Photo: Mercy Corps, Jordan, 2014

THE ROLE OF THE WORLD BANK IN FRAGILE AND CONFLICT-AFFECTED SITUATIONS

Lessons for IDA19 and the FCV Strategy

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I. INTRODUCTION: WORLD BANK ENGAGEMENT IN CRISIS AND CONFLICT SETTINGS

The geography of poverty is changing. Extreme poverty is increasingly concentrated in places characterized by fragility and violent conflict: by 2030, 85 percent of the extreme poor—some 342 million people—will live in fragile and conflict-affected states.[1] Yet just one in five fragile states are on track to achieve the Sustainable Development Goals (SDGs).[2] Meaningful progress on the goal of reducing global extreme poverty requires meeting the development needs of vulnerable populations in fragile contexts; but assistance in these contexts has traditionally been limited to short-term humanitarian aid, ill-equipped to address underlying development challenges.

World Bank leadership, staff, and shareholders recognize that protracted crises and associated mass displacement and chronic extreme hunger, as well as threats from sudden-onset emergencies such as climate disasters and pandemics, threaten development progress. Driving progress in these complex environments is the only way that the World Bank will meet its twin goals of reducing global poverty and improving shared prosperity, and address the underlying drivers of some of the world's most protracted crises.

In 2016, the World Bank began greatly amplifying its engagement in fragile states and humanitarian contexts, engaging in the World Humanitarian Summit, launching new crisis-focused mechanisms in the 18th replenishment of the International Development Association (IDA18, covering July 2017-June 2020), and establishing new trust funds to respond to crises. World Bank financing and programs could mobilize vast new intellectual and financial resources for fragile and violent contexts, and in doing so, potentially improve the lives of millions of vulnerable people.

The World Bank's increased engagement in these contexts is a significant, concrete example of the "nexus"[3] that is ever present in assistance rhetoric of late, highlighting both the promise and the challenges of creating coherence between humanitarian and development approaches in practice. The

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[1] Overseas Development Institute, "SDG Progress: Fragility, crisis and leaving no-one behind," 2018, p. 19.
[2] Overseas Development Institute, "SDG Progress: Fragility, crisis and leaving no-one behind," 2018, p. 16.
[3] The humanitarian-development or humanitarian-development-peace nexus refers to the vision that the actors in these sectors work coherently, through planning and financing, to address people's vulnerability before, during, and after crises.

World Bank is uniquely positioned to leverage its convening power, credibility with governments, and longer-term financing mechanisms, among other tools, to better address sources of instability and recurrent humanitarian crises. But these contexts also pose unique challenges to the World Bank's traditional operating model. Collapsed or fragile governments, chaotic security environments, and constantly changing local dynamics stand in stark contrast to the more stable contexts where the World Bank has traditionally worked.

In some fragile and crisis settings, the national governments—the default partners of the World Bank—are parties to conflict or benefit from (and perpetuate) protracted fragility. Fragile and conflict-affected countries often have weak or collapsed service delivery and management capacity, as in South Sudan, Libya, and Yemen. The World Bank's longstanding practice of engaging with governments and implementing through state systems may not be viable or appropriate in many fragile and conflict-affected settings, necessitating different partnership and implementation modalities. The World Bank must also work at a faster pace to meet rapidly evolving needs, while at the same time ensuring a "do no harm" approach amidst volatile conflict dynamics.

The World Bank's attempts to navigate these challenges have so far met with mixed success. In Cameroon, World Bank leveraged its presence and financing to shape the government's policy to better protect refugees. In Lebanon, it demonstrated adaptability when it scaled up its cash transfers project to target host communities, who perceived they were being excluded by humanitarian organizations working with refugees. On the other hand, the World Bank's approach in Yemen presented significant challenges. It launched an emergency cash transfer program that successfully helped millions of vulnerable Yemenis on the cusp of famine to buy food.[4] However, its approach was poorly coordinated with humanitarian actors serving these same populations—resulting in inadvertent tensions, duplication, and implementation challenges.

As the World Bank develops a new Fragility, Conflict and Violence (FCV) Strategy, and approaches its 19th replenishment of IDA (IDA19, covering 2021-2024), this note explores the lessons learned since 2016 and asks what is working, what isn't, and what else should the World Bank be considering?

The World Bank's recent efforts demonstrate the importance and unique value-add of its work in fragile, crisis-affected, and humanitarian environments. Its proposed four pillars of engagement in FCV settings, as outlined in IDA19 Special Theme documents[5] and in the concept note for the FCV Strategy[6]—pivoting to prevention; remaining engaged in conflict; escaping the fragility trap; and mitigating FCV externalities—are promising. The World Bank will need to better mitigate risks that come with engagement within fluid and sensitive contexts, and partner with a more diverse set of actors to ensure complementarity, principled engagement, and maximal impact. It will be important for the World Bank to more clearly define its comparative advantages in FCV settings, and in the process, to avoid duplicating capacities that already exist and are better met by impartial humanitarian actors.

