>11</sup> Real income per capita in 2023 is projected to fall short of pre-pandemic levels in almost 50 percent of lowerincome FCS economies. Extreme poverty continues to grow and concentrate in FCS, while the rest of the world has seen a broadly downward trajectory. 2024 is expected to be the inflection point when the number of extreme poor in FCS countries are estimated to surpass those in non-FCS countries. Many of these countries risk a lost decade because of limited productive capacity, insufficient fiscal space, large macroeconomic imbalances, and intensifying debt vulnerabilities.

<sup>&</sup>lt;sup>7</sup> World Bank Group, *Fragility, Conflict, and Violence in Middle-income Countries* (Washington, DC: World Bank Group, 2022), <u>http://documents.worldbank.org/curated/en/099648312122229402/</u> IDU0f7ad01c203dfd04b8a0afe7082b0a898a38a.

<sup>&</sup>lt;sup>8</sup> Kanta Kumari Rigaud, et al., Groundswell: Preparing for Internal Climate Migration (Washington, DC: World Bank, 2018), <a href="https://openknowledge.worldbank.org/entities/publication/2be91c76-d023-5809-9c94-d41b71c25635">https://openknowledge.worldbank.org/entities/publication/2be91c76-d023-5809-9c94-d41b71c25635</a>.

<sup>&</sup>lt;sup>9</sup> United Nations, World Economic Situation and Prospects 2023 (New York: United Nations, 2023), https://desapublications.un.org/publications/world-economic-situation-and-prospects-2023.

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Addressing the challenges of FCV is critical to achieving the WBG's twin goals of ending extreme poverty and boosting shared prosperity. As an institution born in the aftermath of World War II, reconstruction and development to foster stability is part of the WBG's core expertise.

The WBG strives to work on conflict prevention, remain engaged during active conflicts and in countries going through recovery and transition, with stronger collaboration with humanitariandevelopment-peace partners, to protect human capital, institutions, and development gains. Preventing and mitigating FCV challenges is key to making progress toward the SDGs—Goal 16, in particular, for peace, justice, and strong institutions—and to the international community's broader efforts to promote peace and prosperity. Preventing conflict is cost-effective. Many countries have successfully managed crises and avoided descending into violence. It is vital that the international community supports such efforts at scale and in line with the other instruments of preventive diplomacy, development, and peacebuilding financing.

The WBG's comparative advantages in FCV settings include its long experience, sustained engagement in countries, capacity to use analytics, financing, and convening power at scale. The institution's sustained physical presence in conflict-affected areas is crucial; breaking cycles of violence requires a long-term process of creating legitimate institutions. WBG experience shows that ensuring sustained engagement, presence, and continuity is a critical element for successful work in conflict-affected areas.<sup>12</sup> Furthermore, even in the toughest environments undergoing conflict, the WBG can meaningfully engage to preserve the institutional capacity and human capital that are critical for the country's future recovery. When signs of recovery emerge, the WBG supports governments that are embarking on transformational change.

To end extreme poverty and break the cycle of fragility, conflict, and violence, countries need access to basic services, transparent and accountable government institutions, and economic and social inclusion of the most marginalized communities. These investments go hand in hand with humanitarian aid.

> David Malpass World Bank Group President

<sup>&</sup>lt;sup>10</sup> FCV refers to the challenges of fragility, conflict, and violence, regardless of classification as fragile and conflict-affected situations (FCS). FCS is used to refer to countries/territories on the official WBG FCS List, published since 2006 and updated annually.

<sup>&</sup>lt;sup>11</sup> https://www.worldbank.org/en/publication/global-economic-prospects.

<sup>&</sup>lt;sup>12</sup> Sustained engagements in regions of protracted FCV include Afghanistan, Bosnia and Herzegovina, and West Bank and Gaza.

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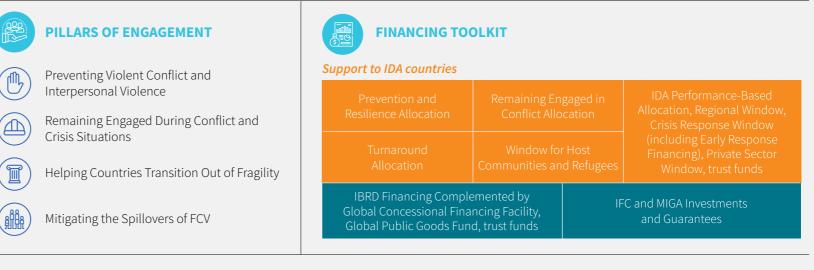
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The WBG's current approach to FCV began emerging in the <u>World</u> <u>Development Report 2011: Conflict, Security, and Development</u>, which emphasized the close links between security, justice, and development. The 2018 joint United Nations (UN)-WBG report, <u>Pathways for Peace</u>, called on the WBG to "pivot to prevention" by further prioritizing inclusive approaches to development that can help prevent and mitigate FCV risks before conflict and violence take hold. Building on this progress, the WBG in February 2020 launched a <u>comprehensive</u> <u>FCV Strategy</u> (figure 1), to enhance its effectiveness in addressing the drivers and impacts of FCV. Since then, the WBG has further revised its operational policy to reinforce our commitment to FCV.

#### Figure 1. World Bank Group's Fragility, Conflict, and Violence Strategy: A Strong Foundation



LES Differentiation | Inclusion | Legitimacy, Transparency, and Accountability | Private Solutions for Impact





Programming | Personnel | Partnerships | Policies 23 Measures to Improve WBG Efficiency and Efficacy in FCV Settings

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#### Figure 2. World Bank Group's Fragility, Conflict, and Violence Strategy in Practice

Preventing Violent Conflict and Interpersonal Violence	Remaining Engaged During Conflicts and Crisis Situations What does	Helping Countries Transition Out of Fragility	Offer Mitigating the 別川口 Spillovers of FCV
Tackling risks and grievances early on, and strengthening sources of resilience, before tensions turn into crises	Building resilience, protecting essential institutions, and delivering critical services, such as health or education	Strengthening the capacity and legitimacy of core institutions, renewing the social contract, and supporting private sector development	Addressing spillovers such as forced displacement, as well as shocks resulting from climate and environment challenges

# The World Bank Group's Fragility, Conflict, and Violence Strategy and Implementation

In a world where fragility is increasing, the FCV Strategy has helped the WBG move the needle on its support to FCV-affected countries. These include rapid responses to recent crises in countries such as Afghanistan, Sudan, and Ukraine, as well as the COVID-19 pandemic. The FCV agenda is a corporate priority and WBG management regularly monitors and reports on progress to the WBG Board of Executive Directors, including a recent implementation update in March 2022 on operationalizing the strategy. To meet the growing challenges, the WBG is significantly scaling up the volume and types of financial support it provides for FCV in both low- and middle-income countries. The institution is directing more staff expertise to issues of FCV and finding more ways to partner with humanitarian, peacebuilding, and security actors. The World Bank committed \$70.8 billion in assistance in fiscal year (FY) 22, its highest level and nearly 70 percent greater than the pre-pandemic average. That assistance included \$33.1 billion from the International Bank for Reconstruction and Development (IBRD) in support to middle-income countries and a few higher-income countries, and \$37.7 billion in grants

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and zero- or low-interest loans from the International Development Association (IDA) to the world's poorest countries. IDA commitments to countries facing FCV reached \$16.2 billion, accounting for almost half (43 percent) of IDA's total commitments in FY22. To meet the increased demand for funding during FY22, the World Bank fully used all remaining resources from the IDA19 replenishment. As a result, the 20th replenishment (IDA20) program was advanced by a year, providing \$93 billion in continued support for poor countries through June 2025. The World Bank approved a record-breaking \$30 billion in financing for FCV-affected countries in FY22 under IDA20, to meet diverse problems in the poorest countries at every stage of the conflict cycle: helping prevent the escalation of conflicts, remaining engaged during crisis and post-crisis to preserve human capital and key institutions, and helping create development opportunities for refugees and host communities. In addition, in FY22, WBG trust funds directed about 77 percent of total disbursements for recipient-executed activities to countries affected by FCV.13

The WBG is taking a broader approach to FCV that aims to address sources of instability and build resilience. In partnership with humanitarian-development-peace actors, the WBG remains engaged during active conflict and in countries going through recovery and transition. This approach has helped strengthen interactions across several disrupted WBG engagements—in Afghanistan, Burkina Faso, Ethiopia, Haiti, Lebanon, Mali, Myanmar, Somalia, Sudan, and Ukraine, among others. Experience from the WBG COVID-19 response, with rapid portfolio actions (such as cancellations, reallocations, and new/ additional financing), and resequencing interventions to produce the best crisis response has also informed the WBG's FCV framework to continue to deliver with rapid response, flexibility, and adaptation to FCV contexts.

The World Bank approved a record-breaking \$30 billion in financing for FCV-affected countries in FY22 under IDA20.

<sup>13</sup> https://documents1.worldbank.org/curated/en/099439310182215354/pdf/IDU0413bfce20757104d8c08e47076b475a29692.pdf.

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**Gender** is a core priority throughout WBG engagement in FCV settings, in line with the <u>WBG Gender Strategy (2016-2023) and Update</u> and the <u>UN's Women, Peace, and Security Agenda</u>, which aim to empower women to prevent conflict and build peace, while working to rectify the disproportionate, adverse impacts of armed conflict on women and girls. The World Bank is ramping up its efforts to address GBV in FCV settings through its analytical work and projects. WBG interventions target closing gender gaps in education, economic opportunities, and labor markets; tailor social protection to households where family structures have been disrupted by conflict; increase access to finance for women-owned businesses; provide employment opportunities for youth at risk; prevent and respond to GBV; and enhance women's participation in all levels of governance, including peace- and statebuilding processes.

The Gender Strategy also emphasizes long-term support to help countries transition out of fragility, including **private sector solutions,** such as scaling-up investments in small and medium enterprises that are essential to create jobs and spur economic growth. Evidence shows that many private investments in FCS that have been supported by the WBG's International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA) have been effective, despite the heightened risks in fragile contexts. Evaluated IFC-supported private sector investments in FCS during the 2010-2021 period performed just slightly below investments in non-FCS environments. In many cases, successful investments showed effects well beyond the projects, such as the development of local markets.<sup>14</sup>

WBG programs have increased **regional approaches** to conflict resolution and management. Localized conflicts can trigger regional conflicts and destabilize neighboring countries in FCV situations. The WBG is engaging on fragility issues at the regional level through both analytical work (regional fragility assessments) and financing, as well as building partnerships to be able to conduct broader, multidimensional engagements and to contain risks from spillover effects.

Societies with more gender equality tend to be more resistant to violence and conflict. Since its inception, the State and Peacebuilding Trust Fund has financed more than \$23 million in grants primarily focused on gender. A further ramp-up in newly approved projects in 2022 aim to reduce disparities between women and men, ensure inclusion in operations and dialogue, pilot innovative approaches to enhance women's voice and agency, and produce new knowledge on gender in FCV.

#### Valery Ciancio Program Manager, State and Peacebuilding Fund, World Bank

<sup>&</sup>lt;sup>14</sup> https://ieg.worldbankgroup.org/blog/unlocking-potential-private-sector-conflict-affected-situations.

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**Partnerships** with the UN and other international players have proven crucial to deliver support on the ground in the most volatile situations. The WBG is expanding partnerships with humanitarian, development, peacebuilding, security, and private sector actors to maximize its impact in FCV settings (examples in box 1).

Box 1

#### WORLD BANK GROUP PARTNERSHIPS IN FRAGILITY, CONFLICT, AND VIOLENCE

Partnering with the UN and the International Committee of the Red Cross to implement projects in conflict-affected countries has allowed the WBG to deliver critical services to vulnerable populations in areas otherwise inaccessible to the institution.

In **South Sudan**, the World Bank has a limited presence outside of the capital of Juba, and therefore has relied on the UN and International Committee of the Red Cross to deliver services to the population.

In **Afghanistan**, the convening power of the Afghanistan Reconstruction Trust Fund, as well as strong partnerships with UN agencies on the ground, have allowed the World Bank to support humanitarian assistance for the people of Afghanistan since August 2021.

Partnerships with the private sector have provided targeted lending. For example, IFC gave loans to a commercial bank in the **Democratic Republic of Congo (DRC)** to support economic activity and the resilience of small domestic enterprises post-COVID-19. MIGA's political risk insurance instrument helped the travel and tourism sectors in **FCS countries in Sub-Saharan Africa** to bolster employment and strengthen their supply chains.

During the COVID-19 pandemic, the World Bank partnered with UN agencies, including the World Health Organization, United Nations High Commissioner for Refugees (UNHCR), United Nations Children's Fund (UNICEF), and World Food Programme (WFP), to strengthen health systems, reach vulnerable communities, and support social safety nets in countries including **Haiti, Lebanon, Niger, and Yemen**.

Source: Implementation Update to the Board on Operationalizing the WBG FCV Strategy (2020–25), March 2022.

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Finally, the WBG is encouraging the mobilization of youth as agents of change for less fragile and more peaceful societies. The direct and indirect impacts of FCV on youth and children can result in generations suffering from trauma and can also affect the ability of states, economies, and societies to recover, stabilize, and develop. The WBG goal, in collaboration with international and local actors, is to scale up the involvement of youth as active drivers to build local resilience.

Box 2

#### **EVOLUTION OF THE STATE AND PEACEBUILDING TRUST FUND**

The State and Peacebuilding Trust Fund (SPF 1.0), established more than 15 years ago in 2008, was a pioneering resource for the WBG to innovate and test approaches in FCV settings that once were unprecedented in WBG strategies and operations. The WBG's involvement to mitigate organized violence originated in the 1990s, with earlier interventions that were managed through a post-conflict fund and a fund for low-income countries under stress. These two previously separate processes of statebuilding and peacebuilding were merged under the SPF, for a more harmonized approach to the WBG's engagement in fragile situations.

SPF 1.0 grew to become the WBG's largest global multi-donor trust fund supporting FCV interventions, with several SPF-financed pilots and initiatives mainstreamed in the World Bank's operational and analytical products. Between its inception and its closing, on December 31, 2022, SPF 1.0 financed 286 grants and 11 transfers to single-country multi-donor trust funds in 66 countries, with more than \$327 million committed. The portfolio spanned all seven World Bank geographic Regions, as well as global activities. Nine donors (Australia, Denmark, France, Germany, the Netherlands, Norway, Sweden, Switzerland, and the United Kingdom), in addition to the IBRD, provided groundbreaking support for SPF 1.0. Together, this constituted an important first-of-its kind forum for strategic leadership and collective thinking on FCV.

The State and Peacebuilding Umbrella Trust Fund (SPF 2.0), a successor fund to SPF 1.0, was launched in January 2022 and is now the World Bank's largest global trust fund providing catalytic financing to help prevent conflict, support rapid crisis response, and build long-term resilience, supporting the full spectrum of implementation of the WBG's FCV Strategy. SPF 2.0 builds on the legacy of SPF 1.0's pathbreaking work on FCV, continuing to innovate and push frontier areas in FCV settings, and embraces a new vision for the SPF's role going forward, further detailed in the following sections of this report.



**Statebuilding:** Greater institutional capacity and legitimacy to manage stresses and support prevention and recovery from conflict and fragility



**Peacebuilding:** Reduction and management of internal and external stresses that increase vulnerability to conflict and fragility

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Global Landscape

World Bank Group Response

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#### World Bank Group Evolution Roadmap

In January 2023, the WBG Boards of Executive Directors discussed with management an Evolution Roadmap for the institution to better address the scale of development of global public goods challenges such as poverty, shared prosperity, inequality, and cross-border challenges—including climate change, pandemics, and FCV—that all affect the WBG's ability to achieve its mission. The roadmap provides a basis for management and the Board to exchange preliminary views on priorities for the WBG's evolution, identify areas for deeper engagement over the coming months and a process for reaching consensus, and begin implementation of the WBG's collective reform efforts through three building blocks:

• Review the WBG's Vision and Mission.

• Review the WBG's Operating Model.

