



EXECUTIVE SUMMARY

World Bank Group Strategy for **Fragility, Conflict, and Violence** 2020–2025



Cover

Three school children in Tongogara Refugee Camp in Chipinge district located South-east of Zimbabwe. The photograph was taken in May 2019 shortly after Cyclone Idai made havoc throughout the area, including in the refugee camp. The already vulnerable refugees experienced their adobe homes and community latrines collapsing, belongings being washed away, and livelihoods and crops as being lost as water canals were damaged.

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Page 3

Young children waiting near the Uganda/South Sudan border before their final destination of the Impvepi Refugee Camp in Busia, Uganda, 2017. UNMISS

Page 9

The Hootkhail Hospital's doctors provide day and night services to the villagers. Afghanistan. 2017.
Rumi Consultancy/World Bank

Page 13

Girls sitting on a dead coconut tree, which fell on the ground because of the coastal erosion. Their home village of Jenrok in Majuro, Marshall Islands, is slowly being destroyed by the rising seas.
Vlad Sokhin/World Bank

Inside Back Cover

Children fly their kites at sunset. Haiti.
UN Photo/Pasqual Gorriz

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Addressing the challenges of fragility, conflict, and violence is critical to achieving the World Bank Group's twin goals of ending extreme poverty and boosting shared prosperity.



The Growing Challenge of Fragility, Conflict, and Violence

The World Bank Group's work has evolved from a focus on post-conflict reconstruction to addressing challenges across the full spectrum of fragility.

Addressing the challenges of fragility, conflict, and violence is critical to achieving the World Bank Group's twin goals of ending extreme poverty and boosting shared prosperity. By 2030, more than half of the world's extreme poor will live in countries characterized by fragility, conflict, and violence (FCV).¹ Preventing and mitigating FCV challenges is key to making progress toward the Sustainable Development Goals (SDGs) and to the international community's broader efforts to promote peace and prosperity.

The global fragility landscape has worsened significantly in recent years, impacting both low- and middle-income countries. Violent conflicts have increased to the highest levels observed over the past three decades.² The world is also facing the largest forced displacement crisis ever recorded.³ Rising inequality, lack of opportunity, discrimination, and exclusion are fueling grievances and perceptions of injustice. Climate change, demographic change, migration, technological transformations, illicit financial flows, and violent extremism are often interconnected, posing risks that transcend borders. Many countries also suffer from chronically poor governance.

These factors can increase vulnerability to shocks and crises and can create regional and global spillovers. They could cause devastating impacts, especially for women, children, youth and people with disabilities, that could be felt for generations. Without swift and effective action, FCV risks could both erode gains made in the fight against poverty and undermine the prospects for further progress.

Faced with these dynamics, the World Bank Group (WBG) has been changing the way it works in FCV settings. This work has evolved from a focus on post-conflict reconstruction to addressing challenges across the full spectrum of fragility. The 2011 World Development Report, *Conflict, Security, and Development*, emphasized the close link between security, justice, and development. The 2018 joint UN-WBG report, *Pathways for Peace*, called on the WBG to "pivot to prevention" by further prioritizing inclusive approaches to development that can help prevent and mitigate FCV risks before conflict and violence take hold. Furthermore, even in the toughest environments during conflict, the WBG can meaningfully engage to preserve institutional capacity and human capital that will be critical for the country's future recovery. And when signs of recovery emerge, the WBG can support governments that are embarking on transformational change.

