Note: OP/BP 2.30, Development Cooperation and Conflict, were revised on April 2013 to take into account the recommendations in “Investment Lending Reform: Modernizing and Consolidating Operational Policies and Procedures” (R2012-0204 [IDA/R2012-0248]), which were approved by the Executive Directors on October 25, 2012. As a result of these recommendations, OP/BP 10.00, Investment Project Financing, have been updated, inter alia, to incorporate some of the content of OP/BP 13.05, Supervision, and OP/BP 8.60, Development Policy Lending, OP/BP 9.00, Program-for-Results Financing and OP/BP 10.00, Investment Project Financing, have all been updated, inter alia, to incorporate the content of OP/BP 13.40 Suspension of Disbursements (which has consequently been retired). OP/BP 2.30 have consequently also been updated to reflect these changes.

Questions on this OP/BP may be addressed to the Manager Fragile and Conflict-Affected Countries (OPCFCinfo@worldbank.org).

Development Cooperation and Conflict

1. In a country affected by conflict in which the Bank has an active lending portfolio, Bank assistance is normally defined in the context of the Country Assistance Strategy (CAS). When such conflict leads to significant changes in the environment for Bank assistance, the country director determines whether:

(a) continued assistance in accordance with the CAS is feasible, making allowances as necessary for changed conditions, and giving special consideration to the Bank's fiduciary responsibilities and the impact of the conflict on the continued ability of Bank assistance to accomplish the purposes set out in the CAS;

(b) conditions warrant initiating an Interim Strategy Note (ISN); or

(c) continued assistance is no longer possible, and a watching brief should be initiated.

Watching Brief

2. On initiating a watching brief, the country director informs the Regional vice president (RVP) through a short strategy note covering the following, as appropriate:

(a) the Bank's relations with the country in the period leading up to the conflict, and any lessons that can help to guide the Bank's future assistance;

(b) the impact of potential Bank suspension of lending and other activities in the country on the activities of cofinancing partners, and possible strategies for maintaining key activities important for the coping strategies of the country's population;

(c) the possible modalities of watching brief activities, including potential key partners, areas of activity, and likely funding options;

(d) any likely consequences of the conflict for the development environment in other countries in the region—for example, outflows of refugees or other spillover effects of the conflict; and

the proposed frequency of updated situation reports to the RVP (see paragraph 3 below). During the watching brief, the country director periodically provides brief situation reports to the RVP. The reports outline the dynamics of the conflict, note any significant changes in the situation of the country, and summarize any activities carried out by the Bank's country staff and any major initiatives anticipated in the near future. The country director sends a copy of the report to the Post-Conflict Unit for distribution to the Post Conflict Management Steering Group (PCMSG), and to the Executive Directors for information.

Support for Countries in Transition from Conflict
ISN Content

4. An ISN for a country in transition from conflict normally includes a discussion of the country context, including the legal context, the history of the Bank's involvement in the country, and the roles of regional and international partners. Its content also covers the following points:

(a) The ISN establishes immediate priority assistance objectives (1-6 months) and medium-term objectives (6 months to 2 years), along with a proposed program of assistance to meet these objectives. It provides a financing plan for this program and details of the Bank budget set aside to deal with the administrative costs associated with such assistance. It highlights any exceptional measures needed to work in such an environment. The ISN also includes an assessment of risks, strategies for entry and exit, and contingency responses to a reversal of progress, especially renewed conflict. Finally, it describes benchmarks and performance monitoring indicators for assessing progress, and a schedule for periodic consultations with the Board.

(b) The ISN may contain less documentation and statistical analysis than a CAS. Given the volatile dynamics of a country in transition from conflict, much statistical information may be unavailable, unreliable, or incomplete, and it may not be practical to make long-term economic projections. Nonetheless, the ISN contains sufficient analysis to support the preparation of a short-to-medium-term strategy.

(c) The ISN may incorporate activities in other countries beyond those directly engaged in hostilities, if the governments of those countries endorse and participate in such activities.

5. Emergency Bank assistance under the ISN is provided in accordance with the policies and procedures set forth in OP 8.00, Rapid Response to Crises and Emergencies and OP/BP 10.00, Investment Project Financing.

ISN Process

6. In preparing an ISN for all or part of a country in transition from conflict, the country team consults with other relevant international and regional institutions.

7. Early in the preparation of the ISN, country team staff establish an advisory committee of Bank experts, with experience in previous conflicts and other emergencies, to provide technical advice on the ISN. The advisory group normally continues as a resource for the country team throughout the ISN implementation period. At an early stage, the country team consults LEG, OPCS, and Corporate Finance Credit Risk Department (if the country is eligible for IBRD financing), and Resource Mobilization Department (if the country is eligible for IDA financing).

8. The ISN is cleared by the Legal Vice Presidency and others, according to Regional procedures. The RVP then submits it, under cover of a memorandum noting any special issues for management attention, to the managing director (MD), with a copy to the Vice President, OPCS. (The MD may request Operations Committee review.) Once the MD has cleared the ISN, the Region submits it to the Board for discussion and, as appropriate, for approval of any special funding mechanisms or exceptions to the Bank's policy or procedures proposed to facilitate effective assistance.

9. The final ISN is made available to the public in the same manner, and subject to the same conditions, as a CAS.

Guidance and Reporting

10. A Post Conflict Management Steering Group (PCMSG) reviews the application of the Bank's policy on countries affected by conflict, and provides guidance to staff on specific cases. The PCMSG meets quarterly to identify and discuss global or regional trends in conflict and recommend changes in Bank strategies and procedures to facilitate appropriate responses.
11. Twice a year, the Conflict Prevention and Reconstruction Unit prepares a monitoring report on countries and areas affected by conflict. The report compiles information furnished by the RVPs and:

(a) provides the basis for periodic reviews of the Bank's response to conflict;

(b) alerts senior management and Executive Directors to patterns in conflict that affect Bank activities;

(c) informs Executive Directors about the Bank's work in countries affected by conflict; and assists the Bank in assessing countries' eligibility for special resources.

12. The PCMSG reviews the report, and the Conflict Prevention and Reconstruction Unit finalizes it. The Vice President, Environmentally and Socially Sustainable Development, submits the report to the MD for clearance and then circulates it to the Directors for information.

---

1. The terms used in this BP have the meanings set forth in OP 2.30.
2. This may involve suspension of disbursements in accordance with OP/BP 8.60, Development Policy Lending, OP/BP 9.00, Program-for-Results Financing and OP/BP 10.00, Investment Project Financing.
3. If any such measures entail exceptions to normal Bank practice that would require Board approval they should be explicitly detailed in the ISN for consideration during the Board discussion.
4. See BP 2.11, Country Assistance Strategies.