Ministry of Foreign Affairs – Department for Humanitarian Action, Civil Society and Engagement (HCE) & Department for Migration, Stabilization and Fragility (MNS)

Meeting in the Council for Development Policy 29 October 2020

Agenda item no. 3

1. Overall purpose: For discussion and recommendation to the Minister

2. Title: Support to the Implementation of the World Bank

Strategy for Fragility, Conflict and Violence 2021-2023

3. Presentation for Programme

Committee: 18 September 2020

Support to the implementation of the World Bank strategy on fragility, conflict and violence

Key results:

State and Peacebuilding Fund, SPF

- · Improved institutional capacity and legitimacy in fragile contexts to manage stresses and support prevention and recovery from conflict and fragility.
- Reduction and management of the internal and external stresses that increase vulnerability to conflict and fragility.

Global Programme on Forced Displacement, GPFD

- Advanced government strategies and policies on forced displacement.
- · Improved health and protection, and mitigated second order impact of the forcibly displaced.
- Stronger World Bank operational portfolio and programmes of relevance to the forcibly displaced in key thematic areas such as education, gender, preparedness etc.
- · More aligned and symbiotic efforts on forced displacement across humanitarian and development actors.

Justification for support:

• Danish support to the implementation of the World Bank Group's (WBG) strategy on Fragility, Conflict and Violence (FCV) through the SPF and the GPFD underpins key Danish priorities as outlined in Denmark's Strategy for Development Cooperation and Humanitarian Action, which identifies peace, security and protection as a priority area. It falls directly within the Danish government's strong focus on the prevention of conflict and instability in and around fragile countries and situations, on assisting refugees and displaced populations more and better in their regions of origin and on tackling the root causes to conflict, instability, displacement and migration rather than merely their symptoms.

Major risks and challenges:

• The risk of failure in fragile and displacement contexts are high because of the link to the inherently political nature of many challenges. COVID19 significantly amplifies such risks, including with respect to forced displacement. To mitigate these risks, the WBG is engaged in a continuous policy dialogue with relevant governments, often in partnership with other stakeholders, including UNHCR and Denmark.

File No.	2020-28556 (GPFD) & 2020-28690 (SPF)				
Country	Interregional	Interregional			
Responsible Unit	HCE, MNS				
Sector	Hum-Dev-Peac	ce			
Partner	The Internation velopment	al Bank for I	Reconstruction	and De-	
DKK mill.	2020	2021	2022	2023	
Commitment	85	-	-		
Projected ann. disb. SPF		20	15		
Projected ann. disb. GPFD		20	20	10	
Duration	2021-2023				
Previous grants	SPF (DKK 35 mill. 2017), GPFD (DKK 65 mill. 2017)				
Finance Act code	06.37.01.19				
Head of unit	Mette Thygesen, HCE, Marianne Kress, MNS				
Desk officer	Dorte Chortsen, Thomas Thomsen, Jakob Rogild Jakobsen				
Reviewed by CFO	YES				
Relevant SDGs					







Quality Education







Decent Jobs. Econ

Industry, Innovation. In-

(= Reduced Inequalities frastructure

Sustainable

CO Responsi-

ble Con-

sumption

Cities. Communities







Life on Land

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Partnerships for Goals

Strategic objectives:

Enhance the WBG's effectiveness to support countries in addressing the drivers and impacts of fragility, conflict and violence and strengthening their resilience through improving governance and institutional performance in fragile contexts to boost resilience to internal and external stresses; develop the socio-economic conditions that foster peaceful, stable, and sustainable development and maximize the impact of the WBG's forced displacement efforts, including in programmes developed in response to COVID-19.

Justification for choice of partner:

The Bank's new Strategy on Fragility, Conflict and Violence aims to enhance a more coherent and collaborative approach for the Bank in this field, which enhances the link between humanitarian assistance, development and peacebuilding interventions. The WBG approach to FCV is spearheading international efforts in this field. The work of the SPF and the GPFD has been instrumental in this achievement.

Summary:

The grant will support the implementation of the WBG new FCV strategy through two distinct funding avenues, the Bank's State and Peacebuilding Fund (SPF) with DKK 35 million and the Global Programme on Forced Displacement (GPFD) with DKK 50 million via the Forced Displacement Trust Fund (FDPF), both for the period 2021-2023. Both grants will be committed in 2020. The SPF covers the FCV-Strategy's first three pillars of engagement and the GPFD in particular the last pillar.

Budget:

SPF	35.0 mill. DKK
GPFD	50.0 mill. DKK
Total	85.0 mill. DKK

Ministry of Foreign Affairs of Denmark		
Support to the Implementation of the World Bank Strategy for Fragility,		
Conflict and Violence 2021-2023		
Programme document		
16 October 2020		
File no.: 2020-28556 (GPFD), 2020-28690 (SPF)		

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Abbreviations

CRRF	Comprehensive Refugee Response	RSW	Refugee and Host Community Sub-Win-
	Framework		dow
CSO	Civil Society Organization		
		SPF	State and Peacebuilding Fund
FCV	Fragility, Conflict and Violence	$\mathbf{U}\mathbf{N}$	United Nations
FDTF	Forced Displacement Trust Fund	UN-	United Nations High Commissioner for
		HCR	Refugees
GCFF	Global Concessional Financing Facility	WBG	World Bank Group
GCR	Global Compact on Refugees	WHR	Window for Host Communities and Ref-
	1		ugees
GCRP	Global Crisis Response Platform		
GP	Global Practice		
GPFD	Global Program on Forced Displace-		
	ment		
GRF	Global Refugee Forum		
HDP	Humanitarian, Development, Peace		
IBRD	International Bank for Reconstruction		
	and Development		
IDA	International Development Association		
IDMC	Internal Displacement Monitoring Cen-		
	ter		
IDPs	Internally Displaced Persons		

1. Context

Addressing the drivers of fragility, conflict and violence is critical to making progress towards the sustainable development goals. Without action, more than 80% of the world's poorest will be living in fragile contexts by 2030. Violent conflicts have increased to the highest levels observed over three decades, and the world is facing the largest forced displacement crises ever recorded. Globally, around 79.5 million forcibly displaced people have fled their homes because of violence, conflict and persecution.