• Explore options to enhance the **WBG's Financial Capacity and Model,** considering recommendations made in the Capital Adequacy Framework Review of the G-20. Overall, the Board reaffirmed the WBG's continued commitment to the twin goals of ending extreme poverty and promoting shared prosperity in a sustainable way, while serving all clients and considering global challenges that negatively affect client countries' opportunities to achieve the SDGs. The Board also confirmed the WBG's commitment to serve all clients—including low-income countries, middle-income countries, small island developing states, and FCV countries—and reaffirmed the need to engage more effectively with other multilateral development banks and international financial institutions, and other international partners, to maximize its impact.

The current trend of rising and compounding crises points to the need that we do things differently and continue to invest in how to be more effective in FCV contexts, through new and innovative approaches, analytics, management of risks, pilot initiatives, increased partnerships, and deeper understanding. The recently launched SPF 2.0 is the largest World Bank-led global umbrella trust fund supporting this effort and builds on the legacy of SPF 1.0's catalytic financing and pathbreaking work on FCV. With its ability to finance a range of knowledge products and country operations, catalyze new ideas through pilot operations, and fill gaps that IDA, IBRD, and other trust funds cannot, SPF 2.0 remains an essential part of the Bank's financing architecture for FCV and continues to make strides in meeting increased and new challenges across emerging frontier areas in FCV.

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## **ACKNOWLEDGMENTS FOR SPF 1.0**

The SPF program management team expresses its thanks to its development partners, the project teams, and the 66 beneficiary countries and executing agencies of SPF 1.0 grants for their dedication to advancing statebuilding and peacebuilding programs across the world.

#### **Contributing Members**



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### **SPF 1.0 AT A GLANCE**

Global • \$16 Million Committed • 5% of Total Commitments • Grants: 32



Latin America and the Caribbean • \$29.4 Million Committed • 9% of Total Commitments

Data as of December 31, 2022

Western and Central Africa • \$44.4 Million Committed • 14% of Total Commitments • Grants: 43

#### Middle East and North Africa • \$64.2 Million Committed

• 20% of Total Commitments • Grants: 43 | Transfers: 2

347

**Europe and Central Asia** • \$28.3 Million Committed • 9% of Total Commitments • Grants: 29

#### **East Asia and Pacific**

- \$22.8 Million Committed
- 7% of Total Commitments • Grants: 22

#### South Asia

- \$10.6 Million Committed
- 3% of Total Commitments
- Grants: 19

#### Eastern and Southern Africa

- \$112.9 Million Committed
- 34% of Total Commitments
- Grants: 75 | Transfers: 7



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## SPF 1.0 IN 2022

#### Overview

The State and Peacebuilding Trust Fund, SPF 1.0, has been the World Bank's largest global multi-donor trust fund supporting the full spectrum of implementation of the WBG's FCV Strategy. The SPF complemented the WBG's country, regional, and global programs through catalytic grant financing to support FCV challenges. At a time when many parts of the world experienced rising FCV and other shocks, the SPF was a significant instrument for response by the World Bank and its partners. Contributions to the SPF came from the IBRD's administrative budget (\$246.7 million, or 67 percent of funding) and from nine donor partners: Australia, Denmark, France, Germany, the Netherlands, Norway, the United Kingdom, Sweden, and Switzerland.<sup>15</sup> After 15 years of operations, calendar year 2022 was the trust fund's final year and it closed on December 31, 2022. This section covers SPF 1.0's operations, financial information, and results achieved during 2022.

Since inception in 2008 through the end of 2022, SPF 1.0 financed 286 grants and 11 transfers to single-country multi-donor trust funds in 66 countries, for a total of more than \$327 million committed, disbursing 90 percent of the fund value. The SPF portfolio spanned all six World Bank geographic regions (Africa, East Asia and Pacific, Europe and Central Asia, Latin America and the Caribbean, Middle East and North Africa, and South Asia) as well as global activities. All countries were eligible for SPF support, including IDA countries, IBRD countries, countries not in good standing with the World Bank/countries in arrears, and nonmembers of the World Bank. SPF grants supported recipient-executed activities implemented by client governments, UN entities, nongovernmental organizations (NGOs), and the World Bank on behalf of the recipient, as well as Bank-executed activities supporting analytics and knowledge and learning about FCV.

<sup>&</sup>lt;sup>15</sup> See Appendix 1 for additional details on donor contributions to SPF 1.0.

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SPF 1.0 had five focus areas: (1) prevention and recovery, (2) crisis response, (3) humanitarian-development-peace nexus, (4) forced displacement, and (5) financing solutions, and two cross-cutting themes: (1) gender, and (2) technology to enhance FCV knowledge. FCV contexts often face more than one problem within these areas, and there are synergies and interlinkages across these, therefore, SPF projects often support more than one area. For example, a project might work through partners in the humanitarian-development-peace nexus for prevention or crisis response, while at the same time engaging with refugees and host communities.

#### Results

SPF 1.0 supported effective and catalytic work across its five focus areas, as results demonstrate. The trust fund met or exceeded targets for most indicators in 2022 (appendix 2 contains the full results framework). Notable results achieved in the final year include:

- Fifty-two percent of the 2022 portfolio was mainstreamed or scaled up through World Bank operations or national programs, compared with a target of 30 percent. Moreover, 38 percent of SPF grants catalyzed additional financing from IDA, IBRD, other trust funds, or external sources, relative to a target of 35 percent. The ratio of funding leveraged was an impressive 8.32, far exceeding the target of 4.00. Together, these results demonstrate how SPFsupported pilots and analytical work are leading to larger-scale activities in FCV contexts.
- The majority of SPF grants advanced or promoted inclusive approaches and policies, with a result of 61 percent compared with the target of 35 percent.
- The result for SPF grants that support implementation of collective outcomes was 52 percent, versus a target of 40 percent. These are grants that work in partnership across the humanitarian-development-peace nexus toward achievement of shared objectives and priorities.
- Thirty-five percent of the portfolio was implemented jointly with UN entities, higher than the target of 25 percent. Indeed, activities conducted jointly with UN entities have increased steadily over the past few years, with 2022's result a significant jump from the 23 percent reported in 2021. In addition, 58 percent of SPF grants were implemented in coordination with UN entities (against the target of 55 percent); 32 percent were implemented with NGOs or civil society organizations (against the target of 30 percent); and 16 percent were implemented in coordination with local governments (against the target of 15 percent). The result for grants implemented in coordination with other regional or international organizations (excluding the UN) fell short of the target, with a result of 13 percent, against the target of 20 percent.
- SPF grants supporting institutional capacity fell slightly short of the target of 35 percent, with a result of 32 percent.

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2022 was the final year of reporting against the SPF 1.0 results framework that was endorsed in 2018. A new results framework was endorsed for the State and Peacebuilding Umbrella Trust Fund (SPF 2.0), building on the experience and lessons from the past few years. An independent completion evaluation will provide further stocktaking of the SPF 1.0 results framework and the results achieved over the lifetime of the fund.

#### SPF 1.0 Focus Areas: Projects and Results

This section presents the five priority focus areas under SPF 1.0 and the results achieved under a selection of grants from the 2022 portfolio.

#### I. PREVENTION AND RECOVERY



Under this focus area, the objective was to tailor development solutions to FCV drivers and contexts, prioritizing prevention and risk mitigation. There was particular attention to initiatives that explore ways to integrate conflict prevention and recovery into World Bank operations—often through conducting analytical work, mainstreaming approaches to risk mitigation and prevention, improving methodologies, and sharing knowledge about this work.

#### BENIN: CONFLICT PREVENTION AND YOUTH INCLUSION, BANK-EXECUTED, \$269,852

**Grant Results:** The objective of the SPF grant was to support the country management unit and the Government of Benin in preventing conflict by including vulnerable youth in productive activities. Specifically, the grant financed a review by the Institute for Security Studies of the risk factors for violence in local communities in Benin and enabled the government to develop a database across all villages and neighborhoods, with ratings of the three key factors of fragility: geographic insecurity in border regions, the presence of extremism movements, and an increase in local conflict or criminality. The data was collected by trained police officers in each area and is hosted by two Benin government agencies: *Agence Béninoise de Gestion des Espaces Frontaliers* in collaboration with the *Commission Nationale de Lutte Contre la Radicalisation et l'Extremisme Violent et le Terrorisme*.



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**SPF Grant Impact:** Data, analytics, and solutions from the SPF grant informed (1) the follow-on **World Bank \$60 million Benin Youth Inclusion project,** which ensures that at least 40 percent of youth among the project beneficiaries should come from localities most at risk of conflict, builds government capacity to engage youth, and identifies relevant trades; (2) the recent World Bank \$450 million Western Africa: Gulf of Guinea Northern Regions Social Cohesion regional project to identify target localities for community development interventions; (3) government national programs; (4) the country management unit about the risk factors of violence in Benin. The grant's results also received interest from donors (the European Union and the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH [GIZ]).

#### UZBEKISTAN: STRENGTHENING INCLUSIVE INFRASTRUCTURE AND SERVICE DELIVERY, BANK-EXECUTED \$446,382

**Grant Results:** The grant helped increase the capacity of the Government of Uzbekistan, NGOs, and local leaders for community mobilization approaches that are conflict- and gender-sensitive. These pioneering approaches to citizen engagement were used for

local infrastructure, service delivery, and women's economic inclusion in more than 400 rural villages. The grant delivered innovative tools that deepened the understanding of FCV in Central Asia, including (1) monitoring surveys of community-driven development projects on social cohesion, gender, climate change, local institutions, and cross border risks; and (2) early support for the Listening to the Citizens of Uzbekistan<sup>16</sup> survey on the role of local leaders in emergency response. These pioneering approaches to citizen engagement have been scaled up across a range of World Bank projects and government programs, which now require that investments are prioritized through a participatory approach.

**SPF Grant Impact:** Grant results influenced multiple followon operations, including the **World Bank \$100 million Rural Infrastructure Development, \$200 million Second Rural Enterprise Development, \$2.73 million Enhancing Opportunities for Rural Women, \$142 million Uzbekistan Landscapes Restoration, and \$120 million Kazakhstan Development projects** that leveraged SPF grant resources. The Listening to the Citizens of Uzbekistan Mahalla Leaders survey was expanded through a follow-on SPF Grant, and policy makers find it highly valuable.

<sup>&</sup>lt;sup>16</sup> <u>https://www.worldbank.org/en/country/uzbekistan/brief/l2cu#1.</u>

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#### **II. CRISIS RESPONSE**



The SPF supported timely and effective responses to crises and transitions, while strengthening resilience to FCV shocks. The SPF looked for the use of new modalities and technologies for implementation and supervision of projects, as well as for joint programming with the UN on post-conflict settings. Countries in arrears, including reengagement cases and nonmembers, also received priority consideration.

#### PHILIPPINES: CONFLICT MONITORING, RECIPIENT-EXECUTED AND BANK-EXECUTED, \$829,762

**Grant Results:** Through SPF Funding, the implementation partner, International Alert Philippines, generated and analyzed 10-year data on conflict in the Bangsamoro Autonomous Region in Muslim Mindanao and published several analytics, including on GBV. The data is available on the Conflict Alert (conflict monitoring system) website.<sup>17</sup> Forty-two briefings were held for the region's donors, legislators, media, and academia, which informed the actions, policies, and strategies of more than 23 groups and agencies. The Conflict Alert project is unique in its ability to partner with key local stakeholders and contextualize conflict incidents through multi-stakeholder validation groups, which thereby strengthened conflict monitoring. **SPF Grant Impact:** Conflict Alert is now accepted as the key source of public, high-quality data on violence in the Bangsamoro Autonomous Region in Muslim Mindanao, and International Alert Philippines is acknowledged as a leading expert on peace and security. Both have contributed to several follow-on interventions, including the Marawi Siege Victims Compensation Act (2022); the Bangsamoro Regional Development Plan (2023-2028); specific briefs on land conflict, counterterrorism, and prevention of violent extremism; and the Indigenous Peoples Code. Grant results also have informed government programming, the World Bank Indigenous People in the Philippines report, and the World Bank Country Partnership Framework strategy for Mindanao.

<sup>&</sup>lt;sup>17</sup> Francisco J. Lara, Jr. and Nikki Philline C. de la Rosa, eds., *Conflict's Long Game: A Decade of Violence in the Bangsamoro* (Conflict Alert and International Alert Philippines, 2022), <a href="https://conflictalert.info/">https://conflictalert.info/</a>.

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#### **III. HUMANITARIAN-DEVELOPMENT-PEACE NEXUS**



The objective was to support implementation of programs and projects in FCV-affected situations, by bridging the gap between humanitarian, development, and peacebuilding actors, based on their comparative advantages. Activities supported were in response to country requests, contributed to the broader humanitarian-development-peace nexus and partnerships, and could be developed by World Bank teams or in collaboration with the UN or other partners.

#### SOMALIA: STRENGTHENING CRISIS RESILIENCE IN SOMALIA, BANK-EXECUTED, \$600,000

**Grant Results:** With SPF funding, the grant contributed to developing a sustainable model of collaboration between the public sector and civil society to respond to crises more effectively. This took place through (1) an institutional assessment of key stakeholders, including ministries, civil society organizations, UN agencies, and private actors; and (2) a multi-sectoral programmatic approach to support the Government of Somalia in building sustainable institutions, including through closer collaboration with civil society organizations.

**SPF Grant Impact:** The SPF grant results informed and strengthened government strategies for crisis management and recovery under the **World Bank \$187 million Somalia Crises Recovery project,** the largest recipient-executed project since the World Bank's reengagement with Somalia.



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#### YEMEN: STRENGTHENING HUMANITARIAN-DEVELOPMENT COORDINATION, BANK-EXECUTED, \$212,693

**Grant Results:** The grant financed the first systematic household survey in Yemen since the onset of conflict in 2015, and a mapping of humanitarian and development partners and programs for social protection. In addition, the grant paid for the production of critical policy briefs on humanitarian-development coordination. During the development and implementation of the household survey, the project partnered with UN agencies and local institutions, including the Yemen Social Fund for Development, enhancing its institutional capacity to conduct such surveys. The project gathered data on human

#### **IV. FORCED DISPLACEMENT**

development outcomes and household access to social protection programs, disaggregated by gender and other demographics, to provide information needed for greater inclusion.

**SPF Grant Impact:** Results have informed follow-on World Bank projects, broader country engagement through the Yemen Poverty Assessment, and dialogue with partners, which has resulted in better ongoing coordination. Findings from the humanitarian-development report were used to convene a donor meeting and to encourage alignment in implementing cash transfer programs. Furthermore, lessons learned and project results are informing humanitarian-development coordination in Myanmar.



The SPF supported work to operationalize a development response to forced displacement. There was special attention to activities that helped build (1) a full suite of services and solutions to assist in improving the socioeconomic opportunities of refugees and internally displaced persons, host communities, and returnees; and (2) data and evidence on good practices to underpin operations and policy dialogue. A key area for support was gender aspects of forced displacement, including for building data and evidence bases and for sharing knowledge.

#### PERU: EMERGENCY RESPONSE FOR VENEZUELAN MIGRANTS, RECIPIENT-EXECUTED AND BANK-EXECUTED, \$4 MILLION

#### COLOMBIA: EMERGENCY RESPONSE FOR VENEZUELAN MIGRANTS AND HOSTS, RECIPIENT-EXECUTED AND BANK-EXECUTED, \$3.7 MILLION

**Grant Results:** During the last few years, Venezuelan migrants in Colombia and Peru have presented a twofold humanitarian crisis, combining large numbers of migrants with the COVID-19 pandemic.

Globally, Colombia and Peru rank first and second, respectively, in numbers of Venezuelan migrants hosted,<sup>18</sup> which has produced high levels of xenophobia toward the Venezuelans. The SPF grants provided various mitigation measures. One intervention was emergency cash transfers to reduce the impact of COVID-19 on vulnerable migrants. In Colombia, the money went to nearly 20,000 households covering more than 65,000 individuals, of which more than 75 percent were women. In Peru, the money went to nearly 15,000 households covering more than 43,000 individuals, of which 80 percent were women. Also,

<sup>&</sup>lt;sup>18</sup> International Organization for Migration and UNHCR, Plataforma Regional de Coordinación para Refugiados y Migrantes de Venezuela (2020).

