Acronyms and Abbreviations

ADB  African Development Bank
ADF  African Development Fund
AU   African Union
BCPR Bureau for Crisis Prevention and Recovery
BWIs Bretton Woods Institutions
CAS  Country Assistance Strategy
CDP  Country Dialogue Paper
CPA  Country Performance Assessment
CSP  Country Strategy Paper
DRC  Democratic Republic of Congo
FFMA Financial & Risk Management Department
GECL General Counsel & Legal Department
GDP  Gross Domestic Product
HIPC  Highly Indebted Poor Countries
ICASP Interim Country Assistance Strategy Paper
IFAD International Fund for Agriculture and Development
IMF  International Monetary Fund
IPRSP Interim Poverty Reduction Strategy Paper
MFI  Multilateral Financial Institutions
OCCC Country Operations Department – Centre
OCCW Country Operations Department - West
ONCB Country Operations Department – ADB Countries
ONCF Country Operations Department – ADF Countries
PBL  Policy-Based Lending
PCAII Post-Conflict Assessment Indicators
PCF  Post-Conflict Fund
PCMSC Post-Conflict Management Steering Committee
PCTF Post-Conflict Trust Fund
POPRA Operations Policies & Review Department
PPLB Planning and Budget Department
PRSP Poverty Reduction Strategy Paper
PRGF Poverty Reduction and Growth Facility
PRVP Vice Presidency – Policy Planning & Research
SRF  Special Relief Fund
TAF Technical Assistance Fund
TSS Transitional Support Strategy
UN   United Nations
UNDP United Nations Development Program
UNHCR United Nations High Commission for Refugees
USD United States Dollar
1. Background

1.1 In recent years, a number of African countries have been affected directly or indirectly by conflicts either within their own territories or in intrastate wars including through the movement of refugees or peacekeeping operations. Conflicts have an increasing toll on Africa’s development efforts. Unless major progress is made to address conflict, many countries in Africa are unlikely to achieve the Millennium Development Goals by 2015.

1.2 The underlying factors beneath these manifestations are complex and involve economic, social, and political relationships. Widespread poverty compounded by lack of equity in the distribution of national wealth among regions, ethnic groups and other elements of society is a major cause of conflicts in Africa. One specific factor is the competition among various elements for control over key natural resources including diamond and oil. Poor governance as exemplified in rampant corruption; weak judicial system; lack of political participation, rule of law and respect for human rights as well as hostile regional and external relations are increasingly becoming major causes of African conflicts.

1.3 The socioeconomic consequences of violent conflicts on African countries have been profound and multiple. These are manifested in the form of both visible and invisible impacts. The impacts can be highly visible in the tremendous human and material losses. These visible effects include the destruction of physical assets and infrastructure; the reduction of agricultural land due to mines laid in large areas; population displacements and civilian causalities and loss of human capital; and wiping out the achievements of decades of economic and social development – all of which lead to widespread unemployment and poverty. Conflicts have further impoverished African countries and have proved to be a major impediment to Africa’s economic and social development, not only in the countries experiencing these conflicts, but also in whole regions, through the spillover effects.

1.4 African conflicts have also devastating invisible effects. In many instances, the administrative capacity of key economic institutions has been compromised; the states’ capacity especially in judicial, fiscal, administrative, and regulatory functions significantly reduced; and the ability of the authorities to provide basic services seriously constrained. In addition, there are unsustainable financial and economic imbalances; and the regulatory and institutional environment for private sector activity, especially investment, is significantly undermined. Moreover, some post-conflict countries are heavily indebted, precluding them from receiving further assistance from the multilateral financing agencies.

1.5 Quantifying the effects of conflicts in socioeconomic and human terms is not easy. It would be very difficult to estimate the loss in terms of growth forgone, higher poverty and worsened social indicators. Some estimates put the loss in GDP in war-affected African countries at 50%; the damage to physical infrastructure at 75%; and the loss of lives and displaced people at 2 million and 12 million respectively during the last decade.
1.6 The humanitarian crisis that result from internal conflicts and other war situations is devastating for displaced and war-affected populations, and in particular for vulnerable groups such as women, children, and the elderly. Collectively, conflicts leave a heavy burden on post-conflict societies to cope with degraded infrastructure and economic and social capital, and extremely high poverty levels.

1.7 Many post-conflict countries are also in arrears vis-à-vis the Bank Group, which precludes them from receiving loans from the institution. The arrears situation, therefore, continues to pose a significant challenge to the Bank in providing support for economic recovery and other urgent emergency needs. The major challenge for both the Bank and the donor community is, therefore, to come up with an appropriate arrears clearance mechanism to facilitate the resumption of normal development assistance. Towards this end, the Bank will continue to work closely with the Bretton Woods Institutions. In this regard, the recently established international donor-working group in post-conflict issues provides an opportunity to explore a common framework for post-conflict assistance.

1.8 The Bank Group’s response to the needs of post-conflict countries to-date has been ad hoc and limited within the existing institutional instruments and resources without a post-conflict strategic framework and specific guidelines and procedures. With a view to enhancing assistance to conflict-affected regional member countries, Management presented a proposal to the ADF-IX Deputies on the scope and modalities of Fund involvement in post-conflict countries. The proposal was discussed at the Consultations of ADF-IX Replenishment in September 2001, and Deputies welcomed an increased and focused Fund role in post-conflict countries. Deputies requested Management to prepare operational policy guidelines for Bank Group interventions in post-conflict countries for the approval of the Board of Directors. This Policy Guidelines builds on Management’s proposal and the subsequent guidance provided by the ADF Deputies.

1.9 The focus of this paper is to guide Bank Group interventions in post-conflict situations; while issues of conflict prevention and resolution have not been directly dealt with. In this regard, it should be noted that the African Union (AU) and the sub-regional organizations have the lead responsibility in achieving and maintaining peace and political stability on the continent. The Bank Group, however, will play a supportive role in the area of conflict prevention through its interventions in the areas of Policy-Based Lending, capacity building and the promotion of good governance. The Bank Group will also continue to design and finance development projects that contribute to reduce poverty, one of the major causes of conflict.

1.10 The document is organized into six Chapters. Following the brief background, in Chapter 2 an attempt is made to define post-conflict situations and outline the needs of post-conflict countries. A brief account of current Bank Group involvement in post-conflict countries and the practices of other institutions are presented in Chapter 3. The main proposals of this Policy Guidelines covering the guiding principles, criteria for funding, areas of support, programming tools, resources and instruments are presented in Chapter 4. Implementation procedures and institutional arrangements are provided in Chapter 5. Finally, the conclusions and recommendations are presented in Chapter 6.
2. Definition and Needs of Post-conflict Countries

2.1 Defining Post-Conflict Situations

2.1.1 Although the international community has responded to many conflict situations in a variety of ways, there is no as yet a common definitional framework of the term "post-conflict". The issue of definition is critical, given that it would determine the timing, scale and character of intervention. The Bretton Woods Institutions define post-conflict as a situation where a conflict which prevented a "return to a functioning peace time economy without international assistance ... has subsided to a degree to which ... international assistance is both possible and sustainable".

