

## **Stop Conflict, Reduce Fragility and End Poverty: Doing Things Differently in Fragile and Conflict-affected Situations**

1. **One of the great development challenges of our time is to help countries affected by conflict and fragility find a path towards sustainable peace and development.** The World Bank Group has set the twin goals of ending extreme poverty within a generation and boosting shared prosperity in all countries. Reaching those goals means sharpening the focus on the world's fragile and conflict affected situations. They are the most challenged in the developing world in meeting the Millennium Development Goals (MDGs) by 2015 - a deadline now less than 1000 days away.
2. As the [2011 World Development Report on Conflict, Security and Development](#) revealed, one in four people on the planet live in areas affected by repeated cycles of political and criminal violence. People in fragile and conflicted-affected situations (FCS)<sup>1</sup> are more than twice as likely to be under-nourished as those in other developing countries, more than three times as likely to be unable to send their children to school, twice as likely to see their children die before age five, and more than twice as likely to lack clean water. Half of all child deaths occur in conflict affected areas.
3. On average, a country that experiences major violence has a poverty rate significantly higher than a country that had no violence. A similar picture emerges for areas affected by violence in richer and more stable countries – areas where development lags behind. While many developing countries have made tremendous progress in poverty reduction over the last decade, many fragile and conflict-affected situations have experienced repeated cycles of violence that undermines development progress.
4. To meet the challenge of ending extreme poverty by 2030, there is a clear case for an even greater focus on the fragile and conflict affected states and situations. Recent World Bank research shows that some countries can get caught in a fragility trap, a low-level equilibrium with the self-reinforcing features of weak institutions, low investment, slow growth and the possibility of repeated cycles of violence.<sup>2</sup> A civil conflict costs the average developing country roughly 30 years of GDP growth.<sup>3</sup>
5. Despite these devastating impacts, countries can and do find pathways out of fragility and conflict. Since 2004, 11 countries have graduated from fragile state status through steady progress in building institutions and strengthening policies.<sup>4</sup> These countries had economic

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<sup>1</sup> Unless otherwise specified, the term FCS in this document refers to countries or territories that have a harmonized average Country Policy and Institutional Assessment (CPIA) rating of 3.2 or less (or no CPIA), and/or have or have had a UN and/or regional peace-keeping or peace-building mission during the past three years. In 2013, FCS included 31 IDA eligible countries, 3 IBRD eligible countries and the territory of West Bank and Gaza.

<sup>2</sup> Noro Aina Andrimihaja, Matthias Cinyabuguma and Shanta Devarajan (Nov 2011), "Avoiding the Fragility Trap in Africa," World Bank Africa Region Policy Research Working Paper 5884).

<sup>3</sup> World Development Report 2011 on Conflict, Security and Development, hereafter WDR 2011.