To meet the growing challenges, the WBG is significantly scaling up the volume and types of financial support it provides for FCV in both low- and middle-income countries. For low-income and lower-middle income countries (LICs and LMICs) that are classified as "fragile and conflict-affected situations" (FCS),⁴ the 18th replenishment of the International Development Association (IDA18) represented a paradigm shift in terms of both the volume of resources and how those resources are provided. The \$14 billion available in IDA18 for IDA countries affected by FCS is double the level of IDA17, the previous three-year replenishment period. IDA18 has also introduced a more tailored

FIGURE 1

Share of Poor Living in Fragile and Conflict-affected Settings

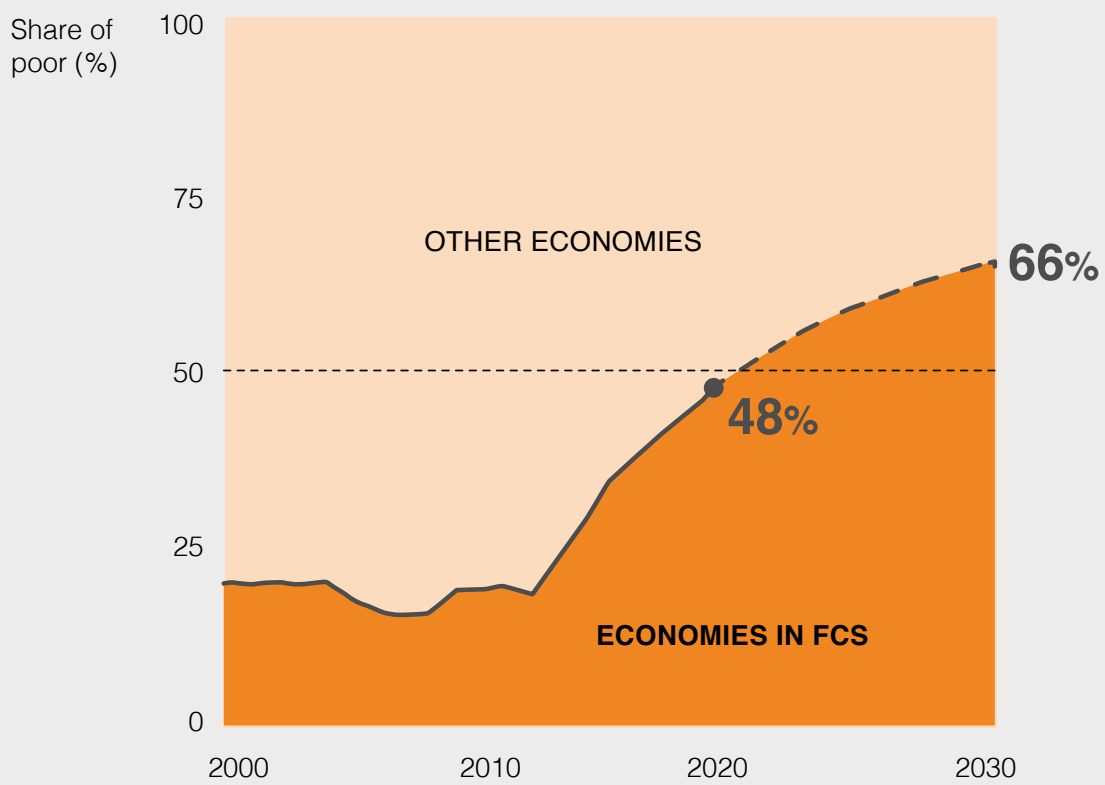
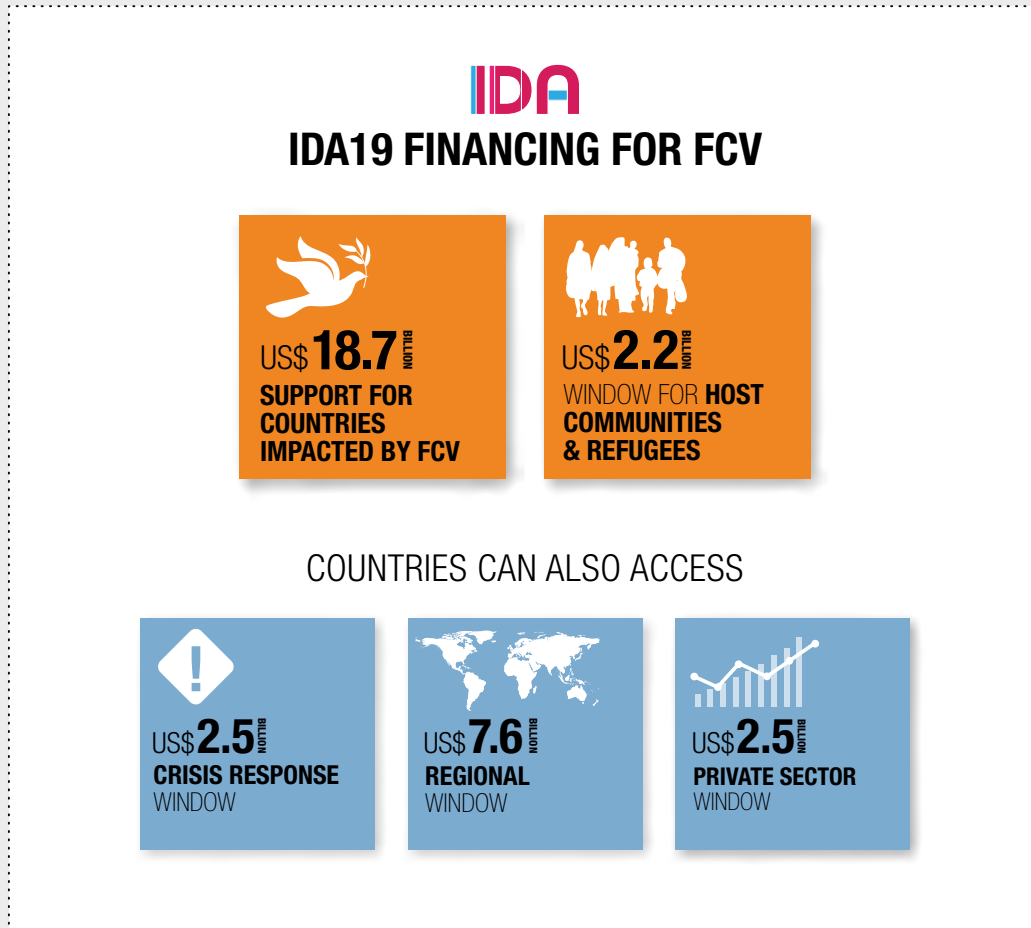