This note outlines the critical importance of World Bank investments in fragile states and crisis-related funding through IDA, offers a constructive critique and stock-taking of the Bank's latest efforts, and

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[4] World Bank Group, "Factsheet: Yemen Emergency Crisis Response Project - Fourth Additional Financing," 14 May 2019.
[5] International Development Association, "Special Theme: Fragility, Conflict and Violence," 2019, p. ii.
[6] World Bank Group, "Strategy for Fragility, Conflict and Violence, 2020-2025: Concept Note," 2019.

provides recommendations for the Bank and its shareholders to consider moving forward. It draws on experiences and observations by the authors' organizations of the World Bank's efforts, as well as experiences of implementing programs in crises where the World Bank's tools are being deployed.[7]

II. LESSONS FROM THE FIELD: THE UNIQUE VALUE-ADD AND CHALLENGES OF WORLD BANK ENGAGEMENT

Reflection on the past three years reveal important considerations for the World Bank as it continues developing its portfolio in FCV settings. Key lessons are emerging around **harnessing the World Bank's comparative advantages** and **driving robust coordination and partnerships** with other humanitarian actors.

1. Define and leverage the World Bank's comparative advantages

Responding to complex humanitarian crises in FCV contexts requires close coordination between response actors and an understanding of where each can add the most value. The World Bank's Review of the IDA Crisis Toolkit rightly identifies its comparative advantages in "supporting resilience-building and enabling development responses to crises—with a focus on integrating crisis risk management into broader development agendas and country systems."[8] This note focuses on three dimensions: the World Bank's **relationships and credibility with governments** allows it to influence critical policy reforms that will address long-term drivers of FCV; its **innovative financing** mechanisms and ability to finance long-term projects enable it to support resilience-building and development responses to crises; and its **expertise in system- and capacity-building** help maintain baseline functionality of public services in crisis, and strengthen the ability of national systems to absorb shocks.

a. Relationship with governments

The World Bank holds unique influence with governments due to its financing heft, its technical and analytical credibility, and its experience with financing through national systems. This puts it in a unique position to advance national policy reform through its financing portfolio, particularly in FCV settings. It also enables it to leverage government systems for addressing humanitarian priorities, which is difficult for more traditional humanitarian donors. But this closeness to governments raises risks in FCV settings as well; the World Bank's traditional deference to government-driven priorities could lead it to inadvertently enable problematic policies. Careful discernment is critical.

There are numerous examples of the positive impact the World Bank's FCV involvement. World Bank financing in Ethiopia and Jordan helped to create policy space to improve refugees' access to the labor market and drive self-reliance among refugees and host communities through programs that support job creation and job placement (see Box 1). In Yemen, World Bank funding to the Social Fund for Development (SFD) has been vital to helping a critical national institution avoid collapse. Preserving the

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[7] Of particular focus are the World Bank's Crisis Response Window (CRW), Catastrophe Deferred Drawdown Option (Cat DDO), Refugee Sub-Window (RSW), Pandemic Emergency Financing Facility (PEF), the Famine Action Mechanism (FAM) (see Annex for further details).
[8] International Development Association, "Review of the IDA Crisis Toolkit: Background Note," 2019, p. i.

SFD safety net prevents greater humanitarian need by leaving fewer people reliant on relief aid. The World Bank brought its comparative advantages to this UNDP-implemented investment—leveraging its ability to finance over the longer term—and its technical capacity to enhance the impact of the project.

In other places, the World Bank's presence and financing can help hold governments accountable on refugee protection. As part of its program in Cameroon, for instance, the World Bank asked UNHCR to report on cases of forced returns. When new cases came to light in early 2019, the World Bank paused programming, putting pressure on the government to resolve the issue and make good on its commitment to non-refoulement. While this type of accountability has traditionally been led by the UN system and NGOs, the alignment of financing and policy goals enabled by the World Bank was instrumental to achieving impact.

BOX 1: CREATING POLICY SPACE THROUGH THE ETHIOPIA JOBS COMPACT

In 2016, Ethiopia co-hosted the Leaders' Summit on Refugees and Migrants, where it made nine ambitious pledges to improve the lives and livelihoods of refugees and host communities. The government committed to increase refugees' freedom of movement by expanding its out-of-camp policy; to improve livelihoods opportunities by providing work permits to refugees and creating jobs, including in industrial parks; and to increase enrolment of refugee children in schools; among other pledges. In January 2019, many of these commitments were enshrined in a new Refugee Proclamation.

Long-term financing from the World Bank has encouraged and enabled Ethiopia to adopt these new, more progressive policies. Ethiopia was one of the first countries to become eligible to access additional concessional financing from the World Bank's IDA18 Refugee Sub-Window. One program supported by this funding is an economic opportunities project known as the "Jobs Compact." The Compact seeks to generate 100,000 jobs—30,000 of which will be available to refugees—using US$500 million in concessional financing.[1]

The Compact aligns with Ethiopia's broader industrialization strategy. Funds will be used to improve the country's business climate to attract more private sector investment. Importantly, the World Bank's program hinges on Ethiopia improving its work rights for refugees—as the right to work outside of camps, including in industrial parks, is integral to the program's success. The incentive of additional financing that will generate jobs for both refugees and host populations played an integral role in the new regulations in the 2019 Refugee Proclamation, which opens up pathways for legal work and residence outside camps.

