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STATE, FOREIGN OPERATIONS, AND RELATED PROGRAMS APPROPRIATIONS FOR FISCAL YEAR 2021

TUESDAY, MARCH 10, 2020

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2:15 p.m., in room SD–192, Dirksen Senate Office Building, Hon. Lindsey Graham (Chairman) presiding.

Present: Senators Graham, Lankford, Moran, Leahy, Shaheen, Coons, and Van Hollen.

A REVIEW OF FRAGILITY IN THE SAHEL

OPENING STATEMENT OF SENATOR LINDSEY GRAHAM

Senator GRAHAM. Thank you all for coming. The hearing today is on "A Review of Fragility in the Sahel", but also, opportunities in that region.

We have two great witnesses: USAID Administrator, Mark Green, and Under Secretary of State for Political Affairs, David Hale, who I just think just got back from the region. I know Mark spent a lot of time there.

I will have a very quick opening statement.

The reason the subcommittee is focused on this issue is because this is one of the parts of the world where you pay now or you pay later, and I would rather pay smartly now.

It is one of the places in the world where the ground military force, in terms of fighting terrorism, is pretty much the French. We have a thousand people in the region that are enablers for the French ground component.

We have talked with Secretary of Defense Mark Esper about keeping that capability. The French would have a hard time operating without our assistance, but they are on the ground in Mali and trying to beat back terrorism.

The countries in the Sahel represent a potential opportunity for the American consumer over time, if we can develop their economies. There is a fondness in this part of the world for the United States, including as a result of U.S. programs to eradicate HIV/AIDS and other health, humanitarian, and development efforts. The Chinese are playing in Africa, and I would like us to show up. Our assistance programs are national security programs.

So, my goal today is to hear about what it is like on the ground, what would happen if we lost the security footprint we have today, and what could this subcommittee do in the future to give you more tools and resources to turn it around before it is too late.

With that, Senator Leahy.

OPENING STATEMENT OF SENATOR PATRICK J. LEAHY

Senator LEAHY. Thank you very much. Mr. Green, Mr. Hale, good to have you here.

Over many years, Chairman Graham, I, Senator Coons, and others have highlighted the positive impact U.S. foreign aid can have on building just societies that are resistant to radicalization. I cannot think of anywhere this is more urgently needed than in the impoverished and largely-ungoverned areas of the Sahel, where, as Chairman Graham has pointed out, violent extremist organizations have taken root.

I hope that today we can talk about the importance of government accountability. In the report produced by the U.S. Institute of Peace on the causes of extremism, USIP concluded that building partners with governments that are committed to accountability is the best approach to preventing extremism.

The report further emphasized that strengthening government accountability requires local ownership of development programs, and that impunity for security forces that commit atrocities fuels extremism, which we have seen in several parts of the world, including the Sahel.

So, accountable governance, locally-led solutions, and legitimate use of force. We can easily agree to these in principle; it is how to enforce them in practice that can be difficult.

I think we all agree that resources and interagency coordination are important, but we also have to do a better job of holding governments accountable. Too often we give our security partners a free pass for corruption and human rights violations in the name of counterterrorism or geopolitical competition, and that is an approach that we have seen in the past usually backfires.

Accountable governance and locally-led solutions are also required to mitigate violence in the region that is not caused by violent extremist organizations. Ethnic tensions, competition over dwindling natural resources, and other socioeconomic and environmental conditions have led to conflict in the Sahel, fueled by many of the same factors that drive increased radicalization.

We should not be in position to ignore or make excuses for government corruption and abuse of power. Our values, the input of those whose lives are most affected by our decisions, and our understanding of the long-term consequences of ignoring or making excuses for government corruption and abuse of power, should guide our policy. So, I am glad, Mr. Chairman, that you are holding this hearing.

Senator GRAHAM. Thank you. You are always a joy to work with on matters like this.

Senator GREEN. Not Senator Green. Mark Green. I am sorry. I didn't mean to demote you there.

[Laughter.]

Mr. GREEN. You beat me to the punch line.

STATEMENT OF THE HON. MARK GREEN, ADMINISTRATOR, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Chairman Graham, Ranking Member Leahy, Members of the subcommittee, I do appreciate this opportunity to be with you to discuss the Sahel Region, its rising violence, and some of the ways in which USAID is responding.

The urgency of this topic is clear. In 2019 alone, more than 2,000 civilians were killed by fighting and violence in the area where Mali, Burkina Faso, and Niger meet. Since the beginning of this year in Burkina Faso alone, 4,000 people are being displaced each and every day.

Now, it would be a mistake to attribute all of this violence to extremism or interreligious conflict, but it would be just as wrong not to recognize that conditions like unresponsive governance, lack of economic opportunity, and increasingly limited natural resources, if left unaddressed, will make the region even more vulnerable to extremists, their ideology, and methods of recruitment.

The Sahel, as you know, is a vast, complex region, touching at least 15 different countries. It is not so much a set of nation-states as networks of informal trade migration routes connecting clusters of often ethnocentric communities. Borders are porous, and government institutions mean little in the daily lives of most residents.

While competition from limited resources has existed for decades, if not centuries, traditional systems and institutions serve to reconcile differences in mostly peaceful ways. But, population pressures, drought and flood cycles, environmental degradation, and other forces have eroded those institutions in recent years. The situation has been made even worse by corrupt political elites, who often resort to inflammatory media messaging in ways that raise tensions and reinforce dangerous ethnic and religious stereotypes.

Dangerous groups bringing their own violent tendencies to the region have made things even more combustible. They include criminal gangs, arms dealers, and more recently, extremist groups seeking to expand their power.

There are at least five major violent extremist groups active in the region and dozens of smaller, loosely affiliated ones. Taken together, they have killed tens of thousands of people and displaced millions more. Malicious, often ethnically based, are forming as a response to government inability to provide security for their communities.

Working closely with State and others, USAID has been working on a range of initiatives to help respond to the growing crisis:

Our humanitarian assistance aims to relieve suffering.

Our development assistance aims to help partners restore economic hope and resolve conflict.

We focus on specific areas of vulnerability, working to alleviate acute pressures while simultaneously fostering the capacity to withstand future shocks.

Much of our work is rooted in agriculture. We finance the World Food Program to pay, for example, subsistence-level individuals in food in exchange for their labor to build community assets. For example, building community wells that allow various groups to come together around a central institution is a way of reinforcing positive communications.

Our Feed the Future investments enhance market-based opportunities for farmers and help communities to become more resilient in the face of an increasingly complex set of risks.

We partner with Peace Observers, who closely monitor local tensions and try to act as early warning signals for disputes and conflicts.

We strive to accurately diagnose local drivers of conflict and then respond accordingly.

When tensions are communal in nature, our programs use constructive joint projects, as I just mentioned, to reinforce cooperation and coexistence.

When conflict becomes associated with violent extremism, we help to counter recruitment efforts by extremist groups.

We work with governments to enhance their CV response strategies, as well as responsiveness to basic citizen needs.

Last fall, we launched our Sahel Development Partnership (SDP). SDP is an expansion of our integrated programming approach that will focus first on Burkina Faso and Niger before expanding elsewhere. It aims to address the intertwined nature of recurrent social, political, and environmental crises. It layers resources strategically from across different sectors and funding streams.

To complement SDP, we have several broad initiatives that further target the underlying conditions of responsibility. Our new Bureau for Resilience and Food Security, which I am proud to announce became operational yesterday, will help us address the interconnected areas in a more holistic way.

In summary, Members of the subcommittee, we believe the Sahel is a region that requires flexible programs to address localized conflicts and stresses and recognize that people often self-identify in terms that crosses borders.

Through the programs I have described and others, we seek to build resilience, increase constructive options and opportunities for individuals, especially youth, resolve conflict through tailored mediation and reconciliation programs, and promote peace and stability-affirming messages to counter-extremist propaganda.

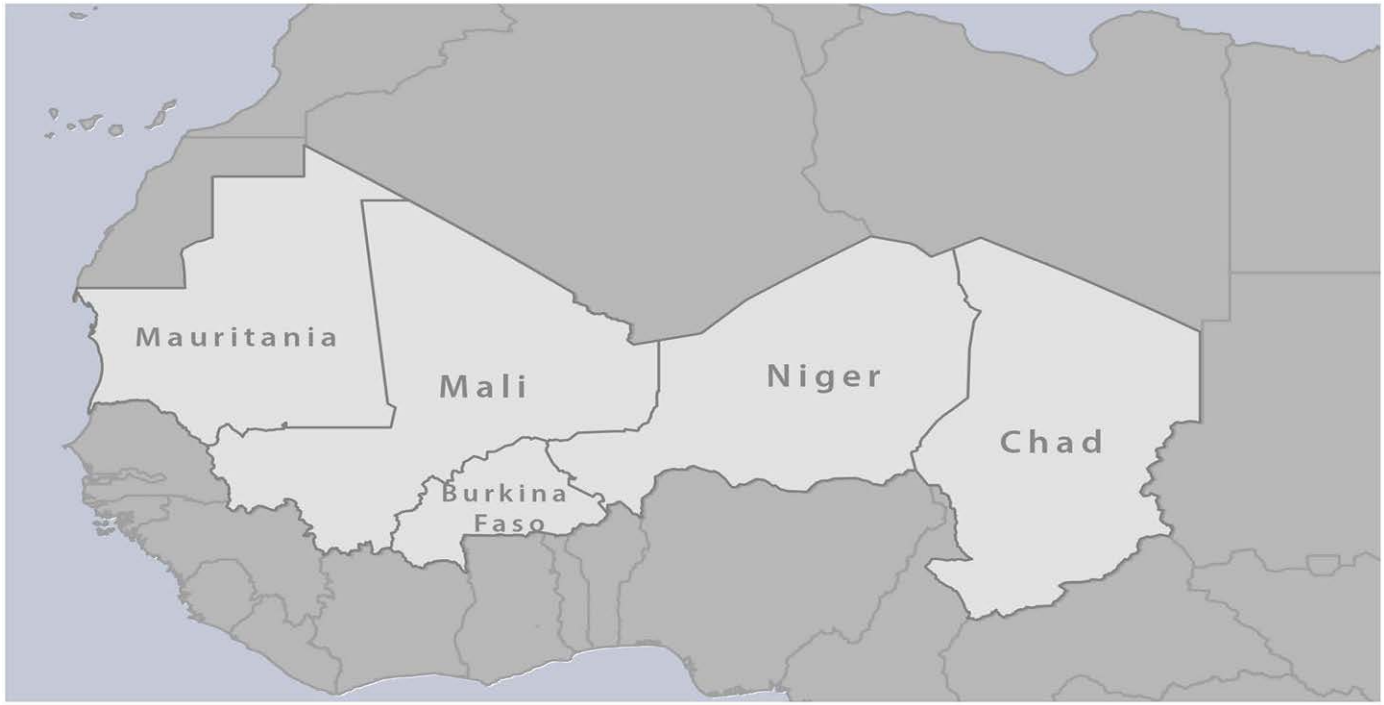
We pledge to continue to work closely with the Departments of State and Defense on a coordinated whole-of-government approach in the region, and we welcome your input and counsel and appreciate your ongoing support.