FIGURE 2

IDA 19 Financing for FCV



engagement in different situations of fragility, including investing in conflict prevention, supporting refugees and host communities, preventing and responding to gender-based violence, engaging in situations of active conflict, and supporting transitions from conflict to peace.

Looking forward, the 19th replenishment of IDA (IDA19)¹ will scale up resources to countries affected by FCV, including through an FCV Envelope that offers a structure of incentives and accountabilities for countries to reduce FCV risks. For International Bank for Reconstruction and Development (IBRD) countries, the Global Concessional Financing Facility has provided more than \$3 billion in concessional assistance to middle-income countries affected by refugee crises, and a new IBRD Fund for Innovative Global Public Goods Solutions (GPG Fund) offers incentives for countries to address FCV spillovers. More broadly, the 2018 IBRD and International Finance Corporation (IFC) Capital Increase package highlighted the importance of stronger WBG efforts to systematically address FCV in middle-income countries, with a view to reinforcing country, regional, and global stability and development.

Recognizing that the private sector lies at the center of a sustainable development model in FCV settings, IFC and the Multilateral Investment Guarantee Agency (MIGA) are significantly scaling up their efforts. The 2018 IFC Capital Increase package placed strong emphasis on IFC's growth in IDA and FCS countries. IFC committed to increasing its share of investment commitments in IDA and FCS to 40 percent by Fiscal Year 2030, with 15-20 percent in low-income IDA and IDA FCS countries. This would require at least a five-fold increase in investment volumes from the current level.