2.1.2 Other institutions active in the area define post-conflict as: (i) a period when hostilities have abated to the level where some reintegration and recovery activities can begin; (ii) a period between the end of hostilities and the re-establishment of peacetime services and normal life; (iii) a period between cessation of hostilities and the establishment of political and socio-economic "normalcy", when some semblance of political order and stability has been restored and most of the terms of the peace accords have been or are being implemented; and (iv) a stage of conflict where there is a cessation of hostilities and settlement is occurring.

2.1.3 The above list is not exhaustive, the attempt here is to bring out the problem of defining the term "post-conflict" with precision. The cycle of violence moves through different phases – beginning with (a) peace or “normality”, then (b) conflict, (c) reconciliation, and then ultimately culminating in (d) the post-conflict phase. Admittedly, the boundaries between one phase and the next are rather vague. There is always the risk that a country in the post-conflict, or even the reconciliation phase, could fall back into conflict. This makes it hard for institutions to intervene since decisions have to be made on two levels. First, institutions have to determine if the country has entered the post-conflict phase and, secondly, they must determine the risks of the country returning to the conflict phase. In fact, the definition of a post-conflict country is not a clear one and in each and every case “judgment will always be necessary”.

2.1.4 The recently established international Donor-Working Group on post-post-conflict assistance is exploring a common framework that will provide definitional clarity. For now, the cessation of hostilities and reestablishment of peace and security is considered as the first precondition for any intervention in a post-conflict country. In summary, post-conflict countries will generally be defined as countries where there have been a cessation of hostilities and relative peace and normalcy have returned. However, there is always the risk that a country in the post-conflict or even reconciliation phase could fall back into conflict. In this regard, countries where normality largely prevails across the country are also classified as post-conflict countries even though some form of low-intensity conflict may still occur.

2.1.5 The following key elements would help to define the Bank Group’s approach to post-conflict situations. These are (a) the level of peace observed in the country; (b) the efforts made to establish good governance structures including a sound legal and judiciary systems; (c) the resumption of normal economic activity; (d) the progress in the area of resettlement, disarmament and reintegration; and (e) the position and opinions of international institutions, in particular those of the BWIs.
2.2 The Needs of Post-Conflict Countries

2.2.1 Post-conflict economies have been devastated by conflict to the extent that they cannot generate resources on their own to commence rehabilitation and reconstruction to consolidate a recovery process. Once security conditions have improved, these countries need substantial support for economic recovery, in parallel with the continued provision of humanitarian assistance to meet urgent needs. The recovery needs of post-conflict countries, for putting the necessary conditions in place for the resumption of normal economic and social activities, are extensive and cover the immediate and short-term, the medium- and long-term periods.

2.2.2 The short-term needs include the restoration of the critical functions of government, demobilization of ex-combatants and provision of special rehabilitation centers for child soldiers, a certain minimum level of improvement in the security conditions of the country and the provision of emergency relief assistance to vulnerable groups. It also includes the restoration of basic social services -- water and sanitation, electricity and basic health and education services -- and rehabilitation of key infrastructures.

2.2.3 During the medium term phase, the critical needs include the re-integration of ex-combatants and internally displaced populations, support for institutional reform and capacity building for re-establishment of government statistical, administrative and fiscal capacity, and rehabilitation and reconstruction of basic social and physical infrastructure. It also requires re-establishment of macroeconomic stability, and a comprehensive recovery plan (focused on reconstruction and development) that allows the country to normalize relations with external creditors. Monitorable country performance criteria regarding progress in rebuilding institutions, physical and social infrastructures, including establishment of appropriate legal, regulatory and governance framework, as well as social and economic reforms, would also need to be put in place.

2.2.4 Many post-conflict countries are heavily indebted. The large arrears owed to the MFIs and other external creditors often preclude them from receiving further assistance except grant resources from the multilateral financing agencies. Some of these countries cannot generate resources either to commence rehabilitation and reconstruction activities or to repay their debt. Such countries will, therefore, need to deal with the problems of arrears and address the question of unsustainable debt burdens. This fact poses a major challenge to the international community in providing the substantial support needed for economic recovery. Although some of these countries are eligible for debt relief assistance under the enhanced HIPC Initiative, the arrears have to be cleared before reaching the decision point. The two major challenges for the donor community and the MFIs are, therefore, to come up with an appropriate arrears clearance mechanism to facilitate the resumption of normal assistance and provide debt relief to eligible post-conflict HIPCs. This is an area where the Bank will continue to work closely with the Bretton Woods Institutions.

2.2.5 During the long-term phase, the country has to launch a credible program of economic reform within the PRSP process. Substantial technical and capacity building assistance will therefore be needed to support reconstruction and recovery activities and to restore the economy on a sustainable growth path. Such assistance will be needed throughout the recovery process to help post-conflict countries restore macroeconomic stability and reduce the length of the transitional period. In this regard, grant resources are indispensable to prepare and initiate community-based economic and social reconstruction programs, which must complement and follow humanitarian interventions.
3. Bank Group Experience and the Practices of other Institutions

3.1 Bank Group Experience

Scope of Involvement

3.1.1 The Bank Group response to the needs of conflict and post-conflict countries, within the limits of the existing institutional instruments and resources, remains modest. In its interventions, the Bank Group has been confronted with three conflict-related situations: (a) Post-conflict countries that have met all their payment obligations to the Bank Group and have established secure environment for effective operations; (b) Countries still in conflict and which have met all their payment obligations to the Bank Group but have not established secure environment for effective operations; and (c) Countries in or out of conflict and that are in arrears with the Bank Group. For the first group of countries, the Bank has used the standard lending instruments, including, project/program lending, policy-based lending and capacity building and technical assistance grants. These instruments have been used to finance reconstruction, rehabilitation of socio-economic infrastructure, capacity building, and policy and institutional reform in the areas of governance, financial and economic management.

3.1.2 For the countries in or out of conflict and in arrears, and for post-conflict countries out of arrears but facing insecurity, two instruments have been used, namely, ADF grants and Emergency Assistance. The Bank has used ADF grants for technical assistance, institutional reform and capacity building to support countries efforts to create an enabling environment for the implementation of stabilization and recovery programs. Although the ADF grant resources have been increased during the ADF IX period, additional grant resources would be required to meet the huge capacity building and technical assistance needs in such countries.