Thank you, Mr. Chairman.

[The following graphics were furnished by USAID to be included with Mark Green's statement:]

USAID
FROM THE AMERICAN PEOPLE

"THE SAHEL FIVE"



USAID
FROM THE AMERICAN PEOPLE

COUNTRIES TOUCHING THE SAHEL

USAID
FROM THE AMERICAN PEOPLE

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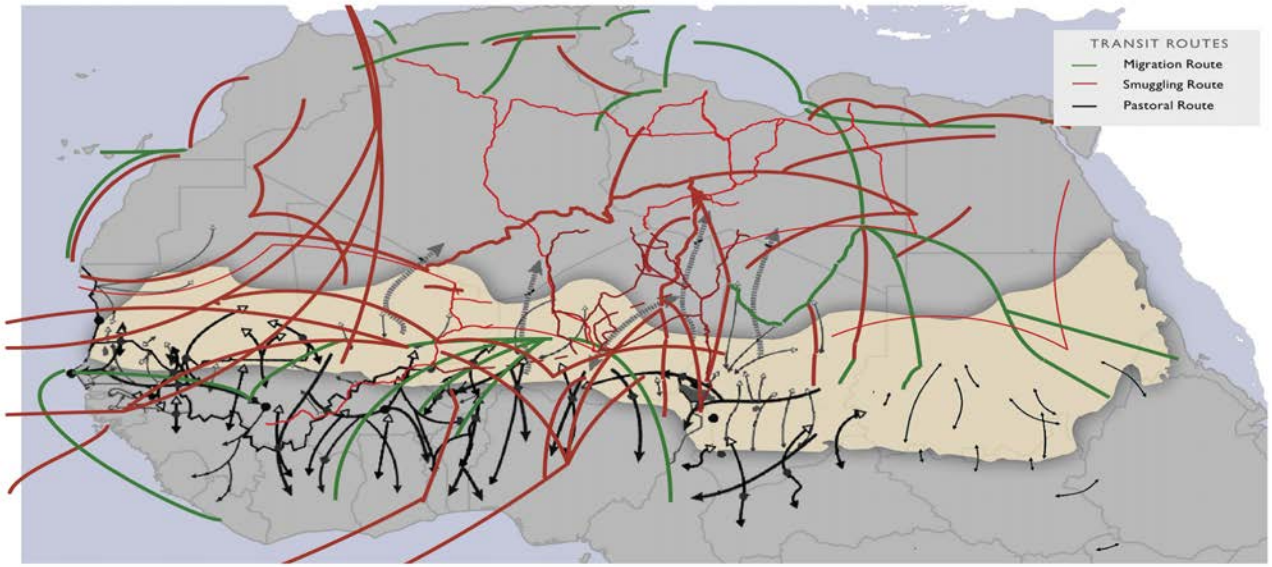
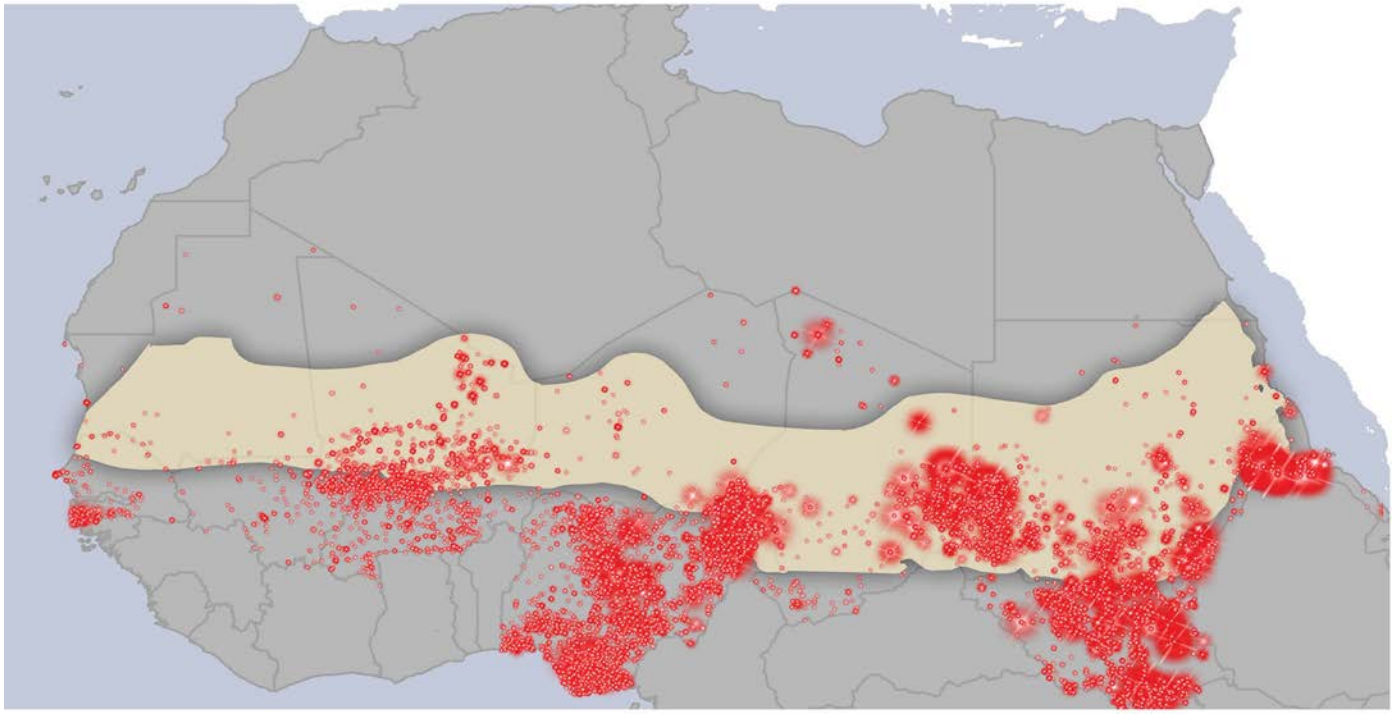
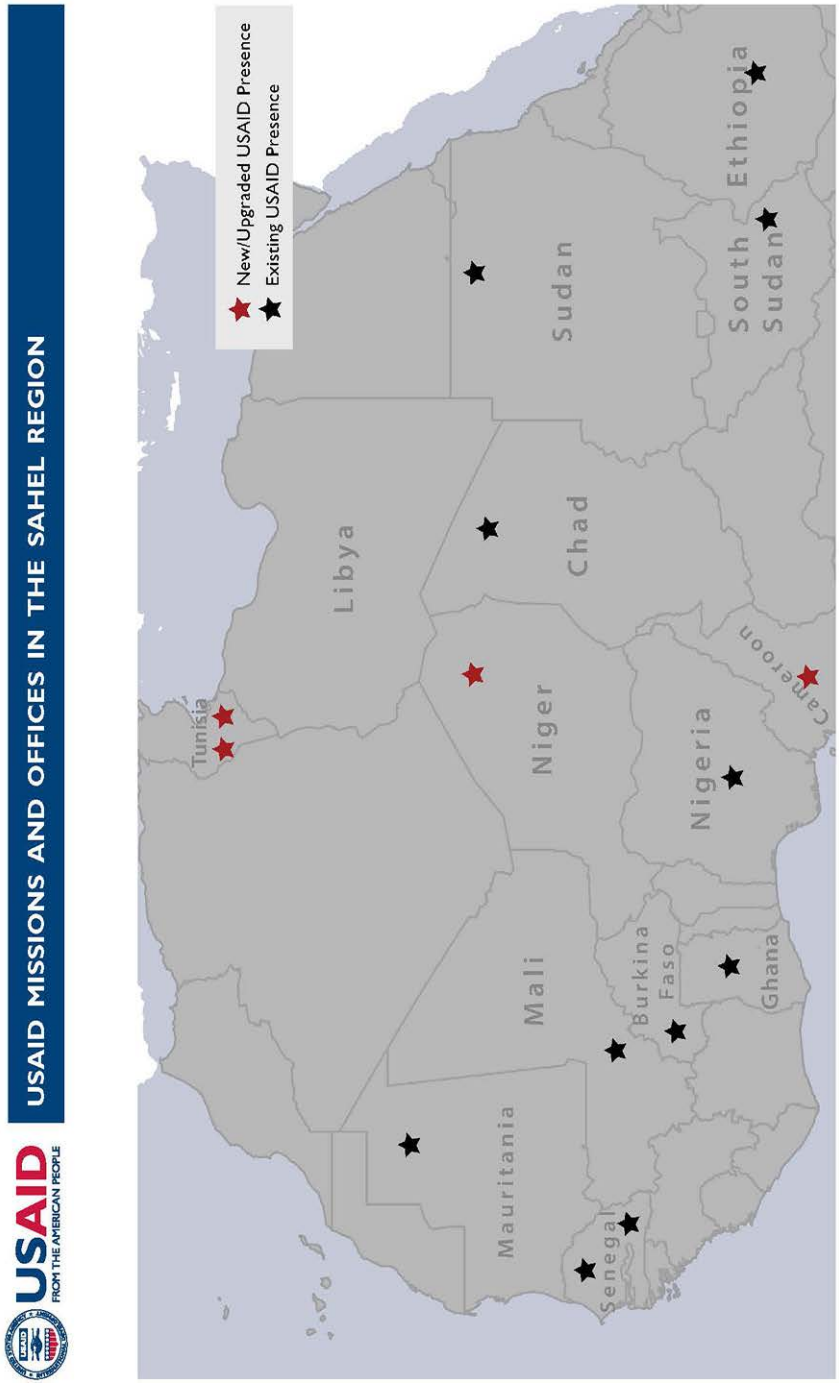


USAID
FROM THE AMERICAN PEOPLE

POINTS OF CONFLICT INVOLVING FATALITIES





[The statement follows:]

PREPARED STATEMENT OF HON. MARK GREEN

Chairman Graham, Ranking Member Leahy, distinguished Members of the subcommittee: Thank you for this opportunity to discuss the Sahel region, the rising violence in many parts of that region, and some of the ways in which USAID is responding with humanitarian assistance, investments in community-level institution strengthening, and economic development programming.

