The Role of the World Bank in Conflict and Development
“If one had hope, one would be less likely to go out and shoot somebody. In all conflict situations, the World Bank had found that the first thing to look at after the restoration of peace and the examination of fundamental social issues was the question of establishing a framework for restoring business.”

James D. Wolfensohn
Special session on the role of business in conflict prevention, peacekeeping and peacebuilding
UN Security Council, April 15, 2004
An Evolving Agenda

• World Bank founded in 1947 as the International Bank for Reconstruction and Development.

• 1990s: International environment is increasingly complex. 80% of the world’s 20 poorest countries suffered from major violent conflict in the past 15 years.

• 1995: OP/BP 8.50 on Emergency Recovery Assistance → focus on restoring assets and production levels in the disrupted economy, rather than relief or consumption.

• World Bank intervention in post-conflict Bosnia and Herzegovina laid framework for what has become current operational policy on conflict and development.
OP 2.30 “Development Cooperation and Conflict”

• Recognizes that violent conflict affects the Bank’s core mission of poverty reduction
• Shifts focus from rebuilding infrastructure to economic and social stability
• Shifts focus from post-conflict to conflict-affected
• Outlines levels of Bank engagement in different conflict settings:
  - all member countries vulnerable to conflict
  - countries in conflict
  - countries in transition from conflict
Tools for World Bank Engagement in Conflict-Affected Countries

• **Country Assistance Strategy:** standard World Bank instrument for the coordination of development assistance. CPR assists country teams to integrate a sensitivity to conflict into the CAS.

• **Watching Briefs:** can be initiated during conflict. Allows Bank to maintain a minimum level of engagement and builds knowledge base for future interventions.

• **Transitional Support Strategy:** short- to medium-term assistance strategy for countries emerging from conflict. Generally reflects objectives and sequencing of priorities in peace accords and recovery plans.

• **Country Reengagement Note:** strategy for supporting a country through agencies after a period of inactivity.
Tools for World Bank Engagement in Conflict-Affected Countries

• **Poverty Reduction Strategy Papers:** CPR supports the adaptation of PRSP processes to the special needs of conflict-affected countries.

• **Joint Assessment Mission:** determines funding needs and often serves as centerpiece for donor conferences and longer-term reconstruction plans.

• **Conflict Analysis Framework:** helps the design of conflict-sensitive approaches for Bank-supported strategies, policies and programs by:
  - systematically identifying key factors affecting conflict
  - providing analysis of each factor
  - highlighting priority problem areas and opportunities.
Responding to Research and Analysis

• Aid Effectiveness: aid is effective when recipient countries adopt sound policies and nurture effective institutions
  
  Response: LICUS Initiative

• Absorptive Capacity: absorptive capacity is low in first four years and rises to normal levels afterwards
  
  Response: Modify lending patterns
Financing Post-Conflict Operations

IDA Credits and Grants

Trust Funds

PCF/LICUS

The Conflict Prevention and Reconstruction Team, SDV
Strategies and Tools for Post-Conflict Financing

IDA Credits and Grants:

• Working with IMF to help countries emerging from conflict to access financial resources and debt relief, including through pre-arrears clearance grants

• Calibrating IDA’s response to post-conflict phases, with the help of Post-Conflict Progress Indicators

• Post-conflict IDA Window: authorization for exceptional grant allocations to post-conflict countries
Strategies and Tools for Post-Conflict Financing

Multi-Donor Trust Funds:

• Capitalize on the Bank’s comparative advantage in donor coordination.

• Mobilize resources and provide a venue for systematic consultations with contributing donors.

• Examples include: Bosnia-Herzegovina, Timor Leste, Iraq, and Afghanistan, among other countries.
The Post-Conflict Fund

- Allows for **speedy and flexible funding** of innovative work that cannot be financed under regular Bank instruments
- Supports **planning, piloting, and analysis of reconstruction activities** by government and partner organizations
- **Catalyst** of bilateral contributions and a preparatory mechanism for the regular Bank lending
- Between 1998-2002, $40.9 million approved in some **110 grants to 35 countries** and $26.5 million disbursed
World Bank Activities in Conflict-Affected Countries

- Demobilization and reintegration of ex-combatants (Sierra Leone, Angola, DRC)
- Community-based social and economic reintegration of displaced persons (Angola, Burundi, Georgia, Colombia)
- Community driven development, building capacities and social capital (Timor Leste, Indonesia, Angola, Northern Uganda)
- Mine Action (Croatia, Bosnia, Sri Lanka)
While country teams have overall responsibility for conflict prevention and reconstruction work, the CPR Unit:

- is a focal point for partnership with other organizations involved in post-conflict reconstruction
- has specific expertise to assist the Bank’s operational staff
- accelerates the institutional learning process, including through publications and learning events
For more information, 
please consult our website:

www.worldbank.org/conflict

or contact us at

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