

WORLD  
BANK GROUP  
STRATEGY FOR  
**FRAGILITY,  
CONFLICT AND  
VIOLENCE**  
2020–2025

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**Concept Note**



WORLD BANK GROUP

# 1. OVERVIEW

Fragility, conflict, and violence (FCV) has become the new development frontier. By 2030, at least half of the world's poor people will be living in fragile and conflict-affected settings.<sup>1</sup> The impact of FCV is particularly profound on the most vulnerable people and communities, whose livelihoods and economic opportunities are threatened. The global fragility landscape has worsened significantly, with more violent conflicts than at any time in the past 30 years; the largest forced displacement crisis since World War II; high levels of interpersonal and gang violence; and conflicts driving 80 percent of all humanitarian needs.

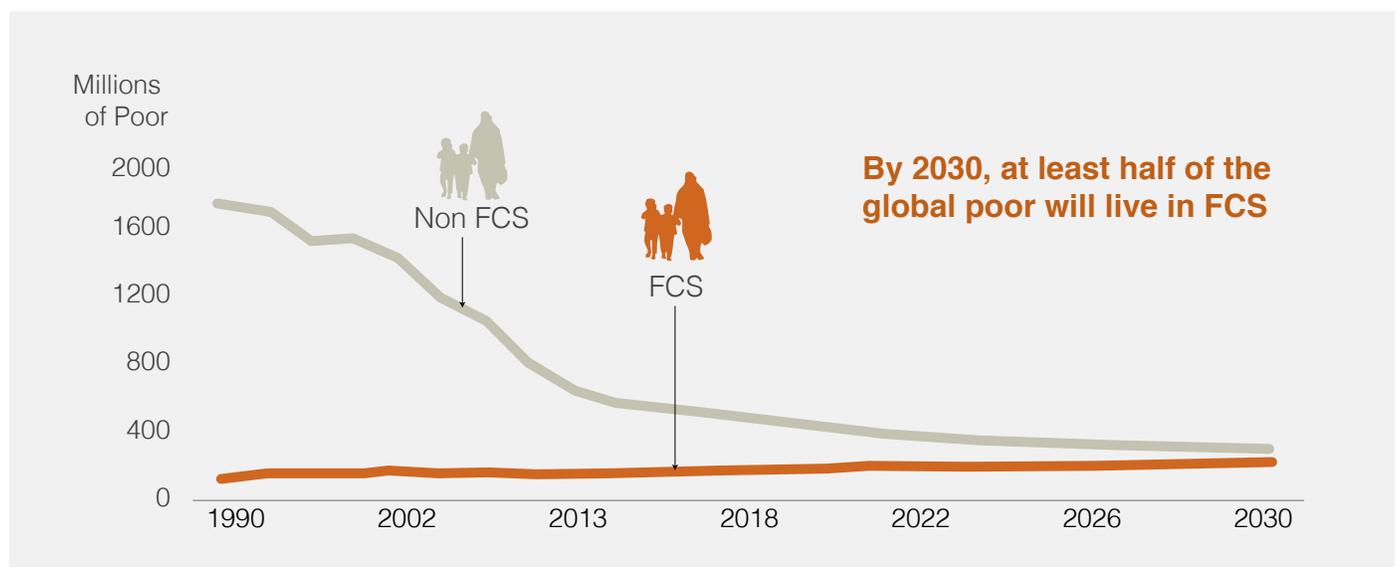
Today, conflict and violence impact more civilians than at any point over the last two decades. FCV situations have a clear impact on poverty and, strikingly, the extreme poverty rate is rising only in fragile countries.<sup>2</sup> In many contexts, this is due to large-scale violence, a collapse in basic services delivery, and the weakening of core state functions—dynamics that characterize most FCV situations and represent both a humanitarian and development challenge that calls for comprehensive and coordinated international responses. It will prove impossible to achieve the World Bank Group's twin goals of ending extreme poverty and boosting shared prosperity unless fragility, conflict, and violence are tackled.

For these reasons, addressing FCV has become the core business of the World Bank Group (WBG)

## The World Bank Group's Recent Engagement in FCV Settings:

Over the past decade the WBG has significantly scaled up its engagement and resources to address FCV challenges. It has been involved in situations of conflict and fragility, notably on post-conflict reconstruction and Disarmament, Demobilization and Reintegration (DDR). With the *World Development Report 2011: Conflict, Security, and Development*, the WBG highlighted the close link between security, justice, and development; the central role of institutional legitimacy for stability; and the need to reduce violence by investing in citizens' security, justice, and jobs.