The urgency of this topic is clear. Across the Sahel, the recent escalation of violence has resulted in thousands of deadly attacks and four-times the number of conflict-related fatalities compared to 2012. At the epicenter of conflict—where Mali, Burkina Faso and Niger meet—more than 2,000 civilians were killed in 2019 alone. The situation has further deteriorated in 2020; in Burkina Faso, violence has displaced an average of 4,000 people each day since the year began.

It would be a mistake to attribute all of this violence to extremism or inter-religious conflict. But when conflict in the region is combined with persistent instability, extreme poverty, deteriorating environmental conditions, weak and often corrupt governance, and lack of economic opportunity, it offers fertile ground for extremists who seek to advance their own ideology and power.

SAHEL: PERCEPTION AND REALITY

To understand the challenges of the Sahel, it is essential to recognize how large and complex the region is. Many people think of the Sahel as a handful of nations along the "coast" of the Sahara. In reality, it is a vast region that stretches from southern Mauritania to northern Ethiopia, touching at least 15 countries. It is not so much a modest set of nation-states as a vast, intricate network of informal trade and migration routes that connect clusters of often very ethno-centric communities. Borders are porous at best, and central government institutions are of little relevance to the daily lives and needs of most people.

A significant portion of the people in the Sahel are always in motion, moving along trade and migration central routes, as well as seasonal herding and grazing patterns. As one observer told me during my visit to Nigeria last August, in the West we see the brush and sands of the Sahel and Sahara as barriers, while Africans see the landscape as an inviting ocean to be sailed upon from place to place.

TRADITIONS UNDER PRESSURE

However, it is just as true that land and resources are precious and limited, and competition for those resources between and amongst ethnic groups, licit and illicit traders, farmer-herders, and yes, faith communities, has existed for decades, if not centuries. Over the years, disputes would arise and violence sometimes erupted, but the consequences and costs were managed through traditional dialogue, reconciliation, and mutually beneficial arrangements.

But those traditional systems and institutions have been eroded in recent years by an array of shocks and stresses. Population pressures, drought-and-flood cycles, environmental degradation, and other forces have intensified poverty and suffering. With up to 80 percent of people living on less than $2 a day, many families struggle to feed themselves because they lack the livelihoods to purchase or produce sufficient quantities of food. Loss of human lives to hunger, malnutrition and disease, massive displacements of people, and shattered economies has made poverty more widespread in the Sahel than nearly any other region in Africa.

Modern government institutions that have supplanted many traditional community and Tribal structures have proven too weak and ill-equipped to respond or serve the vital role of mediation and conflict resolution. In the minds of many observers, the situation has been made even worse by corrupt and self-serving political elites. During my Nigeria visit, multiple civil society and faith-based leaders claimed these elite often politically exploit conflicts and disputes to shore up their own political constituencies and expand their public influence. These politicians use inflammatory radio and social media messages in ways that raise tensions, reinforce dangerous stereotypes, and recast disputes over resources as ideological or religious confrontations.

To make the mix even more combustible, a range of groups are bringing their own violence to the region. They include criminal gangs exercising control over lucrative illicit trade of arms, cigarettes, and drugs, as well as extremist groups seeking to expand their power or advance an ideological agenda. Many work to exploit local tensions and grievances, economic and social marginalization, and abuses by government officials and security forces to recruit disaffected young people into their ranks. Militias, often ethnically based, are forming as a response to governments' inability or unwillingness to provide security for communities. When governments

do act, poorly trained, poorly led officials and security forces can often make things worse when they respond to incidents of insecurity and unrest with severe crackdowns and indiscriminate arrests. This sometimes exacerbates grievances against governments, sows greater mistrust, and wears down local resistance to recruiters' rhetoric and worldview.

EXTREMIST GROUPS ALREADY OPERATING

That violent extremist groups are operating in the Sahel and surrounding areas has become all too clear in the last several years. There are currently five major violent extremist groups active throughout the region, including Boko Haram, the Islamic State in the Greater Sahara (ISGS), Islamic State West Africa (ISWA), Ansar al-Islam, and the Al Qa'ida affiliate Jamaat Nusrat al-Islam wal Muslimeen, known as JNIM. There are also dozens of smaller, loosely-affiliated extremist groups. Operating across vast spaces and comprised of more than ten thousand extremists, their acts of violence have killed tens of thousands of people and displaced millions more.

The number of attacks linked to Al-Qa'ida affiliates and the Islamic State has tripled in recent years, and the number of associated fatalities has doubled. Over time, these armed groups have overrun government-led forces in strategic towns in Mali and Nigeria, turning swaths of territory into no-go zones for governments and security forces for extended periods of time. As the Committee will recall, in 2017, ISGS fighters ambushed American Special Operations soldiers and Nigerien partner forces, killing four Americans and five Nigeriens. Previous attacks targeting hotels and restaurants in Bamako, Ouagadougou, and in Côte d'Ivoire, killed nearly one hundred. Driven by competition and the pursuit of personal, ethnic, "religious," and economic interests, these groups have taken a terrible toll on already fragile and economically marginalized communities.

CURRENT USAID WORK

Working with the Department of State and others, USAID has developed a range of initiatives to help respond to the growing Sahel crisis. Our humanitarian assistance aims to help relieve suffering. Our development assistance aims to help partners restore economic hope and prevent and resolve conflict. More generally, our work aims to help partners in their efforts to turn back the spread of criminal and extremist influence. Our implementation involves partnering with a diverse range of stakeholders, including community leaders, public officials, and faith and interfaith groups.

As a reflection of the priority we place on the region, we recently launched our new Mission in Niger. We appreciate the support from Congress to open this new Mission. We have also recently opened a new office in Cameroon. These moves complement our current missions in the region and our Senegal-based Sahel Regional Office.

PROGRAMS ADDRESSING UNDERLYING CONDITIONS

As we all know, the suffering and extreme poverty confronting people in the Sahel is intensified by a combination of underlying conditions, including a pervasive lack of economic opportunity, population pressures, recurrent natural disasters, and environmental degradation. To help address these and other conditions, our programs focus on specific areas of vulnerability, working to alleviate acute pressures while simultaneously fostering in people and communities the capacity to withstand future shocks.

We invest in the Sahel on multiple levels, with agriculture as our base. First, we finance the World Food Program to work with local groups to pay subsistence-level people in food in exchange for their labor to build community assets (like ponds) that regenerate land and harvest water. At the same time, we engage with larger non-governmental organizations to increase vulnerable farmers' access to seeds and teach them to use land more productively, while mobilizing communities to participate in the food-for-assets campaigns.

Next, our Feed the Future investments, like those in Niger, Nigeria and Mali, enhance economic opportunities in market-based agriculture for farmers who are more stable and help communities across the Sahel sell their surplus crops and economically diversify so they are more resilient in the face of an increasingly complex set of risks, like drought and price shocks. We have paired these investments with others that improve access to water, sanitation, hygiene, and healthcare to help address the individual and community-level vulnerabilities.

A specific example of USAID's effort to address underlying conditions is our flagship Resilience in the Sahel Enhance (RISE) program. RISE, which is active in

Burkina Faso and Niger, employs a layered, multi-sector approach to reducing the chronic vulnerability of targeted populations. This integrated program focuses on expanding economic opportunities and livelihoods, improving governance, and bolstering the delivery of essential services. In Niger, RISE programming has helped smallholder and pastoralist farmers connect to markets and fostered an environment for private-sector investment. It has also strengthened targeted value chains and helped communities better manage their own natural resources.

These investments in building individual- and community-level resilience are one prong of USAID's approach to address some of the underlying conditions that exacerbate poverty and suffering in the Sahel. But we are also focused on strengthening early warning and monitoring capacity so that stakeholders can intervene before key food security and nutrition indicators begin to deteriorate. To that end, we've recently contributed an additional $7.5 million to the Permanent Interstate Committee for Drought Control in the Sahel (*Comité permanent inter-Etat de lutte contre la sécheresse au Sahel [CILSS]),* an African-owned multilateral institution partly funded by member states?. The contribution brings our funding for CILSS through this award to $16.8 million, and will enable them to improve the quality and reach of their seasonal forecasts and crop-monitoring reports—vital tools for farmers and governments in the harsh and unpredictable environment that characterizes much of the region.

PROGRAMS ON PEACEBUILDING, CONFLICT RESOLUTION AND RECONCILIATION

One of the lessons USAID has learned over the years is that it is often local disputes and community grievances that are the main drivers of tension and violence. When competition for resources is intense and individuals or communities feel marginalized or aggrieved, it is essential that there are institutions and voices actively promoting dialogue, understanding, and reconciliation.

The irreplaceable first step in most of our work is an informed analysis of conditions and actors. We strive to determine what is actually driving conflict, not what we assume is doing so. As leader after leader told me during my travel to Nigeria, not every dispute is religious in nature. Not every conflict is ethnic. We need to tailor our approaches to address real causes.

In many parts of the region, we partner with "peace observers" who closely monitor local tensions and act as an early warning of sorts for disputes which, if left unchecked, might erupt in a given community. Peace observers help us to diagnose the nature of the problem so we can help resolve or reduce tensions.

When disputes or tensions are intercommunal in nature, our programs will often lead to constructive joint projects that can build cooperation and coexistence. For example, where water scarcity is a source of contention, we can facilitate the drilling of boreholes with shared access.

More broadly, USAID's Voices for Peace program, active in five countries across the region, uses radio broadcasts to strengthen social cohesion by countering misinformation and amplifying moderate voices of leadership?. The broadcasts are tailored to the local needs and dynamics of each community?. They promote shared values.