The **World Bank Group (WBG)** is emerging as a key partner in the global response to fragility, conflict, violence and forced displacement, acting in close cooperation with the UN and seeking to promote inclusive long-term responses. In doing so, the WBG has increased financial support in fragile contexts and situations of forced displacement under both IDA 18 and 19 as well as other instruments, and adapted and developed its way of working. The IDA 19 replenishment in December 2019 provides financing of USD 18.7 billion to support low-income countries impacted by fragility, conflict and violence (FCV). This is an increase from the USD 14.4 billion provided under IDA 18, which had already doubled resources available for FCV compared to IDA 17. In addition, IDA 19 includes USD 2.2 billion to support refugees and host communities, USD 2.5 billion to create jobs and support the private sector, including in the most fragile markets, and other investments in crisis preparedness and response to address food insecurity and pandemic threats.

In the context of the **COVID-19 crisis**, the WBG support under IDA19 will also be important in addressing the impact of the pandemic on fragility when investing in prevention, building resilience, providing essential development support during conflict and crisis situations, helping countries maintain and strengthen key institutions and supporting vulnerable groups like refugees.

In February 2020, the WBG launched a new **Strategy for Fragility, Conflict and Violence (FCV), 2020-2025**. It aims to enhance the WBG's effectiveness in helping countries address the drivers and impact of FCV and strengthen their resilience. It sets out a new framework for understanding FCV and a robust set of measures to increase the effectiveness of the WBG development support to countries that are dealing with diverse challenges across the FCV spectrum, including high levels of violence. The FCV strategy underlines that fragility, conflict and violence both affects, and is affected by, global factors including climate change, gender inequalities, demographic challenges, digital transformation and illicit trafficking. Furthermore, lack of economic opportunities and high unemployment exacerbate the drivers of fragility, conflict and violence.

The strategy follows a gradual shift in the WBG's focus over the past years, one that is fully in line with Danish priorities. Not all countries share the view that the WBG should enhance its focus on the most fragile contexts, and the Bank is therefore in need of pro-active support and collaboration to continue strengthening its engagement in this area. The framework to deliver on the FCV Strategy (see figure 1 below) comprises four "Pillars of Engagement": (1) Preventing violent conflict and interpersonal violence; (2) Remaining engaged during crisis situations and active conflicts; (3) Helping countries transition out of fragility; and (4) Mitigating the spill overs of FCV such as forced displacement.

Denmark has supported and promoted the WBG's work on fragility, conflict and violence since the Bank began addressing this issue more systematically. With this grant, Denmark aims to support the implementation of the FCV strategy through two distinct funding channels, the World Bank's State and Peacebuilding Fund (SPF) with DKK 35 million and the Global Programme on Forced Displacement (GPFD) with DKK 50 million via the Forced Displacement Trust Fund (FDTF), both for the period 2021-2023. Both grants will be committed in 2020. The SPF covers the FCV-Strategy's first three pillars of engagement and the GPFD, in particular, the last.

Created in 2008, the SPF is the WBG's largest, global multi-donor trust fund established to finance innovative approaches to state- and peace-building in regions affected by fragility, conflict and violence.

By improving institutional capacity and legitimacy in fragile contexts to manage stresses and support prevention and recovery from conflict and fragility, the SPF seeks to boost resilience to internal and external stresses. The GPFD was established in 2009 to spearhead the WBG contribution to an enhanced development response in forced displacement situations and has evolved significantly since then with support from a.o. Denmark, the Netherlands, Norway, Switzerland, and the United Kingdom.



Figure 1: The four pillars of WBG engagement, new FCV strategy

2. Strategic considerations and justification

2.1. Justification for support

Continued Danish support to the WBG work on FCV through the SPF and the GPFD underpins key Danish priorities outlined in **Denmark's Strategy for Development Cooperation and Humanitarian Action** (2017), which identifies peace, security and protection as a priority area. It falls directly within the Danish government's strong focus on the prevention of conflict and instability in and around fragile countries and situations, on assisting refugees and displaced populations more and better in their regions of origin and on tackling the root causes to conflict, instability and migration rather than merely their symptoms.

The crises in fragile contexts are complex, deep and often protracted, with corresponding spill-over effects in neighbouring countries that end up hosting large refugee populations for years, if not decades. Denmark has therefore prioritised working within the framework of a comprehensive international approach that aims to strengthen coherence between humanitarian responses and development cooperation in the search for lasting solutions to fragility, conflict and displacement – with full respect for the humanitarian principles. The WBG approach to FCV is spearheading international efforts in this regard. It has included a gradual shift in the relationship between the Bank and the UN from competition to one of greater cooperation and coherence both at headquarters and country level. The work of the SPF and the GPFD has been particularly instrumental in this achievement. These platforms are used by like-minded donors for dialogue, coordination, influencing and sharing of experience with the World Bank and the UN who, in turn, use them as sounding boards for testing new approaches and ideas. The GPFD has been the basis of a ground-breaking partnership between the Bank and UNHCR.

The **SPF** has become one of the WBG's primary instruments for first response, innovation and engagement in FCV-affected countries. The SPF has a number of comparative advantages. Firstly, it is flexible in terms of where it can operate – all developing countries facing FCV challenges are eligible for funding regardless of geography, income level or arrears status. The SPF can also operate in territories of non-members on a case-by-case basis. Secondly, the SPF can mobilize financing quickly. The latest example is SPFs funding of the Rapid Damage Needs Assessment (RDNA) after the 4 August

2020 explosion in Beirut that was carried out by the World Bank in collaboration with the UN and the EU. Whenever interventions are required to address FCV, the SPF is the emergency vehicle to deliver technical assistance, advisory services, or lay the groundwork for large-scale operations. Thirdly, the SPF can finance the full spectrum of country services including innovations and pilot operations, analytics, data and evidence collection, as well as seed funding for single-country multi-donor trust funds (MDTFs).

