



Updated Bank Policy: Development Cooperation and Fragility, Conflict, and Violence

1. **Overview.** In February 2020, Executive Directors discussed the *World Bank Group Strategy for Fragility, Conflict, and Violence* (the “FCV Strategy”). The FCV Strategy provides an operational framework for tailored support to countries facing diverse challenges and lists specific implementation measures to more effectively support countries impacted by fragility, conflict, and violence. A key objective of the FCV Strategy is to enhance the Bank’s operational and development effectiveness on the ground in FCV situations.¹ It commits the Bank to update Operational Policy 2.30 (*Development Cooperation and Conflict*) and, in particular, to articulate how the Bank will operate in humanitarian crises, in refugee and forced displacement situations, and when dealing with security and military actors, particularly in insecure environments.²

2. To fulfill that commitment, OP 2.30, the Bank’s existing policy framework for post-conflict operations, which has served the institution well, is being revised to comply with the Policy and Procedure Framework and reissued as the updated Bank Policy *Development Cooperation and Fragility, Conflict, and Violence* (the “Updated Policy”). The Updated Policy reflects the evolution of the Bank’s operational practice, the need for adequate risk identification and mitigation, the latest knowledge and research, and changing client needs and demands.

3. This paper provides the background and summarizes the content of the proposed revisions to OP 2.30. It also includes a the Updated Policy (see Annex), which will be issued by Management reflecting the content of the policy changes approved by Executive Directors and in accordance with the Bank’s Policy and Procedure Framework. The Vision Statement, described in paragraph 55 below, is also circulated with this paper.

4. **Current Policy Framework for Bank’s FCV Interventions.** OP 2.30, alongside its accompanying Bank Procedure, constitutes the bedrock policy for the Bank’s current FCV engagements. For the past two decades, these documents have served the institution well as the operational framework for Bank engagements in conflict-affected and post-conflict situations—notably Afghanistan, Iraq, Somalia, Libya, and South Sudan—and continue to provide a flexible basis for Bank operations in challenging situations such as Yemen.

¹ The term “FCV” refers to the challenges of fragility, conflict and violence. “Fragility” refers to situations of deep governance issues and state institutional weakness; “conflict” refers to situations of active conflict; and “violence” refers to situations of high levels of interpersonal and gang violence. These challenges may impact a country regardless of whether it is listed in the Bank’s classification of Fragile and Conflict-Affected Situations or other lists. For more detail, see the *World Bank Group Strategy for Fragility, Conflict, and Violence 2020-2025* (see paragraphs 8-10).

² FCV Strategy, Table 1 and paragraph 135.

5. OP 2.30 emerged from the Bank’s first strategy for post-conflict reconstruction (*Framework for World Bank Involvement in Post-Conflict Reconstruction: R97-14-1*) (the “1997 Framework”) that the Board discussed in February 1997. The policy was issued in January 2001 after IDA and IBRD’s Executive Directors approved the policy’s content in October 2000. It primarily addresses the Bank’s work in relation to conflict and focusses its objectives only in countries that are vulnerable to conflict, are in the midst of conflict, or are in transition from conflict.

6. **Evolution of Bank FCV Strategies and Operations.** The World Bank’s strategic and operational engagements in this area have transformed since OP 2.30 was issued in 2001, from the initial focus on post-conflict reconstruction, to address a range of development priorities and challenges posed by fragility, conflict, and violence. This shift towards a broader engagement—often during active conflict—has been driven by the increasing concentration of extreme poverty in FCV situations, as well as recognition that even in the toughest environments during conflict, the Bank can meaningfully engage to preserve institutional capacity and human capital that will be critical for the country’s future recovery. The latest World Bank estimates indicate that by 2030, up to two-thirds of the world’s extreme poor will live in fragile and conflict affected countries.³ Furthermore, violent conflicts have increased to the highest levels in the past three decades, impacting both low- and middle-income countries.⁴ The spillovers of conflict and violence also have far-reaching consequences across borders and regions, with 79.5 million forcibly displaced people in the world, more than double the level of just twenty years ago and the highest levels since World War II.⁵

7. In this context of rising poverty levels—along with the intensified and protracted nature of conflict, violence, and forced displacement—effective engagement in FCV situations is essential to achieving the Bank’s core mission of ending extreme poverty. Responding to these priorities and challenges, the Bank has increasingly engaged on frontier areas such as peace building, humanitarian crises, the security sector, forced displacement, and conflict prevention through innovative projects and programs, technical assistance, and analytical work.

8. The Bank’s evolving role and practice in FCV situations has been underscored by several analytical flagship reports, including the 2011 *World Development Report on Conflict, Security, and Development*, which emphasized the close linkages between security, justice, and development, and the 2018 UN-World Bank joint report, *Pathways for Peace*, which called on the Bank to “pivot to prevention” by further prioritizing inclusive development approaches that prevent and mitigate FCV risks.

9. Complementing this analytical work, the Bank doubled its financing for fragile and conflict-affected countries and introduced tailored support under IDA18 to countries facing

³ Corral, P., Irwin, A., Krishnan, N., Gerszon Mahler, D., and Vishwanath, T. 2020. “Fragility and Conflict: On the Front Lines of the Fight against Poverty”. Washington, DC: World Bank. <https://openknowledge.worldbank.org/bitstream/handle/10986/33324/9781464815409.pdf>

⁴ United Nations and World Bank. 2018. “Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict”. Washington, DC, World Bank. <https://openknowledge.worldbank.org/handle/10986/28337>

⁵ UNHCR 2020. “Global Trends: Forced Displacement in 2019.” <https://www.unhcr.org/globaltrends2019/>

diverse FCV challenges. This emphasis on assisting countries across the fragility, conflict, and violence spectrum has been consolidated and further scaled-up under IDA19, which includes an estimated \$25 billion in financing for FCV situations. IDA19 provides critical support to countries facing diverse FCV challenges—from investments in conflict prevention, development support to countries in situations of active conflict, assistance to countries transitioning out of fragility, support to refugees and host communities, and potential financing to address emerging food security risks.

10. The experience of the Bank’s FCV engagement over the past twenty years offers some critical takeaways for the institution and its shareholders. *First*, peace, stability and security are prerequisites for poverty reduction and growth. *Second*, development support is critical to address the core drivers and impacts of fragility, conflict and violence. *Third*, sustained financing and assistance from development institutions is essential to help countries address increasingly protracted forced displacement crises that transcend the humanitarian-development nexus. *Fourth*, expanding on-the-ground partnerships and leveraging the respective comparative advantages of humanitarian, development, peace and security actors is essential to maximizing development impact in FCV settings, particularly in insecure environments.

