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" [OP/BP 2.30](#), "*Development Cooperation and Conflict*", were revised on July 2014 to take into account the recommendations in " World Bank Group A New Approach to Country Engagement" (R2014-0089), which were approved by the Executive Directors on May 22, 2014. As a result of these recommendations, ; [OP/BP 13.16](#), *Country Portfolio Performance Reviews* has been retired, [OP/BP 2.30](#) *Development Cooperation and Conflict* references to ISN were replaced by CEN and included in the Country Engagement Directive; [OP 1.00](#) *Poverty Reduction* footnote 2 has been deleted; [BP 3.10](#), *Financial Terms and Conditions of IBRD Loans, IBRD Hedging Products, and IDA Credits*, [OP/BP 4.02](#) *Environmental Action Plans*, [OP 8.00](#), *Rapid Response to Crises and Emergencies*, [OP 11.00](#), *Procurement* have also been updated to reflect editorial changes. Questions on this OP/BP may be addressed to the Manager, Fragile and Conflict-Affected Countries (OPFCinfo@worldbank.org).

Development Cooperation and Conflict¹

1. The Bank² recognizes that economic and social stability and human security are pre-conditions for sustainable development. Violent conflict, within or between countries, results in loss of life and destruction of assets, contributes to social and economic disintegration, and reverses the gains of development, thereby adversely affecting the Bank's core mission of poverty reduction. Such conflict not only affects the country or countries of the combatants, but also may spill over to other countries and have regional implications.³
2. The Bank's work in relation to conflict has the following objectives:
 - (a) *in countries that the Bank determines are vulnerable to conflict*: to use its usual instruments (such as the Country Partnership Strategy) to promote economic growth and poverty reduction through development assistance that minimizes potential causes of conflict;
 - (b) *in countries in conflict*: to
 - (i) continue efforts at poverty reduction and maintenance of socioeconomic assets where possible;

¹ Note: OP 2.30 is based on *Post-Conflict Reconstruction: The Role of the World Bank* (Washington, D.C: World Bank, 1998), endorsed by the Executive Directors as *A Framework for World Bank Involvement in Post-Conflict Reconstruction*, May 1997. This OP should be read in conjunction with [OP 8.00](#), *Rapid Response to Crises and Emergencies*.

² In this OP, unless the context requires otherwise, the term: (a) "Bank" means IBRD and IDA (whether acting in its own capacity or as administrator of trust funds funded by other donors); (b) "financing" means any loan, credit, or grant made by the Bank from its resources or from trust funds funded by other donors and administered by the Bank, or a combination of these; and (c) "borrower" means a borrower or recipient of Development Policy Lending, Program-for-Results Financing or Investment Project Financing, and any other entity involved in the implementation of the operation supported by the financing.

³ Countries affected by conflict may therefore include countries involved in or emerging from conflict as well as countries whose development is affected through their proximity to and/or relations with these countries.



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- (ii) provide--where requested by its partners--information on the socio-economic impacts of emergency assistance;
 - (iii) analyze the impact of conflict on economic and social development; and
 - (iv) prepare for Bank assistance as opportunities arise;.
- (c) *in countries in transition from conflict:* to support economic and social recovery and sustainable development through investment and development policy advice, with particular attention to the needs of war-affected groups who are especially vulnerable by reasons of gender, age, or disability.⁴

Principles of Bank Involvement

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

- (a) The Bank is an international organization with a mandate, defined in its Articles of Agreement, to finance and facilitate the reconstruction and development of its member countries by financing or facilitating investment for productive purposes and promoting international trade through loans and guarantees; it is not a world government.⁵ In view of its mandate, the Bank does not engage in peacemaking or peacekeeping, which are functions of the United Nations and certain regional organizations. It also does not provide direct support for disarming combatants. Moreover, it does not provide humanitarian relief, which is a function assumed by other donors.
- (b) The Bank's Articles of Agreement explicitly prohibit the Bank from interfering in the domestic affairs of a member or from questioning the political character of a member; only economic considerations are relevant to the Bank's decisions.⁶ Thus, the Bank does not operate in the territory of a member without the approval of that member. Its intervention may take place at the request of the government in power. If more than one government asserts power, the Bank

⁴ Children are especially vulnerable to societal and family disruptions since they depend on others for their care and survival. They suffer special psychosocial trauma and are increasingly recruited as fighters. Other groups of civilians, for example, the elderly, may also deserve special attention. Women who are widowed and, thus, assume new roles as heads of households, or women who have experienced sexual abuse in warfare, may require targeted assistance.

⁵ IBRD Articles of Agreement, Article I. Article I of IDA's Articles of Agreement similarly define IDA's mandate in terms of assisting the development of the less developed territories among its membership.