The SPF has been a key platform for the Bank's collaboration with the UN and like-minded partners who has also used it to promote Bank focus on the HDP-nexus, enhanced partnership with the UN, civil society and bilateral partners as well as pushing for deployment of additional World Bank staff to fragile contexts. The FCV strategy places strong emphasis on enhancing partnerships as one of the main measures for its operationalisation. This includes promoting the Bank's impact as a development actor on the ground through deployment of staff and through a more systematic use of partnerships, e.g. through joint assessments and deeper coordination at the country level with actors operating in insecure environments, including not least the UN. Denmark is very supportive of this priority.

The emphasis on partnerships include stronger engagement with civil society organisations present in fragile settings and insecure environments. Based on country specific needs, the Bank will scale up cooperation at country level. Denmark supports the scaling-up of such partnerships, not least with a view to ensure greater ownership, effectiveness and accountability of Bank operations in fragile settings.

The **GPFD** has been instrumental in developing the WBG approach to forced displacement and in spearheading its implementation across multiple country programmes and global engagements. In an initial period, from 2009 until 2015, GPFD focused on building partnerships and producing analytics. In 2016-2017, GPFD further articulated the WBG's strategic thinking in respect of forced displacement. Since then, GPFD has increasingly been engaged in supporting the further development and operationalization of this agenda at both global and country level, including through leading the design and supporting implementation of the Bank's Global Concessional Financing Facility (GCFF), the IDA 18 Sub-window for Refugees and Host Communities (RSW) and the IDA 19 Window for Host Communities and Refugees (WHR). This is where the GPFD shows its operational value and where GPFD's analysis and more technical and operational support to country offices are translated into results on the ground.

These innovative initiatives have involved an increasingly strong partnership between the Bank and UNHCR, covering joint strategy formulation, analysis, advocacy and operational planning. This was reflected in a strong World Bank engagement in the process leading to the Global Compact on Refugees (GCR) in 2018 and beyond. It has also led to a direct and formal role by UNHCR in the assessment of country eligibility for IDA 18 RSW funds, based on solid refugee protection standards and in line with the principles embedded in the GCR. These call for host states to lead the development of inclusive responses to displacement situations that promote refugee access to services and self-reliance.

In 2019, the partnership between UNHCR and the WBG also led to the establishment of the Joint Data Centre on Forced Displacement (JDC) that is hosted and co-funded by Denmark in the UN City in Copenhagen. JDC aims to enhance the ability of stakeholders to make timely and evidence-informed decisions that can improve the lives of affected people through supporting the collection, analysis and dissemination of quality data on the demographics and socio-economic consequences of displacement in developing countries. This is data that is key to the implementation of the Bank's FCV strategy and in particular, those parts dealing with forced displacement through GPFD.

The FCV strategy aligns itself with the UN's Women Peace and Security agenda, which aims inter alia to empower women to prevent conflict and build peace. The FCV strategy therefore focus on closing gender gaps in governance, economic opportunities and other areas. Societies with more gender equality tend to be more resistant to violence and conflict. Women, young girls and children are also particularly vulnerable during disasters, conflicts and displacement. Sexual violence and lack of access to health

services, including sexual and reproductive health and rights, are multiplied and amplified in these situations. The WBG FCV strategy includes a strong focus on preventing gender-based violence and also notes that foundational investments are needed to improve human development outcomes, including maternal and infant mortality rates, mental health challenges, access to services for people with disabilities, and inclusive quality education. Denmark attaches high priority to addressing the challenges for women and girls in situations of fragility and forced displacement and support through the SPF and the GPFD will underpin the WBG's work in this field. Continued Danish support and engagement will help enhance this operational focus, thereby contributing to ensuring that WBG efforts in situations of fragility, conflicts and violence address gender inequality in fragile contexts.

Continued Danish support to the WBG work in the FCV area will help promote further progress along the above lines, including with respect to partnering with the UN and other development actors, not only through funding but also active dialogue and collaboration at all levels. The partnership with the WBG, in particular through the GPFD, underpins Danish efforts and initiatives to promote new and innovative responses to displacement situations and towards building coherence between humanitarian assistance and long-term development efforts in support of access to services, strengthened resilience and enhanced self-reliance among vulnerable groups. It will give Denmark access to partnerships, data and other resources at both the policy and operational levels of relevance to Danish initiatives that promote new responses to fragility, conflict and displacement. This will include direct collaboration with the WBG and a strong engagement in its partnership with UNHCR, including through the JDC.

It is a Danish priority to promote stronger coherence between WBG field operations and Danish engagement in the FCV area. Denmark is engaged with other multilateral partners and bilateral interventions and instruments in the FCV area and works directly with a number of priority countries, be they fragile, subject to forced displacement crises or both. Denmark's continued engagement with the WBG in this field will be used to promote better access, also for Danish missions at the country level, to the work of and dialogue with World Bank country offices, including the forced displacement focal points.

2.2. Previous Danish engagement with the World Bank in the FCV area

The **SPF** was established in 2008 as a global multi-donor trust fund (MDTF) to respond to issues of conflict and fragility and to advance the World Bank's strategic approach to FCV. Denmark has supported the SPF with a total of DKK 95 million since 2009. The latest Danish support was DKK 35 million covering 2018-2020.

Denmark was one of the **GPFD**'s founders in 2009 and has remained a critical strategic and operational partner since then. In total, Denmark's support to the GPFD has amounted to DKK 94 million. Denmark's latest contribution to GPFD of DKK 65 million covering 2018-2020 was channelled through a special window for forced displacement activities in the SPF. Earlier support between 2009-2017 (DKK 29 million) was channelled through the Forced Displacement Trust Fund (FDTF). Denmark's support to GPFD is part of a broader strategic engagement that also includes contributions to the Global Concessional Financing Facility (GCFF) and to IDA, including the IDA 18 RSW and the IDA 19 WHR, as well as significant seed financing for the UNHCR – WBG Joint Data Center on Forced Displacement (JDC) in Copenhagen (DKK 111.1 million).

2.3. Results, challenges and lessons learned

The **SPF** was evaluated in 2018-2019 to provide SPF stakeholders with an independent review of the Fund's performance for 2012-2018. The evaluation had a dual purpose: (i) Summative, focusing on accountability and learning from past performance, operations and governance of the SPF, including the governance structure and value proposition adopted in 2017; and (ii) Formative, informing discussions about the SPF's strategic and operational approach moving forward.