PREVENTING THE SPREAD OF VIOLENT EXTREMISM

As I have indicated, much of the work we do in the Sahel aims to address drivers of stress and tension by accurately diagnosing the specific nature of conflict. The reality is that violent extremism already has a presence and is looking to expand its influence and power, as well as spread its toxic ideologies. An important part of our work is trying to counter efforts by these groups to recruit more individuals and groups to their cause. We work with governments to enhance their countering violent extremism (CVE) response strategies, strengthen overall response to citizen needs, and promote messaging that counters extremist propaganda and misinformation.

We target our assistance to improve the resilience of vulnerable communities targeted by extremist recruiters. For example, in northeastern Nigeria—where Boko Haram and ISIS West Africa continue to wreak havoc—we are implementing programs that provide entrepreneurial training, apprenticeship, and short-term employment opportunities, as well as agricultural livelihood activities. Each is specifically designed to erode pockets of support for these groups.

In areas across the Lake Chad Basin, we work to amplify credible voices of tolerance and moderate ideologies. We are working with a broad network of radio stations and social media outlets—a key source of news and information—to disseminate messaging with as far a reach as possible. In Niger, our assisted partners are able to reach more than 90 percent of the target audience.

LOOKING AHEAD: THE SAHEL DEVELOPMENT PARTNERSHIP

Last Fall, we launched the Sahel Development Partnership (SDP), an expansion of our integrated programming that is focusing first on Burkina Faso and Niger before expanding elsewhere. The SDP's focus area consists of the Centre-Nord, and Est Provinces of Burkina Faso and the Tillabéri Region of Western Niger. Historically, this area has served as a crossroads for various ethnic communities, including nomadic herders and settled farmers who have shared the same marginal land and limited water resources for centuries. Communities in the SDP's focus area face shocks and stresses that include droughts, floods, food-price volatility, environmental degradation, population pressure, health crises, corruption, fragility, and conflict. As a result, millions of people are chronically vulnerable and food-insecure, and even moderate droughts result in large-scale humanitarian crises.

Through the SDP we are applying an integrated, layered development approach targeting areas most directly affected by cross-border instability. This approach layers resources strategically, from across different sectors and funding streams, in three lines of effort: CVE; stabilizing communities; and building greater resilience within communities.

As part of a broader national security partnership with the Governments of Burkina Faso and Niger, civil society, and affected communities, we aim to demonstrate how holistic programs can help halt the spread of violent extremist groups, avert costly humanitarian crises, and stem the flow of destabilizing migration. The SDP will stabilize focus areas of the target countries by building local communities' resilience and capacity to counter violent extremism through rapid-response programs such as moderate voice radio programs, local governance support, and greater access to financial services in the agricultural sector.

USAID is accelerating implementation of this new approach in coordination with the U.S. Departments of State and Defense, and other U.S. Government Departments and Agencies. Through the SDP, USAID intends to demonstrate within 2 years that it can help halt the spread of violent extremist groups, avert costly humanitarian crises, and stem the flow of destabilizing migration in a setting where recent trends are decidedly negative.

The SDP's approach focuses on strengthening community cohesion, resolving grievances and local conflicts, building resilience, and providing economic alternatives to counter the emotional appeal of extremists. Rather than treating each set of problems as discrete development challenges that require separate interventions, the SDP attempts to address the intertwined nature of recurrent social, political, and environmental crises with the emergence of violent extremism, which overlap, both causally and geographically, within Burkina Faso and Niger.

In parallel and complementary to the SDP, we have several large, ongoing initiatives that further target underlying conditions of vulnerability—including in the areas of healthcare, food security, and livelihoods. USAID is coordinating with our partners across the humanitarian and development spectrum to ensure that our programs are complementary and reinforcing.

Long-term, multi-sector resilience programming builds sustainable local capacities to help families weather shocks and reduce the need for humanitarian assistance. USAID's resilience programming allows households to increase their assets, savings, and access to markets despite exposure to the stresses and crises described above. Resilience programs enhance access to financial services, including savings, credit, and insurance; improve the management of water for productive and household use; promote the reclamation of land and the introduction of conservation agriculture; develop value-chains for agriculture and livestock, including by linking rural producers to high-demand urban and coastal markets; improve health outcomes, including in maternal and child health and nutrition, voluntary family planning, and hygiene and sanitation; build the capacity of local governments to deliver high-quality healthcare, nutrition, and sanitation; and strengthen the capacity of government and community organizations to mitigate conflict and respond to shocks such as droughts and floods.

In summary, members of the Committee, we believe the Sahel is a region that requires flexible programs that address localized conflicts and stresses, and recognizes people often self-identify in terms that cross borders and ignore modern government institutions. We seek to build resilience, increase constructive options and opportunities for individuals (especially youth), resolve conflict through tailored mediation and reconciliation programs, and promote peace-and-stability affirming messages to counter extremist propaganda. We would welcome the opportunity to expand our work. We pledge to continue to work closely with the Departments of State and Defense on a coordinated, whole-of-government approach in the region. We welcome your input, counsel, and appreciate your ongoing support.

Thank you for allowing me to speak with you today, and I welcome your questions.

STATEMENT OF THE HON. DAVID HALE, UNDER SECRETARY OF STATE FOR POLITICAL AFFAIRS, U.S. DEPARTMENT OF STATE, WASHINGTON, DC

Mr. HALE. Hello. Good afternoon, Chairman Graham, Vice Chairman Leahy, Members of the subcommittee. It is a pleasure to be here today with Administrator Green to discuss our efforts toward addressing the causes of fragility and violence in the Sahel.

This administration recognizes that instability in Africa, and particularly in the Sahel, threatens American national security interests and undermines our diplomatic goals.

I have traveled twice to the Sahel in the past year, and I visited four of the five countries there. My second trip, last month, affirmed for me the driving force behind the Sahel strategy. Security conditions are deteriorating as the key actors in Mali fail to fully implement the Algiers Accord.

American engagement is crucial. During my trip, I made clear that we are not abandoning the region. To the contrary; we are bolstering our diplomatic engagement. I assured African leaders that, as the Department of Defense conducts its combatant command reviews, we will not undertake hasty or destabilizing adjustments to our military posture, but our continued investment requires improved performance by our partners.

We have a comprehensive and balanced approach. Military intelligence and law enforcement strategies are vital to our success, but they cannot replace diplomatic and development initiatives.

Our strategy promotes inclusive political systems, advances regional security, and encourages economic growth.

Our diplomatic engagement focuses on three primary elements: Increasing state legitimacy, supporting the peace process in Mali, and improving coordination with our partners.

Terrorists and criminals exploit areas that lack state presence. With the support of America and our partners, Sahel governments urgently need to reassert control over ceded ground, establish a security presence, and rebuild trade relationships with populations.

Participation of women at all levels is essential.

We have already doubled our efforts to press for implementation of the Algiers Accord. On March 8, the State Department announced the appointment of Dr. J. Peter Pham as the special envoy for the Sahel. And, in his capacity, Dr. Pham will increase American diplomatic engagement and coordination with the international community.

I have asked him to focus on five tasks:

One, coordinate existing strategies with international and regional partners;

Two, encourage member states of the Economic Community of West African States (ECOWAS) to assume a larger role in affected countries;

Three, promote rapid implementation of the Algiers Accord;

Four, improve the effectiveness of the Multi-dimensional Integrated Stabilization Mission in Mali;

And five, develop initiatives for strengthened state authority and good governance.

Mali remains a focal point of terrorist activity in the region. Together in Bamako last month, my French counterpart and I delivered a clear message to Malian President Keita that we expect full implementation of the Algiers Accord.

We also urged him to follow through on the commitments he made at the Pau Summit in France. I emphasized that in the absence of sufficient progress, America is prepared to support altering the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA's) mandate and to sanction individuals identified as spoilers.

We are engaging directly with regional partners to mobilize their efforts, to shore up their own security, and provide greater support to the Sahel countries.

The D–ISIS Coalition, which plans to hold its first meeting in the region in April, will provide best practices on info sharing and counterterrorism.

ECOWAS and its member states have a vital role to play alongside the G5. Instability in the Sahel is spreading to coastal Africa, directly threatening Benin, Côte d'Ivoire, Ghana, Guinea, and Togo. We are expanding our assistance to these countries to meet the threat.

Effective implementation of our goals requires a coordinated, integrated approach across U.S. Government efforts. The Department of State-USAID Joint Strategic Plan prioritizes improved security conditions and the promotion of good governance, democracy, respect for human rights, accountability, rule of law, and women's full participation in society.

In 2018, the State Department, USAID, and the Department of Defense completed an interagency review to explore more effective means to promote stability in areas affected by armed conflict. The Stabilization Assistance Review (SAR) reflected a recognition that we need to be selective and strategic in the use of American resources.

The State Department operationalized the SAR in 11 countries, including the Central African Republic, Mali, Niger, Nigeria, and South Sudan. Each of these missions is now implementing coordinated and integrated stabilization strategies.

The recently-passed Global Fragility Act (GFA) presents an excellent opportunity to build and expand upon these reform initiatives. We are working with our interagency partners to develop the strategy called for by the legislation, and we look forward to consulting and collaborating with stakeholders and with you in Congress as we implement the act and draft the associated strategy.

Mr. Chairman, in spite of our plan and efforts already underway, we face serious obstacles. American officials cannot spend sufficient time in conflict-affected areas to build relationships and better understand conflict dynamics. We are working to improve our ability to identify and report on early warning signs of violent conflict, and we look forward to working with Congress on these efforts.

We appreciate the flexibility provided by the Relief and Recovery Fund over recent years to transfer funding across accounts, and we would welcome similar flexibilities for the new Prevention and Stabilization Fund.

Mr. Chairman, Members of the subcommittee, thank you for your bipartisan support and for facilitating this discussion on a region vital to American national security. I look forward to your comments and questions.

[The statement follows:]

PREPARED STATEMENT OF HON. DAVID HALE

Good afternoon Chairman Graham, Vice-Chairman Leahy, and Members of the subcommittee. It is a pleasure to be here today with Administrator Green to discuss our collective efforts toward addressing the causes of fragility and violence in the Sahel. I appreciate your focus on these issues and look forward to discussing our shared objectives in this critical region.