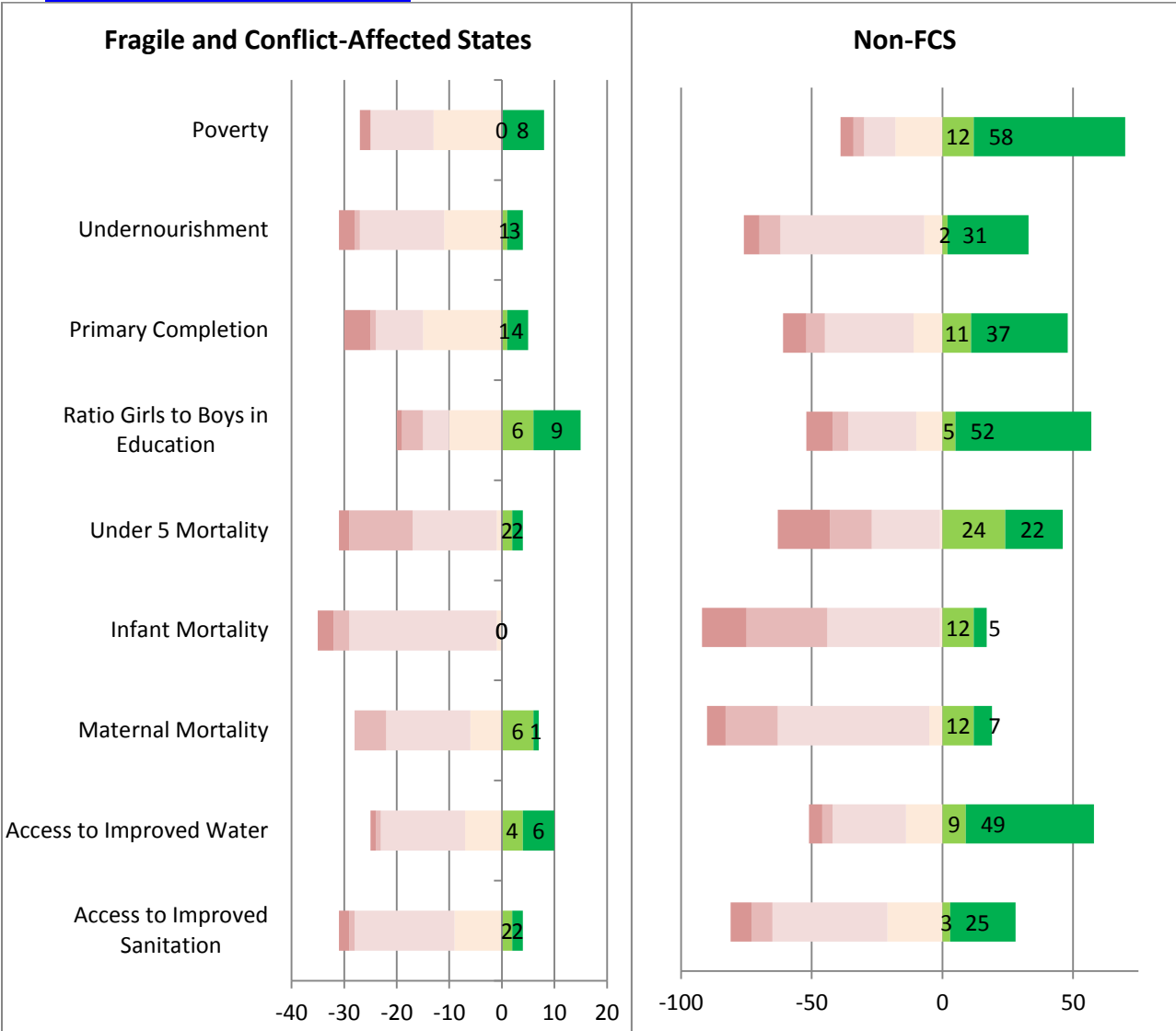
<sup>4</sup> Cambodia, Djibouti, the Gambia, Georgia, Lao PDR, Niger, Nigeria, Papua New Guinea, Sao Tome and Principe, Tajikistan and Uzbekistan.

growth rates of 4.3 percent on average. Experiences from Chile, Colombia, Ghana, Indonesia, Mozambique, and South Africa show that sustained efforts to build institutions that address the stresses and strains driving conflict can achieve results. There is still much to learn from these good examples, but the most important lesson is that countries can find their own way out of fragility. Their paths are generally long and complex with many risks and reversals. In most, the international community has played an important role in supporting governments, the private sector and civil society in the long term transformation process out of fragility and conflict.

**Some Signs of Progress**

6. With less than 1000 days to go before the 2015 deadline, fragile states seriously lag behind the rest of the developing world in terms of meeting the Millennium Development Goals (MDGs). The majority of MDG targets in fragile states will not be met (see figure 1).

**Figure 1: Progress toward MDG targets by group within developing countries, based on data from the [Global Monitoring Report 2013](#).**



7. However the latest World Bank analysis<sup>5</sup> points to some signs of progress. Twenty FCS have now met one or more MDG targets and an additional six are on track to do so by the deadline of 2015. Eight countries – about 20 percent of all fragile and conflict affected states as defined by the World Bank<sup>6</sup> have now met the target to halve extreme poverty ahead of 2015, including Guinea, Bosnia and Herzegovina, Nepal, Timor-Leste, and the territory of West Bank and Gaza.

8. This reflects a change since the publication of the 2011 World Development Report on Conflict, Security and Development which stated no low income fragile or conflict affected country had yet achieved a single MDG.