The evaluation found that SPF has maintained strong relevance and plays a strategic role in the FCV architecture within the WBG. It found that SPF grants had been implemented effectively and largely

achieved their intended outputs. A review of selected grants found examples of scaling-up and replication of initiatives, but limited evidence of leveraging subsequent financing from IDA, IBRD and non-Bank sources. The evaluation found limited evidence of the institutional sustainability of SPF-financed activities. It found that the SPF's grant-making cycle was managed efficiently and that a new SPF Results Framework and Theory of Change were important steps forward. The lessons learned from the evaluations is under implementation, including an enhanced focus on knowledge sharing and partnerships.

An independent evaluation of the WBG support in situations involving conflict-induced displacement was published in June 2019. It recognised that Bank support for populations forcibly displaced by conflict and their host communities had become more balanced and focused on priority sectors with greater impact on generating economic opportunities. Calling the results "significant achievements," it also encouraged greater emphasis on translating research into policy dialogue, more nuanced project design and greater country-level engagement towards institutional reforms – all areas which the **GPFD** aims to promote, not least using the new Danish grant. The evaluation also found that the WBG needs to address internal institutional constraints, including varying levels of commitment and leadership among Country Management Units and the lack of incentives for the required proactive, time-intensive policy dialogue, project design, and collaboration among the Bank's Country Management Units, its HQ based Global Practices and Global Themes, and between them and external partners. The posting of forced displacement focal points to country offices is a significant initiative in support of this.

Lessons learned during the implementation of the **GPFD** build on the results of the evaluation and provides the basis for the focus areas under the new Danish grant. One lesson is the need for sustained attention and support on the ground in order to maintain political will and facilitate policy dialogue to advance policy reforms. The presence of dedicated staff in key country offices has also proven critical to facilitate the policy dialogue, liaise with other partners, and support the design and implementation of operations. Another lesson is that continued close collaboration with UNHCR and other multilateral and bilateral partners is essential to ensure the complementarity of humanitarian and development action and the coherence of policy dialogue and technical and financial support. Lastly, the need for urgent and significant development efforts has been further emphasised by the wide-ranging effects of COVID-19. The pandemic has potentially devastating consequences for many refugees, IDPs and host communities, in terms of public health, economic impacts and protection. The GPFD team is engaged in continued efforts to ensure that the findings of the evaluation and the lessons learned are addressed effectively across WBG policies and activities.

3. Programme presentation

The overall objective of the grant is to enhance the WBG's effectiveness to support countries in addressing the drivers and impacts of fragility, conflict and violence and strengthening their resilience through:

- improving governance and institutional performance in fragile contexts to boost resilience to internal and external stresses;
- develop the socio-economic conditions that foster peaceful, stable, and sustainable development, and;
- maximize the impact of the WBG's forced displacement efforts, including in programmes developed in response to COVID-19.

The above reflects the objective of the FCV strategy and how the SPF and GPFD will contribute to achieving it.

3.1. SPF objectives and strategic priorities

The **overall objectives of the SPF** are to (i) improve governance and institutional performance in FCV-affected regions to boost resilience to internal and external stresses; and (ii) develop the socio-economic conditions that foster peaceful, stable, and sustainable development. The SPF seeks to achieve its objectives through the financing of activities across its five priority focus areas mentioned

below, while mainstreaming gender and ICT. The Danish grant will support the SPF work programme and do so within the framework of the targets and priorities for the coming years as agreed by the SPF Council. As such, the SPF is an important vehicle for funding FCV expertise, resources, and partnerships, delivering support to actionable analytics, technical assistance, project financing, and partnerships along the following five focus areas:

- a) **Prevention, resilience and recovery.** Tailor development solutions to FCV causes and consequences, prioritizing prevention and risk mitigation. Emphasis on risk and resilience assessments and other actionable analytics.
- b) **Crisis response.** Emphasis is on activities that support countries' abilities to cope with shocks and build resilience to future shocks; address internal displacement crises; and transition from violence to peace, including through the development of joint programming with the UN on disarmament, demobilization and reintegration in post-conflict settings.
- c) Forced displacement. Operationalise a global development response to forced displacement. Emphasis is on (1) building a full suite of services and solutions to assist in improving the socioeconomic opportunities of refugees and internally displaced persons (IDPs), host communities, and returnees; and (2) building data and evidence on "what works". Gender aspects of forced displacement are a key priority.
- d) **H-D-P** initiatives. Promote UN-WB partnership in fragile contexts at country level. Develop and implement tools such as Recovery and Peacebuilding Assessments (RPBAs) and security and justice public expenditure reviews, and foster joint planning and execution of FCV projects and programmes.
- e) **Financing solutions.** Promote innovative and promising financial solutions that mobilize resources, effectively channel financing to address critical challenges, and support adequate investment in FCV countries. Emphasis is on the design and testing of innovative financing instruments for the differentiated needs of low- and middle-income FCV countries, or provision of special financing for situations where conventional financing is not available or where transformative opportunities might require immediate and flexible financing.

The SPF is demand-driven and specific allocations are based on swift decisions on fund applications. The SPF is able to support WBG engagements with countries when other sources are not available. Over the past years, the SPF has added a knowledge management function to its work. Disseminating knowledge is critical in informing the design of more and better projects supported by an increasing level of financial resources from IDA, IBRD, trust funds, and other special facilities in fragile contexts.

The World Bank has initiated a consultative process with the SPF Council members to ensure that the SPF adequately underpins the priorities and approaches promoted by the FCV strategy. Denmark will be closely engaged in this process. The results of this process is expected during 2021 and will be reflected in a new generation of SPF work programmes.