The President's National Security Strategy directs the State Department to strengthen institutions in fragile states and work with political reformers and civil society to advance our shared interests. The Global Fragility Act of 2019 (GFA) also speaks to the need to stabilize conflict-affected areas and prevent violence and fragility globally.

This administration recognizes that fragility and instability in Africa, and particularly in the Sahel, threaten American interests and undermine our diplomatic goals. A fragile and unstable Sahel region enables the spread of terrorism, facilitates transnational organized crime, stifles economic growth, thwarts democratic institutions, and prompts destabilizing migration.

Today's hearing is an opportunity to discuss the complexities of these threats and the realities facing many of our partners. The broader Sahel is an immense, sparsely populated territory, covering more than 3,300 miles from the Atlantic Ocean to the Red Sea. Farmers, herders, traders, traffickers, and terrorists all inhabit this enormous expanse. I have traveled twice to the Sahel in the past year, and saw last month that the situation had significantly deteriorated since my first visit. My trip affirmed the driving force behind our Sahel strategy: security conditions throughout the region are worsening as the key players in Mali fail to fully implement the Algiers Accord nearly 5 years after its signing.

American engagement is crucial. I made clear to our partners that America is not abandoning the region. To the contrary, we are bolstering our diplomatic engagement through the appointment of a Special Envoy. I assured African leaders that, as the Department of Defense conducts its Combatant Command reviews, we will not undertake hasty or destabilizing adjustments to our military posture. But our continued investment requires improved performance by our partners.

Addressing fragility in the Sahel—in particular in Mali, Niger, and Burkina Faso—requires a comprehensive and balanced approach. Military, intelligence, and law enforcement strategies are vital for success, but they cannot replace diplomatic and development initiatives. Our strategy promotes inclusive and just political systems; advances regional security by combatting violent extremists and traffickers; and encourages economic growth and opportunity through sustainable development and increased American investment. Our diplomatic engagement focuses on three primary elements: improving state legitimacy; supporting the peace process; and improving coordination with our partners.

Terrorists and transnational criminals exploit areas that lack state presence. These groups recruit from, extort, and terrorize marginalized communities, many of which have been victimized by security forces. As governments retreat from increasing violence, extremist organizations further delegitimize governments by providing services in abandoned areas. The number of refugees and internally displaced persons is increasing at an alarming rate across the region and signal a growing humanitarian crisis. With the support of America and our partners, Sahel governments and their neighbors urgently need to reassert control over ceded ground, establish a rights-respecting and capable security presence, and rebuild frayed relationships with populations. Meaningful participation by women at all levels, from policy negotiations to peacekeeping, is essential.

A viable political process in Mali is a necessary condition for good governance to prevail. Our diplomatic efforts are focused on supporting the 2015 Algiers Peace Accord, which remains the best mechanism for achieving a peaceful and reconciled Mali. We will press and incentivize signatories to implement the Accord.

Improved coordination will help us achieve our state legitimacy and peace process objectives. On March 8, the State Department announced the appointment of Dr. J. Peter Pham as the Special Envoy for Sahel Stabilization. In this capacity, Dr. Pham will increase American diplomatic engagement and coordination with West African governments, as well as the French, the European Union, and other inter-

national partners. Crucial to this effort will be employing integrated, coordinated approaches to the region.

I have asked Dr. Pham to focus on the following five tasks:

1. Coordinate existing strategies with international and regional partners;
2. Encourage members of the Economic Community of West African States (ECOWAS) to assume a larger role in working with Mali, the G5 Sahel, and affected countries;
3. Promote rapid implementation of the Algiers Accord;
4. Improve the effectiveness of the Multidimensional Integrated Stabilization Mission in Mali (MINUSMA); and
5. Develop and propagate initiatives for strengthened state authority and good governance.

Mali remains a focal point of terrorist activity in the region. Years of political conflict and stalled implementation of the 2015 Algiers Accord have created a climate of instability that has permitted terrorism to take root and thrive. Terrorist groups in central Mali exacerbate and exploit intercommunal tensions, particularly in areas that lack state presence or have been victimized by armed groups or state security forces. Terrorists enjoy freedom of movement in northern and most of central Mali, and transit between Libya, Niger, and Burkina Faso to resupply, conduct raids, and enrich themselves through illicit trafficking along trade routes. The potential for foreign fighter migration between North Africa, the Middle East, and the Sahel is a significant concern, in part because of countries' porous borders.

Together in Bamako last month, my French counterpart and I delivered a clear message to Malian President Keita that we expect full implementation of the Algiers Accord. The government and signatory armed groups should fulfill by June the priority measures laid out in MINUSMA's mandate. We also urged President Keita to follow through on the commitments made at the Pau Summit convened by the French in January.

I emphasized that, in the absence of sufficient progress, America is prepared to support altering MINUSMA's mandate and to sanction individuals who are identified as spoilers to the peace process.

Throughout the Sahel, we are employing coordinated diplomatic, development, and security initiatives to emphasize respect for human rights and civilian protections. Our programs enhance local leaders' ability to provide more effective government services; train local law enforcement to encourage cooperation with the communities they protect; and improve the capacity of security forces to interact more productively with civilian actors. Over the last 2 years, the State Department has obligated over $195 million in security assistance to the G5 Sahel countries, including over $69 million to Burkina Faso, which is also the largest recipient of American bilateral assistance among the nations of the G5 Sahel Joint Force.

The G5 Sahel Joint Force (Burkina Faso, Chad, Mali, Mauritania, and Niger) was launched in 2017 to coordinate counterterrorism operations among member countries. The G5 Sahel is not yet able to disrupt the growing terrorist footprint across the Sahel, but has potential as a coordination mechanism. French Operation Barkhane, with 5,200 troops on the ground, plays a crucial role in the counter-terrorism fight. The D–ISIS Coalition, which plans to hold its first meeting in the region in April, will provide best practices on intelligence sharing and other counterterrorism tools to the countries of West Africa.

ECOWAS and its member states have a vital role to play alongside the G5 Sahel. These countries can contribute a range of capabilities and expertise to address problems in the Sahel. We are engaging directly with regional partners to mobilize their efforts to shore up their own security and provide greater support to the Sahel countries, as announced during the September 14 ECOWAS Heads of State Summit on Terrorism.

Instability in the Sahel is spreading to the coastal states of West Africa, directly threatening the heart of American interests in the region. Benin, Cote d'Ivoire, Ghana, Guinea, Togo are all at risk. We are expanding our assistance to these countries to develop accountable, stable security institutions; respect for human rights; and good governance. In Togo, we supported government efforts to overhaul legislation to distinguish between criminals and maritime pirates. In Ghana, we supported the development of border security protocols and best practices to help confront the spread of violent extremism. We also support regional efforts to improve coordination and information sharing between military and security services through the Accra Initiative.

We support Sahelian countries' efforts to individually and collectively exercise greater leadership in addressing their fragility and security challenges. The African Union, its regional economic communities, and its member states are seeking to de-

velop their own Continental Early Warning System and lead with diplomatic responses when potential threats arise. These efforts represent a noteworthy intention, but American leadership will be required to nurture and strengthen them over the long-term.

Effective implementation of our goals requires a coordinated and integrated approach across U.S. Government efforts. The Department of State-USAID Joint Strategic Plan prioritizes improved security conditions and the promotion of good governance, democracy, respect for human rights, accountability, rule of law, and women's full participation in society. In July 2019, the Office of Foreign Assistance Resources, together with our Bureau of Conflict and Stabilization Operations and USAID, completed the Strategic Prevention Project. The project's final report underscores that our assistance can prevent violent conflict when closely coordinated with diplomacy and aligned with host-nation and local civil society. The report identifies a series of actions for the State Department and USAID to better align assistance to fragile states. We are working towards implementing these recommendations.

In 2018, the State Department, USAID, and the Department of Defense completed a wide-ranging, inter-agency review to explore more effective means to promote stability in areas affected by armed conflict. The Stabilization Assistance Review (SAR) reflected a recognition that we need to be more selective and strategic with how we use American resources and demonstrate a return on investment for the American taxpayer. The SAR outlines an improved framework for coordinating and targeting resources to stabilize conflict-affected states based on our national security interests and an assessment of where we can have the greatest impact. The State Department operationalized the SAR in 11 countries, including the Central African Republic, Mali, Niger, Nigeria and South Sudan. Each of these missions is now implementing coordinated and integrated stabilization strategies.

The recently-passed GFA presents an opportunity to build and expand upon these strategic prevention and stabilization assistance reform initiatives. We are working with our interagency partners to develop the strategy called for by the legislation. We look forward to consulting and collaborating with stakeholders and Congress as we implement the GFA and draft the associated strategy.

On the security front, the Trans-Sahara Counterterrorism Partnership is a multi-year, initiative to build long-term capacity in the Sahel and North Africa to address security threats and conditions exploited by terrorists and other malign actors. Coordinated across the State Department, USAID, and the Department of Defense, this partnership provides American law enforcement, military, development, and public diplomacy expertise and resources to build and sustain regional partners' capabilities.

Mr. Chairman, in spite of our plan and strong efforts already underway, we do face obstacles. First, in such insecure environments, American officials cannot spend sufficient time in conflict-affected areas to build relationships and better understand conflict dynamics. We are working to improve the ability of our personnel to identify and report on early warning signs of violent conflict. We look forward to working with Congress on these efforts. We appreciate the flexibility provided by the Relief and Recovery Fund over recent years to transfer funding across accounts. We welcome similar flexibilities for the new Prevention and Stabilization Fund established pursuant to the GFA. This authority ensures we have the tools at our disposal to meet the needs on the ground.

Mr. Chairman and Members of this subcommittee, thank you for your bipartisan support and for facilitating this discussion on a region vital to American national security.

Senator GRAHAM. Well, thank you. Thank you both, and please pass on to the people who work for you in these regions how much we appreciate their sacrifice and the dangers they face.

FOREIGN ASSISTANCE CUTS PROPOSED IN FISCAL YEAR 2021 BUDGET REQUEST

Mr. Hale, do you agree with me that now is probably not time to cut the Function 150—International Affairs account by 20 percent?

Mr. HALE. Well, we are obviously waiting to see what the results will be—are of the DOD Force Posture Review, so I would say that I would really like to see. It depends on what the review recommends, what the outcome is.

Senator GRAHAM. I am talking about a cut to the account as a whole.