9. The analysis points to signs of progress in meeting other targets under the MDGs. Fragile and conflict affected states have made the greatest progress on gender parity in education – the ratio of girls’ to boys’ enrollment in schools (MDG 3a). Countries including Bosnia and Herzegovina, Kiribati, Federated States of Micronesia, Myanmar, and Tuvalu have met the target and those on track include Burundi, Chad, the Democratic Republic of Congo, Nepal, Timor-Leste, and Yemen.

10. The world has met the target of halving the proportion of people without sustainable access to safe drinking water and basic sanitation, five years ahead of schedule. The analysis shows FCS including Nepal, Tuvalu, Comoros, Myanmar and Afghanistan have already met the target for access to an improved water source. Guinea, Guinea-Bissau and Sierra Leone are on track to achieve the target by 2015.

11. Globally progress on maternal health is lagging, with maternal mortality remaining high in much of the developing world. Fragile states, as a group, started with a similar number of maternal death to Sub-Saharan Africa (780 deaths per 100,000 live birth in 1990) but Nepal has already reached the target of reducing the maternal mortality ratio by three quarters from its 1990 level. Provided current trends continue, Afghanistan, Angola, Eritrea, Timor-Leste and the Republic of Yemen will remain on track to meet the MDG maternal health target.

12. Nepal and Bosnia and Herzegovina stand-out as fragile states with the most success in meeting MDG targets. Nepal has met the poverty target as well as the target on maternal mortality and water. Timor-Leste has met the poverty target and also the target to reduce by two-thirds, between 1990 and 2015, the under- five mortality rate. The country is also on target on maternal mortality and the ratio of boys to girls in education. Recent figures suggest that Afghanistan has met the improved water target and is on track to meet the target on maternal mortality.

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<sup>5</sup> Based on analysis of data in the Global Monitoring Report 2013  
<http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTDECPROSPECTS/0,,contentMDK:23391146~pagePK:64165401~piPK:64165026~theSitePK:476883,00.html>

<sup>6</sup> Based on the World Bank’s Harmonised List of Fragile Situations FY13  
<http://siteresources.worldbank.org/EXTLICUS/Resources/511777-1269623894864/FCSHarmonizedListFY13.pdf>

13. These signs of progress reflect accelerated development in a few countries as well as better quality data for monitoring progress in FCS. But there remain severe challenges to generating the data necessary to track MDGs and feed into policy choices in fragile and conflict-affected states. Nearly a quarter of all MDG targets for FCS have insufficient data to track results.

14. The MDGs have stimulated demand for better statistics and new programs to increase the capacity of developing countries to produce and use statistics. The World Bank is working to help countries build up their ability to gather data, in countries such as Afghanistan and the Democratic Republic of Congo. The Bank, along with the Africa Development Bank, Asian Development Bank, Inter-American Development Bank, Islamic Development Bank, International Monetary Fund, and the United Nations signed a Memorandum of Understanding in April 2013 to strengthen collaboration between the institutions on issues related to data and statistical capacity building in their member countries.

15. However, it is clear that FCS as a group still lag seriously behind on most MDGs. On average, FCS are four times more likely to be off track or lack sufficient data to monitor MDG targets than they are to have met or be on track to meet targets. On some MDG targets, like child mortality, not a single FCS is on track to meet the target by 2015.

16. And the signs of success are themselves fragile. FCS risk relapse into violence or conflict that can reverse progress on development, underscoring the need for sustained action and support. Progress can be reversed as result of renewed conflict and crisis: Yemen was on track to meet the maternal mortality target when violence started during the Arab Spring.

### **Case Studies: A Look Behind the Numbers**

17. Despite a ten year armed conflict and post conflict challenges of reaching consensus on the future shape of the state, Nepal has demonstrated significant progress in reducing poverty. Nepal achieved the first Millennium Development Goal to halve extreme poverty ahead of time, with the percentage of people living on less than US\$1.25 a day halved in only seven years, between 2003 and 2011 – down from 53 percent to 24.8 percent.