3.2. GPFD objectives and strategic priorities

The overarching objective of the work of GPFD and thus the Danish contribution to the programme is to maximize the impact of the WBG's forced displacement efforts, including programmes supported under the GCFF and the IDA 18 RSW / IDA 19 Window for Host Communities and Refugees (WHR) as well as programmes developed in response to COVID-19. Following on lessons learned during past support, the Danish contribution to GPFD would seek to further advance the forced displacement agenda and increase effectiveness and impact of operations. This will involve activities at country, regional, and global levels, which can be articulated in four focus areas:

a) Supporting host governments in the design and implementation of effective programmes to enhance the management of forced displacement situations

Focus will be on the continued deployment of forced displacement focal points to key refugee-hosting countries, financing of selected country-level analytics and advisory services and through exceptional support to country-level operational task teams. The forced displacement focal points play a key role in the policy dialogue with national authorities, in close coordination with relevant country teams. They are currently posted in Bangladesh, Chad, DRC, Ethiopia, Lebanon, Peru and Uganda, and the additional resources will help sustain this effort and expand it to other large refugee-hosting countries. Currently, 14 countries are eligible for funding through IDA 19 WHR: Bangladesh, Burundi, Burkina Faso, Cameroon, Chad, Democratic Republic of Congo, Republic of Congo, Djibouti, Ethiopia, Mauritania, Niger, Pakistan, Rwanda and Uganda. Kenya is pursuing eligibility and expected to complete the process in September/October 2020. Under the GCFF, Lebanon, Jordan, Colombia and Ecuador have received assistance. Within these countries and regions, the efforts funded through IDA 19 WHR and GPFD will seek to maximize synergies with Danish programmes and advance common strategic priorities.

b) Supporting COVID-19 response in forced displacement settings

Support will help ensure as strong an inclusion of refugees, IDPs, and host communities in WBG COVID-19 response programmes as possible, including in terms of both the pandemic itself and the economic crisis.

c) Expanding country-level operational engagement in key thematic areas, including support to IDPs, education, gender, and preparedness

This will help finance country-level operational support and application of global and country-level analytics to World Bank country programmes and help scale up development efforts in these critical areas, which are key to the forced displacement and development agenda. Among the thematic areas and in line with the priority given by Denmark to addressing the specific needs, vulnerabilities, rights and potential of women and girls in situations of displacement, gender is a top priority for GPFD and IDA 19 WHR. Activities in this field will focus on supporting country-level operations through i.a. development of key priorities and entry points at global and country levels; analytical work aimed at determining key elements of successful gender interventions in situations of forced displacement.

d) Further strengthening the WBG's global engagement on forced displacement

Activities under this focus area will support the continuation at scale of global efforts spearheaded by GPFD through the financing of global analytics, support to key international processes such as the follow-up to the Global Compact on Refugees, and engagement with critically important partners, including UNHCR and other International Financial Institutions. In this field, while the pioneering stage has ended, new tasks have emerged to follow up on key events and continue partnership expansion. COVID-19 has caused a secondary impact on the global economy, which already affects dynamics around forced displacement. While accepting less physical engagement, strengthening collaboration even in remote settings must be continued. The contribution will allow GPFD to keep leading the agenda even in these new conditions.

3.3. Results framework and monitoring results

The first full year of applying a new results framework across the **SPF** portfolio was completed in 2019. The results framework tracks three levels of results – (i) Outputs, primarily focused on the types of grant activities supported by the SPF; (ii) Intermediate Outcomes, measuring short-term results such as partnerships supported and knowledge products produced; and (iii) Outcomes, tracking the impact of SPF activities. Each year, the SPF, as endorsed by the SPF Council, sets targets for the portfolio for the calendar year. In 2019, the SPF met or exceeded most targets. The SPF Results Framework can be found in annex A. The impact of Danish support to **GPFD** will be assessed and reported on annually against the results framework outlined in annex A which will be developed further during implementation.

4. Management set-up

4.1. SPF management set-up

In 2017, the SPF's governance structure was revised to formalize the involvement of the UN and streamline the grant-making process. A strategic and advisory body, the **SPF Council**, is co-chaired by the UN Assistant Secretary-General for Peacebuilding and the WBG Senior Director for the FCV Group, as well as other WBG senior management and contributing development partners. It meets annually to take stock of progress under the SPF and provides strategic guidance to SPF's forward operations. The SPF Council also meets virtually on an informal basis 2-3 times a year to discuss SPF's progress. Denmark will follow the implementation closely through its engagement in the SPF Council. In doing so, Denmark will work for stronger alignment of SPF funded operations and other country and regional operations to promote sustainable impact on the ground.

A **Technical Advisory Committee (TAC)** reviews and approves project proposals, integrates the SPF programming with regional WBG priorities, transfers operational knowledge across practices, and proposes new initiatives that are in line with regional and sectoral priorities. The TAC includes representatives from the WBG global practices, regional departments and corporate units. Finally, the **SPF Secretariat** manages the day-to-day operations of the SPF, preparing strategic directions for each year, providing advice to teams on how to make projects more agile, processing grants, as well as monitoring and evaluating the SPF portfolio based on the results framework.

4.2. GPFD management set-up

Support to GPFD will be channelled through the Forced Displacement Trust Fund (FDTF). Danish contributions to GPFD in 2009-2017 also used the FDTF as funding channel. Since the Danish grant will support work on a pre-identified program of activities through the GPFD and in order to ensure that funds are fully targeted to these activities, the FDTF has again been chosen as funding modality rather than the SPF, which has forced displacement as one of its focus areas. This is because SPF is a demand driven fund, which accepts proposals on a rolling basis and to which donors can only "preference" support to pre-identified focus areas, but should avoid actual earmarking.

Danish funds will be managed by the GPFD within the WBG's FCV Group, with full operational and programming autonomy within the context of the FDTF governance and fiduciary requirements. The FDTF's objective is to support the WBG's work on development-based responses to forced displacement. Financially, it uses the WBG's cost recovery framework for trust funds approved by the Bank's Board in 2015 and applied to all bank-executed multi-donor trust funds. The Bank's approach to covering indirect costs is transparent and standardized across all trust funds. It ensures that indirect costs for trust funds are sufficiently recovered, reducing the shortfall to be drawn from the WBG.