As part of the 17<sup>th</sup> and 18<sup>th</sup> replenishments of the International Development Association (IDA17 and IDA18), the WBG doubled its core resources to fragile and conflict-affected situations (FCS) to \$14 billion, and promoted a differentiated approach to addressing diverse challenges across the FCV spectrum.<sup>3</sup> To this end, IDA18 has proposed a more tailored engagement in different situations of fragility including by investing in conflict prevention, supporting refugees and host communities, preventing and responding to gender-based violence (GBV), engaging in situations of active conflict, and supporting transitions from conflict to peace.



In addition to the scaled-up support to low-income fragile countries as part of IDA18, the WBG Capital Package<sup>4</sup> highlighted FCV and crisis risk management as central development challenges, both in low-income countries (LICs) and middle-income countries (MICs).<sup>5</sup> These trends reflect the growing awareness that engagement in FCV contexts requires a fundamentally different approach to development than in non-FCV settings, and that significant resources must be harnessed to maximize impact on-the-ground.

### **The Global Fragility Landscape:**

Given the complexity of the challenges at hand, much remains to be done. FCV situations are often protracted, cross-border, and compounded by transnational challenges such as climate change, rising inequality, resource scarcity, demographic pressures, new technologies, illicit financial flows, and violent extremism. Such factors can increase countries' vulnerability, and contribute to the emergence and exacerbation of multifaceted crises.

Climate change in particular is a "threat multiplier": it will aggravate already fragile situations and will contribute to more social upheaval, and even violent conflict. Climate risks – for example extreme weather events and disasters, volatile food prices, and sea-level rise and coastal degradation – increase vulnerability, exacerbate grievances, and deepen pre-existing fragility. In fact, by 2030, climate impacts could push an additional 100 million people into poverty and, by 2050, as many as 143 million people could become climate migrants in just three regions (Sub-Saharan Africa, South Asia, and Latin America).

The nature of violent conflicts is evolving, affecting both LICs and MICs. While the number of interstate conflicts has declined, regional and domestic instability has risen, largely due to the increase of intrastate conflicts in MICs. In 2016, 75 percent of people in fragile settings lived in MICs, which also counted more than twice as

many conflicts than LICs. In addition, nine out of the ten countries with the highest criminal homicide rates are middle income.<sup>6</sup>

Separately, interpersonal and gang violence annually kill many more people than violent conflicts, and thwart development. For each person who dies at war, between five and thirteen are victims of interpersonal violence.<sup>7</sup> Young men and women are particularly affected. Today's most violent situations are linked to gang warfare, organized or drug-related crime, state brutality, murders by non-state actors, and heightened levels of interpersonal violence. These situations are at the core of fragility and are very often protracted. They impact the development of entire regions, such as Central America, and contribute to massive flows of migrants. While about 35 percent of women globally report physical or sexual violence, conflict, post-conflict, and displacement situations exacerbate violence against women and girls and lead to new forms of violence, including rape, forced marriage, trafficking, and sexual exploitation.<sup>8</sup>

Finally, FCV challenges can take root within otherwise stable societies (e.g., Mindanao region, Philippines), cut across spatial dimensions (local, subnational, national, regional, global) and across borders (e.g., Lake Chad, Sahel, the Horn of Africa) with significant destabilizing spillover effects.

### **Peace and Stability are Global Public Goods:**

The Sustainable Development Goals (SDGs) stress the centrality of peace, justice, and security to achieve sustainable development outcomes. SDG16 highlights that development goals will not be achieved unless violence and fragility are addressed, and calls for just and sustainable development. Given the global nature of the challenge, there is a need for a comprehensive strategic vision that goes beyond regional or sectoral approaches.



**SDG 16:** Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

The nature of the support to FCV-affected countries therefore needs to be tailored, innovative, and focused on the drivers of fragility and factors of resilience. This entails going beyond economic growth and poverty reduction to also focus on promoting peace and stability—thereby challenging the notion that economic and social development alone will curb fragility.

Building on the progress made over the past years, notably under IDA18 as well as in a number of MICs, the WBG’s FCV Strategy aims to identify a conceptual and operating framework and a set of priority actions over the next five years, with the ultimate goal of developing a more systematic approach to strengthen the WBG’s support to client countries and vulnerable populations. Recognizing the suffering of those affected by FCV, and lost opportunities that can span generations, this comprehensive Strategy will more clearly identify both **what** to do and **how** the institution can adapt to deliver to those in greatest need. It will discuss how to scale-up development efforts to address the underlying drivers of FCV and enhance the WBG’s impact in FCV settings.

This Concept Note outlines proposed areas of focus for the FCV Strategy. It outlines the global and institutional FCV context; explains the rationale for, and objectives of, the Strategy; presents key focus areas; introduces preliminary options to address operational challenges; and lays out the Strategy development process.