The impact of the World Bank's efforts is limited, and its role in humanitarian contexts is undermined, when the bank does not exploit its comparative advantages and relationship with government clients. For example, the World Bank's grant commitments through the Refugee Sub-Window (RSW) for the Rohingya response in Bangladesh in July 2018 have not visibly alleviated policy barriers to Rohingya's access to services or livelihoods opportunities and thus do little to address the *development* needs of the target beneficiaries. Although the World Bank has approved three projects to directly support Rohingya refugees and host communities, including for health, education, and infrastructure needs, these are largely short-term in nature and are not accompanied by critical policy reforms that would allow refugees to participate in accredited schooling or access decent formal work.

Arguably, the timing of the World Bank's engagement was not conducive to creating policy space: 2018 was an election year in Bangladesh and dialogue around long-term solutions for Rohingya was politically sensitive, as it posed the risk of being mischaracterized as extending charity at the expense of Bangladeshi citizens. The World Bank therefore seemingly made a strategic decision to demonstrate it was a reliable partner, responsive to the needs identified by the government, and lay the groundwork for later conversations about medium-term solutions for Rohingya populations. While a reasonable strategy, it may have been more effective for the World Bank to address short-term needs with other financing and reserve the RSW funds for a time when policy reform discussions were possible. Otherwise, the World Bank risks becoming another humanitarian donor.

Balancing the benefits and pitfalls of close government relationships

While government partnerships are an important comparative advantage for the World Bank, it will need to adapt its approach to the complexities of FCV settings. A government engaged in violence against its population, or denying its population basic rights, should not be approached as a benign or capable actor. In a politically contested environment, working through a weak central government can undercut impartiality of service delivery and response effectiveness.

In some FCV settings the World Bank faces a trade-off between its normal operating model—working through government—and its mission of addressing extreme poverty. For example, in 2018, the World Bank committed to support the government of Mali to respond to the evolving humanitarian crisis in the north and center of the country. It is providing funding to and partnering with the government to implement Emergency Social Safety Nets[9] (US$70 million through 2022) to vulnerable populations. However, working with the government to deliver cash transfers proved flawed. In many conflict-affected zones in Mali, particularly in the North, the program is not reaching communities because the government's capacity is weak and there are few civil servants. Humanitarian agencies with access and capacity in the North have not partnered with the government nor accepted World Bank funding because the government is viewed by some groups in the area as a party to the conflict. Accepting direct funding from the World Bank would put NGOs at risk from other parties to the conflict, especially from non-signatory violent extremists and armed groups.

There is a great deal of variation in conflict and crisis settings—and therefore no one-size-fits-all approach.[10] In Mali, giving aid directly to the government can cut out important non-partial and experienced actors with access to populations that neither the government nor Bank can reach on their own, whereas in other countries, the World Bank may risk fueling a heavily politicized response that does not meet the needs of people caught in the crisis. Increasing government ownership and capacity in development programming is important, but standardized and appropriate accountability and evaluation

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[9] World Bank Group, "Social Safety Nets in Mali: Protecting the Poorest and Building Resilience," 3 August, 2015.
[10] United Nations and World Bank Group, *Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict* (Washington, DC: World Bank Group, 2018); World Bank Group, *Maximizing the Impact of the World Bank Group in Fragile and Conflict-Affected Situations* (Washington, DC: World Bank Group, March 2018); World Bank Group, *Forcibly Displaced: Toward a Development Approach Supporting Refugees, the Internally Displaced, and Their Hosts* (Washington, DC: World Bank Group, 2017).

measures are needed to ensure the World Bank can make an informed decision about which actors—government and nongovernmental—to partner with.

b. Innovative financing mechanisms

The needs of crisis-affected populations and responses will continue outpacing the available funding as new crises emerge and old ones drag on. In contexts where there are immediate and acute needs, it is important that the World Bank not simply become another donor providing traditional financing to standard humanitarian response plans and appeals. Instead, it should focus on financing roles that it can uniquely play, such as supporting outcomes through longer-term investments in national and local systems of affected countries, or sustaining service delivery through national institutions.

The World Bank's ability to finance multiyear programs is a vital comparative advantage in fragile and crisis contexts, allowing it to work strategically and "stay engaged and take the long view"[11] in complex crises. The World Bank's financing is critical to meeting crisis preparedness and response needs, and the World Bank's own objectives of reducing extreme poverty and reaching the most vulnerable. With the IDA18 replenishment, the World Bank increased funding to FCV countries from $7 billion in 2018 to $14 billion in 2020.[12] If deployed effectively and efficiently, this financing coupled with the bank's other comparative advantages could be a game-changer in humanitarian crises, where longer-term development financing is typically not available.