The GPFD team will administer, manage and oversee the FDTF activities, prepare annual reporting to and organize annual discussion with donors, as well as monitor the results and outcomes of the activities funded through the FDTF. Through an annual consultation process, the FDTF donors will be able to provide the GPFD management with their input into and feedback on the proposed adjustments to the agreed work program. Allocation of donor funding to activities will be aligned with FDTF objectives and will follow the applicable WBG operational and trust fund policies and procedures.

Management of the programme will subscribe to the following key principles, including:

- **Cost effectiveness:** Activities will be selected and implemented in a manner that is aimed at maximizing their impact on the ground.
- Additionality: Resources will be used to complement, not substitute, the WBG's own resources and contributions by other donors. Funds will facilitate relevant operations by covering the continued deployment of forced displacement coordinators in key field positions, extra consultant services, and incremental travels to further enhance the WBG contribution to forced displacement and development efforts in support of refugees, IDPs and host communities.

- **Flexibility:** In an uncertain and rapidly developing environment, a relatively large degree of flexibility is key. The program's strategic objective and its four areas of focus will provide the framework within which adjustments needed can be made in dialogue with Denmark.
- **Alignment with the global priorities in forced displacement**: Synergies will be pursued between GPFD's focus areas and Danish programmes and initiatives in the field, including ongoing areas of leadership by the World Bank and Denmark, and in coordination with other humanitarian and development partners.

5. Funding and budget

5.1. SPF funding and budget

This Danish contribution of DKK 35 million will support activities agreed in SPF Annual Work Programmes during 2021-2023. The SPF has approved proposals in 2020 amounting to USD 18.3 million (as at August 2020) with a pipeline of 15 million planned for project approvals in 2020 bringing the total expenditure to USD 33.3 million for 2020. The COVID 19-pandemic has resulted in a significant increase in the demand for SPF funding during 2020. The high demand is expected to continue in 2021. The indicative budget for 2021-2023 can be found in annex B.

The SPF has a global reach and funding operations in 61 countries across the world. As of 31 December 2019, the SPF's active portfolio comprised 74 grants with over USD 58 million in commitments. The SPF has received USD 359 million since 2008 as of 31 December 2019. The Danish contribution to SPF will be core support. The agreed budget available for SPF funding during 2021-2023 will be determined on an annual basis by the level of available donor contributions, including the preferences attached to allocating funds to certain targets and focus areas. Bilateral development partners contributing approximately 20 percent of that amount include Australia, Denmark, Germany, the Netherlands, Norway, Switzerland, Sweden and the United Kingdom.

5.2. GPFD funding and budget

The Danish contribution to GPFD of 50 million DKK (approx. 8 million USD) will cover 2021-2023 and include the indicative allocation of funds to GPFD's different areas of focus outlined in annex B. Denmark's support will be part of a multi-donor effort to improve the development response to forced displacement. For example, through GPFD the UK has sponsored a comprehensive research program including impact evaluations to measure the effectiveness of programmes targeting the forcibly displaced and targeted investigations into key policy and thematic questions. The Netherlands has also initiated a partnership in support of the forced displacement agenda, which called for five humanitarian and development agencies (IFC, ILO, UNHCR, UNICEF and the World Bank) to leverage their comparative advantages to support the transition from humanitarian response into development through global, regional, and country-level programmes.

6. Risks and risk management

The main **contextual risks** are:

• Engaging in support in fragile contexts is difficult, complex and high-risk, but potential rewards are sizable and the risks of inaction are even higher. Breaking out of a vicious cycle of fragility is extremely difficult, and history shows that fragile countries tend to remain fragile, thereby continuing to present major risks to neighbouring countries by being hubs for extremist groups and human trafficking as well as sources of forced displacement. Risk-aware and sustained engagement, adaptability, flexibility and presence on the ground are some of the tools applied to minimise such risks. However, even with all these precautions, the risk of failure will remain high because of the link to the inherently political nature of many challenges. Hence, successful risk management will require progress on policy and institutional issues. This may prove difficult in some contexts, not least in the context of COVID-19, which significantly amplifies such risks, including with respect

to forced displacement. Furthermore, some governments may not be willing or able to implement actions they have earlier planned or committed to. To mitigate these risks, the WBG is engaged in a continuous policy dialogue with relevant governments, often in partnership with other stakeholders, including UNHCR and Denmark.

• Over the last few years, a consensus has emerged around a new way of working that humanitarian assistance, relief and protection efforts need to be complemented by development interventions. Many governments in refugee-hosting countries have embraced the new approach. Yet, this often required a repositioning of various institutions as well as a willingness to consider new ways to finance support to refugees and host communities, and is often complex and varies across countries. It can be made more difficult where parliamentary factions or parts of the government are more reluctant to such changes. In particular, this is the case when countries are offered support in the form of concessional loans rather than grants for programmes in support of refugees and host communities. Lessons learned from IDA 18 RSW showed that such resistance can lead to significant delays in programme development and implementation. This led to a modified approach under IDA 19 WHR, in that it was decided that support during the initial two years should be in the form of grants only. Denmark supported this change and will continue the dialogue with the WBG on progress.

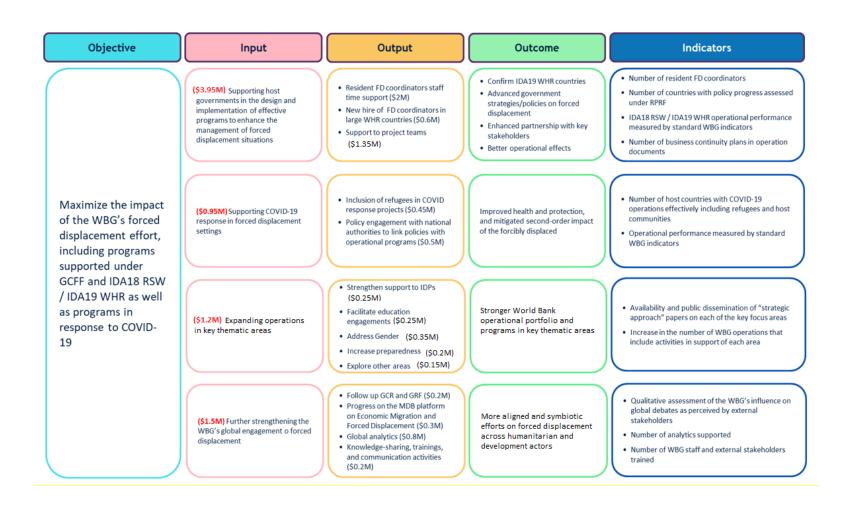
The main **programmatic risks** are:

- Many of the fragile countries eligible for support from the SPF and GPFD have limited institutional capacity. An area like forced displacement is also a relatively new area for the WBG, and efforts will be needed to overcome internal capacity constraints, not least at the country level, promote consistency across interventions and ensure that programmes go beyond projects and include an adequate element of policy dialogue. As the SPF provides flexible funding based on demand from other WBG entities, it is an instrument that helps mitigate this risk. Similarly, the GPFD-funded forced displacement focal points in WBG country offices have helped address such challenges as has a number of the GPFD analytical products, including the 2016 flagship report on a development approach to displacement. The JDC is also recognised as a valuable resource in this connection in that it helps to build the capacity of both UNHCR and the WBG along with affected governments in terms of data and socio-economic analysis related to fragility.
- Most humanitarian actors, international organizations, civil society organizations and donors, have embraced the introduction of a development approach as a complement to their work. Yet, the pace of adjustment has varied across actors, multilaterals, bilaterals and NGOs and continued collaboration and advocacy in this field will be needed. The WBG is well-placed to drive this process, considering its convening power, and Denmark will seek to promote this role, both at the global policy level and in relevant operational settings and partnerships.

The main **institutional risks** are:

• The FCV-strategy includes guidelines on WBG personnel, including focus on adapting and changing WBG staff incentive structures. WBG-staff are traditionally under pressure to approve large volume projects. This pressure remains a barrier for further FCV-focus, as it is in general more difficult to approve large projects in FCV-settings. It may also not be beneficial for staff careers to engage in FCV-settings – and take up WB posts in FCV countries. The active Danish partnership with the WBG in the SPF and GPFD will be used to push the WBG on the FCV-agenda, including on changing the staff incentives.

Annex A: Indicative outcomes of Danish support to the World Bank Strategy for Fragility, Conflict and Violence 2021-2023 RESULTS FRAMEWORK: DANISH SUPPORT TO THE WORLD BANK GLOBAL PROGRAMME ON FORCED DISPLACEMENT



SPF RESULTS FRAMEWORK

SPF results framework		2018 Tar-		2020 7	Linkages to WBG FCV Strategy	
Results Chain	Indicator Results Chain		2019 Targets 2020 Targets		(see Annex for list of Operational Measures)	
	Support implementation or uptake of RRA findings and recommendations	5%	10%	8%	 Pillar 1 – Preventing Violent Conflict and Interpersonal violence Operational Measures #8 and #11 	
	2. Support implementation or uptake of RPBA findings and recommendations	5%	10%	10%	 Pillar 3 – Helping Countries Transition out of Fragility Operational Measure #15 	
	3. Advance or promote inclusive approaches and policies	40%	40%	40%	 Pillar 4 – Mitigating the Spill overs of FCV Guiding Principle 2 – Inclusion 	
Outcomes	4. Support institutional reform	30%	30%	30%	Guiding Principle 3 – Legitimacy, Transparency, and Accountability	
	5. Support implementation of collective outcomes	15%	25%	30%	Pillar 2 – Remaining Engaged during Crises and Active Conflicts	
	6. Catalytic leveraging of other (non-SPF) funding	15%	15%	35%		
	7. Ratio of funding leveraged	1.2	1.50	2.50		
	8. SPF-funded projects that are replicated, mainstream, or scale	10%	15%	25%		
	 Partners, donors, and other stakeholders recognizing SPF's catalytic support, innovation, and thought leader- ship 	100%	100%	100%		
	SPF grants providing demonstration effect	N/A	15%	40%		
	SPF grants completed with "moderately satisfactory" rating or higher	80%	80%	85%		
	3. SPF grants that support joint FCV activities with UN entities ¹	10%	20%	20%	Operational Measure #15	
	4. SPF grants coordinating with UN entities ¹	20%	30%	45%	Operational Measure #15	
	5. SPF grants implemented in partnership or coordination with:					
Intermediate Outcomes	a) Regional or international (non-UN) organizations	10%	15%	15%	Operational Measures #16 and #17	
	b) NGOs or civil society organizations	10%	20%	25%	Operational Measure #18	
	c) Local governments	8%	12%	15%	Operational Measure #18	
	6. Partners reporting satisfaction with quality of collaboration and coordination	85%	85%	85%		
	7. Knowledge sharing events or exchanges held for local and international stakeholders	10	15	15		
	8. Datasets produced, or data sharing platforms/protocols developed	5	8	8		

	1. SPF grants by focus area:				
	(a) Forced Displacement	35%	35%	25%	
	(b) H-D-P Nexus	20%	20%	20%	
	(c) Prevention and Recovery	30%	30%	25%	
	(d) Crisis Response	10%	10%	20%	
	(e) Financing Solutions	5%	5%	10%	
	2. SPF grants primarily addressing gender equality	20%	20%	20%	Guiding Principle 2 – Inclusion
Outroute	a) SPF grants with gender-based violence focus	8%	5%	10%	
Outputs	3. SPF grants targeting the WBG FCV Strategy areas of special emphasis ²	N/A	N/A	50%	
	4. SPF grants that are:				
	a) in countries in arrears or non-members	15%	10%	25%	
	b) in Middle Income Countries with FCV pockets	25%	25%	20%	Guiding Principle 1 – Differentiation
	c) Regional / trans-national	5%	15%	10%	Operational Measure #11
	5. SPF grants using innovative designs, ICT applications,	15%	20%	30%	Operational Measures #2 and #4
	delivery mechanisms, financing instruments, or risk mitigation strategies				

Annex B: Indicative budgets for SPF and GPFD

State and Peacebuilding Fund. Indicative budget, 2021-2023 (USD million)

Area of focus*	2021	2022	2023
Prevention, Crisis and Recovery	15.0	8.3	8.3
Crisis Response	20.0	6.6	6.6
Forced Displacement	13.0	8.3	8.3
HDP	10.0	6.6	6.6
Financial Solutions	11.0	3.3	3.3
Total	69.0	33.3	33.3

^{*} Allocations are subject to annual revisions set by the SPF Council. Furthermore, some projects may target more than one focus area.