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project implementation partners in both countries worked closely, through media and targeted campaigns, to reduce negative messaging against Venezuelans and to avoid migration-related conflicts with host communities.

**SPF Grant Impact:** The projects had several wider impacts that contributed to longer-term social and economic inclusion of Venezuelan migrants. The impacts included raising the profile of the challenges faced by migrants, and mobilizing other services for them, such as vaccines, care, and food benefits. The results have strengthened the **World Bank's FCV toolkit on forced displacement,** by deepening knowledge about emergency assistance, basic services, and food insecurity, especially in fragile contexts and for vulnerable populations. A comprehensive framework was put in place to fortify the host governments' institutional response capacity and to strengthen the World Bank's collaboration with UN agencies and local agencies on the ground, which informed the preparation of the groundbreaking **World Bank \$526.4 million Colombia: Social and Economic Integration of Migrants project,** which provides services and protection to displaced in Colombia.

#### **V. FINANCING SOLUTIONS**





The objective was to promote promising financial solutions that mobilize resources and support adequate investment in FCV countries. There was special attention to activities that design and test innovative financing instruments for the differentiated needs of low- and middle-income countries affected by FCV, or where transformative opportunities could require immediate and flexible financing. Priorities included supporting countries in arrears, nonmembers, and countries with limited access to IDA or other concessional resources.

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#### PHILIPPINES: STRENGTHENING FINANCIAL MANAGEMENT IN BANGSAMORO AUTONOMOUS REGION IN MUSLIM MINDANAO, BANK-EXECUTED, \$170,000

**Grant Results:** SPF's contribution was crucial to building key institutions in the Mindanao and reinforcing their capabilities to support the success of the peace process. Grant funds were used to strengthen public expenditure management, public revenue management, and public administration knowledge management. This was accomplished by establishing a high-level technical working group with experts from each thematic area and including the government, knowledge institutions, and development partners, with the World Bank as facilitator. This group provided inputs to priority legislation, such as the revenue code, Bangsamoro Sustainable Development Act, and investment code. The group also discussed sensitive issues about intergovernmental relations, civil service reforms, and fiscal decentralization, and their effects on the revenue allotments of local and regional governments.

**SPF Grant Impact:** The SPF-funded work created the basis for a more programmatic engagement through the **World Bank \$829,762 Philippines Public Financial Management project.** The project, approved in 2022, aimed to modernize public financial management for the Philippines and for the Bangsamoro Autonomous Region in Muslim Mindanao, through complementary activities including digital transformation of budget and treasury management, fiscal decentralization, tax devolution, and public investment management that is informed by climate issues. The project brings in additional funding from Australia's Department of Foreign Affairs and Trade and the Global Tax Program.

#### NIGER: SOCIAL ACCOUNTABILITY AND TAX COMPLIANCE, BANK-EXECUTED, \$242,706

**Grant Results:** The SPF grant financed analytical work on understanding the interconnections between social accountability and tax compliance in fragile and low-capacity contexts. The project worked in close collaboration with the UNICEF team and their partners, the WFP and GIZ, as well as the Government of Niger, to implement pilots at the municipal level. Based on the project outputs, the government, through the Training Center on Governance of the Municipalities, worked with the team to validate and deploy training modules for current and future local governance civil servants about increasing social accountability and tax compliance.

**SPF Grant Impact:** The knowledge gathered informed the **World Bank \$100 million Governance of Extractives for Local Development and COVID-19 Response project** on groundbreaking activities to support decentralization in the country.



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#### Box 3

#### SPF CATALYTIC SUPPORT TO OTHER MULTI-DONOR TRUST FUNDS

SPF 1.0 provided \$55 million in 11 net transfers to eight singlecountry multi-donor trust funds working on FCV. For 7 of the 11 transfers, SPF provided seed funding as the first donor to contribute financing to the trust fund, paving the way for additional contributions. Many of these transfers allowed the World Bank to remain engaged in countries where the lending program was paused, the country was in arrears, or the country was not part of IDA. For example, in Zimbabwe, SPF transferred a total of \$9 million to the Zimbabwe Reconstruction Fund, including to support the response to Cyclone Idai. In Sudan, SPF provided \$7 million in seed funding to the Sudan Transition and Recovery Support Fund for COVID-19 response.

These seed contributions catalyzed \$848 million in further contributions to those trust funds, for a leverage ratio of 15.4. (This ratio accounts for only the multi-donor trust funds where SPF 1.0 was the first donor to contribute.) The overall impact of IDA resources in FCS situations has been greatly enhanced by mobilizing complementary resources through trust fund support, at both the country level through multi-donor trust funds and at the global level through SPF. Also, since most SPF 1.0 contributions came from IBRD net income, they were a way for the World Bank to demonstrate the critical nature of these single-country multi-donor trust funds (table 1) with emergency funding needs and limited initial donor financing, established through "just-in-time" SPF support.

Table 1. Single-Country Multi-Donor Trust Funds	SPF Transfer (US\$, millions)
Somalia Private Sector Development Reengagement Phase II Program (2 transfers)	5.00
Somalia Multi-Partner Fund	8.00
Jordan Emergency Services and Social Resilience Project Trust Fund	10.00
Haiti Reconstruction Trust Fund	2.00
Lebanon-Syria Crisis Multi-Donor Trust Fund	10.00
Colombia Peace and Post-Conflict Support Multi-Donor Trust Fund	4.00
Zimbabwe Reconstruction Fund (3 transfers)	9.00
Sudan Transition and Recovery Support Fund	7.000
Total Amount	55.00

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#### Fund Governance and Management

SPF 1.0 had a programmatic governance structure and operated under World Bank Trust Fund Policies and Procedures and financial controls.<sup>19</sup> There were three tiers of engagement:

- (1) The SPF Partnership Council was co-chaired by the World Bank and the UN and included contributing development partners. The council provided strategic guidance, monitored progress, and ensured that resources were channeled to initiatives relevant to the wider engagement of the international development community in FCV.
- (2) The SPF technical advisory committee comprised

representatives from the World Bank's Global Practices, regions, and corporate units. The committee reviewed and approved project proposals put forward by the secretariat, integrated SPF programming with regional World Bank priorities, and transferred operational knowledge across practices.

(3) The SPF secretariat reviewed all proposals, ensured eligibility for funding from SPF 1.0, and advanced eligible proposals for review. The secretariat also managed day-to-day operations of the trust fund, providing strategic direction, ensuring alignment with the World Bank's broader FCV agenda, managing the portfolio, and promoting knowledge and communications. Independent evaluation of the SPF, along with donors and World Bank management, have commended the SPF for its governance, fund management, and rapid response structure. It was agreed that SPF 2.0, the successor fund, would continue the existing governance and fund management structure, which is further detailed in Section III of this Annual Report.

#### **Knowledge Management and Communications**

Five lessons-learned notes were distilled from SPF-funded grants in 2022. The notes represent a mix of activities: Bank-executed and recipient-executed, global and national, ranging from FCV countries to middle-income countries. They include:

- Challenges and Innovations in Agriculture and Food Security Risk Financing
- Compound Crisis and Data Collection: the DRC Crisis Observatory
- Partnering to Provide a Coordinated Response Through Joint Analytical Approach
- Promoting Cohesion and Interaction Between Refugees and Host Communities
- Partnering with Humanitarian Agencies to Mitigate the Impact of the COVID-19 Crisis on Venezuelan Migrants (and Host Communities) in Colombia and Peru

<sup>&</sup>lt;sup>19</sup> The SPF received an unqualified opinion under the World Bank's Single Audit for FY22.

<sup>&</sup>lt;sup>20</sup> https://www.worldbank.org/en/topic/environment/publication/defueling-conflict-environment-and-natural-resource-management-as-a-pathway-to-peace.

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- The SPF secretariat also organized several knowledge events, on the following topics:
- Challenges and Innovations in Agriculture and Food Security Risk Financing
- Compound Crisis and Data Collection: the DRC Crisis Observatory
- Launch of the 2022 report: *Defueling Conflict: Environment and Natural Resource Management as a Pathway to Peace.*<sup>20</sup> This was done together with the WBG's Environment, Natural Resources, and Blue Economy Global Practice.

# Knowledge-Sharing Event: Address and Prevent Gender-Based Violence

The SPF program management team organized a workshop on lessons learned and good practices for SPF task team leaders working on GBV. Experienced SPF leaders presented results and best practices from their grants, discussed GBV approaches, and helped leaders of newly approved grants refine their design based on prior experience. The event also informed the concept of a newly approved GBV grant in Haiti (SPF 2.0). Communicating the work of SPF 1.0 to external audiences was critical to the Fund's impact and support. In January, the World Bank published Financing Options to help smallholder framers prepare for disaster risks in the Democratic Republic of Congo. The analytical work in this project was supported by an SPF grant. In March 2022, the World Bank published Tackling Gender-based Violence in Fragility Contexts, featuring the work of two projects financed by SPF grants: the Development Response to Development Displacement Impacts Project in the Horn of Africa and the Promoting GBV Services for Women and Girls project. Gender was highlighted in two blogs published on Dev4Peace in March and October-Improving Natural Resource Management Paves Way for Peace and Inclusion and Integrating Gender Project in Fragile and Conflict Settings. Both blogs examined the findings of the Defueling Conflict: Environment and Natural Resource Management as a Pathway to Peace, an SPFsupported report showing the linkages between gender, conflict, and the environment. In April 2022, Dev4Peace published Waking up to a new reality: Latin America's response to the Venezuelan Exodus, featuring SPF-supported work in Colombia, Ecuador, and Peru.



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In addition to these, the SPF project teams contributed to several analytical outputs, products, and key flagship reports, through the underlying projects. The SPF website continues to be the main external resource for the SPF's work.



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#### **SPF SPOTLIGHT**

#### Democratic Republic of Congo: Data and Analytics for Crisis Response

The DRC is the largest country in Sub-Saharan Africa, but most of its people have not benefited from its bounteous natural resources: minerals such as cobalt and copper, hydropower potential, arable land, immense biodiversity, and the world's second-largest rainforest. Rather, a long history of conflict, political upheaval and instability, and authoritarian rule have resulted in a grave, ongoing humanitarian crisis.

The DRC is among the five poorest nations in the world. In 2021, nearly 64 percent of Congolese, or slightly fewer than 60 million people, lived on less than \$2.15 a day. About one out of six people living in extreme poverty in Sub-Saharan Africa lives in the DRC.

The DRC's history is associated with violence, and the costs of conflict have been enormous. Despite efforts at conflict prevention and stabilization, pockets of insecurity persist in the country, particularly in the eastern region. Multiple crises have hindered the country's prospects for economic growth and poverty reduction: Ebola emergencies, the COVID-19 pandemic, local and international conflicts, and vulnerability to climate change.

For effective interventions in this complex context, reliable data and analytics are crucial for evidence-based decision-making. SPF 1.0 financed two grants supporting data and analytics for crisis response: the **\$500,000 DRC Crisis Observatory**, to use adaptive tools for data and monitoring to collect data at high frequency, and to share the data with humanitarian, donor, and development partners to improve coordination and decision-making; and the **\$150,000 DRC Supporting Conflict Prevention project,** to strengthen the research and analytics on the social-economic aspects of conflict and to recommend support for stabilizing the country.

With critical support from SPF 1.0 and the Joint Data Center on Forced Displacement, the DRC Crisis Observatory established a proof of concept that even in complex FCV contexts with multiple crises (Ebola, COVID-19, conflict, climate change), high-frequency data collection and analytics are possible. For example, the use of public lotteries ensured that self-selection of poor and vulnerable populations from Ebola hotspots and phone registries of school directors were leveraged, through a partnership with the Education Global Practice.

Under the DRC Supporting Conflict Prevention grant, the use of a flexibility methodology allowed real-time inventory of armed groups, establishment of a criteria framework to distinguish between types of armed groups, and analytics of the factors that motivated the armed groups. The project also analyzed how to strengthen governance through decentralized structures on the ground, which are useful to assess the local political economy in FCV contexts.

Outputs from these projects have provided a better understanding of living standards affected by the crises and have informed technical interventions and the development of new projects. These outputs have contributed to core research and analytic pieces, such as the

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**Empowering Girls and Enhancing Learning in DRC,** and have deepened understanding of price shocks stemming from the war in Ukraine. Both SPF-funded projects informed the new **World Bank \$250 million Stabilization and Recovery in Eastern DRC project** that will provide improved access to community infrastructure and reintegration programs for millions of Congolese residing in the eastern provinces.

The DRC Crisis Observatory has positioned itself as a core research and learning partner for future projects by investing heavily in local capacity building, through multiple training sessions and expanding the talent pool to include youth. Its methodologies and lessons are relevant in other FCV contexts and already have informed efforts outside of the eastern DRC, including in establishment of the Crisis Observatory model in Burundi, under the **World Bank \$40 million Merankabandi Social Safety Nets project.** 













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# **SPF SPOTLIGHT** Armenia: Support to Conflict-Affected Families

More than 90,000 people, 88 percent of them women and children, were displaced to Armenia in a flare-up of the Nagorno-Karabakh conflict between September and November 2020. The displaced population of the disputed territory—internationally recognized as part of Azerbaijan but inhabited mostly by ethnic Armenians—lacked access to basic services, education, and health care after leaving behind their assets, livelihoods, and social networks. Economic activity in Armenia declined by 7.4 percent in 2020.

SPF 1.0 provided a one-year grant of \$3.72 million to the Government of the Republic of Armenia to improve the resilience of displaced people and reduce the financial burden on host families, with a particular focus on women and vulnerable members of the population. The SPF project, implemented by the Ministry of Labor and Social Affairs, supported temporary cash benefits to displaced families, to help them buy food and find jobs, and to their host families. As of 2022, at completion, the project had:

- Financed cash grants for 4,000 displaced people, of which 52 percent were women, with a monthly amount equal to the minimum wage (AMD 68,000) per adult/child, for as many as four months.
- Provided cash transfers (AMD 30,000) to 4,872 host families hosting close to 13,000 displaced people.

• Temporarily subsidized an employment program for close to 400 displaced people, of which 76 percent were women.

• Supported 80 displaced individuals through a cash-for-work public works program. The project financed 10 and the government financed 70.

The grant was a success on several fronts. It provided incentives to Armenians to host displaced people. Meanwhile, the Food Consumption Score (a common food security indicator) of displaced people improved by 20 percent over the baseline.

The project was directly linked to the WBG FCV Strategy focus areas of **forced displacement, humanitarian-development-peace nexus,** and **prevention and recovery,** and it built on the consultations of the **Inter-Agency Working Group for Humanitarian Cash Transfers,** which the UN put in place to coordinate humanitarian efforts across 22 organizations.

The World Bank was one of the few partners able to channel its support through the government treasury, directly financing government programs. Using government structures and payment systems ensured that the SPF project fulfilled an important role within the multipleagency response to the crisis and also reduced overhead costs (less than \$30,000, of a total grant of \$3.7 million). Moreover, the resources from the SPF grant were targeted at all displaced families deemed eligible according to the agreed government policy and were allowed

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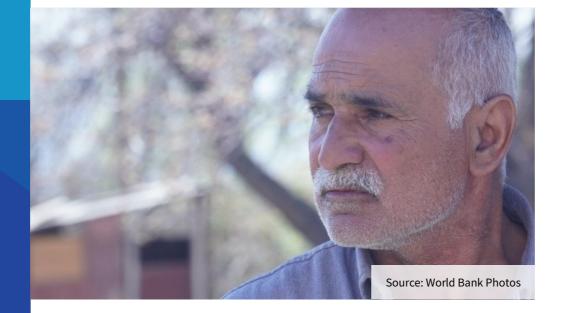
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to be reallocated across agreed programs. This flexibility proved to be an advantage in the emergency. In contrast, parallel financing from other donors had conditions attached, for example, a requirement that it be combined with in-kind support or that it target defined groups (only children or only women). This created fragmentation and made it difficult to provide support to entire families.

