World Bank funding to non-sovereign actors in conflict contexts: case study summary

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Problem Statement

Crisis-affected communities are being neglected in global efforts to end poverty and advance global public goods, including climate change mitigation and adaptation and responses to forced displacement, because MDBs are not currently prioritising financing in countries affected by fragility, conflict and violence or routinely delivering through non sovereign partners.

Background

Analysis of the World Bank's engagement with non-sovereign actors in Afghanistan, South Sudan and Yemen offer learnings for the expansion of Bank engagement in fragile and conflict affected states (FCAS). In each context the approach adopted by the Bank differs slightly, offering the basis for a range of recommendations summarized here. Bank delivery through non-sovereign partners is not limited to these contexts, nor is it limited to UN agencies. Additional examples can be found in other regions of South Sudan and DRC (where UN agencies implement for the Bank), in Yemen (where Save the Children is a direct recipient of Bank funding) and Lebanon (where IRC is implementing a Bank administered project through the multi-donor Lebanon Financing Facility, to support the immediate social recovery needs of vulnerable groups following the Port of Beirut explosion). However, identifying these examples is difficult due to limited Bank reporting and transparency. The FCDO reports challenges in understanding the scale of non-sovereign partnership and have tasked their research team with exploring this exact question.

It is important to highlight that these case studies are based on desk research literature on Bank's role. Much of the analysis is based on the Bank's own reporting, which the Yemen case study demonstrates is narrow and sometimes subjective. Some key informant interviews have been conducted, but further consultation is required. Finally, the examples are largely historic (South Sudan and Yemen) and it is possible that some of the learning identified has been actioned by the Bank – again, further consultation will support us to understand where progress has been made.

The World Bank's Strategy for Fragility, Conflict, and Violence 2020-2025 outlines opportunities for the Bank to improve its effectiveness in addressing the impacts of FCV and strengthening resilience, particularly for the most marginalized. The strategy notes that " Partnerships are essential and must be the "new normal" to effectively prevent conflict, build resilience, and sustain peace" and highlights the need for a "coordinated approach" between " humanitarian, development, security, peacebuilding, and private sector entities" (p.55). The Strategy identifies conditions under which partnership may be considered (see below), but it provides little detail on the roles that I/NGO partner actors can/should play or the value they can add. Conversations with donors suggest that the Bank still sees non-sovereign partnership as a last resort. These case studies and the learning document here offer suggestions for how the Bank can advance its approach to partnerships

What is clear from each case study is that working with non-sovereign actors when Governments are either unwilling or unable to implement Bank funds, can offer an effective model for meeting the needs of affected populations over a longer time frame than humanitarian interventions, which are often left to fill the gaps during conflict when development actors withdraw. As such, non-sovereign actors can play a key role in maximizing the Bank's comparative advantage over humanitarian assistance. However, given the complex nature of FCAS and the role of national authorities in them, the examples leave some challenging questions about how to ensure the sustainability of projects created.

Summary of projects/approaches

Afghanistan: following the Taliban takeover in August 2021, the ARTF – formerly the Bank managed donor mechanism for contributing funding for the delivery of the Afghan Development Strategy – was adapted to maintain support to basic service provision in Afghanistan, with UN agencies taking on roles as project implementers. Delivery is then largely sub-contracted to NGOs. Funding for the ARTF is provided by donors who must agree to changes in ARTF strategy and delivery. The ARTF does not yet implement IDA.

South Sudan: the case study focuses on the IDA funded Provision of Essential Health Services Project (PEHSP), a follow-on project to the Health Rapid Results Project (HRRP), which was also IDA funded but delivered by the MoH. In contrast, the PEHSP was implemented by UNICEF and ICRC who were direct recipients of IDA funding. ICRC directly implemented the activities of the project and UNICEF sub-contracted delivery to NGOs while providing project management and capacity building support to implementing partners. The PEHSP is the only example analysed in which IDA funding was channeled directly to a humanitarian organisation without a UN body effectively acting as a lender. While the ICRC has a unique mandate and is not technically an NGO, the example provides useful insights for I/NGOs.

Yemen: the case study focused on the IDA funded Emergency Crisis Response Project (ECRP), which included a major Emergency Cash Transfer (ECT) programme. The projects built upon the success of the Bank's decision to resume funding to two health interventions in Yemen in 2015 shortly after all Bank projects with the Government of Yemen were suspended. The ECRP was one of the Bank's first projects implemented through non-sovereign actors (UNDP and UNICEF – the latter for the ECT), and one of the Bank's first projects designed and implemented in an active conflict context. Both UN agencies sub-contracted implementation to national Yemeni institutions.