Similarly, MIGA has prioritized FCS since 2005. MIGA's portfolio in FCS has increased continuously since 2013 and stood at a record \$2 billion in 2019. IFC and MIGA efforts were further boosted by the introduction in IDA18 of the \$2.5 billion Private Sector Window (PSW), which allows them to further scale up their investments in FCS, thus complementing IDA's support for policy reforms that are aimed at stimulating private sector-led growth. IFC has also strengthened its engagement in FCS through the Conflict-Affected States in Africa (CASA) and FCS Africa initiatives, and its advisory support through the Creating Markets Advisory Window (CMAW).



The WBG Framework for Engagement in Fragility, Conflict, and Violence

The objective of the WBG’s FCV Strategy is to enhance the WBG’s effectiveness to support countries in addressing the drivers and impacts of FCV and strengthening their resilience, especially for their most vulnerable and marginalized populations. This work is critical to achieving the WBG’s twin goals. The strategy sets out a new framework for understanding FCV and a robust set of measures to increase the effectiveness of WBG development support to both low- and middle-income countries that are dealing with diverse challenges across the FCV spectrum, including high levels of violence, forced displacement shocks, and subnational conflict.

The FCV Strategy builds on a range of inputs—including successive Independent Evaluation Group (IEG) reviews of WBG engagement in FCV settings, portfolio reviews, global consultations carried out during 2019, and lessons learned from operational experience—to systematically address the root causes of fragility as well as the long-term risks that can drive or exacerbate conflict and violence.

An essential premise for the FCV Strategy is that, given the diversity of FCV challenges, there can be no one-size-fits-all approach. Operating in FCV settings is far from business as usual because of often rapidly changing circumstances, differing levels of insecurity, fragile and volatile political situations, macroeconomic instability, low institutional capacity, a weak enabling and investment climate for the private sector, higher risks of violence against vulnerable populations, and significantly higher risks and costs of engagement.

The WBG approach must therefore be adapted to the distinct circumstances of FCV settings, with Country Partnership Frameworks (CPFs) and programs tailored to addressing the root causes of fragility. Greater on-the-ground presence is key in the most challenging environments. And given the protracted and complex nature of FCV, development actors must plan to stay engaged over the long term, including during conflict and crisis situations. This requires an acceptance of higher risks by development actors, as well as partnerships with a diverse range of stakeholders.

Building on operational and analytic experience in FCV settings, the FCV Strategy articulates a differentiated approach to FCV. It is structured around a set of guiding principles and four pillars of engagement that are designed to strengthen the WBG’s approach and address challenges across the full spectrum of FCV. The four pillars provide specific guidance on how to engage in different types of FCV settings, help inform CPFs and programs, and ultimately provide more effective and tailored support to both government and private sector clients. They are:

- 1 Preventing violent conflict and interpersonal violence** by addressing the drivers of fragility and immediate—to long-term risks—such as climate change, demographic shocks, gender inequality, patterns of discrimination, economic and social exclusion, and perceptions of grievances and injustice – and strengthening the sources of resilience and peace before tensions turn into full-blown crises.
- 2 Remaining engaged during conflict and crisis situations** to preserve hard-won development gains, protect essential institutions, build resilience, and be ready for future recovery.
- 3 Helping countries transition out of fragility,** by promoting approaches that can renew the social contract between citizens and the state, foster a healthy local private sector, and strengthen the legitimacy and capacity of core institutions.
- 4 Mitigating the spillovers of FCV** to support countries and the most vulnerable and marginalized communities that are impacted by cross-border crises, such as forced displacement or shocks resulting from famines, pandemics, and climate and environmental challenges.

The objective of the WBG’s FCV Strategy is to enhance the WBG’s effectiveness to support countries in addressing the drivers and impacts of FCV and strengthening their resilience, especially for their most vulnerable and marginalized populations.

In addition, the WBG will place special emphasis on six high-priority issues in FCV settings: (i) investing in human capital; (ii) supporting macroeconomic stability and debt sustainability; (iii) creating jobs and economic opportunities; (iv) building community resilience and preparedness, especially regarding the impacts of climate change and environmental degradation; (v) engaging on justice and the rule of law; and (vi) developing approaches to dealing with the security sector within the WBG’s mandate and comparative advantage. Throughout WBG engagement in FCV settings, a special focus will be put on gender in line with the WBG Gender Strategy.