Meanwhile, the SPF project's support for employment measures also offered ways to integrate the beneficiaries into local society. Beneficiaries felt that participation in the program not only provided a source of income, but also helped them to integrate into the Armenian labor market more quickly and contributed to the recovery of their psychological well-being. Lessons learned from this project informed the World Bank-Armenia Country Partnership Framework, the design of government employment programs for displaced people, and the Risk and Resilience Assessment and other analytics for Armenia.



The program implemented by the World Bank with all its constituents was a considerable financial support to the state, as it gave an opportunity to quickly respond to the reduction of financial expenses in the short term and to alleviate the burden on public resources. The program has had a significant positive impact on ensuring the stability of conflict-affected persons and reducing the financial burden of host families, as it essentially shared the financial burden of the state needed to ensure the stability of conflict-affected persons, provision of financial support to host families, and provision of work experience for displaced persons.

Ministry of Labour and Social Affairs, Government of the Republic of Armenia

I worked as an electrician in Artsakh for 27 years. After the war, we didn't even take a blanket when we moved to Armenia. This program provided me work and I wish it would last longer.

> **Lyova Hasanyan** moved to Armenia with seven family members

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# **ACKNOWLEDGMENTS FOR SPF 2.0**

The SPF program management team expresses its thanks to its development partners, the project teams, and the 19 beneficiary countries and executing agencies of SPF 2.0 grants thus far, for their dedication to advancing statebuilding and peacebuilding programs across the world.

# **Contributing Members**



# **Beneficiary Countries**



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# **SPF 2.0 AT A GLANCE**

#### Global

- \$1.9 Million Committed
- 28% of Total Commitments
- Grants: 7

# SPF BY THE NUMBERS

8 FUND VALUE \$37 Million 21 **19 COUNTRIES** GRANTS SUPPORTED

76% 3% COMMITTED DISBURSED

including program management commitments and disbursements

Latin America and the Caribbean

- \$1.1 Million Committed
- 16% of Total Commitments
- Grants: 3

Data as of December 31, 2022

• \$265,000 Committed • Grants: 1

Western and Central Africa • 4% of Total Commitments

#### Middle East and North Africa • \$800,000 Committed • 12% of Total Commitments • Grants: 2

**Europe and Central Asia** • \$1.3 Million Committed • 20% of Total Commitments • Grants: 4

#### **East Asia and Pacific**

- \$400,000 Committed
- 6% of Total Commitments
- Grants: 1

South Asia • \$0 Committed • Grants: 0

#### Eastern and Southern Africa

- \$972,428 Committed
- 14% of Total Commitments
- Grants: 3

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# SPF 2.0 IN 2022

# Overview

The State and Peacebuilding Umbrella Trust Fund (SPF 2.0) is the lead umbrella trust fund supporting the implementation of the World Bank's FCV Strategy and generating knowledge in frontier areas in FCV. Formally launched in January 2022 to build on the legacy of SPF 1.0's pathbreaking work on FCV, SPF 2.0 embraces a new vision for its role going forward. The umbrella trust fund is fully aligned with the World Bank's FCV Strategy and the four pillars of engagement, and its core mandate is to implement the strategy at the country, regional, and global levels. SPF 2.0 continues to build partnerships with donors and engagement with a broad range of stakeholders to meet the increased demands of supporting institutional capacity and building peace through long-term resilience in the face of FCV. The successor fund builds on the work of SPF 1.0, which helped catalyze and reinforce an evolution during which FCV become a central priority of WBG engagement. This foundational work included financing innovative efforts that fed into the "pivot to prevention," a key pillar of the FCV Strategy.

SPF 2.0's role as a rapid response vehicle for the quick mobilization of finance is in line with the World Bank's increased focus on greater flexibility and speed when responding to FCV crisis situations. Stakeholders continue to perceive the SPF as a key provider of crucial financing for countries that cannot access IDA (including countries in arrears, nonmembers, and IBRD countries). In addition, SPF 2.0's processes for grant-making operate rapidly and are adapted to responding quickly to emerging crisis situations. Finally, the SPF allows for the piloting and testing of innovative (and potentially higher-risk) approaches, which provides opportunities for small-scale projects with the potential to be scaled up, mainstreamed, and institutionalized over time.

Partnerships remain a critical aspect of FCV and of SPF-financed work. SPF 2.0 supports World Bank engagement in policy dialogue with national and international actors on addressing the impacts of crises and identifying recovery pathways. In line with the commitment to strengthen efforts across the humanitarian-development-peace nexus, SPF 2.0 is coordinating World Bank collaboration with humanitarian actors to ensure more strategic targeting of humanitarian and development resources, and also with actors engaged in peace mediation efforts. In this realm, SPF 2.0 contributes technical expertise on the economic dimensions of peacebuilding.

SPF 2.0 focuses on catalytic, innovative, and targeted activities that provide clear additionality to existing WBG instruments. The approach and design of SPF 2.0 is guided by the theory of change outlined in figure 3.

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# Figure 3. SPF 2.0 Theory of Change



#### Institutional Vision and Goals

Support progress toward the WBG's Twin Goals and SDG outcomes by addressing causes and drivers of FCV and promoting sustainable peace and recovery following crises.

#### SPF Development Objective

Enhance and expand the frontiers of World Bank engagement in addressing the drivers and impacts of FCV and strengthen the resilience of countries and affected populations, communities, and institutions.

#### FCV Strategy Pillars and Corresponding SPF Areas of Focus



#### Preventing Violent Conflict and Interpersonal Violence

**SPF Focus:** Support efforts to understand, prevent, and mitigate the causes and risks of violence and conflict.

#### Remaining Engaged During Conflict and Crisis Situations

SPF Focus: Support timely and effective response to crises and transitions, while strengthening resilience to FCV shocks.

#### Helping Countries Transition Out of Fragility

**SPF Focus:** Support sustainable recovery from crises and conflict, build resilience, strengthen institutions and governance, and address FCV drivers.

#### Mitigating the Spillovers of FCV

**SPF Focus:** Support the identification, prevention, and mitigation of cross-border and regional FCV drivers and consequences.



#### SPF Program Objectives (to be tailored to area of focus outcomes)

#### Program Objective 1

Develop new strategic and operational approaches and solutions to address FCV drivers and impacts.

#### Program Objective 2

Leverage IDA and other funding sources to address FCV priorities, through targeted and catalytic SPF financing and pilot interventions.

#### Program Objective 3

Facilitate and help deliver collective results across the humanitarian, development, and peacebuilding nexus, through effective partnerships and policy dialogue.

#### Program Objective 4

Strengthen institutional knowledge and capacities regarding FCV at global, regional, and country levels.

#### **Cross-Cutting Priorities** (mainstreamed across strategic areas of focus)

#### Addressing Root Causes and Impacts of FCV

- Focus on inclusion and ensure that the needs of the most disadvantaged and vulnerable populations are prioritized, paying especial attention to forcibly displaced populations and host communities.
- Address the gender-specific drivers and impacts of FCV on women, men, girls, and boys, and ensure that interventions are appropriately tailored.





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SPF 2.0 has four strategic areas of focus that are fully aligned with the World Bank FCV Strategy, as outlined in figure 4.

Grants also are directed toward emerging or frontier issues that reflect the new reality of FCV: understanding compound risks, developing conflict sensitivity, and finding operational approaches to create resilience in the face of climate change. Priorities from SPF 1.0 that continue under SPF 2.0 are protecting vulnerable groups such as refugees and host communities and addressing genderbased inequalities.

#### Enclose this in parentheses:

(A list of all active SPF 2.0 grants can be found on the SPF website: <u>https://www.worldbank.org/en/programs/state-and-peace-building-fund/priority-themes.</u>)



## **Results**

2022 was the first year of reporting under the new results framework for SPF 2.0. The framework (appendix 5) was developed in line with the World Bank's guidance for umbrella trust funds and informed by lessons learned from results monitoring and reporting under SPF 1.0. The SPF Partnership Council endorsed the framework and targets for 2022 in December 2021, just prior to the launch of the new fund.

While it is still early to fully assess outcomes, the results for 2022 demonstrate good progress in several dimensions. Targets related to SPF 2.0's two cross-cutting priorities were both surpassed. In 2022, 62 percent of the portfolio targeted vulnerable populations, against the target of 50 percent. This includes grants targeting forcibly displaced people, youth, and survivors of GBV. Fifty-six percent of the portfolio addressed gender-specific drivers and impacts of FCV, almost double the target of 30 percent. Notably, the result for grants that primarily addressed gender in FCV, as determined by the project development objective, was 27 percent.

Slightly less than half of the 2022 portfolio supported frontier work in FCV contexts or piloted innovative approaches to working in FCV contexts. This result is a strong indication of SPF 2.0's contribution to advancing the frontiers of the World Bank's engagement in FCV contexts, for example, related to financing for climate change adaption, justice and the rule of law, or to land tenure and titling for women and minority groups. The 2022 result of 48 percent fell short of the target of 60 percent. However, when approved grants that had not yet started implementation as of the end of 2022 are included,<sup>21</sup> the result for work exploring frontier topics or piloting innovative approaches is expected to rise to 62 percent.

<sup>&</sup>lt;sup>21</sup> SPF results reporting is based on the active portfolio during the reporting year. A number of larger, recipient-executed grants were approved in 2022 but had not yet begun implementation of activities by the end of the year.

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Partnerships are essential for addressing the drivers and impacts of FCV, and SPF 2.0 grants are implemented in collaboration with UN entities, multilateral institutions, and NGOs and civil society organizations, in addition to close engagement with client governments. In 2022, 85 percent of the portfolio was implemented in collaboration with UN entities. This included work in Haiti on GBV prevention and response; in Libya on a Recovery and Peacebuilding Assessment; in Romania and the Dominican Republic, working with UNHCR on forced displacement and migration; and in Ethiopia, engaging with the International Organization for Migration to understand the needs of internally displaced persons. Nonetheless, this result fell just short of the target of 90 percent. Final project reporting is not yet available for grants under SPF 2.0, and we expect that engagement with UN counterparts will take place as implementation of activities proceeds, including as part of dissemination of project results and lessons. The SPF program management team will work with project teams during preparation of funding proposals to ensure that engagement with UN entities is encouraged and accurately captured in the proposal. In addition to engaging with the UN, just under half of the portfolio, 47 percent, is implemented in collaboration with NGOs, civil society organizations, multilateral development banks, or local governments, slightly less than the target of 50 percent.

Results at the intermediate outcome level fell below the annual targets, in large part because activities took longer than anticipated to launch. However, based on project implementation plans, delivery on these intermediate outcomes is expected to ramp up. Most grants began implementation in mid-2022, which left insufficient time for achieving and reporting results by the end of the calendar year. Only one grant approved in 2022 also completed activities within the year: the Enabling Resilient Recovery and Reconstruction grant in Ethiopia that supported the government in assessing the impacts of the conflict across the northern part of the country, thereby preparing for a longer-term recovery and reconstruction strategy. The analysis produced under the grant fed into the government's Resilient Recovery and Reconstruction Planning Framework, 2023-2028, which was intended to support Ethiopia's progress from early recovery to longer-term resilience and disaster preparedness.

Grant-level indicators were piloted under SPF 2.0. These are projectlevel indicators that grant recipients included in their project results frameworks as relevant, with the goal of enabling aggregated reporting across the portfolio for some standard indicators. In 2022, nearly all approved projects (19 out of 21) included at least one of the recommended indicators in its project results framework. Results for these grant-level indicators will be reported in the next SPF annual report, to allow adequate time to implement grant activities and complete reporting against the indicators. Based on those results, there may be adjustments to the indicators or to the approach of suggesting standard indicators to project teams.

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# Strategic Areas of Focus and Support for Frontier Topics

#### I. PREVENTING VIOLENT CONFLICT AND INTERPERSONAL VIOLENCE



SPF 2.0 priorities are to analyze and monitor risks related to the onset or escalation of violence and conflict; identify opportunities and innovative approaches to mitigate associated drivers and vulnerabilities; strengthen sources of resilience through analytical products and building institutional capacity; assess the gender-specific causes and manifestations of violence and the role of women in supporting risk prevention and mitigation efforts against conflict; and collaborate with international partners on analytical work and policy dialogue on prevention.

#### CENTRAL ASIA: ADDRESSING AND ENHANCING RESILIENCE TO FRAGILITY, CONFLICT, AND VIOLENCE IN BORDER AREAS, BANK-EXECUTED, \$250,000

**Grant Objective:** To deepen the understanding of compound risks created by the nexus in Central Asia between large-scale economic shocks and highly remittance-dependent economies, transboundary natural resources management, climate change, institutional fragility, and conflict, and to inform operational responses to strengthen resilience to these transboundary drivers. The project will do this in two components. Addressing Transboundary FCV Drivers will conduct both just-in-time analysis of specific development issues to inform World Bank regional operations that support resilience to transboundary FCV drivers and risks, and also regional policy dialogue and stakeholder engagement. Fragility risk monitoring and knowledge dissemination will take place through FCV risk monitoring in rural communities in the Ferghana Valley (in Tajikistan, Uzbekistan, and the Kyrgyz Republic) and in border areas with Afghanistan; and fragility risk monitoring in Central Asia.

**Progress to Date:** Thus far, the grant has supported an innovative fragility risk monitoring approach in Central Asia, which includes the development of a bespoke typology of conflict events recorded in the Armed Conflict Location Event Dataset, and qualitative analysis of these events. The grant has supported the production of two briefs about FCV risks and dynamics in rural communities in Tajikistan, Uzbekistan, and the Kyrgyz Republic, one focused on measures of social cohesion, and the other on climate change. The grant has also supported dialogue with UN agencies on a proposed crisis risk monitoring dashboard for Central Asia.

Further, the grant has catalyzed resources from the United Kingdom's Foreign Commonwealth and Development Office's Conflict Stability and Security Fund to support World Bank FCV operations in Central Asia.

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#### **II. REMAINING ENGAGED DURING CONFLICT AND CRISIS SITUATIONS**



SPF 2.0 supports the World Bank's commitment to remaining engaged in situations of active crisis and violent conflict. This engagement can take the form of support for preserving human and institutional capacities, strengthening resilience, and establishing foundations for recovery and reconstruction, as well as responding to unforeseen emergencies and urgent situations, in line with the World Bank's capacity to provide rapid and flexible support.

#### GLOBAL: UPDATED INTEGRATED FRAMEWORK FOR JOBS IN FRAGILITY, CONFLICT, AND VIOLENCE, BANK-EXECUTED, \$70,000

**Grant Objective:** To inform the support of the WBG and partners for jobs in situations affected by FCV. The grant will finance targeted analysis of frontier issues relating to jobs in FCV—the impact of conflict

on markets and aggregate demand and the scope for second-best reforms of macro-fiscal policy. The grant also will pay for translating insights from these assessments and existing work on employment into policy messages to update the Integrated Framework for Jobs in FCS.

## **III. HELPING COUNTRIES TRANSITION OUT OF FRAGILITY**



SPF 2.0 supports World Bank engagement in sustainable recovery from crisis and conflict and promotes conflict-sensitive development solutions that help countries build the resilience and institutional capacity needed to foster longer-term stability and prosperity. The grant emphasizes addressing immediate post-conflict transition priorities and identifying long-term transformational development pathways to address the root causes of FCV.