11. **COVID-19 Experiences.** The development challenges posed by FCV have been further highlighted by the outbreak of the COVID-19 crisis. The pandemic is overwhelming vulnerable health systems, deepening poverty, resulting in severe economic consequences, exacerbating existing drivers of fragility, and disproportionately affecting the most vulnerable groups, such as conflict-affected and displaced communities. The pandemic has demonstrated the importance of development support in the midst of a profound humanitarian crisis both to address its impacts and lay the foundations for resilient recovery. In line with the FCV Strategy, the Bank’s approach has, therefore, aimed to address the health, economic and social impacts of the COVID-19 crisis in FCV-impacted countries, and to tackle the underlying sources of fragility that pose long-term risks to countries’ development. To date, the Bank has provided assistance for COVID-19 activities in over thirty fragile and conflict-affected countries.

12. The operational challenges faced during the COVID-19 crisis have underscored the Bank’s ability to dynamically manage and adapt country programs within the context of country partnership frameworks in response to rapidly evolving natural, man-made, or health crises. The Bank’s response to the COVID19 pandemic is providing valuable lessons for its FCV interventions, particularly in the use of alternative supervision modalities where its ability to supervise may be affected by security or health challenges.

13. The factors described above underscore why the Bank should remain flexible and agile in its development interventions in the midst of rapidly evolving dynamics and priorities of FCV situations. To do so, as the FCV Strategy emphasizes, the Bank must have up-to-date policies and fit-for-purpose processes to allow the institution to maximize its development impact in FCV contexts while ensuring that it can adequately identify and mitigate a variety of institutional and operational risks.

14. **The Proposed Policy Update.** The Updated Policy will provide a framework for the Bank’s operations across the full range of the FCV spectrum within countries and across borders. It will apply to Bank engagement in countries or situations affected by FCV challenges, including those experiencing subnational conflict, forced displacement, or high levels of

interpersonal violence and those with deep governance issues and state institutional weakness. In line with the FCV Strategy, which covers countries impacted by diverse FCV challenges, the Updated Policy is not limited to countries listed on the Bank's classification of Fragile and Conflict-Affected Situations. Together with OP 8.00 (*Rapid Response to Crises and Emergencies*), the principles embedded in the Updated Policy can guide the Bank's response to crisis and emergency situations in FCV and non-FCV contexts. It is complemented by the Vision Statement, which sets out the Bank's aspirations in addressing the challenges of FCV with an emphasis on the importance of a proper understanding of the fragility drivers and sources of resilience in FCV contexts.

15. The Updated Policy retains the principles-based approach of the existing OP 2.30. This is key for the Bank to effectively respond to constantly changing FCV situations through appropriate analytical work and operational interventions, working in partnerships, and identifying and mitigating risks, while distilling and learning from experience and best practices of implementation. The update will bring enhanced clarity to a complex operating environment.

16. As a development actor, the Bank is, and will continue to be, focused on providing sustained and long-term engagement to support national systems, strengthen core state functions, and build institutional resilience and capacity in support of government and private sector clients. The Updated Policy does not change or alter the Bank's core development mandate or its comparative advantage. Rather, it reflects the institution's growing and varied engagement in FCV settings.

17. In addition to updating the core principles of FCV engagements, the Updated Policy includes certain key areas which were not covered by the existing OP 2.30, such as (i) response to humanitarian crisis, (ii) forced displacement, and (iii) the security sector.

18. In line with the commitments under the FCV Strategy, the key elements and contents of the Updated Policy are set out in the paragraphs that follow.

19. ***Framework for Differentiated Engagements Across the FCV Spectrum*** (*Updated Policy Para. 2*). Existing paragraph 2 of OP 2.30 outlines the Bank's objectives by grouping conflict-affected countries in linear order: countries that are vulnerable, those that are in conflict, and those that are in transition out of conflict. However, this approach has become outdated given the Bank's subsequent recognition that the elements of FCV—fragility, conflict, and violence—are often interrelated and mutually reinforcing, and that FCV situations do not follow linear paths.⁶

20. Accordingly, paragraph 2 of the Updated Policy reflects contemporary Bank practice, current research and knowledge, and the FCV Strategy, by adopting a differentiated approach that spans the FCV spectrum, recognizing that multiple challenges may emerge at the same time, whether at the national, subnational or regional levels. The policy sets out the pillars of the Bank's engagements across the FCV spectrum, as reflected in the FCV Strategy, which include:

- (a) preventing grievances and tensions from escalating into conflict and violence;

⁶ FCV Strategy at paragraph 8.

- (b) remaining engaged during situations of crisis and active violent conflict to the extent possible to protect human capital, institutions, and development gains;
- (c) supporting transition out of fragility by investing in strengthening resilience, institutions, recovery, and reconstruction; and
- (d) mitigating the spillovers and impacts of FCV and compounding shocks, including climate change and other environmental impacts, particularly on the most vulnerable.

21. The Updated Policy also points out that the Bank’s approach to engagement and programming are differentiated to best serve the diverse needs of members and people in need, in line with relevant principles and standards,⁷ and paying particular attention to inclusion and the needs of disadvantaged or vulnerable groups and individuals⁸ in the context of FCV. The Updated Policy also adds that the Bank’s engagements in FCV situations follow a context-specific, conflict-sensitive approach based on adequate due diligence, diagnostics, risk analysis and stakeholder engagement to avoid causing or contributing to adverse impacts (reflecting the “do no harm” principle in the FCV Strategy).⁹

22. ***Guiding Principles of the FCV Strategy.*** The four Guiding Principles set out in the FCV Strategy have informed and are captured in the Updated Policy, as described below.

(a) *Differentiation.* The Updated Policy highlights the need for a differentiated approach to tailor Bank assistance to specific country contexts and most effectively support the needs of clients impacted by diverse FCV challenges (see paragraphs 2, 4, 6, and 7).

(b) *Inclusion.* In line with the FCV Strategy’s focus on a people-centered approach, the Updated Policy emphasizes the importance of inclusion and the needs of disadvantaged or vulnerable groups and individuals (this is particularly noted in paragraphs 2, 7, and 10).

(c) *Legitimacy, transparency, and accountability.* The importance of building government capacity and strengthening national systems and institutions is a core part of the Bank’s comparative advantage and engagement in FCV settings, as reflected throughout the Updated Policy (this is particularly noted in paragraphs 2, 7, 8, and 9).

(d) *Scaling up private sector solutions for impact.* Partnering with, and supporting, the private sector, is critical in FCV contexts. To this end, the Updated Policy specifically highlights the importance of the private sector in the section on Cooperation, Partnerships and Engagements (paragraph 17(b)).

⁷ “Relevant principles and standards” includes principles and standards embedded in the Bank’s operational and financial policies that govern the Bank’s country engagement model, its instruments, and its fiduciary, social, environmental and integrity policies and requirements that govern its work across all countries including FCV situations.

⁸ See the Environmental and Social Framework (ESF) for the meaning of the term “disadvantaged or vulnerable” groups and individuals.