As part of its methodology, the FCV Strategy will take stock of how the WBG has addressed FCV challenges to date, based on its existing evaluations and reviews from the Independent

Evaluation Group (IEG).<sup>9</sup> It will identify the institution’s comparative advantage and the different contributions that MIGA, IFC and the World Bank can make on the FCV agenda, as well as elaborate how to measure progress.

## 2. WHAT IS FCV AND WHY DOES IT REQUIRE A DIFFERENT APPROACH?

The FCV landscape is complex and nuanced—and clarity on how FCV is understood and defined is needed to operationalize WBG responses. The Strategy will help to define the contours of fragility, conflict, and violence based on an understanding of the complexity and diversity of situations on the ground and it will establish a typology that can guide interventions and policy changes.

This typology will need to be an expanded and differentiated approach to defining FCV that appropriately captures diverse settings across the income spectrum, and that spans regional, national and individual dimensions. Within the current Harmonized List of Fragile Situations, there is a need to distinguish situations of very different nature, scope and intensity, with a view to tailoring and prioritizing WBG approaches and responses to different FCV contexts.

### How the Strategy will address diverse FCV challenges

To reflect current global FCV trends, the recommended approach aims to identify specific categories for diverse situations of fragility, of conflict, and of violence:

- (i) **[Fragility] Countries with high institutional and social fragility**, where grievances are high and/or institutional capacity is limited;
- (ii) **[Conflict] Countries affected by violent conflict;**

### **(iii) [Violence] Countries with high levels of interpersonal violence.<sup>10</sup>**

In addition, special attention will be paid to countries at risk; countries with low-intensity conflicts, including subnational conflict; countries where fragility risks are compounded by climate change; and countries affected by spillovers such as refugee flows. These categories are not static and should be approached with flexibility since overlaps and linkages exist.

Sustainable development progress in FCV contexts is not possible without addressing the drivers, or underlying causes, of FCV and the dynamics that keep countries or subregions trapped in fragility. FCV situations are complex and result from a combination of structural problems, weak institutions, and the behaviors of a variety of actors.<sup>11</sup>

Challenges manifest at local, national, regional, and global levels, and are deeply interconnected. Local and national stakeholders can contribute to deepening fragility through mutually reinforcing incentives structures and vested interests. Leaders in the public and private spheres can generate fragility and breed systems of capture, corruption, violence, and illicit trade. The key challenge to exiting fragility then becomes one of changing incentives to positively influence behaviors. Importantly, global dynamics shape regional and national realities, and external interventions by international actors and/or neighbors can also contribute to, and reinforce, fragility traps.

Evidence and stocktaking show that navigating the complexity of FCV settings, and ultimately contributing to poverty reduction and boosting shared prosperity, require specific engagement models. The evolving understanding of FCV and its impact on development outcomes acknowledges the following key characteristics: (i) fragility has multiple dimensions that go far beyond states' capacities, and breed mistrust in formal systems

and processes; (ii) FCV typically manifests in marginalized areas, often extending beyond national borders to affect entire regions; (iii) FCV is associated with risk patterns that need to be identified and managed early on to have a better chance of preventing negative outcomes; and (iv) supporting countries to exit fragility requires innovative approaches.

As evidenced in programs and operations funded under IDA18, this engagement model calls for agile processes and policies to increase effectiveness, particularly given rapidly changing on-the-ground dynamics, and points to the importance of seizing windows of opportunity and engaging pro-actively in insecure environments. In view of the considerably higher risks and costs to operating in FCV settings, as well as the need for continuous supervision and tailored approaches, there is a need to align the incentives to the objectives, make trade-offs explicit, and probe the institution's risk appetite.

The engagement model should also set the stage for the WBG to leverage partnerships with humanitarian, peacebuilding, security and other development actors. In FCV contexts, no single organization – including the WBG – can act alone effectively, and therefore the WBG should position its comparative advantages and convening power to contribute to broader international efforts in support of peace, stability and prosperity. This entails strengthening and operationalizing the WBG's partnerships with the UN, the EU and other international and regional organizations, and exploring stronger cooperation with CSOs, bilateral actors and the private sector.

### 3. OBJECTIVE OF THE FCV STRATEGY

The overarching objective of the WBG's FCV Strategy is to address the drivers of FCV in affected countries and their impact on vulnerable populations. The end game is to promote pathways toward peace and prosperity. To achieve this goal, it is important to develop a common framework for addressing FCV across the WBG, while recognizing that each FCV situation requires tailored solutions. The path from fragility to prosperity calls for well-designed sequencing and prioritization; it is a process that requires a step-wise approach, trial and error, risk taking when opportune, and the commitment of multiple stakeholders.