Beyond multiyear financing, the World Bank has another key advantage in humanitarian contexts: innovative financing mechanisms, such as insurance, impact bonds, and concessional finance. These innovations have the potential to maximize the reach of funds. For instance, by issuing bonds on capital markets and issuing loans, the World Bank is able to maximize grants from bilateral donors: for every $1 in partner contributions, the World Bank is able to spend $3 in client countries.[13]

However, not all of its innovations have worked seamlessly. For example, linked to the Pandemic Emergency Financing Facility (PEF) insurance window, the World Bank sold "pandemic bonds," raising $320 million from private investors. However, because payouts are not triggered until an outbreak kills at least 20 people per country in multiple countries,[14] there has been no payout on the bonds even in the current Ebola outbreak in Eastern Congo.[15] As an instrument intended to mobilize substantial response funding once 40 deaths occur across two countries, the PEF has proved unable to engage when several thousand die within a single country. Moving forward, the World Bank may need to adjust how it structures its new and more innovative financial tools.

The World Bank-led Famine Action Mechanism (FAM) raises similar questions about whether the bank's new approaches are sufficiently grounded in its comparative advantages and cognizant of its limitations. The World Bank has tremendous assets to bring to severe food crises, such as innovative resourcing tools and safety net investments, but the initial rollout of the FAM suggests that the World Bank still has some distance to go in understanding the nature of such challenges and its own most appropriate roles.

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[11] International Development Association, "Review of the IDA Crisis Toolkit: Background Note," 2019, p. 7.
[12] Michael Igoe, "Q&A: The World Bank's pivot to fragile states," *Devex*, 19 April 2018.
[13] International Development Association, "How does IDA work?," World Bank Group.
[14] Karin Strohecker, "Pandemic bonds face scrutiny after Ebola outbreak yet to trigger payout," *Reuters,* 1 August 2019.
[15] Kate Allen, "World Bank's 'pandemic bonds' under scrutiny after failing to pay out on Ebola," *The Financial Times* (London), 20 February 2019. Note that the World Bank approved through the PEF Cash Window, a $12 million grant to Ebola response in the DRC in May 2018, $20 million for a surge in the response in February 2019, and another $10 million for response activities in May 2019.

Although the World Bank's approach has evolved since its launch in 2018, the FAM's heavy initial emphasis on predictive analytics for famine early warning risks seemed to replicate robust systems that already exist through the Integrated Phase Classification (IPC) and the Famine Early Warning System (FEWSNET) forecasts. The FAM also needs to grapple more directly with what distinguishes famine from food insecurity—namely that the enablers of famine tend to be political obstruction rather than inadequate funding or technical expertise (a conclusion established several decades ago by Nobel-winning economist Amartya Sen). A FAM-like anticipatory financing mechanism could prove useful in politically benign contexts, where a predictable onset of food insecurity could be addressed through early partnership with the host government. But true famine risk has already been largely eliminated in such settings. Bigger questions remain around how useful the mechanism will be in preventing a politically-induced famine.

c. Expertise in system- and capacity-building

The World Bank brings valuable technical expertise to humanitarian responses, including for developing national development plans, data collection and measurement and evaluation, designing large-scale infrastructure projects, strengthening country-wide and local systems, conducting economic growth diagnostics, and improving financial inclusion, among others.

On program design and implementation, the World Bank brings a particular expertise to strengthening national systems and developing successful social safety net programs. In Ethiopia and Kenya, for example, its support for social safety net programs improved food security outcomes among program beneficiaries, including those affected by climate, conflict, and other shocks.[16] Longer-term World Bank programming that builds the capacity of the host country, whether through safety net programs or health and education systems, brings an opportunity to deliver services at a much greater scale and efficiency than traditional humanitarian programs can on their own.

The World Bank will also need to build its own human resource capacity specialized in fragility and conflict response. It has already taken some steps in this direction. In the RSW countries, the World Bank has created new regional and country staff roles dedicated to overseeing planning and implementation. It has also set up workshops to introduce staff to the tools available in conflict and crisis settings. Yet the World Bank can still do more to speed up the recruitment of staff with expertise in conflict analysis and adaptive management and with prior experience in humanitarian crises and other competencies relevant to the challenges of an FCV environment.

2. Coordinate and partner within the humanitarian system

Just as the World Bank has comparative advantages, so too do the organizations and communities it works alongside in FCV settings. For example, nongovernmental organizations (NGOs) and civil society organizations are often able to access areas and populations that the World Bank cannot. Consultation

[16] Diriba Welteji, Kerime Mohammed and Kedir Hussein, "The contribution of Productive Safety Net Program for food security of the rural households in the case of Bale Zone, Southeast Ethiopia," *Agriculture and Food Security* (6:53, December 2017); World Bank Group, "Ethiopia to Benefit from World Bank Support for Social Safety Net," 30 September 2014; Colin Andrews, Allan Hsiao and Laura Ralston, "Social Safety Nets Promote Poverty Reduction, Increase Resilience, and Expand Opportunities," in *Realizing the Full Potential of Social Safety Nets in Africa*, eds. Kathleen G. Beegle, Aline Coudouel, and Emma Mercedes Monsalve Montiel (Washington, DC: World Bank Group, 2018).

and coordination with humanitarian actors with complementary expertise is therefore vital to achieve sustainable, relevant, and context-sensitive impacts. The World Bank should focus on defining shared outcomes, targets, and indicators with partners; understanding the needs of crisis-affected populations; and coordinating responses effectively with other humanitarian actors.

a. Define shared outcomes, targets, and indicators

As the World Bank expands engagement in traditionally humanitarian contexts, alongside other new development actors, particularly local communities, it is ever-more critical that actors agree to a common set of outcomes. While some individual World Bank projects have outcome-level targets, this practice is not yet the norm or consistently done. Without shared outcomes and targets, there is a risk that approaches across responders will be siloed, and no one will be held accountable for impact. The World Bank's global leadership and alignment between programs and countries' national development plans mean it is uniquely placed to help define and drive forward collective outcomes and shared targets. As other multilateral banks and development organizations engage in these settings, the World Bank can play a critical convening and leadership role.