⁹ The incorporated language closely reflects the definition of the “do no harm” principle as applied in FCV contexts contained in the FCV Strategy. See FCV Strategy at paragraph 45.

23. ***Core Principles of Bank Involvement (Updated Policy Para. 3)***. Paragraph 3 of the Updated Policy reiterates the key principles of Bank engagement set out in paragraph 3 of OP 2.30, such as the importance of the Bank’s development mandate, the application of the Articles’ political prohibitions, and the institution’s ability to assist non-members. These principles are at the core of the Updated Policy and represent fundamental legal and policy requirements for Bank engagement. Two additional principles are added in the Updated Policy focusing on peacebuilding and sanctions while the existing principle on assistance to countries with no government in power has been modified slightly as described below.

24. ***Member’s Approval and Country Ownership***. As emphasized in paragraph 2 of the Updated Policy, country ownership is at the core of the Bank’s country engagement model, which governs its work in all countries, including FCVs. The importance of country ownership in the Bank’s FCV engagements is also embedded in the Updated Policy, specifically:

- The Bank does not operate in the territory of a member country without the approval of that member; its intervention may take place at the request of the government in power (paragraph 3 (b)); this principle applies to all Bank engagements including peace building (paragraph 3 (d)) and non-state actors (paragraph 18);
- Bank engagements in humanitarian crises focus on sustained and long-term engagement supporting national systems, strengthening core state functions, and building institutional resilience and capacity (paragraph 8);
- The Bank’s approach to forced displacement involves supporting host governments to address forced displacement impacts as well as working with governments to strengthen relevant institutions and policies and build local capacity (paragraph 9);
- Any Bank support for development activities that require the involvement of the security sector must have strong ownership, be premised on a member’s request, and refrain from interfering in the country’s political affairs (paragraph 13); and
- The Bank works with governmental authorities and agencies in FCV situations and may also engage with other partners subject to paragraphs 3 and 4 of the Updated Policy (paragraph 17).

25. ***Bank Assistance to Countries with No Government in Power (Updated Policy Para. 3(b))***. Existing paragraph 3(b) authorizes Bank assistance to a country with no government in power at the request of the international community as properly represented. Since OP 2.30 was adopted in 2000, this provision has been utilized on a very few occasions (e.g., Somalia). The Bank’s assistance has always been provided with Executive Directors’ approval. The Updated Policy recognizes that requests for Bank assistance may be made on behalf of the international community as properly represented, e.g., by the United Nations. Executive Directors will continue to approve assistance, in each case, in response to all such requests.

26. ***Peace Building (Updated Policy Para. 3(d))***. Existing paragraph 3(a) of OP 2.30 prohibits the Bank from engaging in peacemaking and peacekeeping activities when describing the principles for Bank engagement in conflict situations. However, in 2007, OP 8.00 (*Rapid Response to Crises and Emergencies*) authorized some measure of Bank involvement in

“facilitating peace building.” The Updated Policy reflects this evolution in the Bank’s role in peacebuilding and harmonizes OP 2.30 with OP 8.00.

27. Paragraph 3(d) of the Updated Policy clarifies that the Bank may provide support for peacebuilding activities consistent with its mandate and based on a robust development rationale. It states that the Bank’s support for such activities is based on its comparative advantage and its core development competencies, and in partnership with other stakeholders. It further clarifies that the Bank does not participate in peace negotiations (although it may provide technical assistance and support for economic reconstruction and planning in peace negotiation), nor does the Bank engage in or finance peacekeeping operations.

28. **Sanctions** (*Updated Policy Para. 3(e)*). Given the different types of sanctions (multilateral, bilateral, or regional) that may apply to FCV situations, the Updated Policy provides that when determining the impact of sanctions on operations, the Bank is guided by its Articles of Agreement, as well as by the 1947 Relationship Agreement between the Bank and the UN. Under that agreement, the Bank pays due regard to UN Security Council decisions made under Articles 41 and 42 (Chapter VII) of the UN Charter consistent with its Relationship Agreement with the United Nations of 1947. In practice, the Bank mostly encounters UN sanctions in the context of its operations, so the Bank’s obligation to pay due regard is operationalized primarily through fiduciary arrangements applicable to lending operations. For example, the General Conditions prohibit payments to persons or entities subject to UN sanctions, and the Procurement Regulations for IPF Borrowers exclude bidders from competing for Bank-financed contracts if they are designated under these sanctions.

29. **Country Engagement, Portfolio, and Risks** (*Updated Policy Para. 4*). Existing paragraph 6 of OP 2.30 authorizes the Bank to make portfolio calibrations when conflict breaks out in a member country. This section is retained and revised in paragraph 4 of the Updated Policy, which states that the Bank designs and adjusts its assistance in an agile and dynamic manner, differentiating its approaches to best respond to each FCV situation’s needs and circumstances.

30. In line with the FCV Strategy and current practices, it also states that in doing so the Bank utilizes the options embedded in its operational policies. In applying these options to the specific needs and circumstances of each country, the Bank may rebalance its operational portfolio as well as review and revise its risk management approaches, macro-economic analyses, supervision modalities, and monitoring and evaluation arrangements, consistent with applicable operational policies and guidance.

31. **Watching Briefs and Engagement Notes** (*Updated Policy Para. 5*). Where regular Bank assistance is not possible, existing paragraph 7 of OP 2.30 authorizes the use of watching briefs to develop an understanding of the context, dynamics, needs, and institutions that could eventually support an appropriate investment portfolio. This option is retained in paragraph 5 of the Updated Policy. It provides that where the Bank’s reengagement or assistance in an FCV situation is no longer possible in accordance with an existing country partnership framework (or the country engagement note), the Bank may use watching briefs to develop an understanding of the context, dynamics, needs, and institutions that could eventually support an appropriate investment portfolio. The Updated Policy clarifies that the Bank may use a Country Engagement

Note to define its near-term engagement in affected countries in which it is unable to define detailed objectives, develop a program, or engage at a significant scale in the medium term.¹⁰

32. ***Drivers of FCV and Sources of Resilience*** (*Updated Policy Paras. 6-7*). Existing paragraph 5 of OP 2.30 explains the importance of conflict sensitivity to the Bank’s post-conflict assistance. Paragraph 6 of the Updated Policy broadens this principle to reflect the Bank’s increased reliance on analytical and diagnostic tools to better guide its FCV engagements. In line with the FCV Strategy and IDA19 commitments, the Bank has adopted Risk and Resilience Assessments (“RRAs”) as an input into the country engagement cycle in FCV-affected countries, and the use of conflict-sensitive approaches in the design of operations. Management has also issued a methodology to guide Bank staff in preparing RRAs. This methodology, like other staff guidance, is expected to be revised on an ongoing basis to reflect lessons learned and the changing context. Following the Board’s approval of the Updated Policy and Vision Statement, the RRA Methodology will be revised to provide guidance on reflecting context-specific fragility drivers and sources of resilience in line with paragraph 64 of the FCV Strategy.