#### **What the Strategy aims to achieve**

Through a shared strategic framework, the FCV Strategy will seek to leverage the comparative advantages of the WBG, IFC, and MIGA to maximize the institution's collective resources, expertise, and programs. FCV settings require a development approach that catalyzes private sector development to complement public efforts. Efforts to build state institutions, promote the development of private enterprise, and foster social cohesion, all with the aim of improving the lives of individuals, cannot be achieved through siloed approaches; rather, they require coordinated public and private sector solutions—moving from transactional to transformational methodologies, and working across the humanitarian, development peacebuilding and security nexus. The Strategy will therefore provide directions for establishing more effective partnerships between the WBG and other key players to address FCV situations.

The Strategy aims to provide a selective plan of action for the medium to long term. While it will address immediate concerns, it will also develop a vision that extends beyond the next five years. To this end, the Strategy will explore some longer-term challenges for FCV, such as: demographic pressures and their potential impact on migration

flows; how climate change acts as a threat multiplier by aggravating already fragile situations, and how countries most susceptible to fragility face particular obstacles to successful climate adaptation; the acceleration of communication technologies and social networks and their role in creating unmet expectations and reinforcing polarization; and the complex issues of how to address increased within-country inequality and the changing nature of work. While a detailed analysis of these complex issues is beyond the scope of this Strategy, major FCV-related trends and risks will be considered to identify how the WBG can best respond.

The Strategy will include indicators and propose a specific approach for monitoring WBG progress on FCV. The IEG evaluations have suggested the need for enhanced indicators to monitor WBG progress in FCV, both at the country and global levels. With projects faced with higher risks, and thereby the need for operational approaches to have greater flexibility, simple and effective monitoring tools must be developed to facilitate early identification of problems and course correction. This entails generating reliable indicators and beneficiary data for ensuring that operations do not exacerbate pre-existing social and economic cleavages and do not lose sight of outcomes. Monitoring and evaluation (M&E) systems that support an adaptive learning process during project implementation can minimize such risks. Similarly, it is key to develop sound ways to measure parameters such as trust, confidence, and perception of inclusion, and the impact that programming has on different groups of beneficiaries (by gender, region, social groups, etc.).

While operating in FCV settings can involve moderate to high risks, the risks of inaction are significantly higher. The FCV Strategy will explore how to best manage these risks. Among the top risks to consider are: (i) high risk of violence, including GBV, toward vulnerable groups; (ii)

high physical security risk for WBG staff, project implementation staff from borrower countries and beneficiaries; (iii) weak or inexistent institutional capacity leading to implementation risks, including in fiduciary matters, and negative impacts on development outcomes.

Building on the comprehensive WBG approach, the Strategy will also focus on how the development of the private sector can contribute to building more resilient societies. In many FCV situations, scaling-up private sector development is a considerable challenge: the private sector often consists of small-scale/individual entrepreneurs driven by survival and prey to elite capture, and constrained by the lack of security, rule of law, and basic infrastructure. Promoting greater access to finance, developing sustainable financial infrastructure, providing access to energy and basic infrastructure, and advancing regulatory and investment climate reforms are all essential pieces to supporting resilience and stimulating the private sector.

Importantly, private sector development, like all development, must be guided by “do no harm” principles to avoid generating more fragility through corruption, illicit trade, and the financing of violent groups. The Strategy can articulate new tools to mobilize more private investment and catalyze private sector growth in FCV countries. The Strategy will explore new ways to mobilize more conflict-sensitive private sector support to FCV countries. Building on IFC’s sharpened focus on FCV, the Strategy will also delve into the implementation of the Maximizing Finance for Development (MFD) approach and determine how to best adapt the MFD approach to FCV contexts.

### **Strategic Areas of Engagement:**

Building on the progress made to date, the WBG has articulated a strategic operating framework to address the underlying drivers of FCV across the fragility spectrum and to support countries to escape fragility traps. Four areas of engagement have been identified:

- **Pivoting toward prevention.** The WBG seeks to address risks before they turn into full-blown crises. The joint UN-WBG *Pathways for Peace* study found that for every \$1 invested in prevention, about \$16 are saved down the road. By focusing on prevention, the international community can direct more resources to sustainable development outcomes, rather than continuously responding to emergencies.
- **Remaining engaged in situations of active conflict and crisis.** In order to preserve essential institutions and maintain service delivery, the WBG is focusing on providing critical development support in the most difficult of circumstances, including in subnational regions affected by ongoing conflict. This is key to helping societies preserve hard-won development achievements and avoid “lost generations.”
- **Helping countries escape the fragility trap.** Strengthening accountability, trust, and institutions is essential to foster the conditions required to escape fragility over the long term. Critical to this effort is building the state’s legitimacy and capacity, as well as renewing the social contract between citizens and the state.
- **Mitigating the impact of FCV on the most vulnerable.** FCV challenges are not constrained by national borders. It is therefore essential to promote development solutions that address the consequences of spillovers, which can be far-reaching and destabilizing. Through instruments like the IDA18 Refugee Sub-Window, or the Global Concessional Financing Facility, for example, the WBG has scaled up its support to countries hosting large numbers of refugees.