Humanitarian caseloads need to be brought into national development planning. Displaced populations are not generally included in national development plans—which the World Bank often helps countries develop—or in national SDG progress reports. For instance, just 13 of 44 countries' Voluntary National Reviews (VNRs) submitted to the UN and made available in 2019 mentioned the needs of refugees, internally displaced persons, or migrants, and none included socioeconomic data on these populations.[17]

The World Bank's strategic focus on helping countries deliver on their commitments within the SDGs, combined with its technical expertise in data collection and measurement of population wellbeing (poverty, health, educational attainment), should be expanded to explicitly cover refugees, internally displaced persons, and other crisis-affected populations. The World Bank is already doing this on an ad hoc basis; it has supported Lebanon, Ethiopia, and other governments in collecting socioeconomic data on refugees. This practice should become standard. This would support improved data collection towards more inclusive VNRs and allow the international community to make refugees and other crisis-affected populations visible within measures of progress towards the SDGs as well as highlight where—and the extent to which—they are being left behind. The World Bank-UNHCR joint data center in Copenhagen, Denmark, provides a natural home for this technical exercise.

b. Achieve mutual understandings of the needs of crisis-affected populations

The World Bank's investments in FCV settings need to be driven by systematic consultation and coordination with local actors, particularly the communities that the investment aims to support. Working with local civil society organizations, NGOs, and the private sector helps ensure that interventions in FCV settings are informed by local actors and political economy analysis, and empower crisis-affected populations to engage in problem-solving and decision-making.

The World Bank recognizes that these partnerships are necessary for it to be effective in conflict and crisis settings and has made some progress. For example, it has implemented large-scale programs

[17] International Rescue Committee, "Missing Persons: Refugees Left Out and Left Behind in the Sustainable Development Goals," September 2019.

through UNICEF and the Red Cross in Yemen and Somalia, respectively. Still, a lack of wide consultation and coordination at the field level has plagued numerous World Bank interventions. Fragmented, scattered financing and programming by the World Bank in some settings has caused confusion and duplication of services. Important expertise held by NGOs or civil society has been overlooked to the detriment of service delivery.

Beyond humanitarian actors, consulting with all beneficiary populations to determine which interventions would best meet their needs is essential. For instance, in Jordan, concessional financing (part of the Global Concessional Financing Facility, outside of but on similar terms as the IDA RSW) has been implemented to support Syrian refugees and Jordanians. However, better consultation with refugees themselves could have encouraged the World Bank to explore user preferences and how programming could support refugee choice. For example, in supporting a new health system, the World Bank prioritized services in brick-and-mortar public clinics not heavily trafficked by Syrians. While this may benefit some Jordanians, it requires refugees to use money they do not have to travel to get treatment and medication. Consulting with refugees and coordinating with humanitarian actors that work directly with these populations could have resulted in a program design that better aligned with beneficiaries' needs and requirements.

c. Create strategic partnerships and coordinate humanitarian responses

In the past, across global practices and country operations, the World Bank has exhibited a limited understanding of the unique challenges in fragile and conflict-affected environments, as well as of existing humanitarian capacities and approaches. In Yemen, for example, the World Bank admirably mobilized funding to provide cash transfers to vulnerable Yemenis who were unable to purchase food or essential items. However, at the onset of the program the World Bank did not understand or engage directly with the humanitarian architecture in place (i.e., the humanitarian cash working group or clusters), or engage in a sufficiently conflict-sensitive way. Reports from recipient communities indicated unexplained differences in funding amounts provided to communities by different actors, including through the World Bank-funded program. Although attributable, at least in part, to the different aims and nature of the different cash transfer programs, the disparity in disbursements created confusion among recipients about why people were receiving different amounts of cash from different sources. At the time of the first payment cycle, this contributed to conflict within communities, tensions with authorities, and frustrations between the communities and implementing organizations.

The Yemen case demonstrates the risk of engaging in a humanitarian crisis without adequately coordinating with humanitarian actors. To avoid overlap and confusion in these contexts, the World Bank must adapt its traditional development planning and programming to take into consideration that there are also ongoing humanitarian programs serving the same beneficiaries (and humanitarian agencies must similarly adapt their plans and programs where development institutions are engaged). Promisingly, the World Bank has demonstrated that it can do a better job of coordinating its programming with other actors. For example, in Lebanon, the World Bank scaled-up its cash transfers project targeting host communities after tensions rose when it was perceived that only refugees were receiving transfers from humanitarian organizations.