The FCV Strategy articulates the WBG’s comparative advantage in FCV settings. This centers on the WBG’s role as a development actor committed to sustained and long-term engagement that can support national systems, strengthen core state functions, and build institutional resilience and capacity. The strategy stresses the WBG’s role in engaging with a wide array of clients from the public and private sectors—including national, subnational, and local governments; local micro-, small-, and medium-sized enterprises (MSMEs); and regional and multinational private sector firms—and leveraging financing to incentivize investments and influence critical policy reforms that address the root causes of fragility.

The FCV Strategy recognizes the importance of pursuing public and private sector solutions to help create jobs, deliver services, foster social cohesion, and promote inclusive economic growth. Achieving impact at the market and sector levels requires an integrated WBG approach in which the World Bank, IFC, and MIGA operate in a complementary manner, both upstream and

downstream, to deliver investments and help create jobs. The strategy therefore emphasizes the WBG’s role in strengthening the enabling environment for private sector-led growth and upstream project development, supporting local private sector actors, enhancing conflict-sensitive approaches to investments, and helping catalyze and de-risk investments in FCV settings. IFC’s Creating Markets strategy, which is critical in the FCV context, focuses on looking beyond individual projects to impacts on entire markets; this requires a sectoral focus for project development and advisory work.

The FCV Strategy highlights the importance both of a calibrated response to risk that ensures full compliance with WBG safeguards, and a higher tolerance for the likelihood that some risks will materialize during program implementation.

Working in FCV settings often carries significantly higher risks, such as (i) the physical security risk to WBG staff, borrower counterparts, and beneficiaries; (ii) high risk of violence against vulnerable groups; (iii) weak or nonexistent institutional capacity, which can negatively affect development impact; (iv) environmental, social, and governance (ESG) risks; and (v) fiduciary risks, including fraud and corruption. Elevated risks require more proactive risk management, combined with targeted and rapid support when risks do materialize. More specifically, to pursue projects in FCV settings that are characterized by increased political and conflict risks, market uncertainty, and high operational costs, IFC and MIGA will appropriately balance the increased risks and costs of expanded FCV engagement with diversification of programs across sectors and countries of operation.



Operationalizing the Fragility, Conflict, and Violence Strategy

Four Operational Areas

To carry out the FCV Strategy, the WBG has set out 23 measures to strengthen its effectiveness in FCV settings. Some of these are also included as policy commitments under the FCV Special Theme for the IDA19 Replenishment. While full operationalization of the strategy will take place through WBG regional

implementation plans, country programs, and operations covering FCV, these measures are crucial to strengthening the WBG's approach to the distinct nature of FCV settings. The measures are organized along "Four P's": *policies, programming, personnel, and partnerships* (see table 1):



Policies

On *policies*, the WBG will update the framework with regards to engagement in humanitarian crises and forced displacement situations, and engagement on approaches to dealing with security and military actors within its mandate and comparative advantage. The aim is to ensure that policies, processes, and practices are fit-for-purpose, streamlined, and flexible for FCV settings.



Programming

On *programming*, the WBG's strategies and operations will more systematically address the drivers of FCV in their design and will adapt implementation and supervision approaches to the complex and rapidly changing dynamics of FCV settings. The WBG will also enhance its operations and ensure coordinated approaches across its institutions for upstream project development and downstream capacity building for the private sector.



Partnerships

On *partnerships*, based on respective complementarities and comparative advantages, the WBG will further step up its partnerships with humanitarian, development, peacebuilding, security, and private sector actors to maximize impact on the ground.



Personnel

On *personnel*, the WBG will increase its on-the-ground presence in FCV settings, strengthen the link between FCV experience and career development, as well as further invest in the skills, knowledge, and incentives needed for staff to deliver.