Importantly, these four areas of engagement are underpinned by the need to address challenges across the FCV spectrum, at the regional, country, subnational, and community levels. This is critical, for FCV threats and challenges often traverse borders – the Middle East, Lake Chad, and Sahel regions are relevant examples. In addition, the Strategy will seek out ways to more effectively deal with subnational conflict and violence, which today represent the most common form of conflict. Finally, community-level conflicts and violence have increased quite dramatically over the last decade, in both urban and rural settings, and call for targeted interventions.

## 4. KEY THEMATIC CHALLENGES

Addressing FCV within the four areas of engagement requires targeted, thematic interventions that are tailored to specific contexts. Initially identified themes that may require prioritization, scaled up efforts, or shifts in approaches include: (i) strengthening institutions and macro-stability; (ii) delivering services to foster social inclusion; (iii) promoting livelihoods, markets, and sustainable private sector development; (iv) mitigating the impact of climate change and supporting fair access to natural resources; and (v) promoting equity and inclusion. Furthermore, improving data, evidence and monitoring is of paramount importance to effectively measure progress and design more tailored interventions. The thematic issues listed below are not exhaustive and will be further explored as part of the Strategy development process.

**Strengthening institutions and macro-stability: State legitimacy is fundamental for preventing and exiting fragility.** The legitimacy of the state in the eyes of the population should be a key consideration in WBG interventions. Beyond building capacity, strengthening state and

local institutions is a first order priority to confer legitimacy, renew the social contract between citizens and the state, and foster social cohesion. To this end, stronger and more legitimate institutions can more effectively manage power sharing, redistribution, dispute resolution, and sanctions.<sup>12</sup> Special attention is also required to address security and justice issues, promote civic engagement and transparency, and support local institutions.

**FCV is closely linked with macroeconomic instability.** Throughout history, macroeconomic stability has been one of the first casualties of war and political crises, often resulting in the rapid accumulation of public debt, capital flight, high and rising inflation, exchange rate volatility, and other dislocations. Rebuilding the state's capacity to conduct fiscal and monetary policy is therefore a precondition for effective government service delivery, private sector development, and ensuring resilience to shocks. Revenue mobilization is equally important as FCV economies are often characterized by a narrow tax base (a consequence of conflict), as well as by fiscal pressure from high security spending. In addition, the Strategy will also focus on the rapid increase in public debt and the risk this is creating, in many FCV countries, of further destabilization. Finally, the Strategy will explore how FCV countries are challenged to manage cross-border financial flows, undertake currency reform, and prevent or contain hyperinflation.

**Delivering services to foster social inclusion: Building human capital and delivering services effectively and inclusively is central to rebuilding the social contract and improving the legitimacy of the state.** While security and justice are known to be the most relevant services to address fragility, the provision of social services and social protection can reduce FCV over the long term and increase trust in the government and service providers. It is key to focus on *how* services are delivered to maximize inclusion and build trust. The FCV Strategy will build on the

directions set by the WBG's Human Capital Project and will explore how the WBG can more effectively support basic service delivery in FCV settings and strengthen trust between citizens and the state.<sup>13</sup>

**In this context, civic engagement and community-driven development (CDD) are essential in FCV settings.** In fragile situations where the state has limited capacity, the focus on how to engage citizens in overseeing service delivery and creating mechanisms to reinforce their participation is critical to improve service delivery and social cohesion. The voices of the poor and most vulnerable need to be heard, and how the socio-political context impacts the distribution of services must be well understood.

**Digital technology offers potential new solutions for FCV contexts.** The use of new communication technologies facilitates information sharing, access to finance in remote areas, and better targeting and monitoring in insecure regions. Digital technology solutions can help deliver services to the poor or migrant populations<sup>14</sup> when more traditional methods cannot (e.g., via mobile money). Information technology can be an enabler of peace, especially in polarized settings, so long as 'do no harm' principles are respected.

**Promoting livelihoods, markets, and sustainable private sector development: The private sector is instrumental to ignite economic growth, provide jobs and services, and stabilize societies.** Such activities are important for mitigating FCV risks and improving societal well-being, but are constrained by a lack of security, rule of law, dysfunctional markets, and basic infrastructure. Given the private sector's central role in providing goods and services, the needs of communities can only be met if private initiatives and enterprises are able to flourish. Private sector development can contribute to increased tax revenue, which allows governments, in turn, to strengthen their provision of services to citizens. The Strategy will explore new ways to mobilize more conflict-sensitive private sector

support to FCV countries and will delve into the implementation of the MFD approach, which requires a coordinated and integrated way of working across the different institutions that make up the WBG – the World Bank, IFC and MIGA.