18. With support from IDA, the World Bank's fund for the poorest, and other partners, Nepal is rapidly improving basic health care. The number of women dying in childbirth had been cut by more than half by 2008. A child born today can expect to live 25 years longer than one born in 1970. The results were made possible through effective development programs, a strong tradition of community participation and local institutions that continued to function even during the height of the crisis.

19. Afghanistan is on track to meet two of the MDG targets. Afghanistan has made dramatic gains in maternal and child health, with support from IDA and other donors through the Afghanistan Reconstruction Trust Fund. In just 10 years, the number of women dying in child birth dropped by 80 percent—from 1,600 to 327 deaths for every 100,000 births. Qualified delivery care rose six-fold in rural areas, reaching 31 percent in 2011, while nearly 40 percent of women nationwide received qualified care, up from just 14 percent. Afghanistan also achieved a

62 percent drop in the number of children dying under the age of five. The number of children vaccinated in rural areas tripled between 2003 and 2011.

20. Afghanistan put in place an innovative performance based contracting system between the Afghan ministry and non-government organizations (NGOs) – financed by donor partners<sup>7</sup> under the leadership of the World Bank –to deliver a package of health services and essential hospital services, covering all but three of Afghanistan’s provinces. NGOs were given the freedom to reach their target population using creative solutions adapted to local situations, while keeping efficiency and effectiveness in mind. When annual increases in service coverage started leveling off, the Afghan Government worked with the Bank on a results-based financing approach as a further innovation. The results of the pilots are so far very promising.

**Box 1. Achieving results: the case of health in Afghanistan**

Since 2003, the World Bank has provided a total of US\$335 million, including support from the Afghanistan Reconstruction Trust Fund (ARTE) to support the improvement of health outcomes in Afghanistan. Over the decade, the number of health facilities in 11 target provinces nearly tripled from 148 to 432. Around 20,000 community health workers — half of them women — were trained and deployed throughout the country, increasing access to family planning and boosting childhood vaccinations. The number of facilities with trained female health workers rose from 25 percent before the project to 74 percent today. At the same time, the number of functioning health facilities increased from 496 to more than 2,000. These moves have produced significant improvement in the coverage of reproductive and child health services, as well as a significant drop in maternal and child mortality. The above outcomes were possible through smart implementation arrangements. The Ministry of Public Health contracted out a Basic Package of Health Services and an Essential Package of Hospital Services to international and national NGOs across the country. NGOs are paid by the delivery performance. A Balanced Score Card of health facilities is independently produced by John Hopkins University on an annual basis.

21. These results highlight there is no “one size fits all” solution to development challenges in FCS. The World Bank Group is now undertaking deeper investigation into the lessons of effective development efforts in fragile and conflict affected states to see if such examples as strong community participation in Nepal and results-based financing of NGO-delivery of basic health services in Afghanistan can be effective in other fragile and conflict affected countries.

**IDA: The Fund for the Poorest**

22. IDA, the World Bank's Fund for the Poorest, currently has an active portfolio of 190 projects in fragile and conflict affected countries. Since 2000, IDA has provided more than US\$22 billion in support for fragile and conflict affected countries, among other things immunizing 10 million children and delivering antenatal care to 1.5 million women. In addition, several FCS have benefitted from financial support beyond that provided under the regular allocation (PBA) system, including debt relief, exceptional support to countries re-engaging with the Bank and exceptional support to mitigate the impact of crises and natural disasters.

23. IDA supports nationally owned development strategies, particularly relevant in FCS where each country needs to assess its own circumstances and determine its own path out of fragility, in light of the violence, stresses and institutional challenges present. In addition, IDA

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<sup>7</sup> In Afghanistan the health sector’s main partners for financial support were, and are still today, the European Union (EU), the U.S. Agency for International Development (USAID) and the World Bank, through IDA.

provides a vital platform for coordination among governments, donors, private sector, academia and civil society, minimizing the risks and costs associated with a proliferation of donors in low capacity FCS.