Mr. HALE. Yes. Well, fewer resources means obviously that——

Senator GRAHAM. Yes.

Mr. HALE [continuing]. Less impact.

COMBATING TERRORISM AND EXTREMISM/FRENCH MILITARY ACTION

Senator GRAHAM. Let's talk about the impact to the United States. Is the Islamic State of Iraq and Syria (ISIS) present in this region of the world?

Mr. HALE. Yes.

Senator GRAHAM. What are they called, just ISIS?

Mr. HALE. ISIS is one name. They—frankly, these groups transmogrify frequently. There is a dynamic where the recruitment crosses different labels. We have at least five or six large organizations made up of ever-shifting groups.

Senator GRAHAM. Do they have extraterritorial designs? Would they attack the United States if they could?

Mr. HALE. The groups present now do not have the capacity to do that, but they certainly are ambitious in the long run and we have to be—take preventative steps.

Senator GRAHAM. It is just a capability problem, not a will problem; is that correct?

Mr. HALE. That is why it is important to take a preventative course of action.

Senator GRAHAM. Okay. So, the preventative course of action, is the French ground forces—are they making a difference?

Mr. HALE. I think they are, yes. There needs to be more done. They have just increased the number of soldiers on the ground after the tragedy that they encountered, and we are very closely collaborating with them.

I think the important piece that the State Department can offer in this is enhanced diplomacy. So, obviously Administrator Green can speak of the development and assistance side; our DOD colleagues on that piece.

Senator GRAHAM. Yes.

Mr. HALE. But regardless of what happens in terms of the Force Posture Review, we are going to be stepping up our diplomatic engagement.

Senator GRAHAM. So, Mr. Green, Mark, what would happen if the French left or the French were not adequately supported by the U.S. Armed Forces on the ground for the people that work for you?

Mr. GREEN. I would say that you would see an acceleration in displacement would be the most immediate effect, which—I mean, displacement is already reaching historic levels. I think it would accelerate.

Along with that, obviously the humanitarian suffering.

And, from my perspective, the conditions that lead too easily to despair. And despair, as we know, is a condition that is too easily exploited by those that seek to expand their territory and offer a contrary point of view to ours.

Senator GRAHAM. Who are the French fighting on the ground?

Mr. GREEN. I am not sure I can speak to it in that each country represents——

Senator GRAHAM. Well, it is terrorist organizations; right?

Mr. GREEN. Definitely.

Senator GRAHAM. Do you agree with that——

Mr. GREEN. In terms of which ones, I cannot——

Senator GRAHAM [continuing]. Mr. Hale, that the French presence——

Mr. HALE. Yes, sir.

Senator GRAHAM [continuing]. On the ground——

Mr. HALE. They are fighting a number—they have a train-and-equip mission, as we do, and then they are directly supporting the fight against at least five different violent extremist organizations that we see across the region.

Senator GRAHAM. If they left, would the—who would fight these extremist organizations?

Mr. HALE. Well, it would be left to a coalition of the willing. One of the attributes of the French is that they are expanding their region to Europe to find other countries that are prepared to contribute forces and resources to this battle.

Senator GRAHAM. And the French rely upon unique American capability in terms of Intelligence, Surveillance, and Reconnaissance (ISR) and transport; is that right?

Mr. HALE. That is correct, sir.

Senator GRAHAM. We are not on the ground going door to door with the French?

Mr. HALE. That is right. We work bilaterally with—for the most part, bilaterally with these countries, who—the responsibility has to rest squarely on the leaders in the militaries of these weak countries. And, of course, our strategy is to strengthen them.

Senator GRAHAM. So, Mr. Green, from your point of view, the security presence that the French provide is helpful to the United States in terms of accomplishing your mission?

Mr. GREEN. Very much so. While we try to remain adaptable and flexible in how we provide humanitarian assistance and development assistance, obviously we can do much more if the situation is secure and stable.

Senator GRAHAM. For lack of a better way of putting it, who are the biggest winners and losers if for some reason the French withdraw their ground components in this region?

Mr. GREEN. A range of assorted bad guys from criminal gangs to potentially violent extremist groups.

Senator GRAHAM. Do you agree with that, Mr. Hale?

Mr. HALE. That is right. It is a question of timing. The job is not done yet. And, in addition to building up the institutions of the Sahel states, we are increasingly looking to the coastal states in ECOWAS, who are increasingly threatened to step up, as well.

GLOBAL FRAGILITY ACT AND ADDITIONAL RECOMMENDATIONS

Senator GRAHAM. Very briefly, Senator Coons and many on this subcommittee have been very involved in trying to create some capability to give you more tools, including the GFA. Give us some idea of what we are doing right, and what would you like to see us do more of?

Mr. GREEN. I think food security is absolutely key to all of our work in the region, not simply the food assistance that we provide

in humanitarian assistance. As important as that is to meet immediate needs, we all know that these countries, if they fail to become more food secure, it is going to be a cycle feeding on itself in terms of loss of economic opportunity, displacement, and again, fertile ground for radicalization.

Senator GRAHAM. Mr. Hale.

Mr. HALE. Building on that, I would say that it is important that we look at legitimizing and expanding state presence in areas where they are not present now.

Secondly, strong private sector strategy—that is just part of our overall Africa approach—needs to be an element here, as well, so that there is creation of jobs and a thriving economy.

One of the features that I certainly welcome in the GFA—or really, two. One is the emphasis on integration and coordination across our government. And, second, is that this is going to be—the intention is a durable strategy that does not shift with different administrations or different leaders so that we are consistent and really investing well.

Senator GRAHAM. Senator Leahy.

Senator LEAHY. Thank you, Mr. Chairman. You asked many of the questions that I am concerned with.

FRAGILITY AND SECURITY FORCES

Under Secretary Hale, the plan proposed by the USIP Task Force on Extremism in Fragile States found that abusive security forces are a major factor contributing to extremism among youth in Africa. Do you agree with that?

Mr. HALE. A hundred percent.

Senator LEAHY. Thank you. Most of the security forces in the Sahel receive U.S. training and equipment, yet they often abuse their authority. I look at reports of security forces in Mali and Burkina Faso, for example, being implicated in dozens of extrajudicial killings and other human rights abuses. In both countries, ethnic militias implicated in torture and disappearances have also received support from their governments.

So, I wonder what we can do to improve our oversight of foreign security forces. If we are going to provide resources and training, what more can we do to ensure that these forces are held accountable? If governments are not punishing their troops when they commit atrocities, should we withdraw our aid?

Mr. HALE. Well, that may ultimately be the outcome, but I think we need to have a strategy to try to prevent us from reaching that consequence. Obviously, we are rigorously enforcing the Leahy Amendment and the vetting process, and we do find abuses, and we do agree that those abuses make the situation even worse by feeding and fueling the conflict.

And we pointed—I have pointed that out to the leadership. I made it a theme in all of my discussions. Our ambassadors do, as well.

So, I think, one, it starts with trying to convince leaders of the costs here to them. Not just to the relationship with us, but what it is costing to their effort to stabilize their country.

Second is——

Senator LEAHY. Do leaders seem at all responsive to that?

Mr. HALE. Some do. Some more so than others. And we have seen efforts to do a better job with investigations and punishment, and we do recognize that when it happens.

But, ultimately, I agree with you. If we find the situation is simply not being reversed and is irretrievable, then considering cutting our aid has to be on the table.

Senator LEAHY. Thank you, I may want to follow up with you on that issue. I appreciate that you are applying the Leahy Amendment, which can be difficult but ultimately serves a purpose which I believe you, I, and Mr. Green agree on.

U.S. ARREARS FOR UNITED NATIONS PEACEKEEPING ACTIVITIES

Also, in a report submitted by the State Department about U.S. arrears for U.N. peacekeeping, which are approaching $1 billion in fiscal year 2020, the Department notes that such arrears could impact U.S. influence and credibility at the U.N. and further strain U.N. peacekeeping capacity at a time when the U.N. is engaged in a number of critical missions. Of course, one of those missions is in Mali.

The Trump administration voted in favor of the budget for that mission and for the U.S. share of all peacekeeping missions, but has not worked with Congress to ensure that it has the authority and funds to pay those bills. Instead, the administration has shown no interest in actually paying what we owe.

Do you agree that it is in our interest to pay what we owe for UN missions like the one in Mali, which I understand is the deadliest in the world.

Mr. HALE. I certainly believe we should meet our obligations and commitments to the U.N. in terms of both the budget and in any other regard. And, I certainly——

I am concerned at your comment that you felt we have not worked with Congress on this, and I will go back to my Department and organization and work on that.

I will say it is also beholden on the U.N. to undertake reforms and make sure that they are making the best use of the money that we provide them.

Senator LEAHY. Well, virtually all of the State and Foreign Operations Appropriations bills that come out have been bipartisan, which is why they have passed overwhelmingly in the Senate. And, we want the money to be spent the way Congress has directed.

REFUGEES AND INTERNALLY DISPLACED PERSONS

Now, Under Secretary Hale, desperate, hungry people in the Sahel are increasingly becoming refugees or IDPs seeking safety and trying to find ways to earn enough to survive. They number in the millions now. The response we increasingly see—following this administration's example—is to enact legal barriers, build physical barriers, oppose resettlement, or treat the challenge as a law enforcement problem. If the situation there is this desperate today, how do we plan for what will inevitably be a great deal more desperate situation 10 years from now?

Mr. HALE. Well, that is why we need to succeed today in the strategies that we are outlining together. These are resource-poor states, extremely fragile. Institutions are thread-bare.

I think that, again, the integrated and coordinated approach that we have is the best bet here. We have to hold leaders accountable. They are the ones who have to make the tough decisions. They are the ones——

In the case of Mali, President Keita, I was very direct with the president to say that he had to make sure that his government was performing by meeting the commitments they had made to the various armed groups to decentralize and to reform governance and distribute economic goods more effectively in order to meet the requirements of the U.N. and MINUSMA, and of the agreement.

So, I do think this it is important, and we have to continually remind ourselves and the leaders that responsibility first is theirs. But, the consequences are felt by us, so we have to make sure that we get this right.

I am very concerned about the spillover. We have seen—if you look at a map, if you transpose the number of security incidents in Burkina Faso 18 months ago with what you see today, it is dramatic and it is alarming, and that will happen then further south in another 18 months. So, we have to get on top of this.