#### ETHIOPIA: ENABLING RESILIENT RECOVERY, BANK-EXECUTED, \$397,428

**Grant Objective:** To support the Government of Ethiopia in assessing the impacts of multiple conflicts across Ethiopia and laying the foundation for a longer-term resilient recovery and reconstruction strategy. The project completed an assessment in December 2002, with analytics triangulating data from a private sector firm, research done with partners, and remote-sensing technologies, including satellite imagery analytics. The assessment includes cross-cutting themes, such as displacement and gender, supporting a holistic and

integrated approach to recovery planning. The assessment estimates more than \$22.5 billion in damages and \$5.9 billion in losses as a result of multiple conflicts from November 2020 to December 2021. Recovery needs were estimated at nearly \$19.3 billion. The damage and needs assessment forms part of the baseline for future government-led interventions, supporting evidence-based recovery planning. Translating the conflict assessment analysis into action, the government has now developed an Ethiopia Resilient Recovery and Reconstruction Planning Framework, 2023-2028. The project is focused on communications and launching the assessment findings.

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#### LEBANON: SUPPORT FOR URGENT REFORMS OF THE WHEAT AND BREAD SUBSIDY SYSTEM, BANK-EXECUTED, \$400,000

**Grant Objective:** To develop an economically and fiscally sustainable reform pathway to transition away from the current wheat subsidy system, that would help avoid further escalation of the current food insecurity situation. The client requested this project during development of the World Bank emergency Wheat Supply operation. The World Bank will implement the project through two components:

(1) an analysis of Lebanon's current wheat/flour/bread price regulation and subsidy; and (2) a communications and stakeholder engagement strategy to disseminate findings, prioritizing the needs of the most disadvantaged and vulnerable populations. The project will support Lebanon by providing a sustainable and inclusive roadmap to reform the current wheat subsidy and bread price controls, as lifting bread price controls too abruptly could have devastating consequences on Lebanese consumers, and especially on the most vulnerable groups.

## IV. MITIGATING THE SPILLOVERS OF FRAGILITY, CONFLICT, AND VIOLENCE



In line with the World Bank's focus on addressing regional and subregional development challenges, SPF 2.0 support is oriented toward addressing regional and transboundary FCV-related shocks and stresses (climate change, food insecurity, pandemics, other crises), to prevent and mitigate the spillovers of FCV to support countries and the most vulnerable and marginalized communities that are impacted by cross-border crises. These crises include forced displacement or shocks resulting from famines, pandemics, and climate challenges, and destabilizing violence and conflict and their spillover effects. Several projects under SPF 2.0 are already investing in this area, further highlighted in the climate frontier section below.

#### INSECT FARMING FOR FORCIBLY DISPLACED, RECIPIENT-EXECUTED AND BANK-EXECUTED, \$4.95 MILLION

**Grant Objective:** To pilot insect production and processing as a way of boosting resilience for forcibly displaced communities and their hosts. The pilot program, to be implemented with UNHCR, helps forcibly displaced women and youth produce, process, and market

insects, for use as human food, animal feed, and fertilizers. The improved economic resilience from this farming will provide income, livelihoods, and food security for forcibly displaced populations. This will help reduce the negative spillover effects from FCV and allow these communities to recover, thereby reducing the risk of future violence.

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# Fragility, Conflict, and Violence "Frontier" and Emerging Areas

During the preparation of SPF 2.0, the World Bank undertook extensive consultations with external and internal stakeholders and emphasized that SPF 2.0 would continue to innovate and to push the boundaries of the FCV Strategy, both within the World Bank and on the ground. Many activities financed by SPF 1.0 are now mainstreamed within country programs. SPF 2.0 will seek to pioneer to address knowledge gaps and will pilot new operational approaches for FCV, integrating a strong emphasis on knowledge and learning to develop and mainstream new practices as part of the World Bank's overall approach to FCV.

#### GENDER AND GENDER-BASED VIOLENCE IN FRAGILITY, CONFLICT, AND VIOLENCE

The World Bank is increasing its focus on gender equality in operations in FCV contexts, in alignment with the WBG FCV Strategy (2020-2025), the World Bank Gender Strategy (2016-2023), and the UN's Women, Peace, and Security Agenda. Addressing gender inequalities and exclusion is critical to consolidate peace and security in contexts affected by FCV. While FCV impacts both females and males, women and girls are disproportionately affected. They experience increased risks of GBV and have higher incidences of poverty and dropping out of school. They face greater barriers to accessing economic opportunities, and the share of women-headed households tends to increase during periods of violence and conflict. On the other hand, higher rates of gender equality and inclusion are correlated with resilience and recovery from conflict and violence, so it is key to promote economic opportunities and increase the voice and influence of women in FCV contexts. Throughout its engagement in FCV-affected settings, the WBG is working to address gender gaps and the needs of women and girls. The World Bank is increasing its operationally relevant analytical work in FCV contexts that identifies both gender-based discrimination and harmful gender norms (including those that drive GBV), as well as gender gaps in access to economic opportunities, assets, and human capital. SPF 2.0 continues SPF1.0's focus on gender, and has ramped up and prioritized investments on gender from the outset, with a substantive and diverse gender and FCV program that covers investments across regions and a range of support for addressing gender in FCV contexts that:



Reduce disparities between women and men and boys and girls

Ensure inclusion in the design and implementation of WB operations or dialogue





Pilot innovative approaches to enhancing women's voice and agency

Produce new analysis or knowledge on gender in FCV

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Table 2. SPF 2.0 Grants Addressing Gender	
Grant Objective	SPF Grant Amount
Central America: SAFE Migrations: To carry out a Survivor-Centered Accessibility Framework Evaluation (SAFE) along migratory routes.	\$400,000
Gender and Forced Displacement in Cities: To develop an operationally relevant framework for gender and forced displacement in cities.	\$210,000
<b>Operationalization of the Gender Dimensions of Forced Displacement:</b> To better address the spillover effects of forced displacement in five countries by closing gender gaps and preventing and responding to GBV in forcibly displaced and host communities.	\$331,125
Addressing Gender Inequalities in FCV by Measuring the Legal Environment: To generate knowlege and evidence on the role that implementation of laws protecting women's right plays in ensuring their economic empowerment, and identity hurdles to the full economic participation of women in FCS.	\$350,000
<b>Ethiopia: Strengthening Implementation of Women's Empowerment and Eliminating GBV:</b> To enhance the capacity of implementing agencies to design, implement and monitor high-quality gender communication activities to support interventions on closing gender gaps and eliminating GBV in selected operations.	\$275,000
Kosovo: Public Information Awareness Services: To improve access to information and counseling services for women, youth, and vulnerable persons, to increase access to land and property registration and strengthen tenure security.	\$3,200,000
Haiti: Promoting GBV Services for Women and Girls: To increase access to adequate comprehensive services in targeted areas to GBV survivors and/or women and girls at risk.	\$300,000
<b>Dominican Republic: Multi-Sectoral Response to Migratory Flows:</b> To improve the institutional, statistical, planning, and coordination capacities to inform policy dialogue toward a multi-sectoral and inclusive response to migratory flows.	\$5,000,000
<b>Insect Farming for Forcibly Displaced:</b> To pilot insect production and processing for increased resilience for forcibly displaced and host communities.	\$4,950,000
<b>Nepal: GBV Prevention and Response:</b> To increase women's and girls' access to integrated and multi-sectoral GBV prevention and response services in municipalities.	\$5,000,000

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# FRAGILITY, CONFLICT, AND VIOLENCE IN MIDDLE-INCOME COUNTRIES

FCV affects an increasing number of middle-income countries, which can have substantial regional and global impacts. The prevalence of political violence in these countries is comparable to-and in some years has even exceeded that of-low-income countries. Of the 15 countries with the highest deaths per capita from political violence, 8 are middle income, and of the 15 countries with the highest homicide rates per capita, 13 are middle income. Beyond the human costs, persistent conflict in middle-income countries, whether on a national or subnational level, is also linked to slower economic development.<sup>22</sup> In addition, the spillover effects of conflicts in neighboring countries are significantly affecting middle-income countries, whether related to trade or to hosting large numbers of forcibly displaced people. The latest demonstration of the challenges associated with fragility and conflict in middle- and even high-income countries is the ongoing war in Ukraine and its financial and commodity implications, together with more than 3 million Ukrainian refugees flooding into neighboring countries.<sup>23</sup> Responding to challenges in these middle-income countries is a frontier priority under SPF 2.0, and the following projects have been funded in 2022:



<sup>23</sup> UNHCR and International Organization for Migration, as of March 16, 2022.

<sup>&</sup>lt;sup>22</sup> Analysis of FCV in middle-income countries shows that countries that have been unable to transition to a higher-income band over the past 25 years are more likely to have experienced large-scale political violence. Source: World Bank Group, *Fragility, Conflict and Violence in Middle-Income Countries* (2022).

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Table 3. SPF 2.0 Grants in Middle-Income Countries	
Grant Objective	SPF Grant Amount
Libya: Recovery and Peacebuilding Assessment: To provide technical support to the government to establish a national strategy for recovery and peacebuilding as a key outcome of the assessment process.	\$400,000
<b>Azerbaijan: Support for Recovery and Pecebuilding:</b> To improve government policy regarding, and program implementation of, recovery and peacebuilding, while also increasing the skills, access to support services, and opportunities for income generation for vulnerable households of internally displaced persons.	\$2,400,000
Zimbabwe: Shock-Responsive Social Protection Action Plan: To develop an action plan and standard operating procedures for shock-responsive social protection.	\$300,000
Lebanon: Support Reforms of the Wheat and Bread Subsidy System: To develop an economically and fiscally sustainable, as well as socially acceptable, reform pathway to transition away from the current wheat subsidy system.	\$400,000
<b>Dominican Republic: Multi-Sectoral Response to Migratory Flows:</b> To improve the institutional, statistical, planning, and coordination capacities to inform policy dialogue toward a multi-sectoral and inclusive response to migratory flows.	\$5,000,000
<b>Romania: Support for Ukrainian Forcibly Displaced Crisis:</b> To strengthen registration and support services for Ukrainian forcibly displaced populations, through indentifying gaps and opportunities to inform evidence-based policies and supporting servies.	\$290,000

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# CLIMATE CHANGE AND THE FRAGILITY, CONFLICT, AND VIOLENCE NEXUS

The WBG is stepping up its efforts to help countries adapt to and address climate-related change in FCV contexts. Climate change is a driver of fragility and a threat multiplier. Both in the immediate term and long term, climate change can increase vulnerabilities, exacerbate grievances, and deepen existing fragility. Adverse climate events and natural disasters can increase the risk of violence and conflict, between people and between groups. By 2030, climate impacts could push an additional 100 million people into poverty. By 2050, in the three regions studied (Sub-Saharan Africa, South Asia, and Latin America and the Caribbean), as many as 143 million people could become climate migrants, with potentially destabilizing effects.<sup>24</sup> People in the poorest countries—and the most vulnerable groups within those countries are the most threatened by the impacts of climate change. Ultimately, the compound impacts of FCV and climate change can undermine human security and peace. The WBG's approach to addressing climate change includes:

Natural resources management can be a powerful driver of fragility and conflict or a critical tool for peacebuilding.



**Focusing on the Most Vulnerable Communities.** In areas like the Lake Chad region and Horn of Africa, the WBG is building on decades of experience with Community Driven Development (CDD) to address underlying factors such as social and economic exclusion and to ensure that climate adaptation and mitigation strategies work for all.



#### Prioritizing Efforts to Monitor Compound Risks and Emphasize Effective Early Action and Prevention.

The WBG is leveraging its financing, analytics and partnerships in fragile settings to better monitor and address the impacts of climate-related change in FCV contexts. The World Bank has intervened early to prevent food insecurity in Somalia, and invested in climatesmart infrastructure and safety nets in Mozambique and Zimbabwe, both before and after Cyclones Idai and Kenneth.



Supporting People to Adapt to Climate Change— Before, During, and After Migration. Before migration, the WBG is helping people stay in their homes through the use of drought-resistant seeds and crops and livelihood diversification; during migration, the WBG is supporting urban and social services, infrastructure, job training for climate migrants and hosts; and after migration, the WBG is supporting the people in sending and receiving areas through access to jobs, skills and social services.

<sup>24</sup> Kanta Kumari Rigaud, et al., Groundswell: Preparing for Internal Climate Migration (Washington, DC: World Bank, 2018).

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Support for climate resilience of FCV-affected communities is one of the frontier topics targeted under SPF 2.0. As a core instrument to support the WBG's FCV Strategy and related corporate commitments, SPF 2.0 is helping to catalyze and support the World Bank's work on the linkages between climate change and FCV (table 4). This work aims to inform WBG interventions and is outlined in the 2022 report, supported under SPF 1.0, <u>"Defueling Conflict:</u> <u>Environment and Natural Resource Management as a Pathway</u> <u>to Peace"</u>. Seventy percent of the most climate-vulnerable countries are also among the most fragile.<sup>25</sup> SPF support for this frontier area includes (1) increasing the capacity of funders and recipients to scale up commitments and distribution of climate adaptation finance in FCV settings, to narrow the adaptation funding gap; and (2) better identifying gaps in the crisis preparedness of IDA and FCV countries and entry points for addressing those through targeted diagnostics, analytics, and knowledge.

	Table 4. SPF 2.0 Grants Addressing Climate Change in Fragility, Conflict, and Violence	
Title	Objectives	SPF Grant Amount
Insect Farming for Forcibly Displaced	To reduce food insecurity and provide livelihoods for refugee, displaced, and host communities by helping them produce and market micro-livestock (insects for human food, animal feed, and fertilizers). Insect farming is a climate-friendly and environmentally sustainable form of protein production because it does not require large amounts of land or water. Farming edible insects can efficiently convert low-grade streams of food production, such as organic agricultural waste, into high quality protein and vitamins. Insects are considered the "missing link" in a circular and sustainable food ecosystem.	\$4,950,000
Scaling Adaptation Finance in FCV	To increase the capacity of stakeholders in FCV countries to access, mobilize, and implement adaptation finance. The project brings funders and recipients together to create new partnerships and explore innovative ways to overcome barriers to adaptation finance in FCV settings.	\$350,000
Supporting Crisis Preparedness in FCV	To support client dialogue on crisis preparedness by identifying gaps and opportunities to strengthen the capacity of IDA, and IDA FCS countries in particular, to prepare for and manage crises in an effective and timely manner. Activities would focus on delivering diagnostics, analytics, and knowledge to inform World Bank operations and programming in countries vulnerable to compound risks, including FCV risks.	\$225,000

<sup>25</sup> United Nations Environment Programme (November 2021), https://www.unep.org/news-and-stories/story/climate-action-holds-key-tackling-global-conflict.

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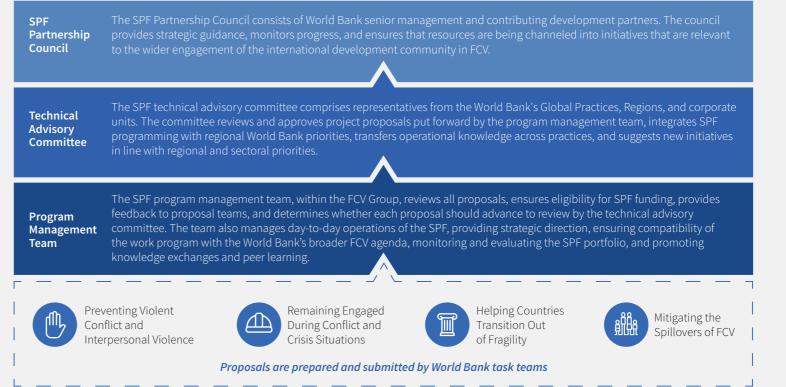
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Other emerging topics continue to be explored under SPF 2.0 to ensure proactive and adaptive response to FCV situations. These include specific issues, such as the inter-relationship between climate change, disaster, and conflict; natural resource management; how to strengthen financial sectors in FCV contexts; mental health and psycho-social support; and addressing interpersonal violence.

# Fund Administration

The SPF 2.0 Umbrella Program continues the streamlined and efficient structure established under SPF 1.0 and well-regarded by donors and management. It comprises: (1) the SPF Partnership Council, which provides strategic direction to the trust fund; (2) a technical advisory committee, which approves proposals; and (3) a program management team, which manages day-to-day operations of the umbrella trust fund (figure 5).