33. As such, the Updated Policy acknowledges that the drivers and causes of fragility, conflict, and violence differ with each FCV situation, which, for example, may stem from an array of political, economic, or social factors, and may be compounded by shocks such as those related to climate change, disease outbreaks, or food insecurity. As the FCV Strategy notes: “drivers of fragility will be highly context-specific and may include a range of risks related to the distribution of power; the political settlement; the human rights situation; women’s inclusion in peace settlements and political processes; broader governance issues; land and natural resources; access to basic services; the health of the labor market and how much economic growth is benefitting the entire population; and broader issues of social cohesion, including perceptions of fairness and inclusion among groups and regions, as well as between the state and its citizens.”¹¹

34. The Updated Policy highlights that understanding these drivers of fragility and sources of resilience, and the way in which they relate to the Bank’s mission of development and poverty reduction, is central to the success of the Bank’s country and regional engagements, analytics, and operational interventions. Accordingly, paragraph 7 of the Updated Policy explains that the Bank deploys appropriate analytical and diagnostic tools and undertakes relevant assessments (which include RRAs), including in partnership with other actors, to inform country diagnostics and country partnership frameworks and an understanding of the project context¹² to design FCV-sensitive operations to help address the key drivers of fragility and mitigate associated risks and enhance resilience and coping capacities. Mitigating risks includes avoiding risks of Bank engagements exacerbating drivers of fragility or weakening

¹⁰ See IBRD/IDA/IFC/MIGA Guidance: Country Engagement (September 28, 2018, Catalogue No. OPS5.01-GUID.110).

¹¹ FCV Strategy at paragraph 64. Drawing on the FCV Strategy, the proposed Vision Statement underscores the importance of a proper understanding of context-specific fragility drivers.

¹² In particular, RRAs provide inputs to Systematic Country Diagnostics (SCDs), Country Engagement Notes (CENs), and Country Partnership Frameworks (CPFs).

resilience (reflecting the “do no harm” principle in the FCV Strategy, also included in paragraph 2 of the Updated Policy).¹³

35. Further reflecting the FCV guiding principles and engagement approach, paragraph 7 also notes that, in designing FCV-sensitive operational interventions, the Bank focuses on prevention and strengthening core institutions, with particular attention to inclusion and the needs of disadvantaged or vulnerable groups and individuals. The Bank also generates knowledge and evaluation work on the effectiveness of its engagements and operations in addressing the drivers and causes of FCV.

36. ***Humanitarian Crises and Emergencies*** (Updated Policy Para. 8). The Bank’s approach to humanitarian crises and emergencies represents one of the most significant changes in the Bank’s FCV engagement since OP 2.30 was adopted. In 2001, understanding of the Bank’s mandate excluded any Bank involvement in humanitarian situations. This is reflected in existing paragraph 3(a) of OP 2.30, which bars the Bank from financing humanitarian relief. OP 8.00, which was adopted subsequently takes a different approach. It authorizes Bank financing for relief-type activities in partnership with other donors as a part of “an integrated emergency recovery program”—which have shaped the evolution of strategy and practice in FCV and emergency situations.¹⁴

37. Today, the Bank recognizes the reality that there is a continuum between emergency relief activities, recovery, and rebuilding, and that partnership as part of such “integrated emergency recovery programs” allows the Bank to effectively respond to emergency situations to achieve development objectives whilst adhering to its development mandate.¹⁵ As an example, the Bank’s response to the COVID-19 crisis in FCV settings highlights the importance of development support in crisis situations to complement emergency humanitarian relief and lay the foundations for medium- and long-term recovery.

38. Paragraph 8 of the Updated Policy accordingly recognizes that, as a financial institution with a reconstruction and development mandate, any Bank involvement in humanitarian crises and emergencies is based on its comparative advantage, motivated by a robust development rationale, and focuses on sustained and long-term engagement in support of national systems, strengthening core state functions, and building institutional resilience and capacity. Paragraph 8 also states that, in responding to crises and emergencies, the Bank acts consistently with its Articles, including the political prohibition, and applicable principles and standards. Such principles and standards may include, for example, the relevant principles associated with the humanitarian-development-peace nexus.¹⁶

¹³ *Supra* at footnote 9.

¹⁴ OP 8.00 at paragraph 5.

¹⁵ Senior Vice President and Group General Counsel, *Legal Opinion on Peace-Building, Security, and Relief Issues under the Bank’s Policy Framework for Rapid Response to Crises and Emergencies*, R2007-0010/4 (22 March 2007) (outlining parameters for such engagements).

¹⁶ See OECD DAC Recommendation on the Humanitarian-Development-Peace Nexus, 2019.

39. The Updated Policy also clarifies that, while acting consistently with its legal and policy framework, the Bank may support certain activities in response to humanitarian crises and emergencies where there is a demonstrated linkage between relief, recovery, and development efforts. The Updated Policy further emphasizes that the Bank’s activities in this regard are to be in complementarity and partnership with the UN, other donors, or international or national humanitarian agencies as the case may be.¹⁷

40. **Forced Displacement** (*Updated Policy Paras. 9-12*). The original OP 2.30 is silent about the development implications of forced displacement even as OP 8.00 authorizes support for establishing and preserving vulnerable groups’ human capital in crises and emergencies, including the forcibly displaced. Over the past few years, the Bank has considerably scaled-up its engagement and provides financial and technical assistance for refugees and host communities under the IDA18 Sub-Window for Refugees and Host Communities (“RSW”), the IDA19 Window for Host Communities and Refugees (“WHR”), and the Global Concessional Financing Facility (“GCFF”).

41. Recognizing the significant evolution of the Bank’s understanding of its development role in the context of forced displacement, paragraph 9 of the Updated Policy recognizes that the Bank focuses on the medium-to long-term development challenges arising from forced displacement by addressing the specific vulnerabilities of refugees and internally displaced persons, supporting sustainable economic and social development in refugee and host communities, and working with government to strengthen relevant institutions and policies and build local capacity related to forced displacement while taking into consideration social, economic and political sensitivities in host countries.

42. In terms of type of support, paragraph 10 of the Updated Policy states that the Bank supports refugee-hosting member countries in: (i) mitigating the shocks caused by refugee inflows and creating social and economic development opportunities for refugee and host communities; (ii) facilitating sustainable solutions to protracted refugee situations including through the sustainable socio-economic inclusion of refugees in the host country and/or their return to the country of origin; and (iii) strengthening country preparedness and resilience for increased or potential new refugee flows. The Bank may also work in countries of origin including to address root causes of displacement and prepare for or support sustainable repatriation as may be appropriate.

43. Paragraph 11 of the Updated Policy specifies that, in so doing, the Bank considers the adequacy of the refugee protection framework of member countries¹⁸ and operates in coordination with relevant international specialized agencies, including UNHCR.