An important lesson is that the World Bank's expertise can best be deployed in close consultation and partnership with humanitarian and other development actors who are experienced at targeting and working with highly vulnerable, excluded, and/or crisis-affected populations. When it comes to cash transfer programs, coordinating with existing interventions—whether development or humanitarian ones—can help ensure intercommunity tensions are not further aggravated, while also avoiding duplication of efforts. This may require some movement and adaptation both by the World Bank and by existing humanitarian programs. In addition, programs that target displaced people who have experienced severe trauma generally require a different approach beyond the World Bank's traditional development models. Humanitarian actors can be drawn on to leverage a range of tools to partner with communities in trauma-sensitive ways—including psychosocial support, the establishment of safe spaces, and emotional learning integrated in education.

In some circumstances, IDA policies prohibiting direct funding to implementing UN agencies and NGOs has made it more difficult to reach populations in need in FCV settings and humanitarian crises. In the IDA19 Special Theme report on Fragility, Conflict and Violence, the World Bank proposed to expand the limited circumstances in which funding for Remaining Engaged in Conflict Allocation (RECA) countries could be provided directly to NGOs or UN agencies.[18] Recognizing that in some circumstances working through UN agencies and NGOs is sometimes the only way to reach populations in need, the report proposed a review of operational policies as part of the FCV Strategy, to enable IDA to "respond with greater agility in situations of conflict." Such a policy change would enable IDA funding to respond more effectively to crises in some of the most challenging contexts.[19]

Moving forward, the World Bank should seek strategic partnerships and develop protocols for coordinating with actors beyond the government. In many countries, the World Bank has seemed reluctant to engage with NGOs on the ground, including those who have been working for a much longer time with crisis-affected and displaced populations. NGO staff report that is difficult to get in touch with World Bank staff and that they are not invited to engage in program design or implementation. At the same time, NGOs have expressed wariness of working with the World Bank, including because of its relationship with the government. Staff on both sides of this partnership equation need to find ways to come together, develop a common language, and agree on a way of regularly sharing information. In countries where civil society space is closing or restricted, the World Bank can play a supportive role, encouraging greater engagement between NGOs and national governments to create more inclusive policies and better governance processes.

III. WHERE TO GO FROM HERE?

The World Bank's increasing engagement in fragile and conflict-affected settings can play a significant role in crisis prevention, preparedness, and response, and in tackling the underlying conditions that drive today's crises. It has unique value-add as a complement to traditional humanitarian and other development actors. The central question now is how the World Bank can best position itself to capitalize on this value-add in fragile and conflict-affected environments.

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[18] International Development Association, "Special Theme: Fragility, Conflict and Violence," 2019, paras. 27 and 77.
[19] Ibid. Previously, IDA policy has allowed for such direct funding only when there is no government in power, there is a de-facto regime with which the World Bank is unable to work, or when there is a grave humanitarian crisis and government capacity is crippled. The proposal would allow direct funding to NGOs and UN agencies for the following rationales: if the host government requested it, if it demonstrated it would add value to IDA financing, if the project demonstrated attention to institutional and capacity strengthening, and if the project could demonstrate an exit plan or sustainability beyond IDA funding.

In a short period of time, the World Bank has laid a good foundation on which it can continue to build. Its concept note for the forthcoming FCV Strategy acknowledges many of the opportunities and challenges around maximizing its impact in fragile and crisis contexts. Both the FCV Strategy and the IDA19 replenishment framework should seek to provide concrete guidance for delivering on the following five recommendations:

1. Refine comparative advantage—and avoid reinventing the wheel

The World Bank should refine the comparative advantages it can deploy in crisis settings and avoid duplicating capacities that already exist elsewhere in the humanitarian architecture. It should seek to deepen where it has a strong advantage—such as policy dialogue with governments, rigorous analysis, setting and measuring against program targets to improve well-being, providing multiyear and innovative financing, and strengthening country systems—and seek to complement the expertise and actions of humanitarian, development, and other actors, including UN agencies, peace and security actors, donors, NGOs, and civil society. Early in program design, the World Bank should conduct an analysis of its existing expertise and capacity gaps and work with humanitarian partners to map out how their respective capacities and roles can maximize efficiency and impact. Building on its leadership within the aid system, the World Bank should also help define a set of shared outcomes, specific and time-bound targets, and reliable indicators to guide collective decisions about programs, policies, and partnerships, and to track and measure the impact of all actors' efforts to improve people's lives.

2. Refine diagnostic tools

The World Bank brings a level of rigor to data collection and analysis that is often lacking in fragile and crisis contexts. The bank should create new or refine current protocols for doing ground-level analysis in an efficient and rigorous way that complements humanitarian organizations' needs-based analyses. World Bank country diagnostic tools, including Risk and Resilience Assessments and Recovery and Peacebuilding Assessments, should be done not only in partnership with other development actors, but also with humanitarian actors—especially with those who have been working with populations that the World Bank has not engaged with. The bank's diagnostic should include baseline socioeconomic data on refugees or crisis-affected populations who have been left out of national household surveys, and it should include analysis on the policy environment that effects these populations (e.g., policies specific to refugees). As a complement to these refinements, the World Bank should provide new guidelines to help country staff determine when they should lead on data and analysis and when they should commission or work jointly with others to do the work. Guidance should also address the cadence of analysis given that conflicts and crises tend to evolve.