24. IDA is focused on achieving sustainable results through the long haul of strengthening governance and building institutions. And though FCS are defined on institutional quality, exceptional support from IDA to countries emerging from conflict is showing results even in this most difficult of areas. While most FCS countries have shown continued declines in the World Bank's measure of institutional quality, those countries receiving exceptional IDA support after conflict have progressed on institutional policy reform at the same rate as non-fragile countries. And for those countries returning to IDA after prolonged arrears, often due to crisis or instability (so called re-engaging countries), the pace of progress on institutional reform has been nearly five times that of non-fragile countries.<sup>8</sup>

25. Experience has shown that achieving results in FCS requires a different business model to respond to the high volatility, high risks, and low capacity in these countries. With special procedures for emergency situations introduced in 2008, IDA has cut by a third the amount of time from project approval to disbursement on the ground in response to crises in FCS countries. IDA moves funds to recipients faster in fragile and conflict affected states than all other IDA borrowers: this year, IDA funds in FCS disbursed 33 percent faster than in other IDA countries. And though the risks to results in FCS are far higher from the outset, internal Bank research shows that such risks are not translating into lower success rates.

#### **Box 2: Featured IDA Results in FCS**

- Following its independence in 2002, Timor-Leste was left to face the devastating aftermath of conflict. The country and families were torn apart, nearly 70 percent of all buildings, homes, and schools were destroyed, and an estimated 75 percent of the population was displaced. IDA helped rehabilitate more than 2,000 classrooms and raise primary school completion rates from 73 percent in 2009 to over 83 percent in 2012, which exceeded the original target of 80 percent.
- With help from IDA, Burkina Faso has transitioned from fragility to stability, supported by a market-driven economy that is providing the foundation for growth, poverty reduction.
- In Afghanistan, over the period 2003-2010, about 22 million people in rural areas have benefitted from improved infrastructure such as access to water, electricity and roads through the National Solidarity Program.
- Sierra Leone emerged from an 11-year civil war in 2002 with most of its basic infrastructure in ruins. An IDA-financed safety net program facilitated access to healthcare for 700,000 people, provided 360,000 children with access to educational facilities and benefitted 30,000 people through a cash-for-work program
- IDA has provided extensive support to Liberia, where 15 years of conflict killed tens of thousands of people and destroyed key institutions and infrastructure. Support from IDA and other donors has enabled Liberia to move from a post-conflict crisis situation to a longer-term view of development, with an emphasis on energy, education, and youth employment

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<sup>8</sup> Change in CPIA (the World Bank's country policy and institutional assessment) for non-fragile countries averages +.012 per annum for the last 10 years. Change in CPIA for countries receiving post-conflict exceptional allocations were +.0124 over the same period. Change in CPIA for countries receiving re-engaging exceptional allocations were +.07 per annum.

## Embarking on the Path to Peace?

26. Given the magnitude of challenges faced in fragile and conflicted affected situations and the continued difficulties in channeling international assistance effectively to achieve sustainable results in these environments, the 2011 World Development Report on Conflict, Security and Development called for a paradigm shift in the international development community's approach to FCS. The report argued for the importance of building legitimate institutions that provide people with security, justice and jobs.

27. The g7+ group – a group of 17 fragile states stretching from Africa to the Pacific – and their international partners successfully advocated for a new framework for dealing with fragile and conflict affected states. The “New Deal” calls on the international community to more firmly support peace- and state-building goals, as essential prerequisites for sustaining peace and meeting the MDGs. The World Bank Group signed on to the New Deal and is working to put these principles into practice.

28. The Bank is heeding the call of the g7+ group of fragile states and also the messages of its own research to fundamentally change the way it engages in fragile states to meet the challenge to provide citizen justice, security and jobs. In the wake of the World Development Report, the Bank is expanding its role to help FCS. While the importance of justice, security and jobs in fragile and conflict affected situations is widely recognized, how to achieve their provision is not always obvious. The World Bank Group is exploring through country-level innovations and rigorous analysis what works and what doesn't.

29. **Pushing new frontiers on justice:** This entails a move beyond just helping build courthouses or setting up the legal framework in a country. The Bank is analyzing what best fits a country's needs. The analysis is providing the evidence base for designing justice services – whether through courts, police, or any number of informal and hybrid institutions from customs to paralegals – that respond to citizen needs.