**Mitigating the impact of climate change and supporting fair access to natural resources: There is a well-documented link between climate change and FCV.** Climate change can act as a stress on global economic, political, and social systems and undermine the quality of institutions, especially in fragile situations where governments have limited coping capacities and means to help their populations adapt. Given their location, the small island nations of the Pacific Ocean are especially vulnerable to the effects of climate change, including rising sea levels, intensification and recurrence of tropical cyclones and storm surges, and prolonged and harsher droughts. Climate change can increase the likelihood of violence through pressures on natural resources, particularly land and water, natural disasters, and migration. While the purpose of the FCV strategy is not to delve into the consequences of climate change, it will nonetheless explore its direct and indirect impacts in FCV contexts.

**Successful management of natural resources plays a critical role in preventing conflict.** Natural resources can be a powerful driver of FCV and both fuel and finance conflicts (e.g., in Eastern Congo and the Horn of Africa). Overall, 65 percent of present conflicts have a significant land dimension, while conflicts around fresh water are increasing, particularly at the subnational level, as that resource becomes scarcer. In parts of Africa, tensions between pastoralists and agriculturists over access to land and water have escalated to violence. Approaches to prevent conflicts linked to the management of natural resource assets and extractive industries need to be strengthened and expanded. While natural resources can play an important role in supporting economic growth, extractive resources and their revenues represent a major risk of violent conflict if not managed

transparently and fairly. To this end, “do no harm” principles in investment in extractives at all levels—community, sub-regional, and national—are key to supporting conflict prevention.

### **Promoting equity and inclusion, with special focus on gender and youth:**

**Evidence shows that gender equality is a crucial factor in the prevention of violent conflict.** FCV affects men and women in different ways, and exposure to conflict and fragility can shift gender roles in ways that present opportunities for positive change. The FCV Strategy will align with the WBG’s Gender Strategy and identify entry points to scale up established interventions that close gender gaps in FCV settings, including by responding to and preventing GBV, as well as identifying how the design and scope of operations to close gender gaps needs to change to strengthen women’s access to jobs and other opportunities.

**Youth inclusion is equally imperative for peaceful societies.** When charting a new path to growth and employment, it is critical that youth aspire to play a stronger role in their societies. WBG programming needs to further develop the youth angle, including co-designing operations with and for youth. Mainstreaming youth-sensitive approaches into WBG projects has direct and indirect benefits, especially in fragile settings. The WBG should explore, with partner organizations, ways to better support youth as agents of change for peace and prosperity.

**Improving data, evidence, and monitoring: Access to accurate, reliable, and timely data on local and regional dynamics is crucial for achieving the international community’s development goals.** This is a specific challenge in FCV situations, given the inherent risks associated with working in these areas and the difficulty of assessing success. Having access to accurate insights and analytics in FCV contexts is necessary to ensure lasting impacts and that humanitarian interventions reach the people most in need.

### **The inadequacy of monitoring and evaluation frameworks in FCV situations has emerged as a main challenge in IEG evaluations.**

Given its unique technical expertise, mandate, and presence, the WBG is in a key position to build systems for more reliable data and better evidence-based public policymaking. A major challenge will be to close information gaps in areas with limited access, due to logistical and security constraints. In addition to leveraging innovative and field-appropriate technology, this implies the need to systematically and sustainably build capacity among clients, staff, and partners on the ground to generate structured real-time data.

## **5. THE CHALLENGES OF DELIVERY: THE “4 PS” TO ENHANCE OPERATIONAL EFFECTIVENESS**

The Strategy will make recommendations for how to adapt the WBG’s business model to FCV settings. The Strategy will focus on how the WBG can strengthen its operational effectiveness in FCV, notably through its approach to **personnel, partnerships, processes** and **programming**. The challenges and options listed are not exhaustive and will be further explored throughout the Strategy development process.



### **Personnel—Strengthening on-the-ground presence and the Employment Value Proposition**

To achieve the FCV policy commitments made under IDA18, the WBG will improve its effectiveness in FCV settings. This requires an expanded footprint, one that ensures the right skills are in the right place at the right time. WBG staff—its human capital—are at the core of the institution’s comparative advantage. In line with FCV policy commitments made under IDA18 on staffing, enhancing the

incentives and enabling conditions for staff to be more effective, as well as strengthening security and infrastructure, are all critical.