3.1.3 In addition, emergency relief grants have also been provided to regional member countries afflicted by natural and man-made disasters irrespective of their arrears situation with the Bank Group. Bank Group support has been directed at short-term emergency interventions to mitigate, in a timely manner, the negative impact of emergency situations on lives, property, infrastructure, economic activities, and to facilitate the return to normalcy. Bank Group emergency relief assistance is financed from the Special Relief Fund (SRF) generated from ADB net income. It provides a ceiling of USD 500,000 per eligible country, and the projects are implemented primarily by specialized UN agencies.

Strategies and Policies

3.1.4 The Bank has been engaged in post-conflict reconstruction and rehabilitation activities on the basis of the analysis and recommendations of Country Dialogue Papers, Interim Country Assistance Strategy Papers, and Country Strategy Papers. The choice of the appropriate strategy depends on the degree of normalcy restored after the conflict period. The Bank Group, therefore, using one of the above dialogue and programming papers, in conjunction with the standard sectoral strategies and policies, designs its country specific post-conflict interventions.
3.1.5 The Bank Group also uses its Governance Policy as an important tool for promoting good governance in regional member countries – key for conflict prevention, peace making, peace building, as well as economic recovery and growth. In addition, the Bank Group poverty reduction and other sectoral policies are also widely used to address poverty, which is the root cause of potential conflicts.

3.1.6 The Bank has also been actively participating in the HIPC initiative, assisting countries both in debt relief and arrears clearance thereby allowing significant socio-economic and infrastructure rehabilitation and reconstruction. In addition, the Bank Group adopted a special arrears clearance mechanism for DRC – through a combination of resources from bilateral, multilateral, and the Bank Group own resources.

3.1.7 The Bank through its improved resource allocation mechanism has made adjustments to the performance-based allocation system using the Post-Conflict Assessment Indicators (PCAI) that take into account the special circumstances of post-conflict countries. The PCAI consists of ten indicators and covers four broad areas: prospects for peace; country needs; government’s commitment to sustainable development; and moral hazard concerns. Allocations depend on the composite score from the CPA exercise and an enhancement factor based on the score from the PCAI. The composite score would be higher than the normal CPA score by a factor between 20-50 percent, giving post-conflict countries additional resources. Post-conflict countries may also benefit from additional allocation, up to a maximum of 25 percent above the norm. These additional allocations for post-conflict countries — the 20-50 percent (PCAI–based) and the 25 percent (performance-based) are not entitlements; rather, they set the ceiling for allocations to post-conflict countries.

3.1.8 The Bank is a member of an international donor-working group that was set up during the Maputo Post-Conflict Workshop organized by the World Bank and held on 17-18 July 2003. This donor-working group will explore a common framework for post-conflict recovery, including arrears clearance, which will be tailored to country circumstances. If necessary, this policy guideline will be revisited based on the proposals and recommendations of the common framework.

**Instruments and Processes**

3.1.9 The Bank Group has been using the following lending and non-lending instruments in its post-conflict related interventions: Project and Sector Lending and ADF Grant Resources for pre-investment studies, institutional and capacity building assistance; and Special Relief Fund resources for humanitarian emergency relief assistance. In addition, the Bank Group has participated in needs assessment and the design of recovery programs.

3.1.10 In this regard, the Bank has forged a more effective partnership with its multilateral and bilateral partners in country dialogue; transitional support strategy; needs assessment and programming missions; re-launching the economy of war-torn nations; restoring social capital and reconstructing communities; and in arrears clearance.
Constraints

3.1.11 The Bank faces some constraints in providing significant assistance to post-conflict countries from its regular resources. As pointed out in paragraph 2.2.4, these countries are in chronic arrears, which preclude access to ADF loans. For post-conflict countries out of arrears, their resource allocations have been inadequate relative to their needs. As mentioned earlier, taking into account the special needs of post-conflict countries, an adjustment has been made to the performance based resource allocation mechanism. Although the improved allocations have provided additional resources to post-conflict countries, recent improvements are not large enough to enable the Bank to make a meaningful impact. It would, therefore, be necessary to allocate additional Fund resources and mobilizing bilateral contributions.

3.1.12 In addition, coordination and feedback mechanisms in dealing with conflict and post-conflict related problems have not been optimal. There is thus a need to enhance interaction among concerned departments and country teams including reinforcing the feedback mechanism. This will help to expedite the Bank’s response to post-conflict situations as well as the pace of implementation of its interventions.

3.2 The Practices of Other Institutions

The World Bank

3.2.1 The World Bank post-conflict activities are taking place within the context of an Operational Policy and Procedures on Development Cooperation and Conflict (OP/BP2.30) – issued in January 2001. The World Bank policy opens the way for addressing conflict issues in all activities, whether before, during, or after conflict. The World Bank’s work in relation to conflict covers three types of situations: countries that are vulnerable to conflict; countries in conflict; and countries in transition from conflict. Depending on the situation, the World Bank provides support for the design of economic growth and poverty reduction programs; gathering information on socio-economic impacts of conflicts; and support economic and social recovery programs.

3.2.2 The World Bank’s main instruments for action in conflict-affected countries are: the Country Assistance Strategy Paper (CAS), the Watching Brief, and the Transitional Support Strategy (TSS). In countries that the World Bank determines are vulnerable to conflict, assistance is normally defined in the context of the CAS. The CAS addresses the country’s vulnerability to conflict, indications of growing conflict, direct and indirect socioeconomic effects of conflict, and progress in mitigating conflict or in achieving post-conflict recovery. During a time of conflict, the World Bank prepares a Watching Brief to keep track of developments. Then, when the World Bank determines that there will no be deterioration in the situation, it prepares a Transitional Support Strategy on which early reconstruction activities are designed.

3.2.3 Over the past years the World Bank has gradually expanded its post-conflict activities to more countries and across many sectors. Beyond demobilization and reintegration programs, the World Bank is focusing on community-based reconstruction, institution building and comprehensive economic recovery. Institutionally, the World Bank has a Conflict and Development Unit responsible for collecting and monitoring information on crisis countries,
developing best practices, and coordinating with international partners. In addition, the World Bank has a Post-Conflict Fund (PCF) -- an instrument within the World Bank’s Development Grant Facility financing assistance to conflict-affected countries through grants. The PCF allows a speedy and flexible funding for activities such as preparatory activities, analytical work, and pilot interventions that cannot be financed under the regular World Bank instruments.

3.2.4 In addition, the World Bank has used three other grant instruments for post-conflict countries: grants from IBRD net income on a case-by-case basis; donor-supported country-specific trust funds; and IDA post-conflict grants. These grant instruments have been used to finance technical assistance, institution building, and jump-starting World Bank activities. IDA grants have been instrumental to support recovery activities during the pre-arrears clearance phase in IDA-eligible post-conflict countries with large arrears. IDA re-engagement after the initial post-conflict grants is dependent on arrears clearance. The World Bank has a flexible process in clearing arrears including bridge loans.