### **Box 3. Improving health service delivery through paralegals in Sierra Leone**

In Sierra Leone, the WBG is developing an innovative approach to accountability to help the government clarify citizens' rights to health under national law and use paralegals and community compacts to make these rights real. Community compacts are locally generated agreements, between health clinic staff and community members, to undertake activities to improve health outcomes. Each party suggests activities they will undertake and is periodically scored by the other party on their implementation. The Bank is undertaking rigorous mixed-methods research to assess the impact of these interventions. The end-line survey will be completed in mid-2013, yet associated qualitative research already shows some promising changes: repaired relations between clinic staff and communities leading to increased use of the clinic; improved sanitation practices in villages. One indication of the value of the process is that some communities have used their own resources to build health facilities, including constructing waiting homes for expectant mothers, as well as kitchens and toilets in clinics. With coverage of 40 percent of the country's chiefdoms and oversight by a number of fully qualified lawyers, paralegals are also being trained to recognize and take up community level health cases - such as nurses being dropped from payroll leading to absenteeism or drug supplies not making it to the clinic. Following training on these cases, one district addressed more than 100 cases in 2012. The impact of these cases on the lives of citizens and the health system more broadly is being assessed by the Bank using an innovative case tracking methodology.

30. Work is also underway on strengthening institutions that can prevent and manage key sources of injustice – from the management of land and natural resources in Liberia, to the equitable delivery of basic services in South Sudan, to the efficiency, effectiveness and equity of national investments in local infrastructure in Timor-Leste.

31. **In the area of security**, through IDA, the Bank has financed the demobilization and reintegration of almost 550,000 ex-combatants in eight post conflict countries, laying the foundations for the future. The Bank is now expanding beyond earlier work in Disarmament, Demobilization and Reintegration (DDR) programs<sup>9</sup> and using a variety of instruments with partners through multi-agency collaborative efforts to help governments to address crime and violence. Lessons learned in Latin America are now informing projects in Africa and East Asia. Demand for these interventions have prompted the General Counsel to issue a legal note clarifying the Bank’s mandate with regard to criminal justice, which has enabled the Bank to work alongside its partners on strengthening courts, police, prosecution and defense to address the high levels of crime that are crippling development efforts in some countries.

32. The World Bank Group is deepening its partnership with the United Nations (UN) in the area of security sector reform. In Liberia, the Bank has been working with the UN on a public expenditure review of the security sector to help the Liberian Government prepare for the eventual withdrawal of the UN peacekeeping force. In Honduras, the Bank and UNDP have jointly supported the government in the area of violence prevention and citizen security, which includes collaboration in developing policies on citizen security. The Bank is also working with the UN and other partners to develop a security sector expenditure review sourcebook to help public finance practitioners on issues of financial management, financial oversight and expenditure policy issues in national security systems.

33. **Job creation:** Recognizing that nine out of ten jobs, both formal and informal, in the developing world are created by the private sector, the Bank Group has developed a comprehensive approach to promote trade and investment with the aim of stimulating job and enterprise creation in FCS. The World Bank Group – IDA, the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA) – is working to offer an integrated package of investments and advisory services encompassing public sector support, private sector loans, and risk guarantees to support job creation and private sector development in response to client countries’ needs. For example, the Bank Group supports global benchmarking of the business environment in countries and supports policy and administrative reform, business development services and credits to small and medium enterprises, and leverages private sector investments in basic infrastructure (e.g., power in Cote d’Ivoire and telecommunications in Afghanistan) that will have a catalytic impact on business activities. Likewise, joint business plans are under development in Bosnia and Herzegovina, Cote d’Ivoire, Haiti, Myanmar and Nepal aligning World Bank Group activities in key sectors.

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<sup>9</sup> Preliminary portfolio analysis reveals that in Africa alone the WBG has invested more than US\$ 1 billion in DDR projects providing cantonment, reinsertion and skills development training in approximately 20 countries.



34. Between FY11 and FY12, IFC's FCS investment volume grew 4 percent to US\$537 million and its advisory service program grew from US\$28.9 million to US\$33.1 million. MIGA's gross portfolio in FCS has increased rapidly from US\$428 million in June 2010 to US\$1,270 million in December 2012. MIGA is expanding its operations in fragile and conflict affected states through a new Conflict-Affected and Fragile Economies Facility, designed to allow MIGA and its reinsurance partners to provide political risk insurance to projects in very difficult contexts that may not go forward without an effective risk-mitigation strategy.