44. Finally, the Updated Policy specifies that, in situations of internal displacement or return of forcibly displaced populations, the Bank follows the overall development approach described above within the broader context of supporting countries and populations.

¹⁷ The Bank’s focus in such situations is on helping affected countries preserve human capital and key economic and social institutions and on mitigating medium-term development impacts.

¹⁸ This practice is reflected in Bank Guidance: IDA19 Window for Host Communities and Refugees: Dealing with Protection Issues (September 10, 2020, Catalogue No. LEG5.06-GUID.145).

45. ***Security Sector Engagements (Updated Policy Paras. 13-16)***. The Bank's operational policies are largely silent about the Bank's engagement with the security sector.¹⁹ However, over the past two decades, the Bank's research and analytical work has emphasized the importance of security to development outcomes, particularly in FCV situations. Bank engagements involving the security sector have involved: (i) support for development activities relating to the security sector, including technical and financial assistance; and (ii) in exceptional cases, the Bank has had to engage with security and military agencies in project implementation in crises, emergencies or insecure areas.

46. ***Principles for Bank Engagement with Security Sector (Updated Policy Paras. 13-15)***. Paragraph 13 of the Updated Policy clarifies parameters for the Bank's involvement with the security sector, stating that the Bank's role in relation the security sector is premised on the significance of security and prevention of violence to sustainable development. It provides that the Bank may support development activities in limited circumstances requiring the involvement of the security sector as part of its engagements only if such activities are anchored in the Bank's reconstruction and development mandate, comparative advantage, and technical competence, and are underpinned by a robust development rationale with a clear development objective. These activities must have strong country ownership, be based on a request from the member country, and must not amount to interference in the country's political affairs.

47. Paragraph 13 of Updated Policy also introduces the requirement for appropriate risk assessment and mitigation measures in determining if selected activities in security sector are eligible for Bank support. According to paragraph 16 of the Updated Policy, a risk assessment typically considers a number of factors, including the relevant institution or agency's purpose and function, capabilities, track record and accountability mechanisms, the strength of oversight arrangements, the presence of partners with relevant technical expertise and competence, and the risks of diversion of funds for political or other non-development objectives. As with all activities, the assessment also includes analysis of all other relevant risks, including reputational, fiduciary, and legal risks. These activities are typically described in country engagement documents discussed with the Board or project documents that are subject to Board approval.

48. Regarding military expenditures, paragraph 14 of the proposed Updated Policy incorporates the existing parameters relating to military expenditures that remain relevant. It provides that the Bank, when carrying out public expenditure reviews, requests information from member countries on their military-related expenditures only at an aggregate level. In countries where there are growing imbalances between development and military expenditures, the Bank may pursue the matter through analytical work and policy dialogue with a focus on adequate resource allocations for development activities. Paragraph 14 cautions that the Bank

¹⁹ In most countries, the security sector typically includes defense, military, paramilitary, and intelligence services. See 2008 Report of the United Nations Secretary-General on Security Sector Reform, UNSG 2008, 5; and UN Security Council Resolution 2151. It may also include some elements of the criminal-justice or law-enforcement sectors, notably police. See World Bank Support for Criminal Justice Activities, Staff Guidance Note, SecM2012-0052 (2 February 2012) at paragraph 3, footnote 6 (describing definitions of criminal justice and security sectors). While the Bank's ability to engage with the criminal justice sector is particularly important to FCV situations, these engagements may also occur outside the FCV context. These engagements are governed by the criminal justice legal and policy framework set out in the 2012 Legal Note on Bank Involvement in the Criminal Justice Sector and accompanying staff guidance.

refrains from introducing conditionality related to security or military expenditures. This paragraph codifies the principles contained in the 1991 Guidelines which remain applicable to these types of activities.²⁰

49. There are certain security related activities which fall outside of the Bank's mandate and area of expertise. Paragraph 15 of the Updated Policy, therefore, provides that the institution does not provide financing for arms or weapons, military equipment or infrastructure, or disarming combatants. It also prohibits Bank advice on security or military policy which is outside of its technical competence and comparative advantage.

50. ***Use of Security and Military Actors for Project Implementation*** (Updated Policy Para. 16). The Updated Policy provides that in crisis and emergency situations or in insecure or unstable areas, in limited circumstances where delivery of assistance is of critical importance and where no feasible, efficient and reliable alternatives exist, the Bank may finance activities implemented by, or with the involvement of, security agencies, including the military, subject to appropriate risk assessment and mitigation measures. In assessing such activities, the Bank carries out appropriate and relevant due diligence that typically considers the capacities, track record, or commitments to enhance such capacities as needed, of the relevant security or military entities as well as the existence of appropriate oversight arrangements, including sound fiduciary systems and environmental and social standards. The Updated Policy also specifies that to qualify for Bank financing, the activities and related expenditures undertaken by security or military agencies must be productive and confer clearly defined development benefits to civilians.

51. ***Cooperation, Partnerships, and Engagements*** (Updated Policy Paras. 17-18). Existing paragraph 4 of OP 2.30 emphasizes the importance of partnerships in FCV settings. Certain revisions are proposed to underscore the importance of outreach, cooperation, and partnerships with other organizations and other stakeholders in FCV settings. The Updated Policy provides that in FCV situations, besides working with governmental authorities and agencies, the Bank engages, within its mandate, with: (a) bilateral and multilateral agencies, particularly international and regional institutions, notably the United Nations, that have distinct, but complementary, responsibilities for peacemaking, peacekeeping and security, humanitarian assistance, and reconstruction and development; and (b) civil society, non-governmental organizations, and private sector entities that have common concerns, including supporting inclusion and private sector engagement.

²⁰ See *Military Expenditure* (SecM91-1563) ("1991 Guidelines"). The 1991 Guidelines established that: (a) the Bank will not seek to introduce conditionality related to military expenditures on the basis of its own views on the country's national security; (b) the Bank, through its Public Expenditure Reviews (PERs), will request information on military-related aggregate expenditures from member countries, thereby complementing similar efforts of the IMF; (c) in countries where public outlays for development purposes are seriously inadequate and are being crowded out due to growing military spending, the Bank will pursue the matter through its analytical work (mostly PERs) and policy dialogue (at a senior level) to determine whether adequate funds are allocated for and spent efficiently on development activities; and (d) in cases where a member country has decided to make major changes in military outlays (e.g., large scale demobilization, conversion of military-run industries) and seeks Bank assistance, the Bank will respond. See *Staff Guidance on Military Expenditure Work: A Brief Update*, SecM2001-0010/1 (March 2002). These principles remain applicable and are codified at the policy level through inclusion in the Updated Policy.