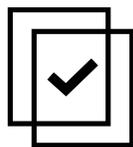


**Partnerships**—Promoting partnerships as the “new normal” in FCV settings

Working effectively in FCV settings requires strong partnerships with a diverse set of actors. First, it entails broadening the scope of partners in line with the comparative advantage of each organization. The relationship between the UN and the WBG has grown increasingly collaborative vis-à-vis fragile situations, with increased commitment to ensuring more synergies at strategic and operational levels. New instruments and principles for enhanced collaboration (such as the 2017 UN-World Bank Partnership Framework for Crisis-Affected Situations), have helped this strategic partnership become increasingly operational.

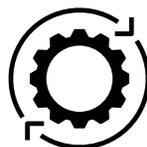
In parallel, the WBG is developing alliances with a diverse set of partners, including international platforms (e.g. Sahel Alliance) and organizations such as the International Committee of the Red Cross (ICRC) to leverage these organizations’ respective mandates, resources and capabilities and ensure greater collaboration. The Strategy will explore strengthening its partnership with the UN and new ways to work with a diverse set of actors, including humanitarian, security, peacebuilding, private sector and development partners.

In FCV operational contexts, partnership with the IMF will be essential. At the national level, FCV is invariably associated with macroeconomic distortions such as high and rising inflation, rapid depreciation and dollarization, and monetary finance of budget deficits. Balance of payments constraints will be pervasive, and immediate macroeconomic stabilization is typically the first challenge facing a post-conflict government.



**Processes**—Adapting for increased effectiveness in FCV contexts

Policies that impact the preparation and implementation of WBG operations in FCV situations may need to be clarified or adapted to strengthen the WBG’s operational effectiveness in FCV settings. To this end, stock-taking exercises will help to explore the adequacy of WBG policies, processes and procedures for FCV, identify challenges, and articulate possible improvements to ensure the WBG’s processes are fit-for-purpose in FCV settings.



**Programming**—Addressing the underlying drivers of fragility

Working in FCV contexts requires designing strategies that address the drivers of fragility and responding holistically to them. The FCV Strategy will build the case for designing FCV-sensitive strategies and portfolios that fundamentally differ from non-FCV programs.

Selectivity and sequencing of programming is of utmost importance in FCV settings. The complexity of such situations paradoxically calls for simple responses but greater selectivity in the way projects are identified and designed. In FCV contexts, local political sensitivities, the often-limited capacity of governments and institutions to implement complex policy reforms, and the prevalence of inter- and intra-group tensions all require the careful selection of programs that can most effectively address FCV. The Strategy will therefore propose concrete measures to enhance selectivity and sensitivity to local dynamics.

At the core of implementation challenges lies the inherent contradiction of treating complex multidimensional risks in low-capacity countries with traditional development approaches. In FCV settings, “linear development responses” are unfit for producing tangible results. Therefore, because FCV is both multidimensional and multi-causal, responses must be flexible and multisectoral in nature. Among other areas,

the Strategy will explore avenues for greater flexibility in project design, integrating more organic/participatory trial-and-error approaches. It will explore establishing effective delivery mechanisms to address crises and flexibly and transparently direct investments toward windows of opportunities, where and when they exist.

The Strategy will also aim to strengthen the M&E frameworks, most notably by: (i) identifying relevant quantitative and qualitative indicators to understand how fragility and violence change and are affected by various interventions; (ii) collecting reliable and representative data<sup>15</sup> in insecure and low-capacity environments; and (iii) having well-designed theories of change of the various parameters that impact fragility and of the consequences of interventions.

It is also important to develop a strong value proposition to provide additional financing to fragile MICs. With the endorsement by the WBG's shareholders in 2018 of a \$13 billion general capital increase (GCI), there is a significantly stronger focus on FCV in MICs. The GCI recognized the need to do more to respond to the economic and fiscal pressures faced by MICs when confronted with external shocks and high violence and crime rates.

## 6. STRATEGY DEVELOPMENT PROCESS AND TIMELINE

The Strategy development process will be conducted by a core team comprised of management and staff from across the WBG. This multisectoral team will be coordinated by the FCV Senior Director and include representatives from IFC and MIGA, Regions, Global Practices, and corporate units.

In addition, thematic working groups have been formed to focus on key strategic issues. The FCV

Strategy will also draw upon the knowledge and experience of an external sounding board. This will be comprised of leading FCV experts from government, academia, the private sector, and international organizations.

The Strategy will be the product of global consultations with external stakeholders that are planned between April to September 2019. Consultations will seek to integrate stakeholders' inputs, adopt lessons learned, and reflect best practices so as to inform the Strategy and ensure a broad and fully inclusive process.

External consultations will be held with a range of relevant stakeholders in two phases (in-person and online).