The FCV Strategy articulates a tailored financing architecture for countries impacted by FCV challenges, in line with the four pillars of engagement. The WBG's financing architecture—which includes IDA and IBRD financing, trust funds, IFC investments, and MIGA guarantees—complements and aligns both with the IDA19 FCV Special Theme and with the focus on FCV in the 2018 IBRD and IFC Capital Increase package. In addition, IFC and MIGA have specific arrangements to further support FCS, including through access to the Private Sector Window and other blended facilities, as well as the IFC-MIGA Partnership Joint Business Agreement.



The implementation of the operational framework and the specific measures articulated by the strategy will strengthen the WBG's impact on the ground in the most challenging settings. To this end, the strategy will offer direction for staff on the WBG's operational parameters and comparative advantage in FCV settings to support country strategies and operations. The aim is to be more selective, adaptive, and geographically targeted on the areas most affected by FCV challenges and on where the WBG's development support can have the greatest impact. Through increased presence, enhanced skills, and greater incentives for staff in FCS, the strategy is expected to result in greater on-the-ground support to help government and private sector clients build capacity and implement projects.

Implementation of the strategy will occur at four levels to ensure that the WBG adapts its approach to the distinct nature of FCV settings:

- 1 through the 23 operational measures outlined in the strategy;
- 2 through corporate strategies, initiatives, and commitments where FCV is prioritized, such as the IDA19 Replenishment, the IBRD and IFC Capital Increase package, the FY20-22 HR Strategy, and MIGA's FY21-23 Strategy;
- 3 through FCV country and regional programs; and
- 4 through analytics and operations in FCV-impacted countries.

TABLE 1:

Measures to Operationalize the WBG FCV Strategy

 Policies, Processes & Practices	
1	Articulate how the WBG will operate in humanitarian crises, in refugee and forced-displacement situations, and when dealing with security and military actors , particularly in insecure environments, and update Operational Policy (OP) 2.30 on Development Cooperation and Conflict accordingly.
2	Systematize the use of digital solutions in FCV settings , including Geo-enabling for Monitoring and Supervision (GEMS) and remote-sensing technologies, to enhance supervision and implementation. [See also IDA19 FCV policy commitment #5].
3	Enhance the use of operational flexibilities as needed in FCV settings . This includes providing training to staff and fostering communities of practice to increase awareness among teams of the operational flexibilities that exist in FCV settings, particularly for procurement, environmental and social safeguards, and for financial management.
4	Enhance monitoring and evaluation (M&E) frameworks to build access to more reliable data, design context-specific solutions, and measure impact on the ground in FCV settings, including through the use of information and communication technology (ICT) tools and more fit-for-purpose survey designs to fully capture beneficiary feedback.
5	Enhance the WBG evaluation framework that assesses country programs and operations in FCV settings , including encouraging more realism in objective-setting and project design and implementation, as well as adaptability to dynamic circumstances and situations of low institutional capacity and high levels of uncertainty and risk.
6	Simplify and streamline IFC and MIGA processes to more nimbly address FCV challenges , including streamlining the processing of small loans.
 Programming	
7	Revise the methodology for Risk and Resilience Assessments (RRAs) and ensure that they are conducted systematically for countries impacted by FCV . Each RRA/fragility assessment will analyze FCV drivers and sources of resilience and include operational recommendations that can be integrated into country programming. [See also IDA19 FCV policy commitment #1].
8	Ensure that country partnership frameworks and operations in FCV settings systematically address the key drivers of fragility and sources of resilience . [See also IDA19 FCV policy commitment #1].
9	Ensure that operations in FCV settings take security considerations into account throughout the project cycle , including factoring security issues into project design and documentation, implementation, supervision, and monitoring and evaluation.
10	Promote the use of portfolio reviews, conflict filters, and peace lenses in FCV settings to support Bank teams in ensuring that portfolios and operations identify and address fragility drivers and conflict risks, particularly in countries with pockets of fragility.
11	Scale up regional and cross-border programs focusing on key fragility risks . Conduct regional RRAs, which can inform both regional and country programming to address the regional dimensions of fragility. [See also IDA19 FCV policy commitment #2].