**The International Monetary Fund**

3.2.5 The International Monetary Fund (IMF) has also expanded the scope of its policies on disaster management to post-conflict countries experiencing severe balance of payments difficulties, subject to the recipient government’s capacity and commitment to plan and implement an acceptable economic program. In October 1995 the IMF expanded the scope of its traditional emergency assistance program beyond provision for natural disasters to include carefully defined post-conflict situations. The requirements for use of emergency assistance include a statement of economic policies; a quantified macroeconomic framework; and a statement by the authorities of their intention to move as soon as possible to a PRGF financing.

3.2.6 The IMF normally extends its assistance as part of an internationally coordinated effort, while focusing on re-establishment of macroeconomic stability. The components of this coordinated support may include: (i) Technical assistance – focused on rebuilding capacity (e.g. monetary and exchange institutions) to help restore payment, credit, and foreign exchange operations and ensure effective use of aid resources. The UNDP, bilaterals, and other multilaterals may jointly finance such assistance. (ii) Policy advice – covering the full range of macroeconomic policies, as well as needed structural measures. (iii) Financial assistance – by way of quick-disbursing financial assistance, and dependent on country-specific factors such as how quickly the political situation is clarified, capacity to formulate and implement an economic program, time needed to mobilize donor support, and where, relevant, the clearance of arrears to multilaterals.

3.2.7 In so doing, the IMF has developed Fund- and Staff-Monitored Programs to help countries in arrears establish a track record on policies and payments, leading to eventual clearance of arrears to the Fund. Fund-Monitored Programs contain targets and policy intentions and are reviewed and endorsed by the Board. On the other hand, Staff-Monitored Programs provide a basis for the Fund to engage in intensive policy dialogue with members in arrears that may not be able to adopt and implement programs. These approaches, supported by the provision of technical assistance, have been instrumental in assisting countries design and implement appropriate economic policies and progress toward the normalization of financial relations with external creditors, including the Fund.
3.2.8 UNDP is on the ground in almost every developing country and is involved in crisis prevention and recovery. It helps bridge the gap between emergency relief and long-term development. UNDP promotes a strong and coordinated UN response in crisis and post-conflict situations. Through its global network, it develops and shares innovative approaches to conflict prevention and peace building, disaster mitigation and post-conflict recovery. UNDP also enhances governments’ responsibilities and technical and national capacities to manage crisis and post-conflict situations. The Bureau for Crisis Prevention and Recovery (BCPR) assists UNDP country offices to set up and provide a quicker and more effective response in areas such as natural disaster reduction, justice and security sector reform, disarmament and demobilization, mine action, conflict prevention and peace building, and recovery.

3.2.9 UNDP works in close partnership with local governments, businesses and civil society organizations. It provides a range of services to support the development of local and community-based crisis prevention and recovery activities through: (i) policy dialogue; (ii) technical advice; (iii) mobilization and management of both financial and human resources; (iv) capacity building; and (v) and knowledge sharing.

3.2.10 In the area of post-conflict recovery, UNDP is a key player in undertaking rapid assessments and formulating comprehensive recovery strategies. Such recovery programs aim to help countries put in place the social and economic foundations for durable peace and sustainable development. In particular, special attention is given to: (i) sustainable recovery of communities, including increasing economic activity, security of livelihoods, income generation and poverty alleviation; (ii) reduction of the vulnerability of communities and individuals to future events; (iii) reintegation of returning refugees and internally displaced persons; (iv) disarmament, demobilization and reintegration of ex-combatants; and (v) increased capacity of peacetime governance structures and systems that provide essential services to civil society at local and national levels. UNDP’s work in crisis and post-conflict situations is closely aligned with its commitment to eradicating poverty.

3.2.11 Other comparator institutions like the Asian Development Bank, Inter-American Development Bank and IFAD are all in the process of developing new policies and approaches to enhance their respective post-conflict related assistance. However, from the foregoing it is clear that the BWIs have had a greater involvement in post-conflict countries than the Bank Group, mostly on account of their much larger resources and the relative flexibility of their instruments. The policy framework and guidelines proposed below are, therefore, intended to enhance Bank Group post-conflict assistance, provide guidance to Bank staff and officials of RMCs. An effort has been made to synchronize proposed approaches with those of the BWIs.
Part II. POLICY FRAMEWORK AND GUIDELINES FOR FUTURE SUPPORT

4.1 Guiding Principles

4.1.1 There is an emerging consensus within the international development community over the need to deal with the problems created by violent conflicts in a concerted manner. Peace building and conflict resolution are now seen as integral parts of the body of international public goods necessary for effective global governance. As a leading player in African development, the ADB Group has to be a part of this international effort. Given its field knowledge of the African environment and its accumulated experience of involvement in African development, the Bank will need to be visible and, when appropriate, play a lead role in post-conflict assistance in the continent.

4.1.2 The Bank Group’s intervention in conflict and post-conflict countries emanates from the Bank’s mandate and overarching objectives of poverty reduction. The primary mission of the ADB is to promote the social and economic development of its regional member states by mobilizing internal and external resources for investment in its regional member countries. This mission can only be discharged in a safe and secure environment -- war and conflict are inimical to the long-term goals of social and economic development. By virtue of this mandate, the Bank Group has a duty to engage in finding solutions to the problems of post-conflict countries. The Bank recognizes that poverty remains the underlying cause of conflict and is exacerbated at the post-conflict stage. The Bank Group’s involvement in post-conflict situations will therefore be in consonance with the Vision and will be a further contribution to the promotion and enhancement of the niches of Bank Group and ADF priorities.

4.1.3 Most regional member countries affected by conflict have built up substantial arrears in their repayment obligations to the Bank Group. Such arrears not only affect the financial standing of the Bank with the international financial markets, but also prevent the possibility of continuing to do business with these countries. Arrears have made it increasingly difficult for such countries to access Bank lending. It is therefore critical for the Bank, in collaboration with the BWIs, to provide assistance to post-conflict countries to enable them regularize their relationship with the international community in the areas of resource mobilization, arrears clearance and debt relief, and program support. These policy guidelines will seek to address these and other related concerns and provide meaningful assistance to post-conflict countries that are committed to the restoration of peace and the resumption of broad-based economic growth and poverty reduction. The Bank Group post-conflict assistance will, therefore, be guided by the following six guiding principles:

4.1.4 Comparative Advantage and Selectivity: First, the needs of post-conflict countries are very diverse and the Bank Group cannot intervene in all post-conflict situations. In view of its limited comparative advantage, Bank interventions will therefore be based on the principle of focus and selectivity. The Bank Group support will focus primarily on the provision of basic social and economic infrastructure; reconstruction and rehabilitation; institutional reform and capacity building; and the promotion of good governance. Poverty reduction and restoration of economic growth will provide the general framework within which Bank’s post-conflict assistance will be provided. In other areas such as maintaining peace and political stability on the continent as well as in the provision of humanitarian emergency relief assistance, the Bank recognizes the lead role of the United Nations and its specialized agencies, and regional
organizations especially the African Union (AU). In areas where other agencies have comparative advantages, the African Development Bank would, however, play a supportive role through policy analysis and dialogue and through designing and financing projects and programs that address the root causes of conflicts.