Learnings

Approach to working with non-sovereign actors

- **Map contexts where the Bank could apply operational policies that allow for funding to non-sovereign actors.** The World Bank FCV strategy outlines that in certain "exceptional circumstances", the Bank can directly finance third parties to implement projects. These include, but are not limited to situations when " i) there is no government in power; (ii) the government is not in control of project sites; (iii) the government's technical capacity is severely limited; or (iv) Bank staff are unable to access project sites because of insecurity." The Bank has developed operational policies (OP 3.0 and OP 7.30) to support continued programme delivery in these contexts. With a significant number of countries falling into these categories, and while support to public services continues to be constrained in settings where the Bank cannot operate through a sovereign entity. In response, the Bank should undertake a mapping of contexts where increased partnerships with non-sovereign entities could offer a route to deliver basic services and limit the further collapse of the capacity of traditional Bank partners (i.e., sovereign entities) to manage and deliver services. Consultations with NGOs and CSOs to understand and assess the reach of government services and the scope for non-sovereign delivery will be key.
- **Expand the pool of non-sovereign actors able to receive Bank and IDA funding to include I/NGOs with a proven record for services delivery in FCAS.** The World Bank FCV strategy identified the

necessity for expanding its partnerships. The Bank has already made formal agreements with UN agencies as reflected in these case studies (e.g., The Partnership Framework for Crisis-Affected Situations to boost cooperation, and the WB–UN Financial Management Framework Agreement and the WB–UN Fiduciary Principles Accord (FPA) to inform direct financing agreements).The FCV strategy also identifies the UN Resident Coordinator, the Office for the Coordination of Humanitarian Affairs (OCHA), and the European Commission (DG ECHO) as possible partners with whom collaboration could be boosted. In some cases we know that NGOs are operating as implementing partners (as demonstrated by IRC's role in Lebanon). However, while the strategy recognizes that NGOs "have substantial presence on the ground in hard-to-reach areas and offer contextual expertise as well as technical know-how for working effectively in FCV settings," (pp 26) consideration of partnerships with I/NGOs does not appear to be adequately explored. Establishing a mechanism for pre-selecting I/NGOs able to meet the Bank's criteria for funding and developing MoU with them (and where necessary providing support to organisations that don't currently meet Bank criteria), could increase the speed and responsiveness of Bank intervention in contexts where Sovereign actors cannot be the chosen partner.

The experience of ICRC in South Sudan via the PEHSP and NGOs in Afghanistan via the ARTF demonstrate the scope for non-UN agencies to act as implementing partners of IDA funding. With large operational reach, strong contextual understanding and acceptance, experience of service delivery and capacity transfer, and often lower operating costs as compared to UN agencies (including the potential for reduced overhead costs through direct funding), I/NGOs could play key roles in the achievement of the Bank programmes analysed here. In addition, I/NGO's proven ability to adapt programmes based on regular assessment of needs, operational barriers (e.g., access) and coordination challenges, combined with sophisticated approaches to risk management (see below), can support the continued appropriateness, effectiveness and continuity of Bank funded operations.

Chatham House analysis of aid delivery in politically estranged contexts also suggests that as relationships with authorities break down, donors (in this case the Bank) are under increased pressure to demonstrate their ability to listen to affected populations, while also maintaining accountability to domestic constituents (or shareholders). I/NGO relationships at community level give them a unique ability to support this requirement and in doing so provide a way to reduce pressure for the withdrawal of aid or introduction of aid conditionality.

Design and delivery

- **Formalise commitments to include I/NGOs in project design and evaluation.** The FCV strategy includes commitments to include humanitarian organisations in " joint data collection and analysis" and "collaborating on design and implementation of monitoring in the field". In Yemen, weak project design that failed to adequately consult with existing humanitarian service providers, resulted in an increase in community tensions due to confusion over the value of cash transfers. This situation could have been avoided through more effective joint planning and analysis. In Afghanistan, while NGOs play critical roles in the delivery of ARTF funding they are not consistently included in project design and decision making undermining the opportunities to reflect NGO experience and community perspectives. In addition, establishing a formal consultation role for I/NGOs in Bank evaluations offers the scope for a broader perspective on the impact of the project on clients and the wider humanitarian response, providing a basis for improved interventions in the future.
- **Advance the Bank's commitments to gender inclusion and protection.** The Bank is increasingly focused on gender equality in its approach to FCV, in alignment with the WBG Gender Strategy (2016-

2023) and the UN's Women, Peace, and Security Agenda. Designing appropriate programmes to drive the Bank's efforts to close the gender gap requires the Bank to take a proactive approach to consultation and inclusion of women-led organisations in programme design and delivery to better understand and respond to the needs of women and girls, and mitigate any protection risks that implementation might pose.

- **Ensure project design includes appropriate actions, timelines, and analysis to support project sustainability.** All the case studies demonstrate the scope for investing in the capacity of national delivery partners, primarily NGOs. However, they also demonstrate the challenges of project sustainability when operating outside state structures, and the importance of understanding the roles of different actors. In Yemen, investment in quasi-government delivery partners was questioned given their reported alignment with warring parties, suggesting the need for improved political economy analysis. In South Sudan, at the end of the project the Government had inadequate capacity to take over management, demonstrating the need to consider further investment to ensure project sustainability.
- **Take steps to align risk management strategies between the Bank and operational partners, drawing on the experience of I/NGOs with a proven track record of programme delivery in insecure contexts.** The South Sudan case study demonstrates the importance of context appropriate approaches to risk management. Continuity of programming was possible due to the higher risk threshold of delivery actors as compared to the Bank. Establishing shared risk management and incident reporting approaches that allows for decision making on operational continuity to be delegated to those on the ground, and for lighter reporting mechanisms, would play an important role in facilitating effective delivery partnerships. I/NGOs have long experience of operating in contexts of fragility and insecurity and could play a valuable role in supporting Bank efforts to refine its own approach to risk management.

- **Improvement coordination with existing humanitarian response architecture.** Building on the engagement during the design stage, the case studies demonstrate the need for active Bank and implementing partner coordination during delivery to ensure response activities complement existing humanitarian interventions.