- **Phase 1** (April–June 2019): In-person and online consultation on the FCV Strategy concept.
- **Phase 2** (August–September 2019): Online consultation on the draft FCV Strategy document.

A note to guide the in-person and online consultations will be available on the WBG's consultation website, at:

<http://worldbank.org/fcvconsultations>

### **Phase 1**

#### **Consultation on the FCV Strategy Concept Note**

This phase will consist of face-to-face meetings at the national level. Stakeholders will have the opportunity to provide inputs to the FCV strategy concept in-person and online via the consultation website. Interested individuals will be able to provide written comments through the website and by email to [FCVConsultations@worldbank.org](mailto:FCVConsultations@worldbank.org). An online questionnaire form, the consultation schedule, its timeline and agendas, participant lists, and summaries of public consultation meetings will be made available on the website. The Strategy Concept Note will be made available on the website in Arabic, English, French, and Spanish. A summary of key

issues raised during Phase 1 consultations will also be posted on the website. During this time, the WBG will convene a series of dialogues with selected experts on areas related to the Concept Note to inform the analysis and help shape the development of a first draft strategy.

**Phase 2  
Consultation on the Draft FCV Strategy**

Following the completion of Phase 1 consultations, the WBG will review the information and inputs gathered during the consultation process and prepare a draft strategy. For a two-month period (August–September 2019), the draft will be posted on the consultation website for final comment and feedback. A summary of key issues raised during Phase 2 consultations will be posted on the consultation website. The final FCV Strategy will be posted on the website by December 2019.

The team will seek the views and inputs of various stakeholders, including: (i) representatives of borrowers; (ii) representatives of donors; (iii) the UN, the EU and other regional/international organizations; (iv) civil society organizations at the global, national, and local levels; (v) multilateral and bilateral development partners; (vi) private sector representatives and foundations; and (vii) academic institutions and think tanks.

The overall strategy development process timeline will extend throughout 2019:

**April–June**

PHASE 1: Consultations

**August–September**

PHASE 2: Online Consultations

**November**

Presentation to the WBG Board and Launch of Strategy



- <sup>1</sup> World Bank estimate, using the FY19 Harmonized List of Fragile Situations. This estimate illustrates what poverty would be like if historical growth rates (rates from 2006–15) continue onto 2030.
- <sup>2</sup> Cuaresma, J. C., et al. 2018. Will the Sustainable Development Goals be fulfilled? Assessing present and future global poverty. Palgrave Communications: 4 (29)
- <sup>3</sup> Under IDA18, changes to the resource allocation framework increased core IDA support to FCS countries – as listed in the Harmonized List of Fragile Situations – from \$7.2 billion in IDA17 to \$14.4 billion in IDA18.
- <sup>4</sup> In April 2018. As part of the General Capital Increase (GCI) package, IFC has made a commitment to increase its investments in FCS and IDA to 40 percent of its overall portfolio by 2030.
- <sup>5</sup> For the 2019 fiscal year, low-income countries are defined as those with a GNI per capita of \$995 or less in 2017, while middle-income economies are those with a GNI per capita between \$996 and \$12,055. High-income economies are those with a GNI per capita of \$12,056 or more.
- <sup>6</sup> WHO Global Status Report on Violence Prevention 2014.
- <sup>7</sup> Uppsala University; WHO; UNODC. Pettersson, T. and P. Wallensteen, 2015, "Armed conflicts, 1946-2014" in Journal of Peace Research 2015, Vol. 52 (4) 536-550.
- <sup>8</sup> WHO: <https://www.who.int/news-room/fact-sheets/detail/violence-against-women>
- <sup>9</sup> The Independent Evaluation Group (IEG) evaluates the development effectiveness of the WBG. IEG is independent of the Management of the WBG and reports directly to the Executive Board.
- <sup>10</sup> Violence is defined by WHO as "the intentional use of physical force or power, threatened or actual, against oneself, another person, or against a group or community, which either results in or has a high likelihood of resulting in injury, death, psychological harm, maldevelopment or deprivation".
- <sup>11</sup> *Pathways for Peace, Inclusive approaches to preventing violent conflict*, WBG-UN report, 2018.
- <sup>12</sup> World Development Report, *Governance and the Law*, 2017.
- <sup>13</sup> Human Capital Project, World Bank, 2018.
- <sup>14</sup> See ICT for Post-conflict Reconstruction, 2014; and Global Broadband Plan for Refugees, 2016.
- <sup>15</sup> Data collection and data integrity are of key to inform effective and targeted programming in FCV settings. Multiplying information streams, combining qualitative and quantitative indicators, conducting perception surveys, supporting conflict and violence observatories, or finding innovative ways to assess and measure impact need to be further explored.