4.1.5 **Partnership, Coordination and Participatory Approach:** Second, the Bank is convinced that post-conflict recovery programs have greater chances of success when developed and managed in partnership with other stakeholders and through a participatory approach. The needs of post-conflict countries are beyond the capacity of any single institution, and the recovery of post-conflict societies, therefore, calls for a comprehensive and coordinated approach by both local and international actors. The Bank interventions will be based on open and transparent interactions with other actors so as to maximize synergies and avoid duplications. The Bank Group support to post-conflict countries will therefore be within a framework broadly endorsed and agreed upon by all donors based on national recovery needs assessments. In doing so, the Bank will continue to promote the involvement of civil society and local communities in post-conflict recovery.

4.1.6 **Country Ownership:** Third, Every effort will be made to ensure that Bank supported post-conflict projects and programs will be under the ownership, responsibility and control of concerned countries. The Bank’s role is to provide assistance, besides lending, of advisory services and actively participate in the design of national recovery reforms and plans, via policy dialogue, technical assistance, and other non-lending activities.

4.1.7 **Early and Sustained Engagement:** Fourth, the Bank recognizes the importance of early and sustained engagement for the quick resumption of normal economic and social activities. The Bank, together with other donors, will therefore act rapidly in post-conflict situations where conditions allow. Where possible, the Bank Group’s post-conflict assistance should be maintained until normalcy is restored and the country becomes eligible for normal Bank Group assistance. However, the Bank will regularly review the situation, based on political and social developments on the ground. Such a review will be the basis for determining whether support should be continued or suspended as well as adjusting the nature and level of assistance to changing situations.

4.1.8 **Regional Dimension:** Fifth, the Bank is aware that conflicts in Africa often take a regional dimension due to ethnic and religious links and in some cases affecting a whole sub-region. The Bank’s post-conflict assistance will therefore take into account the regional dimension of conflicts, and will also promote political, economic, and social cohesion among neighbors through its regional integration and governance policies. This will be done, where possible, with the cooperation of regional and sub-regional organizations. Therefore, increased efforts will be made to promote greater regional and sub-regional cooperation, through financing multinational institutions that promote peace and economic development.

4.1.9 **Flexibility and Case-by-Case Approach:** Sixth, the Bank views each post-conflict situation as complex, and the Bank Group post-conflict recovery support will be tailored to fit each country’s unique requirements and environment. Bank interventions will be sensitive to the political and social contexts of each post-conflict situation. The specific circumstances will determine the priority areas suitable for Bank Group assistance.
4.1.10 In summary, the Bank Group recognizes the logical link between the immediate/short term, medium-term, and the longer-term recovery needs. It views the recovery effort as a continuous and coherent package. The Bank Group engagement under this policy will, therefore, be guided within a framework of a more multi-sectoral and integrated approach whereby the pressing needs and aspects of the different recovery phases will be addressed. Bank Group post-conflict interventions will, however, be selective and based on well-thought-out designs and preparatory work, which take into account the possibility of change in the initial commitments. Where possible, the Bank will engage at most stages/activities until the full normalization of the countries’ relationship with the donor agencies has been restored. This however does not imply that the Bank Group will commit resources or execute projects at all areas of the recovery phases.

4.2 Criteria for Funding and the Way Forward for Bank’s Support

4.2.1 Criteria for Funding

4.2.1.1 There is no a single criterion for the Bank to re-engage in a post-conflict situation. The decision to intervene in a post-conflict situation is complex and difficult. There is a whole range of issues and sensitive questions for the Bank to consider. Management decision to re-engage in a country affected by conflict will be based on an assessment made by the staff of the Country Operations Department responsible for the country. Such a decision will always be made in consultation with other international partners, in particular with the BWIs and the UN agencies. Eligible candidates for Bank Group post-conflict assistance are defined as: (i) a country that has suffered from a severe and long-lasting conflict which has led to the inactivity of the borrower for an extended period, or at least a substantial decline in the level of external assistance, including ADF; and (ii) a country that has experienced a short but highly intensive conflict leading to a disruption of ADF involvement. The following include additional issues to be considered by concerned staff of the Country Operations Department before the Bank intervenes in a post-conflict situation.

4.2.1.2 **Relative Secure Environment:** As a general condition and comparable with the practices of the World Bank and other institutions, it is important that active conflicts have diminished enough for Bank staff to be able to undertake missions to the country to identify, appraise and supervise Bank-supported activities. It is also important that the country is progressively addressing capacity constraints so that it will be able to prepare and carry out activities effectively. The Bank and its partners must also be of the judgment that there will be continued stability, and consensus on the timing of the intervention is critical.

4.2.1.3 **Functioning Governance Structure:** The existence of a reasonably functioning governance structure, accepted by the majority of the parties concerned, and supported by the international community is necessary for the formulation and implementation of recovery programs. The Bank will ensure that this situation prevails before extending assistance to post-conflict situations.

4.2.1.4 **Peace Sustainability:** It is also important for the Bank to make favorable judgments about the likelihood of the country concerned moving towards peace, stability and economic recovery. Such judgments should be based on consensus reached within the international community. Considerations in the political and security framework should also be made in collaboration with regional institutions in particular the African Union and the sub-regional economic groupings and concerned international organizations.
4.2.1.5 **Existence of Effective Partnerships:** Bank Group post-conflict assistance should also be based on broad partnerships. The magnitude of the need is beyond the capacity of any single institution. Bank resources for post-conflict assistance are limited, and such resources will be more effective when used within an agreed assistance strategy among all stakeholders. In particular, the need for partnership becomes critical in the absence of a well functioning government where sharing country knowledge and donor coordination is most needed.

### 4.2.2 Future Bank Support

4.2.2.1 In the future, the Bank Group will view its post-conflict intervention within the continuum of the entire post-conflict recovery period until normalcy is achieved. The nature and level of Bank engagement will be defined within the broader international effort and judgment in addition to Bank’s own assessment of the situation. Given the diverse recovery needs, socioeconomic, political and cultural settings, which characterize post-conflict countries in Africa, the Bank will consider each post-conflict situation on its own merit. This will be done within the framework of the appropriate programming tool such as Country Dialogue Paper, Interim Country Assistance Strategy Paper, or Country Strategy Paper as well as the priorities of the country. Overall, Bank Group post-conflict assistance will cover a maximum of three years period with a possibility of renewal for a maximum of three years if extension of such assistance is fully justified.