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The SPF Partnership Council serves as the governance body of SPF 2.0. It meets annually to take stock of progress, provide strategic guidance to the umbrella trust fund, and facilitate coordination with both the UN Peacebuilding Fund and that fund's Humanitarian-Development-Peacebuilding and Partnership Facility on collaborative work, including joint diagnostics and operations.

The SPF Partnership Council comprises a representative of each donor providing a financial contribution to the umbrella program; representatives from the World Bank, including the global director for the FCV Group; and the umbrella trust fund program manager. Other stakeholders are also invited to participate as observers, as appropriate and in consultation with members of the council.

The 2022 SPF Partnership Council held its first face-to-face meeting after a few years of COVID-19 restrictions. The two-day meeting was cohosted by the World Bank and the Danish Ministry of Foreign Affairs and brought together development partners, SPF secretariat and technical advisory committee members, country management, grant teams, and representatives from the UN Peacebuilding Fund and the Humanitarian-Development-Peacebuilding and Partnership Facility, to present and discuss the progress SPF has made in addressing issues of FCV.

#### **PROGRAM MANAGEMENT**

The FCV Group manages the umbrella trust fund. The program management team is responsible for coordinating the allocation of funds and leading the day-to-day management and administration of the umbrella trust fund. The technical advisory committee is a World Bank-wide body with the authority to review and approve proposals for SPF financing. The committee is designed to ensure a balanced representation of the key World Bank units, including regional Vice Presidential Units, practice groups, and central units. The technical advisory committee has been reconstituted, with increased emphasis on FCV experience across regions and sectors, and is expected to convene in 2023. Committee members provide advice and approval on proposals and potential frontier areas in FCV where SPF 2.0 could provide support to further the FCV agenda.

#### **ALLOCATION METHODOLOGY**

As a demand driven fund, SPF 2.0 accepts proposals on a rolling basis. The program management team reviews proposals as they are received (figure 6). Allocations at the activity-level are made by the technical advisory committee in alignment with SPF 2.0's development objective, results framework, and indicative work plan and budget as endorsed by the SPF Partnership Council. Addressing gender-specific drivers and impacts of FCV is a cross-cutting priority for the SPF, as is working in collaboration with partner organizations, particularly across the humanitarian-development-peace nexus.

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## Figure 6. SPF Review Process

SPF Program Management Team Reviews Proposal; Cleared Proposals Advance to Technical Advisory Committee

Program management team may request revisions to proposal before determining whether to advance to the technical advisory committee

Emergency Approval: **2 business days** Regular Approval: **5 business days** 

#### If Proposal Is Approved, Task Team Submits Grant Funding Request to Receive Funding

Task team advised to submit grant funding request within two weeks of proposal approval



#### Proposal Submitted to SPF Program Management Team

Task team prepares proposal in consultation with Country Management Unit and/or Global Practice, as relevant

#### Technical Advisory Committee Conducts Review and Approves or Rejects Proposal

Task teams may need to revise and resubmit proposal in response to technical advisory committee comments

Emergency Approval: **3 business days** Regular Approval: **5 business days** 

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#### **KNOWLEDGE AND LESSONS LEARNED**

A key mandate of SPF 2.0 is capturing and sharing knowledge from supported projects to inform the broader FCV work within the World Bank. Knowledge-related activities have increased under SPF 2.0 for internal and external audiences, in line with recommendations from an independent evaluation in 2019 (details in the following section) and donor consultations. Since SPF-financed work in FCV is of increasing interest to client countries and World Bank audiences, SPF 2.0 is expanding knowledge generation and sharing through a variety of means. These include enhanced upstream consultations to shape and promote frontier issues supported by SPF 2.0; increased investment in synthesis and dissemination of knowledge and learning generated by SPF 2.0; deepened partnerships with key internal and external stakeholders; and strengthened communications. In line with this focus on knowledge generation and dissemination:

• All SPF-funded activities complete a short "lessons learned" form, in addition to any other planned knowledge products under the grant. This note follows a standard template and captures key insights and lessons learned from the grant activities that are relevant for World Bank operations and work in FCV contexts.

- All deliverables and knowledge products produced under SPFfunded grants are shared with the SPF program management team by grant closing.
- The SPF cosponsors knowledge-sharing lunches and supports dissemination to ensure results and lessons learned are shared with World Bank audiences. Teams are encouraged to coordinate with the SPF program management team on any planned knowledge-sharing events and to indicate these in the proposal.

#### **INDEPENDENT EVALUATION**

During the lifetime of SPF 2.0, an independent evaluation will be carried out every five years. The terms of reference for such evaluations will be developed by the program management team and approved by the technical advisory committee and shared with the SPF Partnership Council. The program management team will contract an appropriate outside firm to conduct the independent evaluation, to be financed as part of the program management and administration costs. The evaluations will offer lessons learned to capture successes, identify problems, and inform course corrections related to the full implementation of activities. In addition, opportunities will be sought to assess SPF 2.0 throughout the implementation period, including through the potential use of stakeholder questionnaires, adaptive learning approaches, or other methodologies to identify and facilitate needed course corrections.

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## **SPF SPOTLIGHT**

# Central America: SAFE Migration and Gender-Based Violence Services for Migrant Women

Central America is one of the most violent regions in the world and GBV remains a critical and pervasive problem for the region.<sup>26</sup> Many women and girl migrants who experience GBV are unable or choose not to report or seek services due to physical or legal barriers, social norms, fears of arrest or deportation, among other reasons. Even where violence is reported, levels of impunity remain high, and response and restoration are very limited.

Transit is the highest stage of vulnerability to GBV among women migrants, although prevalence is also high before and after migration. The number of cases has been rising since 2022 and the latest figures are alarming. Many women and girls cite violence—both within the household and perpetrated by criminal gangs—as a key reason for fleeing their home country. At least one in every four women in transit in Central America (migrants, refugees, and asylum seekers) has experienced GBV during their journey.<sup>27</sup> While this official figure is believed to be largely underreported, between 60 percent and 80 percent of women and girls on the move report having experienced violence during their journey, by partners, other migrants, traffickers, and authorities. Upon arrival at their destination, as well as post-deportation to their home country, many women and girls report GBV, facingrisks of retaliatory violence for having left as well as discrimination and stigmatization.

The SPF grant financed a Survivor-centered Accessibility Framework Evaluation (SAFE) along migratory routes in Central America (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama) to fill in knowledge gaps and inform WBG operations around three main areas: (1) physical accessibility; (2) legal, institutional, and social accessibility; and (3) follow-on dissemination and engagement. Preliminary findings show that only 39 percent of services for migrant survivors of GBV are available within the first kilometer from the nearest transit route. Most would have to walk more than 10 kilometers to access some of these services, a costly choice in terms of time and money when seeking help during transit. The SAFE work will inform, strengthen, and adapt national support services across all countries for GBV victims, through recommendations to strengthen legal and institutional frameworks based on international standards. Project execution is in close collaboration with UNHCR and expands the humanitarian responses of UN agencies into longer-term solutions that could be financed through downstream World Bank operations.

The project is aligned with the WBG FCV Strategy across all four pillars (addressing drivers of fragility, keeping the WBG engaged, helping countries transition out of fragility, and mitigating FCV spillovers), the WBG Gender Strategy, Latin America and Caribbean Gender Action Plan FY21-25, and IDA20. It innovates by addressing knowledge gaps on the interlinkages of migration, forced displacement, and GBV, as well as by proposing behavioral interventions to build social cohesion and empathy, address xenophobia, and prevent GBV at origin, transit, and destination.

<sup>&</sup>lt;sup>26</sup> World Bank data for El Salvador: rate of intentional female homicides was 14 out of 100,000 women in 2017. A study in Honduras shows that GBV is a determining factor in displacement: <a href="http://www.refworld.org.es/docid/614b76064.html">www.refworld.org.es/docid/614b76064.html</a>.

<sup>&</sup>lt;sup>27</sup> UNHCR (2023).

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# **SPF SPOTLIGHT** Myanmar: Supporting Resilience

Myanmar is mired in a polycrisis because of COVID-19 and its after shocks and a military takeover in February 2021. People in Myanmar, and particularly the poor, suffered from difficulties in accessing basic services and infrastructure even before COVID-19 and the military takeover. The combined effects of these concurrent crises have had devastating impacts on the economy: GDP dropped by 18 percent in FY21, and inflation has risen sharply, driven by steep increases in the prices of food and fuel. The share of Myanmar's population below the national poverty line was estimated at 40 percent in 2022, reversing a decade of poverty reduction. Vulnerable households face increasing debt and are resorting to negative coping strategies, including reduced food consumption and sale of assets. Women have disproportionately been affected and borne the burden of these developments. Joint assessments by the WFP, Food and Agriculture Organization of the United Nations (FAO), and UNICEF estimate that a total of 15.2 million, or 28 percent of the population, are food insecure.

Conflict levels have escalated sharply since the military takeover, with conflict and violence spreading across the country. An estimated 33,000 people have died in clashes between the military and the People's Defense Forces. Approximately 1.4 million people have been displaced due to clashes and insecurity<sup>28</sup> and there are now more than 1.8 million internally displaced persons in Myanmar.<sup>29</sup> Previously peaceful parts of the country, such as Sagaing and Magway regions, are now seeing some of the highest levels of violence and displacement. Violence has recently resurged in Rakhine. Human capital losses are creating a "lost generation" because of violence and disruptions in the education and health care systems.



SPF grant financing will test innovative approaches to coordinating and monitoring interventions between humanitarian and development actors; strengthen understanding of the linkages between relief, recovery, and development efforts; and consolidate and disseminate lessons learned. Specifically, the grant supports activities to enhance the effectiveness of the **World Bank \$13.2 million Myanmar Community Support project** to improve food security and livelihoods of vulnerable populations in select areas of Myanmar, implemented by the International Committee of the Red Cross and WFP; draw lessons from the engagement in Myanmar; and disseminate knowledge drawn from the Myanmar Community Support Project for scale-up, both in the country and in other FCV contexts.

The project draws on the extensive experience of the WFP and International Committee of the Red Cross and allows the World Bank to leverage practical working arrangements with these well-established humanitarian organizations with extensive national footprints, for potential expansion and longer-term interventions in Myanmar.

<sup>&</sup>lt;sup>28</sup> Armed Conflict Location and Event Data Project.

<sup>&</sup>lt;sup>29</sup> UNHCR, Myanmar Emergency Update (2022). Data as of December 5, 2022.

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Source: World Bank Photos

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# **LOOKING FORWARD**

In 2023, a Mid-Term Review of the WBG FCV Strategy will be launched. As key components supporting the implementation of that strategy, the SPF 2.0 portfolio and operating model will benefit from the review, including recommendations made to enhance existing engagement with WBG Global Practices, regional teams, and country offices to elicit high-quality proposals to accelerate the work in FCV contexts. In addition, the SPF program management team will launch the Final Completion Evaluation of SPF 1.0, whose findings will be used to inform the ongoing work under SPF 2.0.

SPF 2.0 will expand and enhance the frontiers of World Bank engagement in helping address drivers and impacts of FCV, within the framework of the FCV Strategy. Particularly, SPF 2.0 will invest early efforts in proactively engaging with relevant teams, both within and outside the World Bank, and with SPF donors to further prioritize key frontier areas. Several topics already are emerging, including the interrelationship between climate change, disaster, and conflict; natural resource management; how to strengthen financial sectors in FCV contexts; mental health and psycho-social support; and addressing interpersonal violence. Also, SPF 2.0, with its increased emphasis on knowledge, communications, and information dissemination, will review and produce case studies of successful implementation and good practices for project teams to use as models.

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# APPENDIX 1: SPF 1.0 FINANCIAL HIGHLIGHTS

Statement of Receipts, Disbursements, and Fund Balance (as of December 31, 2022)								
	Note	2022	2021	2020	2009-2019	Total		
(in calendar years and expressed in US\$)								
Opening Balance		47,167,534.59	59,575,091.13	59,744,631.95	0.00	-		
Receipts								
Donor Contributions	1	0.00	5,000,000.00	16,503,866.51	345,795,979.68	367,299,846.19		
Net Investments & Other Incomes	2	200,397.58	139,128.60	621,321.01	8,496,673.37	9,457,520.56		
Reflows from Multi-Donor Trust Funds	3	206,661.56	0.00	0.00	0.00	206,661.56		
Total Receipts		407,059.14	5,139,128.60	17,125,187.52	354,292,653.05	376,964,028.31		
Disbursements								
Grant Disbursements		10,391,534.40	16,542,844.83	9,574,759.65	235,614,457.99	272,123,596.87		
Program Management	4	835,829.00	785,429.41	719,968.69	8,419,125.84	10,760,352.94		
Net Transfers to Single-Country Multi-Donor Trust Funds	5	0.00	0.00	7,000,000.00	48,000,000.00	55,000,000.00		
World Bank Administration Fee	6	139,750.00	218,410.90	0.00	1,176,539.65	1,534,700.55		
Refund to Donors	7	2,856,616.00	0.00	0.00	1,337,870.32	4,194,486.32		
Total Disbursements		14,223,729.40	17,546,685.14	17,294,728.34	294,547,993.80	343,613,136.68		
Ending Balance		33,350,864.33	47,167,534.59	59,575,091.13	59,744,631.95			
Less: Committed Funds (Open Grants)	8	63,577.12	18,420,732.87	13,184,028.03	16,645,728.00			
Less: Rollovers to SPF 2.0	9	20,798,620.00	0.00	0.00	0.00			
Fund Balance	10	12,488,667.21	28,746,801.72	46,391,063.10	43,098,903.95			

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# Note 1: Donor Contributions

With the SPF coming to a close at the end of the year, the fund did not receive any contributions during 2022. Since its establishment, the SPF received US\$367,299,846 from nine bilateral donors and from the IBRD.

The following table provides details of contributions received and contributions receivable by donor in respective calendar years.

		202	.2	202	21	202	0	2009	-2019	Total
Donor	Contribution Currency	Amount in Contribution Currency	Amount in US\$	Amount in Contribution Currency	Amount in US\$	Amount in Contribution Currency	Amount in US\$	Amount in Contribution Currency	Amount in US\$	Amount in US\$
Australia Department of Foreign Affairs and Trade	AUD	-	-	-	-	-	-	9,110,500.00	8,349,217.00	8,349,217
<b>Denmark</b> Royal Ministry of Foreign Affairs	DKK	-	-	-	-	35,000,000	5,777,008	160,000,000.00	26,510,690.92	32,287,698
<b>France</b> Ministry of Europe and Foreign Affairs	USD	-	-	-	-	-	-	180,991.92	180,991.92	180,992
<b>Germany</b> Federal Ministry for Economic Development and Cooperation	EUR	-	-	-	-	-	-	5,500,000.00	6,453,940.00	6,453,940
International Bank for Reconstruction and Development	USD	-	-	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000	236,665,640.00	236,665,640.00	246,665,640
The Netherlands Ministry for Foreign Trade and	EUR	-	-	-	-	-	-	20,000,000.00	25,969,620.00	28,769,620
Development Cooperation	USD	-	-	-	-	2,800,000	2,800,000	-	-	20,105,020
Norway	NOK	-	-	-	-	-	-	165,414,000.00	21,939,512.45	22,782,203
Ministry of Foreign Affairs	USD	-	-	-	-	842,691	842,691	-	-	,102,203
Sweden Swedish International Development Cooperation Agency	SEK	-	-	-	-	-	-	86,469,280.00	11,067,662.15	11,067,662
Switzerland	CHF	-	-	-	-	1,000,000	1,093,135	3,700,000.00	3,740,252.93	
Swiss Agency for Development and Cooperation	USD	-	-	-	-	991,033	991,033	-	-	5,824,421
<b>United Kingdom</b> Foreign, Commonwealth & Development Office	GBP	-	-	-	-	-	-	3,090,000.00	4,918,452.00	4,918,452
Total (in US\$)					5,000,000		16,503,867		345,795,979	367,299,846

Note: The actual US\$ equivalent is based on the exchange rate on the date of the fund transfer.