52. **Parameters for Engaging with Non-State Actors** (*Updated Policy Para. 18*). The Updated Policy recognizes that, in exceptional circumstances, such as financing for activities in areas not controlled by the member country's government, the Bank's ability to operate effectively may require it to work with non-state actors. All such engagements with non-state actors are subject to the principles in paragraphs 3 and 4 of the Updated Policy, including the requirement for member country consent. The types and categories of non-state actors with which the Bank may work will be determined by the country and project context, the enhanced due diligence analysis, the necessary risk mitigation measures, and the requirement for member country consent. Due to the exceptional nature of such engagements, all proposals for such engagements will require approval of the respective Regional Vice President. Such engagements are typically described in country engagement documents discussed with the Board or project documents that are subject to Board approval.

53. **Retirement of BP 2.30 and 1991 Guidance on Military Expenditures**. BP 2.30 provides that the Bank could initiate a country engagement note or watching brief if there are significant conflict-induced changes in a country's environment for Bank assistance. The scope, content, and preparation process for country engagement notes are the subject of a detailed Bank Group Directive, "Country Engagement," July 1, 2014, Catalogue Number OPCS 5.01-DIR.01 and an accompanying Procedure. BP 2.30 also provided for a Post Conflict Management Steering Group to monitor the application of OP 2.30 and provide staff guidance. As part of this policy update, BP 2.30 will be retired. In addition, since the key principles of the 1991 Staff Guidance on Military Expenditures are now codified in the Updated Policy, this guidance will be retired.

54. **Miscellaneous Revisions**. Minor editorial revisions and incidental changes to the existing language of OP 2.30 are also included in the Updated Policy. These miscellaneous revisions update references, citations, and terminology, reduce redundancy, and improve the clarity and flow of the document as a whole.

55. **Vision Statement**. The Updated Policy will be accompanied by an aspirational Vision Statement that underscores the importance of a proper understanding of the fragility drivers and sources of resilience. Drawing on the FCV Strategy, the Vision Statement includes the context-specific, non-exhaustive list of drivers of fragility found in paragraph 64 of the FCV Strategy. The Vision Statement will be listed as part of the Updated Policy's Related Documents; however, it will not constitute a part of the Policy or establish any mandatory requirements. The Vision Statement will be categorized as a non-binding document within the Policy and Procedure Framework. The Updated Policy and the Vision Statement, as well as the final Board paper on the Updated Policy, will be made available on the Bank's website.

56. **Management Guidance to Staff**. Management will update and complement operational guidance to staff on various aspects of the Updated Policy to support implementation and develop good practice notes as required.

57. **Next Steps**. Following CODE's endorsement, Management seeks the Board's approval of the proposed Updated Policy revisions as set out in paragraphs 19 through 54. Once approved by the Board, Management will issue the Updated Policy and the Vision Statement in accordance with the Bank's Policy and Procedure Framework, and the Updated Policy will become effective from the date of Board approval. Following the Board's approval of the Updated Policy and the Vision Statement, Management will revise the RRA Methodology to reflect lessons learned and

the changing context, and to provide guidance on reflecting context-specific fragility drivers and sources of resilience.

Updated Policy to be Issued by Management

Bank Policy

Development Cooperation and Fragility, Conflict, and Violence

Bank Access to Information Policy Designation

Public

Catalogue Number

[Assigned by the P&PF Administrator within LEGVPU]

Issued and effective

[Insert date]

Content

This Policy Sets Forth an Operational Framework for Bank Engagements in Situations of Fragility, Conflict, and Violence (FCV).

Applicable to

IBRD/IDA

Issuer

Legal Vice Presidency (“LEGVP”)

Sponsor

Operational Policy and Country Services (“OPCS”) Vice Presidency and Fragility, Conflict, and Violence Group (“GTFDR”)

SECTION I – PURPOSE AND APPLICATION

This Policy sets forth an operational framework for Bank engagements in FCV situations. This Policy is to be read together with OP 8.00 (*Rapid Response to Crises and Emergencies*).

This Policy applies to the Bank.

SECTION II – DEFINITIONS

As used in this Policy, the capitalized terms or acronyms have the meanings set out below:

1. **Bank:** IBRD and/or IDA (whether acting in its own capacity or in the capacity as administrator of trust funds funded by donors).
2. **Board:** the Executive Directors of the Bank.
3. **FCV:** Fragility, Conflict, and Violence.
4. **IBRD:** International Bank for Reconstruction and Development.
5. **IDA:** International Development Association.
6. **IFC:** International Finance Corporation.
7. **MIGA:** Multilateral Investment Guarantee Agency.
8. **OPCS:** Operations Policy and Country Services.
9. **Policy:** a Policy, as defined in Bank Policy, “Policy and Procedure Framework.”
10. **UN:** United Nations.
11. **UNHCR:** United Nations High Commissioner for Refugees.
12. **World Bank Group or WBG:** IBRD, IDA, IFC, and MIGA.

SECTION III – SCOPE

1. The Bank aims to strengthen economic and social stability and human security in a sustainable manner as pre-conditions for development and poverty reduction. Fragility, conflict, and violence may result in loss of life and destruction of assets, threaten security, contribute to political, social, and economic disintegration, impede efforts to end extreme poverty, exacerbate environmental impacts, weaken sources of resilience, and cause forced displacement. Given its history and evolution, the Bank can play a key role in addressing these challenges and their drivers while acting consistently within its reconstruction and development mandate and in partnership with bilateral and multilateral agencies that have distinct, but complementary, responsibilities.

2. The Bank tailors its approach and adapts to the distinct challenges of FCV situations within countries or across borders. Given the nature of fragility, conflict, or violence situations, the Bank's approach and programming differ to best assist the members and people in need, in line with relevant principles and standards, consistent with the principle of country ownership, and paying particular attention to inclusion and the needs of disadvantaged or vulnerable groups and individuals.¹ The Bank's engagements in FCV situations follow a context-specific, conflict-sensitive approach based on adequate due diligence, diagnostics, risk analysis and stakeholder engagement to avoid causing or contributing to adverse impacts. The Bank's engagements span the FCV spectrum, where multiple challenges may emerge at the same time, whether at the national, subnational or regional levels, including:

- (a) prevention of grievances and tensions from escalating into conflict and violence;
- (b) remaining engaged during situations of crisis and active violent conflict to the extent possible to protect human capital, institutions, and development gains;
- (c) supporting transition out of fragility by investing in strengthening resilience, institutions, recovery, and reconstruction; and
- (d) mitigating the spillovers and impacts of FCV and other compounding shocks (such as from climate change and other environmental challenges), particularly on the most vulnerable.

Core Principles of Bank Involvement

3. The Bank is guided by the following principles in undertaking any engagements under this policy.

(a) *Reconstruction and Development Mandate.* The Bank is an international organization with a mandate, established in its purposes under the Articles of Agreement, to assist in the reconstruction and development of its member countries by facilitating the investment of capital for productive purposes.² Thus, the Bank portfolio in FCV situations, including

¹ See the Environmental and Social Framework (ESF) for the meaning of the term “disadvantaged or vulnerable” groups and individuals.