12 **Systematize conflict-sensitive approaches for private sector investments in FCV**, building on country-level contextual analysis and pilot project-level conflict analysis. [See also IDA19 JET policy commitment #6].

13 **Engage across the WBG to develop the private sector and help create markets in FCV settings**; this includes upstream project development, SCDs, Country Private Sector Diagnostics (CPSDs), and implementation of the Cascade Approach / Maximizing Finance for Development.

14 **Scale up IFC's special advisory funding and implementation facilities**, including IFC's Creating Markets Advisory Window, FCS Africa, and an expanded Environmental, Social and Governance (ESG) advisory program, to increase support for market development and capacity building; and address FCV needs in MICs not covered by current facilities.



Partnerships

15 **Systematize partnerships with humanitarian, development, security, and peacebuilding actors at the country level** by drawing on the WBG's comparative advantage as a development actor, enhancing the impact of operations on the ground, and ensuring effective implementation arrangements with third parties as needed. This includes conducting joint assessments such as Recovery and Peace-Building Assessments (RPBAs) more systematically, and deepening coordination at the country level with actors operating in insecure environments.

16 **Operationalize and deepen partnerships with multilateral development banks (MDBs) at the country level** on areas of focus in the FCV agenda, including through more regular joint trainings and joint diagnostics.

17 **Continue to consolidate partnerships with regional organizations** that have the authority and capacity to address cross-border FCV challenges.

18 **Scale up engagement with civil society organizations (CSOs)** at the country level in FCV settings, particularly those operating in insecure areas and in proximity to vulnerable and marginalized communities, and those that are women-led and promote women and girls' empowerment.



Personnel

19 **Increase on-the-ground presence by deploying more professional staff to fragile and conflict-affected situations**, as well as nearby locations. [See also IDA19 policy commitment #6].

20 **Strengthen the link between FCS experience and career development** by creating further incentives for WBG staff to work in FCV contexts, and ensuring that FCS experience is systematically recognized and considered as part of performance, talent reviews, and next-assignment planning.

21 **Introduce an enhanced FCV learning curriculum for staff working in FCV settings**, with learning focusing on increasing operational competencies, analytic competencies, and personal effectiveness. Staff and managers working in or on FCV will be expected to participate in all relevant training.

22 **Provide enhanced support for staff well-being, safety, and security** before, during, and after assignments in FCV settings, including health and psychosocial support, as well as security awareness and management training.

23 **Leverage World Bank staff in countries where IFC lacks on-the-ground presence** by providing training and support to World Bank managers and staff who fulfill IFC functions in these contexts.

Notes

- ¹ The “FCV” concept groups three issues that are often related: (i) deep governance issues and state institutional weakness; (ii) situations of active conflict; and (iii) high levels of interpersonal and/or gang violence.
- ² United Nations and World Bank, *Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict* (Washington, DC: The World Bank Group, 2018), xvii and 12, <https://openknowledge.worldbank.org/handle/10986/28337>. (Based on 2016 data.)
- ³ The UN High Commissioner for Refugees, *Global Trends: Forced Displacement in 2018* (Geneva: UNHCR, 2019), 13, <https://www.unhcr.org/en-us/statistics/unhcrstats/5d08d7ee7/unhcr-global-trends-2018.html>.
- ⁴ Several different indexes are used to classify countries that experience FCV. The WBG’s List of Fragile Situations can be accessed in annex 1. It comprises 36 countries, mostly LICs and LMICs, and one territory.
- ⁵ The IDA19 cycle begins in July 2020 and concludes in June 2023.

Figure 1

Source: Corral, Paul, Alexander Irwin, Nandini Krishnan, Daniel Gerszon Mahler, and Tara Vishwanath. 2020. “Fragility and Conflict: On the Front Lines of the Fight Against Poverty.” Washington, DC: World Bank.

Note: Three-year moving averages are used between 2001 and 2018 to smooth out trends. All displaced populations are included in the figures for “Economies in FCS.”