Global Programme on Forced Displacement. Indicative budget, 2021-2023 (USD)

Area of focus	2021	2022	2023	Total
Supporting host governments	1,210,000	1,370,000	1,370,000	3,950,000
Supporting COVID-19 response	650,000	150,000	150,000	950,000
Expanding operations in key themes	400,000	400,000	400,000	1,200,000
Strengthened global engagement	500,000	500,000	500,000	1,500,000
Program administration and management	140,000	130,000	130,000	400,000
Total	2,900,000	2,550,000	2,550,000	8,000,000

Annex C: Process Action Plan (PAP)

Danish support to the implementation of the World Bank's Strategy for Fragility, Conflict and Violence, 2021-2023

Action/product	Deadlines	Responsible/involved Person and unit	Comment/status
Identification, concept note	and programme committ	ee	
Draft Concept note and annexes	August 2020	HCE/MNS	
Forward Concept note and annexes to TQS Public consultation of Concept note.	27 August 2020	HCE/MNS	
Meeting in Programme Committee.	18 September 2020	ELK & HCE/MNS	
List of received responses from the consultation and summary conclusions from Programme Committee.			
Formulation			
Finalise development of documentation	Late September 2020	HCE/MNS	
Draft documentation			
Appraisal			
Desk appraisal	September 2020	ELK	
Draft Appraisal Report in- cluding summary of con- clusions and recommen- dations	5 October 2020	TQS	
Final documentation and annexes forwarded to ELK	16 October	HCE/MNS	
Presentation to the Council for Development Policy	29 October 2020	HCE/MNS	
The minister approves the programme	After Council for Development Policy meeting		
Signing of agreement with the World Bank	November-December 2020	HCE/MNS	_
Register commitment in MFA's financial systems within budgeted quarter.	December 2020	HCE/MNS	

Annex D: Summary of follow-up to appraisal recommendations

Title of Development Engagement	Support to the Implementation of the World Bank Strategy on Fragility, Conflict and Violence
File number/F2 reference	2020-29390 2020-28556 (GPFD), 2020-28690 (SPF)
Appraisal report date	8 October 2020
Council for Development Policy meeting date	29 October 2020

Summary of recommendations not followed

All recommendations will be followed.

Overall conclusion of the appraisal of the development engagement

The WBG has in the last decade established itself as a leading actor in the global response to fragility, conflict, and displacement. The volume and types of financial support both to low-income and middle-income countries have increased massively. The WBG has therefore launched an ambitious Fragility Conflict and Violence (FCV) strategy, which represents a shift in the WBG's traditional focus on post conflict reconstruction towards addressing challenges within the full spectrum of fragility. Denmark has decided to support the implementation of the FCV strategy from 2021-2023, through grants to two inter-connected multi-donor Trust Funds, i.e. the State and Peacebuilding Fund (SPF) and the Global Programme for Forced Displacement (GPFD), with contributions of DKK 35 million and DKK 50 million respectively. The Appraisal Team (AT) finds that the WBG's increased strategic emphasis, scale of financing and increasing capacity towards preventing and addressing fragility and conflict, and its spill overs further strengthens the WBG' role as an important strategic partner for Denmark. The support towards implementation of the FCV strategy is therefore justified and relevant and recommended for funding taking into considering the recommendations provided below.

Recommendations by the appraisal team	Follow up by HCE and MNS
# 1 The strategic objective of the Danish support to recognize the FCV strategy and relate to its objectives	The strategic objective has been updated accordingly.
# 2 In light of the WBG own staffing commitments to FCV countries, Denmark should communicate to the WBG that financing of a substantial number of staff positions is temporary and an exit plan should be agreed upon.	The recommendations refer to the support through GPFD to funding forced displacement focal points at WBG country office in countries with IDPs and refugee populations. The funding of these is a transitional measure in order to ensure that expertise on forced displacement – currently not available at WBG country offices – is available at country offices and to host governments to advise them on durable solutions to large displacement crises. This is particularly relevant in countries that are accessing or planning to access the new IDA18 and IDA19 sub-windows for refugees and host communities. Therefore, these postings are an important part of the grant and have so far, and with Danish support, been instrumental in placing the WBG in the lead when it comes to promoting durable solutions to displacement also at the country level, in close collaboration with UNHCR. The current grant will help the transition to WBG

	funding and / or internalisation of the expertise in WBG country office set-up in relevant countries. The natural exit date for Danish funding of these particular staff positions is the expiry of the current grant in 2023. The will be reiterated to the WBG in the ongoing dialogue.
# 3 MFA to ask for more outcome oriented information with regard to the effectiveness and expected impact of the staff postings financed through the grant to GPFD. This information will also help the WBG more broadly to see the value of the additional staffing in countries affected by FCV.	This will be communicated to the GPFD management. However, it should be noted that quantitative outcomes might be difficult to assess given the nature of GPFD activities. Instead, reporting is likely to consist of a qualitative analysis of outcomes.
#4 MFA to urge the WBG to set up a formal governance mechanism for GPFD or bring it under the umbrella of the SPF.	The overview of the governance structure of the Forced Displacement Trust Fund, which is the funding mechanism for the GPFD, was made available to the appraisal team. It describes prevailing governance and fiduciary requirements of the trust fund, eligible expenses and the checks and balances etc., which the GPFD management will follow. Therefore, the GPFD management will have operational and programming autonomy within the context of the FDTF governance and fiduciary requirements. The GPFD team will administer, manage and oversee the FDTF activities, prepare annual reporting to and organize annual discussion with donors, as well as monitor the results and outcomes of the activities funded through the FDTF. In the dialogue with the GPFD management about the current grant, it has been stressed that the formal governance requirements will have to be developed further and followed rigorously. The GPFD management has concurred and this aspect will naturally be follow closely.