35. Global partnerships beyond the World Bank Group are crucial to tackle the difficult challenge of employment creation. In a bid to further boost understanding of what works to create jobs in fragile and conflict affected states, the Bank Group, the EU and UN partners are discussing the operational modalities of a Global Facility for Employment Creation in FCS to be administered by the World Bank Group. The EU has just announced that it would contribute 2 million Euros to this facility.

### **Partnerships: The Critical Component in FCS**

36. The New Deal highlights the importance of more effective partnerships to reduce the burdens on low capacity governments in FCS and ensure more coordinated support around clear country priorities delivered as much as possible through each country's own systems. It also calls for the use of "compacts" between FCS governments and their development partners offering a new approach to ensure such coordination.

37. In committing to the New Deal, the World Bank Group is strengthening its efforts to build partnerships to bridge the traditional security, development and humanitarian divides. Collaboration with regional development banks and bilateral aid agencies is increasing. The use of co-financing arrangements and multi-donor financing instruments has been a rapidly growing share of the World Bank Group's overall assistance, especially in FCS.

38. Enhanced partnership with the UN, given its complementary strengths, is essential to responding effectively to the challenges in FCS. A 2008 Partnership Framework, which is now under review, lays out the basis for collaboration on joint country assessments, aligning programming and operations and jointly leveraging funding and financial instruments. President Jim Yong Kim and UN Secretary General Ban Ki-moon are demonstrating their commitment to a stronger partnership through a joint visit to the Great Lakes region in May 2013 to bring joint solutions to address the regional drivers of conflict in the area and propose new ways to ensure more coordinated efforts globally to secure peace through development.

#### **Box 4: Polling**

Through the Country Opinion Survey Program, the World Bank Group gathers feedback from opinion leaders in client countries across the globe, systematically and annually – the only international organization to so broadly gather such information. In the past year, among the many countries polled, the Bank has surveyed opinion leaders in twelve FCS.

Findings from these twelve surveys<sup>10</sup> that included more than 3000 people from government, NGOs, the private sector, media, academia and other groups, indicate that the top development priority issues for fragile and conflict affected countries are perceived to be education and agriculture.

The polling shows energy and agriculture are cited as equally fundamental for sustained economic growth with agriculture seen as vital to reducing poverty. When asked why reforms fail, respondents cited inefficient government work, followed by an inadequate level of civil society participation. The most essential issue cited for fragile and conflict affected states was capacity building – getting governments to function better for their people.

While respondents recognized clearly a significant role for the World Bank Group in FCS, respondents did cite the need for the Bank to be more flexible, speedier and responsive in its work in fragile and conflict affected states. The call, which echoes that of the g7+ group of countries, has been heeded by the Bank through its internal reforms to become more agile and faster on the ground.

### **Moving Forward**

39. To “bend the arc of history” to reduce extreme poverty in fragile and conflict affected states, IDA management has proposed a revised framework for allocating resources that would enhance IDA’s support to FCS that links the consideration for such enhanced support with operational effectiveness and performance incentives. In that context, the Bank Group is implementing a package of internal reforms to enhance its effectiveness in FCS, including:

- Designing country strategies to better address the drivers of conflict and fragility, and leveraging instruments across the Bank Group to support FCS, especially to support job creation and private sector development.
- Adopting operational policies and practices specially designed for FCS to recognize the unique challenges of working in these volatile, high risk and low capacity environments.
- Strengthening staffing policies to get the right people to the right places at the right time in a cost effective and sustainable manner.
- Supporting a global community of practice on fragility and conflict to generate knowledge from the practice of delivering assistance and disseminating that knowledge to Bank Group teams, clients, and partners.
- Putting in place an intensive monitoring system to track progress in FCS.

40. Stopping conflict, reducing fragility and ending poverty requires the international community to do things differently to benefit the people living in the fragile and conflict affected states.

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<sup>10</sup> The list of FCS surveyed include Afghanistan, Guinea, Congo, Sierra Leone, DRC, Burundi, Sudan, South Sudan, Angola, Nepal, Central Africa Republic, and the territory of West Bank and Gaza.