4.2.2.2 As a point of entry and in order to respond to needs that have emerged because of the conflict, the Bank will review any existing portfolio before the conflict. The Bank will restructure, when necessary, the pre-conflict portfolio so that it fits within the comprehensive recovery program. The emphasis in structuring pre-conflict portfolio will therefore be reviewing its relevance, assessing the adequacy of implementation arrangements in the new context, and adjustments to the initial objectives to meet new and emerging needs. Bank Group new interventions will primarily focus on areas in which the Bank has special knowledge, experience, and comparative advantage. Subsequently, based on the principles of comparative advantage and selectivity as well as the common key features and needs that characterize post-conflict countries, Bank post-conflict assistance will be at two levels of priorities. The order of the activities identified under the two priority levels below does not necessarily reflect the sequence of Bank interventions in all post-conflict situations.

4.2.2.3 The first level of priority concerns areas in which the Bank Group has acquired some experience through its other operations and can assume operational leadership, if necessary. These include (i) basic social and economic infrastructure, which may be immediate and short-term, and within the framework of the socioeconomic reintegration program; (ii) support to the rehabilitation and reconstruction activities of medium to long-term nature; (iii) institutional reform and capacity building; and (iv) the promotion of good governance. The last two activities may span the whole post-conflict phase of Bank Group intervention.

4.2.2.4 The Bank will also provide support to two second level priority areas, namely: (i) the provision of humanitarian emergency relief assistance; and (ii) macroeconomic stabilization. While the Bank recognizes the importance of these areas in dealing with the consequences of conflict both on the economy and the population, the Bank understands that other institutions have greater capacity to take a lead role in these areas. The Bank will, therefore play a supportive...
role in these areas. The Bank will not intervene in areas such as disarmament, peacekeeping and de-mining that are the responsibility of other organizations and for which the Bank has no expertise and resources.

4.2.2.5 **Immediate/Short-Term Activities -- Basic Social and Economic Infrastructure:** Post-conflict recovery must address the urgent needs of the populations that are displaced and whose social and economic systems are usually destroyed as a result of the conflict. Social and economic reintegration of war-affected populations is, therefore, instrumental to the quick transition from war to peace and consolidating peace. Though needs may vary across countries, basic infrastructure has to be repaired; basic social services have to be reestablished; displaced populations must be reintegrated; and communities need to be reconstructed. The Bank will, therefore, provide assistance to the restoration of the social and economic infrastructures of displaced populations. Bank Group assistance in this area will be within the reintegration program and social assessment agreed upon with the government and other donors. The Bank will provide assistance for the restoration of basic social services such as water and sanitation, electricity, education, and health as well as micro-credit, job training and employment generation programmes. In doing so, the Bank will ensure that the beneficiaries of Bank supported rehabilitation activities are primarily those that need it most, including war affected populations, children, women and other disadvantage groups.

4.2.2.6 **Medium and Long-Term Activities -- Reconstruction and Rehabilitation Recovery:** Within the framework of a comprehensive recovery plan (focused on reconstruction and development), the Bank Group will expand its support to medium-to longer-term rehabilitation and reconstruction recovery operations. Bank Group support in this area will aim at repairing and reconstructing damaged infrastructure and equipment, and will also continue to assist in the revival of economic activities, social services and environmental management. At this stage, the focus of Bank Group support will be to bring economic and social infrastructures back to pre-conflict level. In this endeavor, the Bank will participate in a multi-sector program to address the diverse / broad reconstruction and recovery needs across all sectors. As most conflicts have their roots in rural areas, the revival of the agriculture sector and the livelihood of the rural population will be given particular attention. At this stage, the Bank, in collaboration with the BWIs, will pursue traditional PBLs to bring about macro-economic stability and favorable environment for sustained economic growth and hence poverty reduction. In addition, the Bank will use governance PBL operations to improve governance systems.

4.2.2.7 **Institutional Reform and Capacity Building:** Many post-conflict countries lack functioning institutions and governance systems. Without a functioning institutions and state the risk of a relapse into civil conflict is high. There is thus a need to rebuilding the technical capacity of essential institutions, and enhancing their capacity to manage the transition from war to peacetime society and economy. The African Development Bank will provide assistance through a mix of policy advice, technical assistance and capacity building grants to support institution building and strengthening both at the state and civil society levels. The focus of Bank Group support will include reestablishing the state’s fiscal capacity; restoring macroeconomic management capacity; and basic social service delivery.

4.2.2.8 **Promotion of Good Governance:** Most post-conflict situations are characterized by lack of political participation; human right abuses; lack of transparency, rule of law and independent judiciary; and rampant corruption – all of which impede the consolidation of peace
and quick socioeconomic recovery. There is, therefore, a need for technical and capacity building assistance that are essential to revive the critical functions of post-conflict governments and expedite the recovery process. The Bank Group will provide assistance in this area on the basis of its vision, governance policy and experience.

4.2.2.9 **Emergency Humanitarian Assistance:** The Bank recognizes the fact that conflicts and civil wars are a major cause of emergency situations in Africa and entail a huge human suffering. In line with the Bank Group Emergency Assistance Policy Guidelines approved by the Boards in 1998 and the Procedures for Humanitarian Relief Assistance approved in 2003, the Bank Group will provide emergency relief assistance in the form of grants. The main objective of emergency relief assistance is to alleviate human suffering and preserve the viability of development projects and programs. In emergency relief operations, special emphasis will be given to meeting the needs of vulnerable groups such as women, children and the elderly – primary victims of conflicts.

4.2.2.10 **Macroeconomic Stabilization and Growth:** Macroeconomic stabilization is a priority for post-conflict recovery and poverty reduction. Some post-conflict countries face difficulties in managing such reforms due to lack of expertise and sometimes disagreement with donors on timing and the sequencing of elements of the policy reforms. The Bank views the transition from a war driven economy as challenging, and the task as multifaceted: Markets have to be re-established; obstacles to agricultural activities removed; basic infrastructure such as roads, power, telecommunications, and water supply re-established; and issues related to privatization, revenue collection, public expenditure mix and management, civil service reform, trade and trade liberalization should be addressed. In particular, military expenditure need to be reduced substantially and the released resources redirected to the rehabilitation and reconstruction effort. Bank Group support in the area of macroeconomic stabilization will be within a credible program of economic reform agreed upon with the IMF and the World Bank. The Bank will provide technical and capacity building assistance to help post-conflict countries restore their economies on a sustainable growth path.