So, we really appreciate the tools the legislation is giving us to have a long-term durable strategy.

Senator LEAHY. Mr. Chairman, I am going to submit some questions for the record because my time is up. And I am being careful. You touched on some of the problems, many of the problems, Under Secretary Hale, that relate to issues we have discussed in our classified briefings. I share your concern and I know Mr. Green does, too.

Mr. HALE. Yes, sir.

Senator GRAHAM. Thank you, sir.

Senator Lankford.

Senator LANKFORD. Sure, and thank you. Gentlemen, thank you. Thank your teams for a lot of the work that they do for our Nation and for a lot of folks that have a great need there.

U.S. PRIORITIES IN THE SAHEL

If you can, briefly give me like your top three or four items that you say are priorities in the work that you are doing there. I know you have outlined a few of those in your opening statements, as well, but give me briefly the reason that we are there, what we are trying to accomplish, how we evaluate the metrics of what we are accomplishing there.

Mr. GREEN. Thank you, Senator.

So, I would distinguish between the two sort of broad categories of assistance that we provide.

The humanitarian assistance, often emergency food relief, is just that. It is to ease suffering. It is immediate. It is to try to make the fortunes of people in these areas better. Also, to stem the flow of internally displaced and refugees, which is, again, historic levels.

Secondly, on the development side, I would say food security, so actually bolstering the resilience of some of these communities so that people do not feel driven to go for economic opportunity and food opportunity.

Those would be the two broad areas that I would focus on, food security perhaps being, on the development side, most important.

And, then, finally, it is—as Under Secretary Hale pointed to, it is bolstering some of the governing institutions that hopefully create some citizen responsiveness and, again, stem the flow of displacement.

Senator LANKFORD. Mr. Hale.

Mr. HALE. Thank you, Senator. Building on that, I would just—I would emphasize the importance of African solutions for African problems and that we always need to keep that in focus. Our role can be to strengthen coordination amongst all of us with that as the objective.

Reestablishing state legitimacy is absolutely key. That is one of the reasons we have the problem that we have today, was the absence of the credible state presence.

And third, going back to the diplomacy of this, there was—5 years ago, the Algiers Accord was agreed upon, which was to establish peace in Mali. The absence of that and the lack of fulfillment of those commitments by the Malian government, among others, has allowed this problem to metastasize and spread and radicalize even more groups around the region.

Senator LANKFORD. So, how do you measure progress with those?

Mr. HALE. Well, I think with reestablishing state legitimacy, you take a map and you see where is the state going back? Where have they been able to reestablish good governance, state institutions, education, the provision of economic goods, a working judiciary, and one that then fights the private sector.

Senator GRAHAM. What percentage of Mali would fall under that definition?

Mr. HALE. Gosh, I hesitate, but I would say close to half of Mali is probably outside the hands of the government in terms of a hundred percent.

They did—after my visit there, they did send a company—two companies of soldiers to Ceuta, which is one of the areas in contention with radical groups. So, that was a good outcome, but it is just one small step.

ENGAGEMENT OF CHINA IN THE SAHEL

Senator LANKFORD. So, what is the engagement of China in the region?

Mr. HALE. China has got a long-term, comprehensive strategy to use its tools, primarily its investment and trade tools, and physical presence to extend its influence and domination. One of the challenges we have is that many Africans, understandably, view the benefits of this relationship without seeing the negative consequences. And, so, I think it is important for us to expose that reality.

Senator LANKFORD. So, what is the reality of what they are doing and how long have they been there?

Mr. HALE. Well, they have been there for a number of years. I think it is accelerating now. And, essentially what they are doing is making these states dependent upon them for—by debt, through investments, through infrastructure projects, projects that often are out of scale with the needs of the country and where——

Senator LANKFORD. Is China a predatory lender?

Mr. HALE. Yes, very much so.

Senator LANKFORD. And they are putting in large-scale facilities and requiring what for collateral from these countries?

Mr. HALE. Mark, can you——

Mr. GREEN. Well, first off, that is one of the challenges. The deals are entirely opaque. We do not know all the deals of the financing. We suspect it is natural resources they have a line on.

Of all the countries in the Sahel region, we measure all but one or two as being at moderate risk of debt distress. We are seeing that debt rise, and what that is essentially doing is, as the Under Secretary pointed out, it is creating a level of dependency that will come due, and China will be able to harvest natural resources, which is oftentimes, we think, their objective.

Senator LANKFORD. Are they using local workers or are the Chinese bringing in their own workers to be able to do—harvesting the natural resources?

Mr. GREEN. Well, I hesitate. I don't think there is a one-size-fits-all, but in general, traditionally, it has often been not local workers and not local opportunity. Instead, it has been a harvesting of resources for Beijing.

Senator LANKFORD. So, China is moving in and just basically, over a few years, taking over big chunks of these countries, not necessarily giving an economic benefit to the country long term; just putting a foothold there and then basically taking their resources?

Mr. GREEN. I once—I had a businessman once say to me that Chinese financing is essentially loan to own.

Senator LANKFORD. Right.

Mr. GREEN. And that appears to be their objective in most places.

Senator LANKFORD. I know I am running out of time. Let me ask you another quick question.

THE IMPACT OF THE U.S. MILITARY PRESENCE ON OTHER PROGRAMS IN THE SAHEL

We have a military presence in this region. What would happen if our military presence and our base in the region went away to our humanitarian efforts? What are—we have talked a little bit about their military cooperation with the French. What would happen to our humanitarian efforts in the region if that military base went away?

Mr. GREEN. It would certainly be more difficult. Humanitarian—the work we do, oftentimes through partners, requires some level of security and stability to be able to reach those——

Senator LANKFORD. And the counterterrorism effort, what would happen to that?

Mr. HALE. It would depend on how extensive the cuts were. But, I do want to underscore that a large share of the security spending goes to the State Department. These are State Department resources and often Pentagon personnel, uniformed personnel, involved in the programming. But, we would find ways, if needed, depending on different scenarios, to try to sustain this important work that the State Department is doing.

Senator LANKFORD. Okay. Thank you.

Senator GRAHAM. Senator Shaheen.

Senator SHAHEEN. Thank you, Mr. Chairman.

Administrator Green and Under Secretary Hale, thank you both for what you and all of the folks who work with you are doing, not only in this region, but around the world.

WOMEN'S EMPOWERMENT AND POLITICAL PARTICIPATION

I want to go back. Both of you mentioned empowering women and women's full participation in society as being critical issues in this region. And, so, I want to talk about that a little bit because I think it is something that too often gets overlooked as we think about the impact, not just economically, but on the ability to maintain stability in societies.

According to UNICEF, greater equality between boys' and girls' education levels can decrease the likelihood of violent conflict by as much as 37 percent. And, the World Banks says that if every girl worldwide received 12 years of free, quality education, that lifetime earnings for women could increase by $15 to $30 trillion globally. So, clearly, this is a place where our efforts to empower women and girls can have a huge impact on what is happening in those societies.

So, can both of you talk about what we are doing to address the role of women and how we ensure that girls can get more education? Administrator Green, you want to begin?

Mr. GREEN. Thank you, Senator. In many ways, you have answered your own question in terms of the importance. I absolutely agree.

First, in the area of involving women in peace and reconciliation, all the studies show it produces more sustainable outcomes.

But, secondly, it also provides early warning signals for us. We know that women are often closer observers of particularly young men and the stresses that they feel and susceptibility to exploitation. And, so, investing in women in that sense also has benefits.

In terms of individual countries, in places like Niger, we have programs aimed at reducing early and forced marriages.

In places like Burkina Faso, we work on economic and social empowerment of women, especially in the area of food security. We find it produces better long-term results.

In places like Mali, we continue to invest in some of the community savings and loans, which I have to say has been a revelation to me since I have come to USAID. Some of the best projects anywhere in the world are those projects that empower women by giving them decisionmaking over its modest community assets. But, nonetheless, it is a key measure of empowerment, and also produces better investments, to be honest.

So, those are the types of projects that we are doing throughout the Sahel.

[The following information was provided by USAID:]

Statistics on violent extremism decreasing as women become more involved in society through education, economic reforms, etc.

USAID recognizes the critical role of development in addressing social, economic, governance and other factors that can drive violent extremism or radicalized individuals and communities. Countering Violent Extremism (CVE) is central to achieving USAID's mission to end extreme poverty and promote resilient, democratic societies while advancing our shared security and prosperity. For effective CVE strategies and approaches, it is necessary to understand the gender related drivers of vio-

lent extremism globally. In 2017, the Global Extremism Monitor registered 100 distinct suicide attacks conducted by 181 female militants, 11 percent of all incidents that year.[1] Specifically in the Sahel, according to the Office of Transition Initiatives' (OTI) 2019 gender dynamics study, economic and social discrmination has led women to join Boko Haram. A 2016 study commissioned by USAID's Africa Bureau concluded that economic factors were the single greatest driver of women's participation in VE groups in Mali and Niger. This year, the Agency will complete a new research initiative on women's critical roles in violence and extremism along the border of Mali, Niger, and Burkina Faso.

USAID's Women, Peace, and Security (WPS) programming is tackling the root causes of violent extremism. Activities are advancing the objectives outlined in the joint Department of State and USAID, "Strategy to Support Women and Girls at Risk from Violent Extremism and Conflict" and the U.S. Strategy on Women, Peace, and Security. USAID's support for women at the regional, national and local levels in the Sahel is expanding opportunities for women and girls in all sectors, to enable more productive and peaceful societies.

—*Increasing Girls Education:* We know that education for girls and young women is frequently neglected in post-conflict societies. Yet the evidence establishes that educating girls is among the most productive social investment which supports a more stable society, economic recovery, and enduring peace. In peace mediation and negotiation we recommend that girls' education should be a high priority.

—*Economic Opportunity:* USAID is working with the Global Shea Alliance to generate increased incomes for women across West Africa. For example, in February 2020, the US Embassy inaugurated a shea butter processing facility and warehouse in the Northern Region of Ghana. Shea is a primary source of livelihood for women and is one of the few agricultural crops where women control their revenue.

—*Increasing Women's Participation:* We are expanding our programming to increase women's participation in preventing and responding to radicalization in their communities. For example in Niger, USAID activities are focused on engaging women in community dialogues,decisionmaking and partnering with local governments to provide services that are responsive to the needs of women and girls in vulnerable communities.