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# Note 2: Investments and Other Incomes

Net investments and other incomes in the amount of US\$200,397.58 for calendar year 2022 consist of the SPF's share of the interest income earned by the World Bank's trust fund portfolio including realized gains/losses from sale of securities and other incomes.

# Note 3: Reflows from Multi-Donor Trust Funds

Before its closing date, the SPF had to formally exit all multi-donor trust funds to which it had contributed and that were still active in 2022. Upon exit the SPF's pro rata shares of the remaining balances under those trust funds were refunded to the SPF. Reflows received as of December 31, 2022 amounted to U\$\$206,661.60.

# Note 4: Program Management

The cost of the SPF program management for calendar year 2022 amounted to US\$835,829. There was an increase in the program management costs in 2022 compared to 2021. These higher costs were mainly related to the in-person Annual Council Meeting held in Copenhagen in September 2022.

The following table provides details of expenses by the SPF Secretariat for program management. Staff costs include salaries and benefits for the SPF Secretariat staff. Other expenses include overhead expenses; contractual services such as editing, graphic design, translation, publishing and printing; and representation and hospitality.

Expense Categories (in US\$)	2022	2021	2020	2009-2019	Cumulative Disbursement
Staff Costs	619,722.89	555,179.64	440,106.21	5,890,966.07	7,505,974.81
Consultant Fees	153,800.41	203,560.26	256,636.31	1,537,441.13	2,151,438.11
Travel Expenses	41,874.97	-	10,224.00	779,706.53	831,805.50
Other Expenses	20,430.73	26,689.51	13,002.17	211,012.11	271,134.52
Total	835,829.00	785,429.41	719,968.69	8,419,125.84	10,760,352.94

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# Note 5: Net Transfers to Single-Country Multi-Donor Trust Funds

The SPF provided US\$55 million in net transfers to single-country multi-donor trust funds since the establishment of the fund.

Country Multi-Donor Trust Fund	SPF Transfer Amount (\$ million)
Somalia Private Sector Development Re-engagement Phase II Program (2 transfers)	5.00
Somalia Multi-Partner Fund	8.00
Jordan Emergency Services and Social Resilience Project Trust Fund	10.00
Haiti Reconstruction Trust Fund	2.00
Lebanon Syrian Crisis Multi Donor Trust Fund	10.00
Colombia Peace and Post-Conflict Support Multi Donor Trust Fund	4.00
Zimbabwe Reconstruction Fund (3 transfers)	9.00
Sudan Transition and Recovery Support Fund	7.00
Total	55.00

# Note 6: Administration Fee

The World Bank administration fee covers indirect costs related to corporate services provided in support of operational work. Indirect costs include institutionwide services such as human resources, information technologies, office space services, etc. The World Bank administration fee is not specific to the SPF but applies to all trust funds administered by the World Bank.

Administration fee of US\$139,750 was charged in calendar year 2022. This reflects 5% of the commitments to recipient-executed grants, in accordance with the SPF Administration Agreement.

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# Note 7: Refund to Donors

Refund to Sweden in the amount of US\$2,856,616 was made in calendar year 2022. Refund to The Netherlands in the amount of US\$1,337,870.32 was made in calendar year 2014 following the Donor's early exit from the fund. The refund amounts were based on the donors' pro rata shares of the uncommitted balance of the fund at the time of exit.

# Note 8: Committed Funds (open grants)

Commitments in the amount of US\$63,577.12 were outstanding as of December 31, 2022. These are open commitments remaining under SPF grants for work completed prior to the closing of the SPF.

# Note 9: Rollovers to SPF 2.0

Three donors (Denmark, The Netherlands, and Norway) rolled over a portion of their pro rata shares of the SPF to the successor fund, SPF 2.0. These rollovers totaled US\$20,798,620 and are reflected as Donor Contributions to SPF 2.0.

# Note 10: Fund Balance

The balance was US\$12,488,667 as of December 31, 2022. The final balance of the SPF will be determined in 2023 after all commitments are closed and any remaining refunds from multi-donor trust fund contributions are received by the SPF. IBRD's pro rata share of the final Fund balance will be refunded to IBRD. Other donors can choose whether to have their share refunded to their Donor Balance Account or to roll over their pro rata share of the final Fund balance to SPF 2.0.

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# APPENDIX 2: SPF 1.0 RESULTS FRAMEWORK

	2022 Results				
Results Chain	Indicator	2022 - Target	Results		
			2022 Portfolio*	Closed Grants**	
	1. Support implementation or uptake of RRA findings and recommendations	15%	13%	7%	
	2. Support implementation or uptake of RPBA findings and recommendations	10%	11%	2%	
	3. Advance or promote inclusive approaches and policies	35%	61%	48%	
Outcomes	4. Support institutional reform	35%	32%	44%	
	5. Support implementation of collective outcomes	40%	52%	22%	
	6. Catalytic leveraging of other (non-SPF) funding	35%	38%	31%	
	7. Ratio of funding leveraged	4.00	8.32	4.00	
	8. SPF-funded projects that are replicated, mainstream, or scale (either within WBG or in external organization)	30%	52%	49%	
	9. Partners, donors, and other stakeholders recognizing SPF's catalytic support, innovation, and thought leadership <sup>1</sup>	100%	78%		
	1. SPF grants providing demonstration effect	45%	64%	54%	
	2. SPF grants completed with "moderately satisfactory" rating or higher <sup>2</sup>	85%		86%	
	3. SPF grants that support joint FCV activities with UN entities	25%	35%	10%	
	4. SPF grants coordinating with UN entities	55%	58%	28%	
	5. SPF grants implemented in partnership or coordination with:				
Intermediate Outcomes	a) Regional or international (non-UN) organizations	20%	13%	18%	
outcomes	b) NGOs or civil society organizations	30%	32%	39%	
	c) Local governments	15%	16%	13%	
	6. Partners reporting satisfaction with quality of collaboration and coordination <sup>3</sup>	90%		89%	
	7. Knowledge sharing events or exchanges held for local and international stakeholders <sup>4</sup>	18	19	133	
	8. Datasets produced or data sharing platforms/protocols developed <sup>4</sup>	4	4	25	

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	2022 Results (cont.)				
		2022	Results		
Results Chain	Indicator	Target	2022 Portfolio*	Closed Grants**	
	1. SPF grants by focus area: <sup>5</sup>				
	(a) Forced Displacement	25%	30%	19%	
	(b) H-D-P Nexus	20%	17%	13%	
	(c) Prevention and Recovery	30%	42%	94%	
	(d) Crisis Response	20%	21%	12%	
	(e) Financing Solutions	5%	6%	9%	
	2. SPF grants primarily addressing gender equality	15%	8%	8%	
Outputs	a) SPF grants with GBV focus⁵	15%	8%	7%	
	3. SPF grants targeting the WBG FCV Strategy areas of special emphasis	60%	61%	64%	
	4. SPF grants that are:				
	a) in countries in arrears or nonmembers	12%	14%	25%	
	b) in Middle Income Countries with FCV pockets	45%	47%	22%	
	c) Regional / trans-national	5%	2%	6%	
	5. SPF grants using innovative designs, ICT applications, delivery mechanisms, financing instruments, or risk mitigation strategies	40%	41%	20%	

Notes: All targets and results measured as proportion of committed SPF grant funding. Transfers to single-country multi-donor trust funds are not included in results reporting.

\*2022 Portfolio includes all SPF grants active during calendar year 2022.

\*\*Closed Grants is comprised of grants that were legally closed as of December 31, 2021 and therefore not part of the 2022 Portfolio.

<sup>1</sup> Results come from the stakeholder questionnaire conducted via Google Forms in February 2022. The survey had an overall response rate of 35% (37 individual respondents). The result for this indicator reflects the percentage of respondents selecting "Strongly Agree" or "Somewhat Agree," averaged across all survey questions.

<sup>2</sup> This indicator applies only to closed grants.

<sup>3</sup> Results come from the Client Satisfaction Survey issued by the World Bank to the Client Points of Contact for lending operations and Advisory Services and Analytics projects. Surveys are triggered automatically upon achievement of specified project milestones. 82 surveys were triggered for SPF-funded projects and there were 14 responses received (response rate of 17%), four for lending projects and ten for ASAs. The result for this indicator reflects the percentage of respondents selecting "Strongly Agree" or "Agree," averaged across all six survey questions.

<sup>4</sup> Results for 2022 Portfolio reflect knowledge sharing events held and data platforms developed during calendar year 2022. Results for Closed Grants are cumulative across the lifetime of the grants/projects.

<sup>5</sup>Grants may fall under more than one focus area. Grants approved since July 2018 follow a different process for assigning across focus areas than grants approved prior to calendar year 2018. <sup>6</sup> This indicator is a sub-set of the previous indicator "SPF grants primarily addressing gender equality."

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# APPENDIX 3: SPF 1.0 PORTFOLIO

# Contributions

SPF 1.0 was established in 2008 with a contribution of \$100 million from IBRD<sup>1</sup> over the first three fiscal years. Nine development partners contributed to the fund: the Australian Department of Foreign Affairs and Trade; the Danish Royal Ministry of Foreign Affairs; the French Ministry of Europe and Foreign Affairs; the German Federal Ministry for Economic Development and Cooperation; the Dutch Ministry for Foreign Trade and Development Cooperation; the Norwegian Ministry of Foreign Affairs; the Swedish International Development Cooperation Agency; the Swiss Agency for Development and Cooperation; and the British Foreign, Commonwealth and Development Office. The total fund size was \$367.3 million. IBRD contributed the largest share of funding since inception, with 67 percent of overall contributions (figure 7).

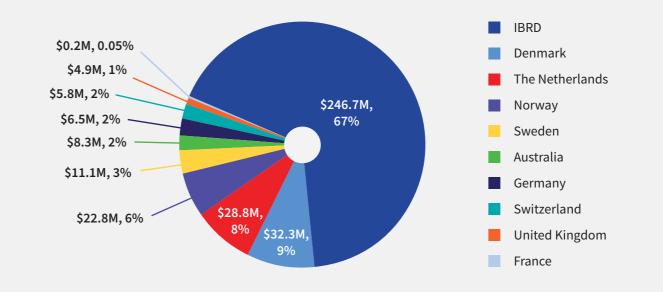


Figure 7. Contributions to SPF 1.0, 2009-2022 (US\$ equivalent in millions, %)

<sup>1</sup> IBRD contributions were allocated from IBRD's net income and provided on a grant basis.

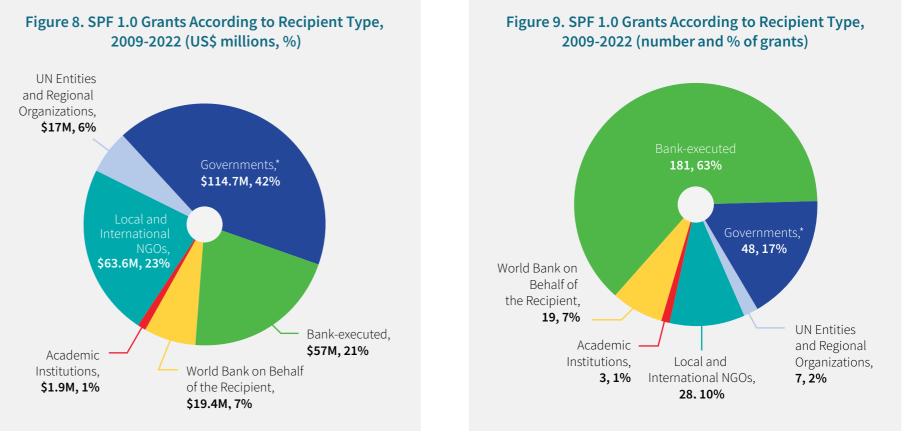
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# **Recipients and Execution Modalities**

SPF 1.0 grants were executed by both external recipients and by the World Bank. Recipient-executed activities accounted for 79 percent of the SPF 1.0 portfolio by funding volume (figure 8). Recipients of SPF 1.0 grants included partners such as governments, UN entities and regional organizations, local and international NGOs, and academic institutions. In exceptional circumstances, such as active conflicts or if the capacity of local institutions was severely constrained, the World Bank could execute activities on behalf of the recipient. While the majority of funding supported recipient-executed work, the total number of World Bank-executed activities over the life of SPF 1.0 exceeded the number of recipient-executed activities (figure 9). This is due to the smaller size and shorter duration of Bank-executed grants, which mainly supported analytical and advisory activities such as knowledge products and assessments, as well as building partnerships and supporting policy dialogue.



\*Including four grants totaling \$7.2 million for which recipient governments contracted UN agencies for implementation.

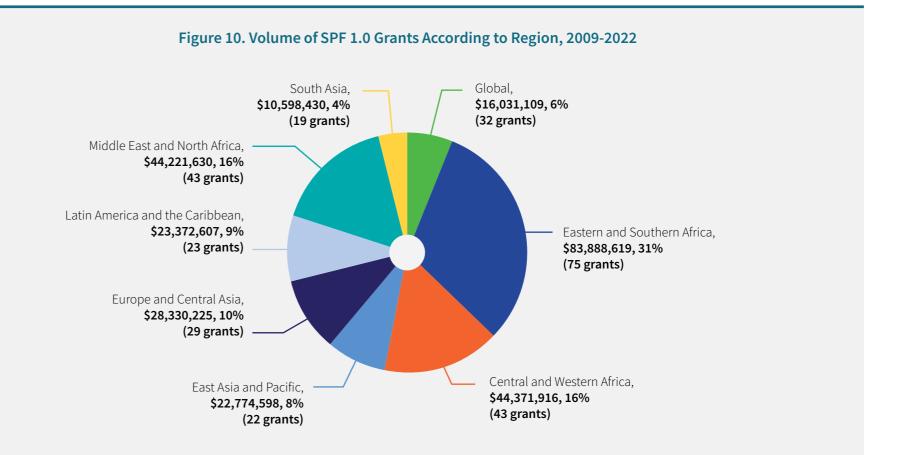
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## Allocations According to Region

SPF 1.0 grants responded to FCV challenges in all geographic regions and diverse country contexts. As illustrated in figure 10, almost half of all SPF 1.0 allocations since inception went to Africa in support of 118 grants,<sup>2</sup> followed by the Middle East and North Africa with 43 grants, Europe and Central Asia with 29 grants, Latin America and the Caribbean with 23 grants, East Asia and the Pacific with 22 grants, and South Asia with 19 grants. Thirty-two grants supported global activities or activities supporting multiple regions.



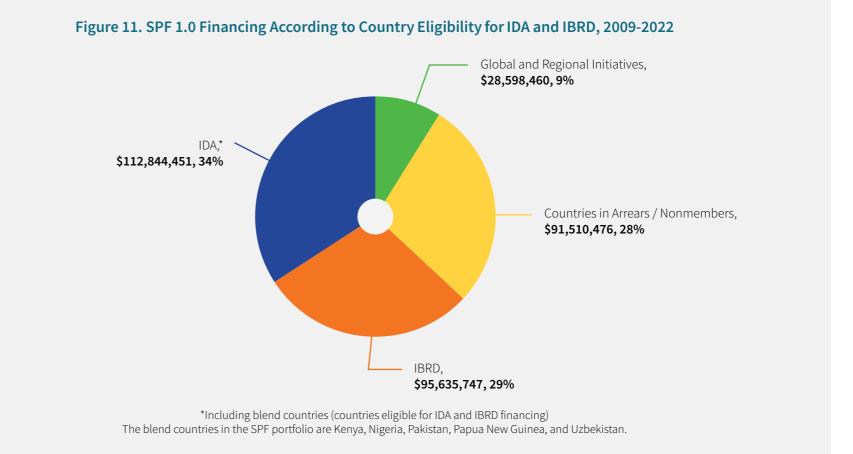
<sup>2</sup> In July 2020, the World Bank reorganized its geographic regional structure and split Africa into two regions: eastern and southern Africa and central and western Africa.