4.2.3 **Programming Tools**

4.2.3.1 To play its role effectively in the various phases of post-conflict situations, it is important that the Bank Group follows the development of events in countries in conflict. A full understanding of the context and dynamics of conflicts as well as the implied needs of affected countries’, in terms of future intervention and financial assistance, is crucial. The Bank also needs to conduct policy dialogue with the concerned governments/authorities as well as with other external partners. The Bank will therefore develop more robust and flexible programming tools/instruments, for the implementation of post-conflict interventions in regional member countries. The tools proposed below have particular significance in situations where conflict leads to significant changes in the country where the Bank has an active lending portfolio. The following three programming tools will be used to guide Bank Group post-conflict assistance.
4.2.3.2 **Country Dialogue Paper (CDP):** When a CSP of a country in conflict no longer represents the reality on the ground, the Bank Group will proceed to prepare a Country Dialogue Paper. A Country Dialogue Paper is not a strategy document; instead it is an information document on the context and dynamics of the conflict as well as the implied immediate and short-term needs. In addition, the CDP should address the issue of arrears clearance. The Country Dialogue Paper will be used to inform the Board about the situation in the country. No allocation of resources will be made based on the CDP. However, in the context of the Country Dialogue Paper, the Bank may support certain emergency activities. The CDP will help to position the Bank Group for an appropriate investment emergency portfolio when conditions permit.

4.2.3.3 **Interim Country Assistance Strategy Paper (ICASP):** When the intensity of the conflict has subsided and the country moves into a transition phase, and the decision to engage has been made, the Bank Group will prepare a full assessment with a transitional strategy -- an Interim Country Assistance Strategy Paper. The ICASP is a programming tool and will be based on IPRSP where available. It can also be based on a comprehensive needs assessment undertaken by the government and donors including the Bank for the design of recovery programs. Based on the assessments of the ICASP, resource allocations will be made.

4.2.3.4 **Country Strategy Paper:** Following the transition period and after a country has normalized its relations with donors; the Bank, based on an IPRSP/PRSP, will prepare a country strategy paper. Based on the CSP, the Bank Group will resume normal assistance programs and lending using the standard lending instruments processing procedures.

4.2.4 **Resources and Instruments for Post-conflict Interventions**

4.2.4.1 **ADF Allocations:** ADF allocation to post-conflict countries will continue to be in line with the new CPA exercise. In either the first year, or subsequent years of post-conflict assistance, allocation will depend on the composite score from the CPA exercise and an enhancement factor based on either the 10-points questionnaire or the 20-points questionnaire. To respond more to the needs on a country-by-country basis, post-conflict countries may also benefit from additional allocation, up to a maximum of 25 percent above the norm. These additional allocations for post-conflict countries — the 20-50 percent exceptional boost and the exceptional additional increase of 25 percent — are not entitlements; rather, they set the ceiling for allocations to post-conflict countries. Moreover, just as is the case for enhanced allocation of 50% for normal performing countries, the IACSP will need to provide a justification for the additional allocations, taking into account an assessment of the post-conflict country and proof of its absorptive capacity. However, a country cannot benefit from the new allocation system for more than three years.

4.2.4.2 **Meeting the Special Needs of Post-Conflict Countries:** The resource needs of countries emerging from conflict are often beyond the reach of what they will be eligible from ADF allocations. The ADF country allocations for post-conflict countries, even under the adjusted performance-based allocation system, are very small. More importantly, most of these countries face difficulties in normalizing their relations with the IFIs and the international community, as a result of the build-up of large arrears. These not only block access to fresh development resources, but also render the countries ineligible for HIPC debt relief.
4.2.4.3 To this end, Management is examining a mechanism, for further consideration by the Boards of Directors, for setting aside resources from the net income to address the issue of arrears. Additional resources would also need to be mobilized from bilateral donors and the European Union. Contributions could also come from the 10th replenishment of ADF. Such a contribution from the ADF should be additional to the normal replenishment in order not to penalize performing countries for which country allocations are already small in relation to their needs. These resources would be managed under the oversight of the Board of Directors of the ADF, and allocations will be made as necessary for post-conflict countries based on certain criteria and modalities that Management will develop for Board consideration. They will be used on a case-by-case basis, and the procedures for their utilization will outline the eligibility criteria with full consideration of moral hazard concerns.

4.2.4.4 Through this initiative, the Bank Group will benefit from a new instrument that would enable it to assume, in close collaboration with its development partners, a much more pro-active role in the resolution of the arrears problem.

4.2.4.5 **Instruments:** The Bank Group will use a combination of non-lending and lending instruments: capacity building and technical assistance grants, project and program loans, and policy based lending. The mix of products and financial instruments to be used will depend on the following factors: (i) the availability of a comprehensive needs assessment; (ii) the degree of security and political stability; (iii) the activities of other donors; (iv) the Bank Group’s comparative advantages; and (v) the absorptive capacity of the country. It is also equally important that the government has shown clear commitment to building a viable and transparent state and its capacity to ensure that resources will be used transparently and responsibly. The ICASP and CSP will clearly indicate and justify the instruments to be used, taking into account the specificities of each post-conflict country.

4.2.4.6 **Grant Resources:** The focus of the early phase will be in creating an enabling environment for stabilization and recovery. Bank Group support will include technical and capacity building assistance in key areas such as policy and institutional reforms, capacity building, provision of basic social services as well as emergency humanitarian assistance. The Bank will also actively participate in the identification of the most pressing needs and assist countries to coordinate technical assistance to avoid overburdening weak government capacity. The Bank will provide financing for specific technical assistance interventions such as reestablishing fiscal capacity, peace-building, capacity building for policy-making and public financial management, and to develop and implement a framework for sustained poverty reduction. The above and related activities will be financed from the broadened ADF grant resources and the Special Relief Fund (SRF) resources.

4.2.4.7 **Project / Program Loans:** At the post arrears clearance stage, and after the country has normalized its relationship with donors, the Bank will move to normal assistance through the resumption of project and program lending. At this stage, Bank Group support will be primarily to address the urgent needs of basic social and economic infrastructure as well as the medium-to longer-term reconstruction and rehabilitation of major infrastructure. The Bank Group will, therefore, develop rehabilitation and reconstruction projects/programs to respond to the various needs that have emerged because of the conflict. The Bank will also review the relevance of the pre-conflict portfolio and will propose adjustments to meet new needs. A combination of loans and grants will be used to finance Bank interventions. Bank Group rehabilitation and
reconstruction projects/programs will be undertaken in close collaboration with other donors and other stakeholders including the private sector. The Bank sees a role for the private sector in the medium-to long-term rehabilitation and reconstruction efforts.

4.2.4.8 Policy Based Lending (PBL) is another lending instrument. The Bank, in collaboration with the BWIs, will continue to use PBLs to bring about macro-economic stability and a favourable environment for poverty reduction and sustained economic growth. The main areas of policy reform in Bank PBLs include: i) trade reform policies; ii) public finance and monetary policy reform; iii) public sector management reform; iv) financial sector reform; and v) sectoral reforms and competition policies. In addition, Governance related Policy Based Loans will also be used to improve governance systems through enhancing accountability and transparency; public reform programs (economic policy and management, administrative and civil reform, financial controls), and decentralization; combating corruption; legal and judiciary reform programs; and corporate governance.