3. Broaden the partnership model

The World Bank's traditional approach of working with and through national governments is at best complicated and, in a number of cases, nonviable in many FCV settings. Where the national government is a party to, or a cause of, fragility, conflict, or violence in a country, working through government actors may aggravate rather than reduce poverty and violence. A wider range of partnership modalities must be developed, grounded in careful partner selection to help ensure impact and accountability for the most vulnerable. Nascent World Bank partnerships with multilateral agencies in places like Yemen are a step in the right direction but should be better systematized with a clearer framework to guide partner selection. And the World Bank should also look beyond multilateral partners to deepen its relationships with a wider range of NGO and civil society actors. To this end, during the project identification and preparation stages, the World Bank should conduct in a robust partner-mapping exercise to identify potential agencies and organizations that it can formally and informally partner with. The results of this exercise should be included in the program documents submitted to the Board of Executive Directors for approval. Given that partnership arrangements can be time-consuming to set-up, the World Bank may also want to develop partnership agreements with a select group of humanitarian agencies and NGOs with experience and reach in a number of FCV contexts that it can regularly rely on as a core partner.

4. Utilize and strengthen existing coordination mechanisms

The humanitarian sector has a robust, if imperfect, coordination architecture that seeks to align implementation and minimize duplication across the many players involved in a complex humanitarian response. The World Bank's exposure to this coordination architecture has been limited, and in its initial forays into FCV settings it has not effectively engaged with it. As the World Bank's activities in these settings increase, it will be important for it to participate robustly in humanitarian planning and coordination mechanisms, such as the development of humanitarian response plans, the cluster systems, and NGO fora. This is crucial to effective information flow between the World Bank, UN agencies, and a range of other key partners. In each context, the World Bank should review the existing humanitarian coordination mechanisms and determine how it can best engage in and strengthen these processes—rather than creating new and parallel structures. This will require dedicated World Bank staff on the ground who can regularly engage with the humanitarian coordination system and partners.

5. Consult beneficiaries

The World Bank will also need to engage more consistently and directly with the perspectives of crisis-affected people. In FCV settings, affected people are best placed to communicate their needs and the barriers they face to accessing services; the World Bank's traditional government interlocutors may not fully or faithfully reflect people's priorities on the ground. Importantly the World Bank's consultations should not tokenize civil society but instead provide opportunities for influencing design and overseeing implementation. These local partnerships can help the World Bank identify the critical government policy reforms required to enable impact at scale. Frameworks for utilizing feedback from partners and beneficiaries to identify the specific policy levers and adjustment needs can equip the World Bank to navigate tough but constructive policy dialogues across a range of fragile and conflict-affected settings.

Annex I. World Bank IDA Crisis Preparedness and Response Mechanisms

The **Crisis Response Window** (CRW) was piloted as part of IDA15 and established in IDA16. Created to respond to natural disasters, public health emergencies, and severe economic crises, the CRW provides grants and loans during crisis to more quickly and sustainably enable the affected country to return to development as usual.[20] Allocation to the CRW significantly increased from US$1 billion in IDA16 to $3 billion in IDA18. It has created a new financing stream in contexts where the World Bank previously had limited or no presence. It has also tried to operate with a level of flexibility and agility atypical of the World Bank. For example, during the 2014 Ebola crisis, the CRW mobilized US$420 million even before public health emergencies were part of its scope.[21] In addition, the CRW has reported that the median time from approval to disbursement for CRW funds is 144 days, compared with 213 for other operations.[22]

The **Catastrophe Deferred Drawdown Option** (Cat DDO), initially created for middle-income countries, was expanded to include low-income countries in IDA18. The Cat DDO enables countries to proactively secure fast funding before a disaster hits, and to access that financing once the drawdown trigger (typically the country's declaration of a state of emergency) is met. This provides countries an immediate funding source when a disaster hits, to help a country meet urgent needs while other loans and funding sources are being approved.[23] The Cat DDO is meant to be part of a larger risk preparedness and risk management strategy and to act as a source of contingency funding.

IDA18 included for the first time a **Refugee Sub-Window** (RSW) to drive inclusive growth for refugees and host communities in protracted situations, help respond to needs generated by new or increased refugee flows, and support policy changes that promote inclusion and self-reliance of refugees.[24] US$2 billion was initially available to countries hosting at least 25,000 refugees, or with a refugee population equal to 0.1 percent of its population, and that had a sufficient refugee response action plan including an adequate protection framework. Host countries can access the financing in a mix of loans and grants, depending on debt sustainability indicators.