² IBRD Articles of Agreement, Article I. Article I of IDA's Articles of Agreement similarly define IDA's mandate in terms of assisting the development of the less developed territories among its membership.

humanitarian crises and emergencies, reflects a medium- to long-term development objective and maintains emphasis on recovery, reconstruction and development.

(b) *No Political Interference.* The Bank's Articles of Agreement explicitly prohibit the Bank from interfering in the domestic affairs of a member or from being influenced by the political character of a member; only economic considerations are relevant to the Bank's decisions.³ Thus, the Bank does not operate in the territory of a member country without the approval of that member. Its intervention may take place at the request of the government in power. If more than one government asserts power, the Bank follows its policy on de facto governments.⁴ If there is no government in power, Bank assistance⁵ may be initiated by requests from the international community, as properly represented (e.g., by the United Nations), and subject in each case to the prior approval of the Bank's Executive Directors.

(c) *Assistance to Non-Members.* The Bank's resources and facilities may be used only for the benefit of its members.⁶ These resources and facilities may be used for the benefit of a country that is not a member if the Executive Directors determine their use to be beneficial to the Bank and the interests of its membership as a whole.

(d) *Peace Building.* Any engagement in activities related to peacebuilding is consistent with the Bank's mandate and based on a robust development rationale,⁷ the Bank's comparative advantage and core development competencies, and in partnership with other stakeholders. While the Bank does not participate in peace negotiations, it may provide technical assistance and support for economic reconstruction and planning in peace negotiations. Consistent with its mandate, the Bank does not engage in or finance peacekeeping operations.

(e) *Sanctions.* When determining the impact of sanctions on the Bank's operations, the Bank is guided by its Articles of Agreement, as well as by the 1947 Relationship Agreement between the Bank and the UN. Under the 1947 Agreement Between the United Nations and the International Bank for Reconstruction and Development, the Bank pays due regard to UN Security Council decisions made under Articles 41 and 42 (Chapter VII) of the UN Charter.

Country Engagement, Portfolio, and Risks

4. The Bank designs and adjusts its assistance in an agile and dynamic manner, differentiating its approaches to best respond to the needs and circumstances of each FCV situation. To this end, the Bank utilizes the options embedded in policies that underpin the Bank's response in the FCV context.

³ IBRD Articles of Agreement, Article IV, Section 10 and IDA Articles of Agreement, Article V, Section 6.

⁴ See OP/BP 7.30, *Dealings with De Facto Governments*.

⁵ In such cases, Bank assistance would not be in the form of loans.

⁶ IBRD Articles of Agreement, Article III, Section 1(a) and IDA Articles of Agreement.

⁷ A variety of activities could conceivably be undertaken in pursuit of the broad goal of "peace building." Many of these activities fall within the Bank's development mandate, such as capacity building for governmental agencies, financial support and technical assistance for economic reconstruction, rebuilding legal and judicial systems, and financing labor-intensive employment initiatives. However, other activities, such as peacekeeping, disarmament of combatants, promoting political reconciliation processes, and organizing and holding elections, would be outside the Bank's legal authority. See Senior Vice President and Group General Counsel, *Legal Opinion on Peace-Building, Security, and Relief Issues under the Bank's Policy Framework for Rapid Response to Crises and Emergencies in Toward a New Framework for Rapid Bank Response to Crises and Emergencies* (R2007-0010/2, dated April 10, 2007) ("*Legal Opinion on Peace-Building, Security, and Relief Issues*").

5. Where the Bank seeks to reengage in an FCV situation or where its assistance is no longer possible in accordance with the country partnership framework due to fragility, conflict, or violence, the Bank may initiate a watching brief in order to develop an understanding of the situation's context, dynamics, needs, and institutions to position the Bank to resume support or operations when conditions permit.⁸ This activity normally involves consultations with the Bank's partners. The nature of the watching brief in any given country depends on such factors as the presence or absence of a government in power, access of potential partners, and the ability of Bank staff to visit the country or access specific areas. In the context of a watching brief, the Bank may support additional activities, at the country's request.⁹ All such additional activities are subject to the prior approval of the Board. In countries in which the Bank is unable to define detailed objectives, develop a program, or engage at a significant scale in the medium term, the Bank may adopt a note to define its near-term engagement in the country.

Drivers of FCV and Sources of Resilience

6. The drivers and causes of fragility, conflict, and violence differ with each FCV situation; they may stem from an array of political, economic, or social factors, and may be compounded by shocks such as those related to climate change, disease outbreaks, or food insecurity. Understanding drivers of fragility, as well as sources of resilience, and the way in which they relate to the Bank's mission of development and poverty reduction is central to the success of the Bank's country and regional engagements, analytics, and operational interventions.

7. Accordingly, the Bank deploys appropriate analytical and diagnostic tools and undertakes relevant assessments, including in partnership with other actors, to inform country diagnostics and country partnership frameworks and an understanding of the project context to design FCV-sensitive operations to help address the key drivers of fragility and mitigate associated risks and enhance resilience and coping capacities. In doing so, the Bank focuses on prevention and strengthening core institutions, with particular attention to inclusion and the needs of disadvantaged or vulnerable groups and individuals. The Bank also generates knowledge and evaluation work on the effectiveness of its engagements and operations in addressing the drivers and causes of FCV.

Humanitarian Crises and Emergencies

8. As a financial institution with a reconstruction and development mandate, any Bank involvement in humanitarian crises and emergencies is based on its comparative advantage, motivated by a robust development rationale, and focuses on sustained and long-term engagement in support of national systems, strengthening core state functions, and building institutional resilience and capacity. In responding to crises and emergencies, the Bank acts consistently with its Articles, including the political prohibition, and applicable principles and standards. While acting consistently with its legal and policy framework, the Bank may support certain activities where there is a demonstrated linkage between relief, recovery, and development efforts and in complementarity and partnership with the UN, other donors, or international or national humanitarian agencies as the case may be.¹⁰ In such situations, the

⁸ The Bank may also maintain a watching brief for borrower countries in which it has no active portfolio.

⁹ See para. 3(b) for handling requests for support where more than one country asserts power, or no government is in power.

¹⁰ See *Legal Opinion on Peace-Building, Security, and Relief Issues*.

Bank's focus is on helping affected countries preserve human capital and key economic and social institutions and on mitigating medium-term development impacts.

Forced Displacement

9. The Bank's development approach to forced displacement focuses on the medium- to long-term development challenges arising from forced displacement, including by addressing the specific vulnerabilities of refugees and internally displaced persons, supporting sustainable economic and social development in host communities, and working with governments to strengthen relevant institutions and policies and build local capacity related to forced displacement, taking into consideration social, economic and political sensitivities in host countries.