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

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follows its policy on de facto governments.⁷ If there is no government in power, Bank assistance⁸ may be initiated by requests from the international community, as properly represented (e.g., by UN agencies), and subject in each case to the prior approval of the Executive Directors.

- (c) Finally, under the Bank's Articles, its resources and facilities may be used only for the benefit of its members.⁹ Thus, the Bank's resources and facilities may be used for the benefit of a country that is not a member only if the Executive Directors approve such assistance as being beneficial to the Bank and its members.

Partnerships

4. To be prepared for timely assistance in member countries that are affected by violent conflict, the Bank works, within its mandate, in close partnership with:

- (a) bilateral and multilateral agencies, particularly the United Nations and other international and regional institutions that have the major responsibility for peacemaking, peacekeeping and security, humanitarian assistance, and reconstruction and development;
- (b) government authorities; and
- (c) civil society and private sector entities that have complementary mandates and common concerns.

Integrating a Sensitivity to Conflict in Bank Assistance

5. The causes of conflict differ from country to country. Recognizing the incomplete state of knowledge of the links between development assistance and conflict, the Bank's analytical work in the area of conflict attempts to increase an understanding of the root causes, catalysts, indicators, and policy implications of conflict and post-conflict recovery.¹⁰ This analytical work

⁷ See [OP/BP 7.30, Dealings with De Facto Governments](#).

⁸ In such cases, Bank assistance would not be in the form of loans.

⁹ IBRD Articles of Agreement, Article III, Section 1(a); IDA Articles of Agreement.

¹⁰ Conflict analysis incorporates a judgment about the degree to which poverty reduction activities (a) may have a negative effect on stability and human security, and (b) are negatively affected by war-related destruction and destabilization of normal socioeconomic activity as well as by the diversion of public resources from development purposes to military and other expenditures incurred in waging war. Issues relating to military expenditure are addressed in accordance with Bank policy on the matter. Staff may obtain guidance on this policy in Bank Work on Military Expenditure (SecM91-1563), December 9, 1991; and The General Counsel's Statement on Whether Public Expenditure and Military Expenditure in Particular Fall Within the Bank's Mandate, December 13, 1991.



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focuses not only on groups affected by war but also, as appropriate, on the environmental causes and consequences of conflict.

Bank Engagement in Areas Affected by Conflict

6. When conflict breaks out between countries or within a country in which the Bank has an active lending portfolio, the changed circumstances may require the Bank to review the effectiveness of its risk management, macro-economic analysis, supervision, and monitoring and evaluation in relation to its portfolio. If the severity of the situation warrants, the Bank may undertake a conflict analysis of Bank-supported operations in the country, considering particularly the likelihood that they will be able to achieve their development objectives.¹¹ As appropriate, the Bank and borrower may agree on changes in the design of these operations to reflect the changed circumstances, or the Bank may exercise its legal remedies.¹²

7. If the Bank determines that continued assistance in the conflict-affected country is not possible, it may initiate a *watching brief* for all or a part of the country, in order to develop an understanding of the context, dynamics, needs, and institutions of the area to position the Bank to support an appropriate investment portfolio when conditions permit.¹³ This activity normally involves consultations with the Bank's partners. The nature of the watching brief in any given country depends on such factors as the presence or absence of a government in power, access of potential partners, and the ability of Bank staff to visit the country or access specific areas. In the context of a watching brief, the Bank may support additional activities, at the country's request.¹⁴ All such additional activities are subject to the prior approval of the Board.

Support for Countries in Transition from Conflict

Exceptional Financial Assistance

To help a country emerging from conflict meet its transitional financial needs in a timely manner, the Bank may provide exceptional financial assistance, subject to approval by the

¹¹ The Bank may also undertake a more general conflict impact assessment of poverty alleviation activities in the country. Because problems of access, security, and availability of data often complicate efforts in conflict impact assessment, the Bank may consult with those partners that, because of their mandate, may be better placed to identify key impacts.

¹² See [OP/BP 8.60, Development Policy Lending](#), [OP/BP 9.00, Program-for-Results Financing](#), and [OP/BP 10.00, Investment Project Financing](#). Where new lending activity in the affected area is not likely to contribute effectively to the Bank's development objectives, the Bank may use economic and sector work to maintain a knowledge base and prepare for eventual expansion of activities.

¹³ The Bank may also maintain a watching brief for borrower countries in which it has no active portfolio.

¹⁴ See para. 3(b) for handling requests for support where more than one country asserts power, or no government is in power.



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Board. Any such assistance must be consistent with the Bank's financial policies and its preferred creditor status, and it should be consistent with the principles of burden sharing.¹⁵

¹⁵ Information on exceptional financial assistance to conflict-affected countries is available from Corporate Finance Credit Risk Group and Resource Mobilization Department.