The Bank has also expanded efforts to respond to health-related disasters through its 2017 **Pandemic Early Emergency Financing Facility** (PEF) and to hunger crises through its 2018 **Famine Action Mechanism** (FAM). The PEF is a pandemic threat response mechanism, meant to quickly disburse funds during the early stages of an escalating outbreak.[25] It was set up by the World Bank in partnership with Japan, Germany, the World Health Organization (WHO), and private sector partners. It includes a cash component and an insurance component. The FAM is being developed as an early warning mechanism for famine response and preparedness. This mechanism does not have funding attached; instead, it will work as an alert and coordination tool for monitoring risk and escalation.[26]

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[20] The CRW expanded in 2015 ahead of IDA18 to include public health emergencies and epidemics. Previously it covered economic shocks and natural disasters. International Development Association, 'IDA18 Mid-Term Review
Crisis Response Window: Review of Implementation', 24 October 2018.
[21] Ibid, p. ii.
[22] Ibid, p. 14.
[23] World Bank Group Treasury, 'Product Note: IDA Catastrophe Deferred Drawdown (Cat DDO)', October 2018.
[24] International Development Association, 'Report from the Executive Directors of the International Development Association to the Board of Governors: Towards 2030: Investing in Growth, Resilience and Opportunity', 31 January 2017.
[25] World Bank Group, 'Pandemic Emergency Financing Facility: Frequently Asked Questions', 9 May 2017.
[26] World Bank Group, 'Famine Action Mechanism'.

Mechanism	Relation to IDA	Primary Aim/Triggers	Financing Details	Country Examples
Crisis Response Window (CRW)	Established in IDA16; included in IDA18 replenishment	Economic shocks, natural disasters, public health emergencies	$2.1 billion in IDA18	IDA18 funds have gone to Somalia for famine response; Yemen for cholera response; Mongolia for economic shocks; Dominica and Tonga for natural disasters
Catastrophe Deferred Drawdown Option (Cat DDO)	Extended to IDA countries in IDA18 replenishment (prev. IBRD countries only)[27]	Contingent credit line requested preemptively that disburses post-disaster; funds available after the drawdown trigger (country declaration of emergency) is met	Portfolio cap in initial IDA18 set at $3 billion; country limit is $250 million or 0.5 percent of GDP [28]	IDA18 funds have gone to Kenya for climate and disaster risks; Maldives for climate risk and public health[29]
Refugee Sub-Window (RSW)[30]	IDA18 specialized window	Protracted refugee crises, in host countries with at least 25,000 refugees, or refugees equal to 0.1 percent of national population	$2 billion available in IDA18; plus $200 million increase after Mid-Term Review[31]	IDA18 funds have been committed to Ethiopia for economic opportunities; Cameroon for health, education, social safety nets, and infrastructure; Bangladesh for health, education, and infrastructure[32]
Pandemic Emergency Financing Facility (PEF)	Financial Intermediary Fund (cash and insurance); available to all IDA countries	Pandemic response (supporting surge but not preparedness) and utilization of pandemic insurance instruments Trigger criteria includes outbreak size (cases/deaths), outbreak growth, and outbreak spread (2 or more countries affected)	$500 million total available through initial period; $425 million available for initial insurance; cash is capped at $50 million for payout	Developed in 2017 for initial period of 2017-2020; extension discussions underway[33] Towards Ebola response in DRC, cash window disbursed $12 million in May 2018;[34] $20 million in February 2019;[35] and $10 million in May 2019[36]
Famine Action Mechanism (FAM)	Within Global Crisis Response Platform; a World Bank-UN-ICRC partnership	Famine prevention and preparedness, focused on early warning	Mechanism for early warning and coordination for implementation (*no funding attached*)	Rolled out in 2018. Considering working in 5 countries.

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[27] World Bank Group, 'Global Crisis Risk Platform', 26 June 2018.
[28] International Development Association, 'Draft of IDA18 Deputies' Report', 25 October 2016.
[29] *Kenya*: World Bank Group, 'World Bank Supports Kenya's Efforts to Reduce Climate and Disaster Risk with $200 Million', 21 June 2018; *Maldives*: World Bank Group, 'Program Information Document: Maldives DRM DPC with CAT DDO (P163939)', 6 December 2017.
[30] RSW is complemented by the Global Concessional Financing Facility, which provides concessional financing and grants to middle-income refugee-hosting countries.
[31] World Bank Group, 'IDA18 Post-Mid-Term Review Amendments', 2018.
[32] As of May 2019, 14 countries have been approved to draw on RSW: Bangladesh, Burkina Faso, Burundi, Cameroon, Chad, Congo, Democratic Republic of Congo, Djibouti, Ethiopia, Mauritania, Niger, Pakistan, Rwanda and Uganda. Tanzania is also eligible, but has decided not to draw on the RSW.
[33] World Bank Group, 'Pandemic Emergency Financing Facility (PEF): Operational Brief for Eligible Countries', February 2019.
[34] World Bank Group, 'World Bank Group's Pandemic Emergency Financing Facility (PEF) Makes First $12 million Commitment to Bridge Financing Gap For Ebola Response in DRC', 22 May 2018.
[35] World Bank Group, 'The Pandemic Emergency Financing Facility approves up to US$20 million contribution to Ebola response in the Democratic Republic of Congo', 19 February 2019.
[36] World Bank Group, 'The Pandemic Emergency Financing Facility (PEF) released an additional $10 million for Ebola response activities in the Democratic Republic of Congo', 9 May 2019.