10. In refugee situations, the Bank supports refugee-hosting countries by: (i) mitigating the shocks caused by refugee inflows and creating social and economic development opportunities for refugee and host communities; (ii) facilitating sustainable solutions to protracted refugee situations including through the sustainable socio-economic inclusion of refugees in the host country and/or their return to the country of origin; and (iii) strengthening country preparedness for increased or potential new refugee flows. The Bank may also work in countries of origin including to address root causes of displacement and prepare for or support sustainable repatriation as may be appropriate.

11. In so doing, the Bank considers the adequacy of the refugee protection framework of the member country, and operates in coordination with relevant international specialized agencies, including UNHCR.

12. In situations of internal displacement or return of forcibly displaced populations, the Bank follows the overall development approach described in Paragraph 10 within the broader context of supporting countries and populations.

Security Sector Engagements

13. The Bank's role in relation to the security sector is premised on the significance of security and prevention of violence to sustainable development. The Bank may support development activities that require the involvement of the security sector in limited circumstances as part of its engagements only if such activities are anchored in the Bank's reconstruction and development mandate, comparative advantage, and technical competence, are underpinned by a robust development rationale with a clear development objective, and are subject to appropriate risk assessment and mitigation measures. These activities must have strong country ownership, be based on a request from the member country, and must not amount to interference in the country's political affairs.

14. The Bank, when carrying out public expenditure reviews, requests information from member countries on their military-related expenditures at an aggregate level. In countries where there are growing imbalances between development and military expenditures, the Bank may pursue the matter through analytical work and policy dialogue with a focus on adequate resource allocations for development activities. The Bank, however, refrains from introducing conditionality related to security or military expenditures.

15. The Bank does not provide financing for arms or weapons, military equipment or infrastructure, or disarming combatants. The Bank does not provide advice on security or military policy which is outside of its technical competence and comparative advantage.

16. In crisis and emergency situations or in insecure or unstable areas, in limited circumstances where delivery of assistance is of critical importance and where no feasible, efficient and reliable alternatives exist, the Bank may finance activities implemented by, or with the involvement of, security agencies, including military, subject to appropriate risk assessment and mitigation measures. Such risk assessment will consider a number of factors, including the relevant institution or agency's purpose and function, capabilities, track record and accountability mechanisms, the strength of oversight arrangements, the presence of partners with relevant technical competence and expertise, and the risks of diversion for political or other non-development objectives. The assessment includes an analysis of all relevant risks, as well as proposed mitigation measures. To qualify for Bank financing, the activities and related expenditures undertaken by security or military agencies must be productive and confer clearly defined development benefits to civilians.

Cooperation, Partnerships, and Engagements

17. In FCV situations, besides working with governmental authorities and agencies, the Bank engages, subject to paragraphs 3 and 4 of this Policy, with:

(a) bilateral and multilateral agencies, particularly international and regional institutions, notably the United Nations, that have distinct, but complementary, responsibilities for peacemaking, peacekeeping and security, humanitarian assistance, and reconstruction and development; and

(b) civil society, non-governmental organizations, and private sector entities that have common concerns.

18. In exceptional circumstances, such as financing for activities in areas not controlled by the member country's government, the Bank's ability to operate effectively may require it to work with non-state actors. Each request for exception to work with non-state actors is subject to enhanced due diligence and requires approval of the respective Regional Vice President.

Exceptional Financial Assistance

19. To help member countries experiencing fragility, conflict, or violence or any spillover effects, like forced displacement, the Bank may provide such countries with exceptional financial assistance under specific terms and conditions. Any such assistance must be consistent with the Bank's financial policies and its preferred creditor status, and it should be consistent with the principles of burden sharing.

SECTION IV – EXCEPTION

N/A.

SECTION V – WAIVER

The provisions of this Policy may be waived in accordance with the [Bank Policy “Operational Policy Waivers”](#), and the [Bank Procedure “Operational Policy Waivers and Waivers of Operational Requirements”](#).

SECTION VI – OTHER PROVISIONS

N/A.

SECTION VII – TEMPORARY PROVISIONS

N/A.

SECTION VIII – EFFECTIVE DATE

This Policy is effective as of the date on its cover page.

SECTION IX – ISSUER

The Issuer of this Policy is the Legal Vice Presidency (LEGVP).

SECTION X – SPONSOR

The Sponsors of this Policy are Operational Policy and Country Services (OPCS) and Fragility, Conflict, and Violence Group (GTFDR).

SECTION XI – RELATED DOCUMENTS

1. Vision Statement
2. Updated Bank Policy: Development Cooperation and Fragility, Conflict, and Violence, SEC No. _____
3. World Bank Group Strategy for Fragility, Conflict and Violence 2020-2025

Questions regarding this Policy should be addressed to the Sponsor.

VISION STATEMENT

Vision Statement

1. Addressing the challenges of fragility, conflict, and violence (FCV) is critical to achieving the World Bank Group's twin goals of ending extreme poverty and boosting shared prosperity. Extreme poverty is increasingly concentrated in countries characterized by FCV, and 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.
2. The World Bank seeks to enhance its effectiveness to support countries in addressing the drivers and impacts of FCV and strengthening their resilience, especially for the most disadvantaged and vulnerable.
3. In line with its mandate and comparative advantage, and in cooperation with a broad set of stakeholders and partners, the World Bank engages across the spectrum of FCV settings, including in situations of conflict and humanitarian and other crises. As demanded by the situation, the World Bank aspires to support the prevention of conflict and violence, help countries weather, and protect development gains through, crises, help countries transition towards stability and peace, and address the spillovers of FCV. Guided by its mandate, the World Bank supports national systems, helps strengthen core state functions, build institutional resilience and the capacity of private sector clients, and focus on inclusion and support for the disadvantaged and vulnerable, while emphasizing country ownership and partnership with other development and humanitarian actors.
4. The World Bank recognizes the complexity and diversity of FCV settings, and aspires to improve its understanding of FCV contexts, including the drivers of FCV, sources of resilience, and risks to better guide its FCV engagements. Drivers of fragility are highly context-specific and may include a range of risks related to the distribution of power and broader governance concerns, political settlements, the human rights situation, women's inclusion in political processes, land and natural resources, access to basic services, the functioning of the labor market and equitable benefits of economic growth, as well as social cohesion including perceptions of fairness and inclusion among groups and regions. The World Bank aims to design and implement its country engagements and operations in a manner that not only avoids exacerbating the FCV context, but helps address the drivers of FCV and supports processes and institutions that foster resilience.
5. This Vision Statement sets out the Bank's aspirations in addressing the challenges of FCV. The updated *Bank Policy: Development Cooperation and Fragility, Conflict, and Violence* converts the aspirations and principles in this Vision Statement into practical, operational applications to the Bank's work in FCV settings and sets out the requirements the Bank must follow, within the context of the Bank's mandate as set out in its Articles of Agreement and its comparative advantage.