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## Allocations According to FCV Type

A core feature of SPF 1.0 was its ability to operate in all countries and regions affected by fragility. All developing countries facing FCV challenges were eligible for funding, regardless of geography, income level, or arrears status, and SPF 1.0 could also finance activities in territories and nonmembers of the World Bank Group. Furthermore, SPF 1.0 financing was not limited to countries on the annually updated FCS list.<sup>3</sup> SPF was thus a source of critical financing for countries in arrears, nonmembers, and middle-income countries that could not access IDA funding. SPF 1.0 funding between 2009 and 2022 was almost equally distributed across the three priority beneficiary categories, with 34 percent committed to IDA countries, 28 percent to countries in arrears and nonmembers, 29 percent to middle-income countries, and 9 percent to global and regional initiatives (figure 11).



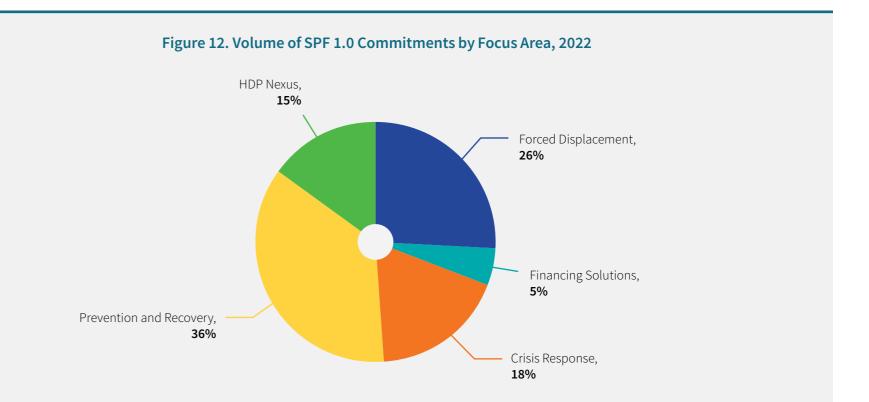
<sup>&</sup>lt;sup>3</sup> https://www.worldbank.org/en/topic/fragilityconflictviolence/brief/harmonized-list-of-fragile-situations.

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## Commitments by Focus Area, 2022

SPF 1.0 was structured around five focus areas. In 2022, the largest share of commitments went to the Prevention and Recovery (36 percent) and Forced Displacement (26 percent) focus areas. These were followed by Crisis Response (18 percent), Humanitarian-Development-Peace Nexus (15 percent), and Financing Solutions (5 percent) (figure 12).



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# APPENDIX 4: SPF 2.0 FINANCIAL HIGHLIGHTS

Statement of Receipts, Disbursements, and Fund Balance (as of December 31, 2022)						
	Note	2022	2021	Total		
(in calendar years and expressed in US\$)						
Opening Balance		9,594,575.14	0.00	-		
Receipts						
Donor Contributions	1	26,898,620.00	9,594,275.00	36,492,895.00		
Net Investments & Other Incomes	2	501,883.21	300.14	502,183.35		
Total Receipts		27,400,503.21	9,594,575.14	36,995,078.35		
Disbursements						
Grant Disbursements		1,195,281.95	0.00	1,195,281.95		
Program Management	3	43,707.09	0.00	43,707.09		
World Bank Administration Fee	4	148,678.69	0.00	148,678.69		
Total Disbursements		1,387,667.73	0.00	1,387,667.73		
Ending Balance		35,607,410.62	9,594,575.14			
Less: Committed Funds (Active and Approved Grants)	5	27,987,262.00				
Fund Balance (Available for New Programming)	6	7,620,148.62				
Contingency Amount	7	5,000,000.00				

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## **Note 1: Donor Contributions**

Contributions to the State and Peacebuilding Umbrella Trust Fund include both new contributions and rollovers of donors' pro rata shares of the legacy SPF. New contributions from Germany, Sweden, Switzerland, and IBRD totaled US\$15,694,275 in 2021-2022. Rollover contributions from Denmark, The Netherlands, and Norway totaled US\$20,798,620 in 2021-2022.

The following table provides details of contributions received and contributions receivable by donor in respective calendar years.

		20	22	202	21	Total	
Donor	Contribution Currency	Amount in Contribution Currency	Amount in US\$	Amount in Contribution Currency	Amount in US\$	Amount in US\$	Contributions Receivable
Denmark	DKK	-	-	-	-	10,000,000	0
Royal Ministry of Foreign Affairs	USD	10,000,000.00*	10,000,000.00*	-	-		0
<b>Germany</b> Federal Ministry for Economic Development and Cooperation	EUR	-	-	5,000,000.00	5,627,500.00	5,627,500	0
International Bank for Reconstruction and Development	USD	5,000,000.00	5,000,000.00	-	-	5,000,000	10,000,000
The Netherlands	EUR	-	-	-	-	7,000,000	0
Ministry for Foreign Trade and Development Cooperation	USD	7,000,000.00*	7,000,000.00 *	-	-		U
Norway	NOK	-	-	-	-	2 709 620	0
Ministry of Foreign Affairs	USD	3,798,620.00*	3,798,620.00 *	-	-	3,798,620	0 0
<b>Sweden</b> Swedish International Development Cooperation Agency	SEK	-	-	25,000,000.00	2,866,775.00	2,866,775	4,750,030
Switzerland	CHF	-	-	-	-	2,200,000	
Swiss Agency for Development and Cooperation	USD	1,100,000.00	1,100,000.00	1,100,000.00	1,100,000.00		2,200,000
Total (in US\$)			26,898,620		9,594,275	36,492,895	16,950,030

Notes: The actual US\$ equivalent is based on the exchange rate on the date of the fund transfer.

\* Rollover contributions from SPF 1.0 to SPF 2.0.

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## Note 2: Investments and Other Incomes

Net investments and other incomes in the amount of US\$501,883 for calendar year 2022 consist of the SPF's share of the interest income earned by the World Bank's trust fund portfolio including realized gains/losses from sale of securities and other incomes.

## Note 3: Program Management

The cost of the SPF program management for calendar year 2022 amounted to US\$43,707. For all of calendar year 2021 and most of calendar year 2022, SPF program management costs were charged to the legacy SPF.

The following table provides details of expenses by the SPF Secretariat for program management.

Expense Categories (in US\$)	2022	2021	Cumulative Disbursement
Staff Costs	43,707.09	-	43,707.09
Consultant Fees	-	-	0.00
Travel Expenses	-	-	0.00
Other Expenses	-	-	0.00
Total	43,707.09	-	43,707.09

Staff costs include salaries and benefits for the SPF Secretariat staff. Other expenses include overhead expenses; contractual services such as editing, graphic design, translation, publishing and printing; and representation and hospitality.

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## Note 4: Administration Fee

The World Bank administration fee covers indirect costs related to corporate services provided in support of operational work. Indirect costs include institutionwide services such as human resources, information technologies, office space services, etc. The World Bank administration fee is not specific to the SPF but applies to all trust funds administered by the World Bank.

Administration fee of US\$148,678.69 was charged in calendar year 2022. This reflects 12% of the disbursements for Bank-executed activities, in accordance with the SPF Administration Agreement.

## Note 5: Committed Funds (active and approved grants)

Commitments in the amount of US\$27,987,262 are outstanding as of December 31, 2022. These are the remaining balances committed but not yet disbursed under active grants; funds committed to grants approved in 2022 that were not yet active as of December 31, 2022; and the World Bank administration fee corresponding to all active and approved grants.

## Note 6: Fund Balance

Fund balance in the amount of US\$7,620,149 is outstanding as of December 31, 2022 and can be used for new programming.

## **Note 7: Contingency Amount**

As agreed with SPF donors, US\$5,000,000 is reserved as a contingency to enable the SPF to respond rapidly to urgent needs that may arise.

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# APPENDIX 5: SPF 2.0 RESULTS FRAMEWORK

	2022 Results		
Results Chain	Indicator	2022 Target	2022 Portfoli Result
Development Objective-Level Outcomes	1. Operations, strategies, and policies in FCV influenced by SPF-supported work on frontier topics	-	
	2. SPF grants that increase capacity of clients, partners, and WB to address drivers and impacts of FCV or to strengthen resilience	-	
	3. Beneficiaries of SPF-supported projects	-	
	3(b). Women beneficiaries of SPF-supported projects	-	
Intermediate Outcomes	4. SPF grants that enhance prevention related to the onset or escalation of violence and conflict	50%	00
	5. SPF grants that preserve institutional and human capacities in situations of active conflict	25%	0'
	6. SPF grants that facilitate post-crisis transition and recovery	15%	6
	7. SPF grants that mitigate the institutional, social, and economic stresses of forced displacement	25%	00
	8. SPF grants that strengthen response to cross-border shocks and spillovers	35%	00
	9. SPF grants that explore frontier topics or pilot innovative approaches	60%	48'
	10. SPF grants that are scaled or mainstreamed into IDA/IBRD operations	30%	6
Program Objectives	11. Ratio of financing mobilized (includes seed funding to single-country multi-donor trust funds)	6.00	0.0
	12. SPF grants engaging with UN entities	90%	85
	13. SPF grants designed or implemented in partnership with NGOs and CSOs, MDBs, or local governments	50%	47
	a) MDBs	-	26
	b) NGOs or CSOs	-	20
	c) Local governments	-	0
	14. SPF grants convening knowledge sharing events or exchanges	70%	4
Cross-Cutting	15. SPF grants targeting vulnerable populations	50%	62
Priorities	16. SPF grants addressing gender-specific drivers and impacts of FCV	30%	56

Note: Targets and results are measured as the proportion of committed SPF grant funding. The 2022 Portfolio includes SPF grants active during calendar year 2022.

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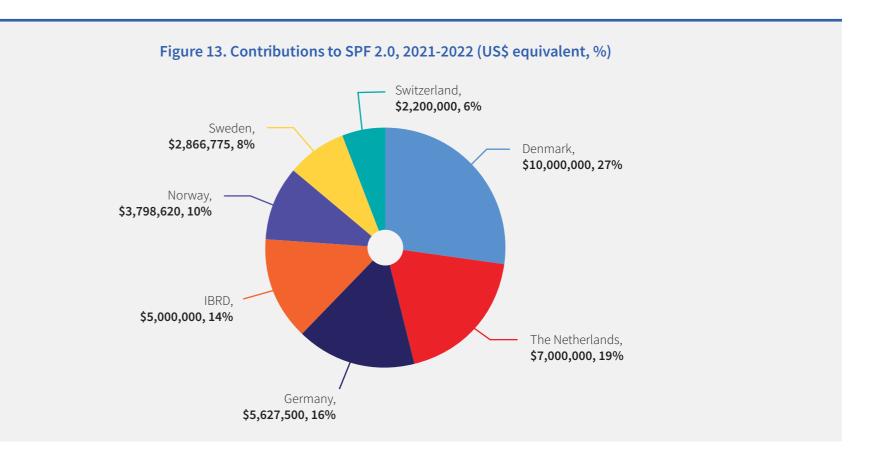
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# APPENDIX 6: SPF 2.0 PORTFOLIO

## Contributions

Six development partners have contributed to SPF 2.0 since its establishment in 2021: the Danish Royal Ministry of Foreign Affairs; the German Federal Ministry for Economic Development and Cooperation; the Dutch Ministry for Foreign Trade and Development Cooperation; the Norwegian Ministry of Foreign Affairs; the Swedish International Development Cooperation Agency; and the Swiss Agency for Development and Cooperation. IBRD has also contributed \$5 million from IBRD net income. The Danish Ministry of Foreign Affairs has contributed the largest share of funding since inception, with 19 percent of overall contributions (figure 13). The total fund size as of December 31, 2022, in the first year of implementation, was \$36.5 million.

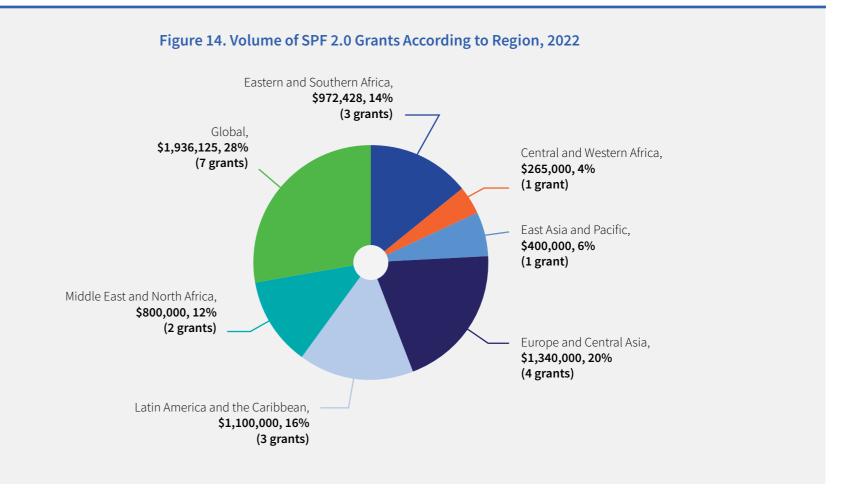


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## **Allocations According to Region**

The SPF 2.0 portfolio had a broad geographic coverage in its first year, with grants in each of the World Bank regions other than South Asia (figure 14). The largest share of commitments to active grants<sup>1</sup> went to supporting global and regional activities, followed by projects in Europe and Central Asia and Latin America and the Caribbean.



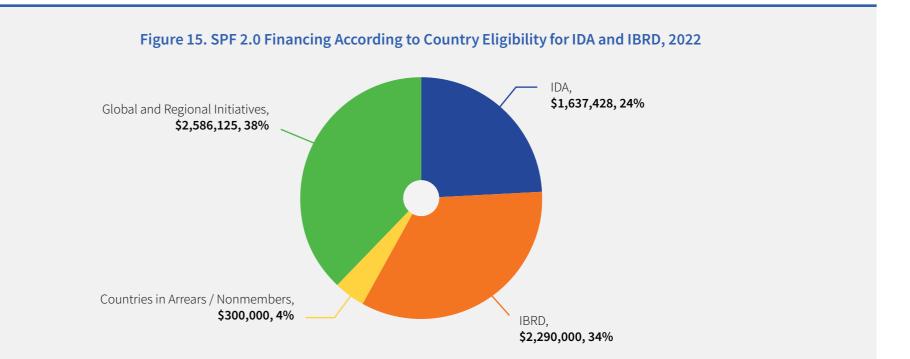
<sup>1</sup> Grants approved in 2022 that were not yet under implementation as of December 31, 2022 are not included in the portfolio data.

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# Allocations According to FCV Type

All developing countries facing FCV challenges are eligible for SPF 2.0 funding, regardless of geography, income level, or arrears status, and SPF 2.0 may also finance activities in territories and nonmembers of the World Bank Group. Furthermore, SPF 2.0 financing is not limited to countries on the annually updated FCS list.<sup>2</sup> SPF 2.0 is thus a source of flexible, rapid-response financing for countries in arrears, nonmembers, and middle-income countries that cannot access IDA funding. In its first year of implementation, the largest portion of SPF 2.0 financing for active grants went to global and regional initiatives (38 percent), followed closely by commitments to middle-income countries (34 percent). Twenty-four percent of financing went to activities in IDA countries, and 4 percent to countries in arrears and nonmembers (figure 15).



<sup>2</sup> https://www.worldbank.org/en/topic/fragilityconflictviolence/brief/harmonized-list-of-fragile-situations

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## Commitments by Area of Focus, 2022

SPF 2.0 has four strategic areas of focus that align with the WBG FCV strategy. In 2022, close to half of SPF 2.0 commitments supported the Helping Countries Transition Out of Fragility area of focus, followed by Mitigating the Spillovers of FCV at 23 percent, Preventing Violent Conflict and Interpersonal Violence at 21 percent, and Remaining Engaged During Conflicts and Crisis Situations at 7 percent (figure 16).



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The State and Peacebuilding Fund (SPF) is a global fund to finance critical development operations and analysis in situations of fragility, conflict, and violence. The SPF is kindly supported by Australia, Denmark, France, Germany, The Netherlands, Norway, Sweden, Switzerland, The United Kingdom, and IBRD.