5. Procedures, Institutional, and Implementation Arrangements

5.1 Preparation of the Country Dialogue Paper: The preparation of the Country Dialogue Paper will be initiated by the concerned Country Program Director, with the approval of the concerned Operations Vice President. The Country Dialogue Paper should, among others, cover the following: (i) Information on the scope of the conflict, extent of damage, and prospects for peace; (ii) updates on the Bank Group’s pre-conflict portfolio and any impacts of Bank suspension of lending activities; and (iii) consultations with Bank Group partners. The Country Dialogue Paper being a monitoring tool of the situation on the ground will be prepared every six months till the conflict has diminished significantly and a transition to peace have been achieved.

5.2 Preparation of the Interim Country Assistance Strategy Paper (ICASP): The Director of the concerned Country Programming Department will initiate, with the approval of the concerned Operations Vice President, the preparation of the ICASP. The ICASP will outline the strategy for the three years of post-conflict assistance, states what the Bank is going to do, determines the instruments to be used, discusses collaboration modalities with other donors, and prepares a monitorable action-plan for the three years before returning to the normal program. The ICASP should clearly show the Bank Group’s financing plan and contribution to the immediate priority assistance objectives and medium-term national recovery objectives. It will be updated annually until a full participatory CSP can be restored.

5.3 Accessing the Special Relief Fund (SRF): Bank Group assistance for humanitarian emergency assistance from the Special Relief Fund will be in line with the Bank Group Procedures for Humanitarian Relief Assistance approved by the Board (ADF/BD/WP/2003/34) in July 2003. The Bank-financed assistance from the SRF should therefore be made available within 7 weeks from receipt of the country’s request for assistance.

5.4 Processing Project / Program Loans: Bank Group assistance through regular project / program loans will follow the Bank Group’s normal loan processing procedures and in accordance with standard operational policies and guidelines, including those on Sanctions Policy and on country eligibility to ADB and ADF resources. ADF grant resources for technical and capacity building assistance will follow the special provisions of ADF Policy Guidelines. However, Bank finance of projects and programs in post-conflict countries will be supervised more frequently over and above the 1.5 recommended average for the supervision of standard Bank Group projects.
5.5 **Institutional/Organizational Arrangement:** The current arrangement for dealing with conflict issues in the Bank needs to be strengthened in order to enhance the quality and effectiveness of the Bank’s post-conflict assistance. The interaction among concerned departments and staff, including the feedback mechanism, should be reinforced. Experiences and best practices available from both within the Bank and other institutions should be systematically mainstreamed in the design of post-conflict intervention. In addition, targeted training programs for specialized conflict-related skills should be designed and implemented. Irrespective of the above reinforcement recommendations, the establishment of a post-conflict Focal Point is, however, not justified at this point in time for the following reasons: (i) the Bank Group’s support to post-conflict countries will be modest in the near future; (ii) Bank Group post-conflict operation activities will be mainstreamed into the operations and will be carried out by the operation departments; and (iii) policy related activities will continue to be handled by the Operations Policy and Review Department. The establishment of a Focal Point will, therefore, create an additional layer with no clear added value to the process. A Post-Conflict Focal Point would, therefore, be unnecessary, at least for now.

5.6 On the other hand, recognizing the complexities involved in conflict related assistance and in order to ensure optimal coordination, it is proposed that a **Post-Conflict Management Steering Committee (PCMSC)** be established to guide all Bank Group assistance in this area. The PCMSC will be responsible for reviewing the application of the Bank Group Post-conflict Assistance Policy Guidelines and will also provide guidance and directives to staff on strategies and procedures. In addition, the Committee, based on periodic reports on country and sub-regional trends, will recommend changes in Bank strategies and procedures in order to facilitate appropriate and timely responses. It is proposed that the Post-Conflict Management Steering Committee comprise of Directors of POPR, OCCC, OCCW, ONCF, ONCB, GECL, PPLB, and FFMA. If the need arises, sector and other relevant department directors will be invited to participate in country specific meetings. The Steering Committee will be chaired by PRVP.

5.7 Finally, realizing the need for specialized conflict related skills among its staff, the Bank Group will enhance its corporate competencies in the area of conflict analysis. The Bank will organize periodic learning and discussion events on conflict related issues for staff, and staff exchanges with other institutions will be arranged. Learning and discussion events on post-conflict issues will be held in collaboration with the Bretton Woods Institutions and the UN system. This approach will enhance the capacities of operational staff in programming, implementation and monitoring of projects and programs in post-conflict situations as well as promote staff teamwork both within and across institutions. The Bank’s staff training division, in collaboration with other relevant departments and units, will give a special priority to this critical area.

5.8 **Implementation Arrangements:** There is increasing recognition that implementation arrangements have an important sustainability role, beyond their traditional mandate of executing development projects and programs. It is, therefore the Bank's policy to maintain flexibility in coming up with implementation arrangements. Cognizant of the weak institutional and local capacities, the preferred implementation arrangement for Bank interventions in post-conflict countries will be on strengthening existing institutions instead of creating new structures. However, in exceptional cases and when there are no existing institutions with the capacity to manage Bank Group interventions, implementation units will be created. In other situations like
humanitarian emergency relief assistance, appropriate UN specialized agencies active in the country and NGOs will be contracted as implementing agencies. In so doing, the Bank will provide technical support to strengthen local and national institutions and capacities.

6. Conclusions and Recommendation

Conclusions

6.1 Within the Bank Group’s overall mandate and strategic objectives of poverty reduction, the proposed Policy Guidelines aim at enhancing the Bank Group’s involvement in post-conflict situations. As a background, Part I of the Policy Guidelines has provided the factors and socio-economic consequences; a definitional framework and short, medium-to long-term needs; and the Bank Group past experiences and the practices of other institutions in post-conflict situations. Part II of the Paper identified the guiding principles and the criteria for Bank engagement in post-conflict situations; the priority areas of support; programming tools; resources and instruments; as well as procedures, institutional and implementation arrangements.

6.2 The Policy Guidelines recognize the need to define the nature and magnitude of the Bank Group’s support within the broader international effort and judgement in addition to its own assessment of the situation. The Policy Guidelines recommend a case-by-case approach and each post-conflict situation to be considered on its own merit. The level and time frame of Bank engagement will therefore be determined on country specific situation assessment to be made by the Bank. In order to address the pressing needs and aspects of the different recovery phases, the Policy Guidelines recommend an early Bank engagement and involvement in the various rehabilitation and reconstruction phases, and follow a multi-sectoral and integrated approach. The Policy Guidelines also underline the importance for the Bank to strengthen its cooperation with its partners and ensure the participation of concerned parties and communities in the whole spectrum of post-conflict recovery program.

Recommendation

6.3 The Boards of Directors are requested to approve the proposed Policy Guidelines for Bank Group Post-conflict Assistance.