—*Increasing Women's Participation in the G5:* USAID's Partnership for Peace (P4P) initiative is supporting countries of the G5 Sahel to develop partnerships with civil society networks representing women, youth and journalists to take an active role in countering violent extremism. USAID is also supporting the G5 Sahel Women's Regional platform to elevate women's roles in CVE and overall in development efforts across the Sahel region.

Based on the data, current USG strategies, and emerging research, it is the Agency's assessment that increasing women's participation in CVE interventions can help to decrease future conflict and violence.

Senator SHAHEEN. Under Secretary Hale.

Mr. HALE. I join in agreeing fully in everything that has been said and about the central role that we have to play in promoting women as part of the solution to instability, and I have sensed that throughout my career in different parts of the world.

When it comes to this region, you know, some of the tools we have used is the Security Council resolution for the mandate in MINUSMA. We have insisted, in the case of Mali, that there be elements of that that require the signatory parties to include women as leaders and in their decisionmaking teams.

In Burkina Faso, we have, again, supported women to be effective leaders—I met one of them, actually—and active participants; that community-based solutions to conflict need to obviously include women fully.

And in Niger, one of the interesting things we have done there, we have a very strong partnership with their army in terms of training and equipment. We have made sure that they are

[1] "Women and Terrorism Report", Council on Foriegn Relations.

prioritizing the inclusion of women into their defense services and we are seeing results. The first Nigerian female C–130 pilot just graduated from U.S. training, so hopefully she will be a role model for others.

We also have a female officer who has graduated from the U.S. Command and General Staff College, and there is a woman from Niger who has been nominated for West Point. So, they are making impressive strides, as well.

But, we look forward, again, to using the act as an effective tool to make sure this is durable and not transient.

Senator SHAHEEN. Now, I appreciate that. I had a good conversation with Former Africom Commander, General Waldhauser, who talked about the impact of the Women, Peace, and Security Act on their ability to allow women in those countries in Africa to see what we are doing and be able to model that for other women and how important that is.

Can you talk more—Mr. Green talked about education and what we are doing to try and prioritize keeping girls in school. In terms of the State Department, and as we are looking at diplomatic efforts, are there additional ways that we should be looking at how do we encourage countries to keep girls in school?

Mr. HALE. Yes, we can. I firmly believe in the education piece of our assistance programming as it relates to across-the-board stabilization, but certainly gender. And, I don't have the specifics on what we are doing country by country. We can get that for your staff, for questions for the record (QFR).

But, I will say, we are also using our Office of Global Women's Issues that reports to the Secretary of State, and they are prioritizing some of our plans here and they, too, can get back to you with the details, Senator.

NEXUS BETWEEN EMPOWERMENT OF WOMEN AND RISE OF EXTREMISM/TERRORISM IN THE SAHEL

Senator SHAHEEN. And do we see a relationship between women's political, economic, and social status and the rise of radical terrorist groups in the region? So, can we look at countries and say, okay, women have—are more empowered, they are more integrated into society in these countries, and we are seeing less of a rise in terrorist activity, versus in countries where there is—women don't have as much role?

Mr. HALE. Mark, do you want to——

Mr. GREEN. I am not sure I have seen that quantified, but logically, it makes sense. I think that where women are empowered—and empowerment being economic opportunity and educational opportunity—the social fabric of the community is stronger——

Senator SHAHEEN. Right.

Mr. GREEN [continuing]. Which is one of the ways that we prevent exploitation that leads to extremism. So, while I have not seen numbers on it, my guess is that that is right.

Senator SHAHEEN. Yes. I think actually the number that women contribute back to their households and communities versus men has actually been quantified. I think the data is there to show that women give back in much greater amounts in terms of dollar con-

tributions to their families, to their societies, to their communities than men do in most of those countries.

Thank you, Mr. Chairman.

Senator GRAHAM. I think that is probably true for the whole world.

Senator SHAHEEN. I agree with that.

[Laughter.]

Senator GRAHAM. Senator Moran.

[Audio malfunction in hearing room.]

Senator GRAHAM. Can we go to Senator Coons?

Senator Coons.

Senator COONS. Thank you, Mr. Chairman. I thought you were going to go to my dear colleague from the State of Kansas. Fabulous. Thank you.

Thank you, Chairman Graham, Ranking Member Leahy for your service and for this hearing. And, to our witnesses, thank you for your decades of service and deep knowledge about these areas.

IMPLEMENTATION OF THE GFA

The Global Fragility Act passed with broad bipartisan support in December of last year and is now law. I am urging senior officials within the administration to find strategic ways to use this new tool to reinforce the work that you are doing. It authorizes $230 million a year for the next 5 years to address the root causes of fragility, instability, and terrorism.

Could you each just commit that the State Department and USAID will use this as a new tool with additional funds that will help the administration to execute a targeted long-term and interagency strategy to help us get ahead of violent extremism in this isle?

Mr. GREEN. Yes, certainly. And, we are also, in some ways, reorganizing ourselves around many of the concepts. We have the Bureau for Conflict Prevention Stabilization, as well as the new Resilience and Food Security, and that is very much with the concepts in mind.

Senator COONS. Good. Thank you. Mr. Assistant Secretary.

Mr. HALE. Absolutely, yes, Senator, I can commit to that, and I also can commit to consulting closely with this subcommittee and with you and others who are interested in this.

At this stage, obviously we need to take some time to get our homework done, and the White House is coordinating the interagency process to do just that.

Senator COONS. There is an initial strategy due by September 15, and then a final by December 19. We are going to consider a 10-year plan. Do you think that is an overly aggressive timeline, an achievable timeline, or frankly, given that it is law, doesn't matter what you think of it?

Mr. HALE. I think we will achieve that timeline.

Senator COONS. Is that an achievable timeline, Administrator?

Mr. GREEN. Yes, very much so, and State and AID are actively engaged with the rest of the interagency.

I think the most important aspect in many ways is making sure that we target countries that are on the edge. So, not countries that are in conflict, quite frankly. We have resources and strategies

to address those. But, more importantly, those that we might be able to make a difference with in not falling into open conflict. So, that is what we are working closely to identify.

Senator COONS. That sort of continuum from failed state to fragile state to state that is seemingly beginning to slide is exactly what I hope your——

Mr. GREEN. Yes.

Senator COONS [continuing]. Experienced and seasoned teams will look at and figure out where we can have the biggest impact.

One of the things I was most excited about this idea as the Chairman began moving it forward was the idea that we could use it to crowd in and then align with the funding and the activities of our numerous partners, from the World Bank to the United Nations to long-terms partners, Germany, France, the Scandinavian countries.

I have met with representatives of a number of these organizations recently. They see the global fragility strategy and the multi-donor fund mechanism as a timely opportunity to partner with us to combat extremism and instability, particularly in this isle, and tell me that if we contribute to the multi-donor fund, they are likely to make contributions of their own.

How do you envision the use of the multi-donor mechanism that is in the act? And, if Congress were to appropriate seed funding as part of our appropriations process this year, do you believe that would help you leverage contributions from our allies and partners to tackle the drivers of extremism? And, do you think that might help us align in terms of burden sharing and pulling in the same direction with partners around a common strategy?

Mr. GREEN. I would say the most important thing is making sure that we have consensus on precisely what it is that we are trying to achieve and, you know, those outlines, I think, is the key to it. If we can do that, then sure. Then I think it is helpful, but I think making sure that we all identify clear objectives and not simply have yet another fund that we all put money into. I think that is the key.

Mr. HALE. I would associate myself with that. But, in principle, I think the idea of burden sharing and the concept that we can multiply the funding is a very welcome one.

Senator COONS. I mean, my impression, I have been to four out of five of the countries identified here as the Sahel 5 in the USAID brief. My impression is that we are one of the largest providers, but we are far from the sole provider of training, of humanitarian assistance, of democracy and governance support. And, so, beginning to move towards an aligned common strategy once we have identified what it is we are trying to achieve over a longer period of time, I think, is the best way to do burden sharing.

Let me ask a last question, if I might. Under Secretary, you are a career Foreign Service Officer (FSO). Something that is not in the act but that I have been thinking about is whether there is ways we can work to change the institutional mindset at State to create incentives for FSOs to dig deeper into the problem of fragility.

Would you be open to a discussion about adding to A–100 a course on the root causes of fragility and terrorism and to including

work on fragile states as part of the precepts for promotion for an FSO?

Mr. HALE. Yes, I would. I think this is one of the most significant areas for the State Department today and in the future. And, Secretary of State Pompeo—you know, I have been in the service 35 years. I have never seen someone so committed to training and developing our human talent, so I think we would absolutely like to have that conversation.

Senator COONS. Well, I see I am about out of time. Let me just say that I am grateful for both of you, your long service, and your deep experience in this field.

And, there are ways that the existing initiatives you are talking about, whether it is the Sahel Development Partnership, RISE, Voices for Peace, can support and align once we get to a clear definition of strategy.

I think this law gives us an opportunity to improve the transparency, the effectiveness, and the accountability of U.S. foreign assistance that allows us to keep making the case to our constituents about supporting it at a time where there is an active review underway in DOD about whether to sustain our engagement in the Sahel. I think the answer ought to be a resounding yes.

But, I also think we ought to align around a common strategy—that is diplomacy, development, and defense, in that order—and a long-term, clear strategy with weigh points, metrics, and outcomes that can satisfy as broad a range as Senator Lankford and me, and that our chairman will help fight for and advocate for.

Thank you, Chairman Graham, for your tireless partnership in getting this turned into law, and thank you for your testimony here today.

Senator GRAHAM. Thank you, Senator Coons. You are the Africa guy, as far as I am concerned. I never cease to be amazed by how much you know and how much you care.

Senator Moran.

Senator MORAN. Mr. Chairman, thank you. I appreciate you and your chairmanship of this subcommittee, giving us the opportunity to explore things beyond just how many dollars and cents we should be appropriating. Oversight, I think, is an important role, and I appreciate the opportunity you have provided me by having these witnesses in front of us.

FOOD SECURITY

Ambassador, it is good to see you. I want to focus on food security in my questioning. Can you give us the circumstances, the state of the—in play as far as food security in the Sahel? How dire is it?

Mr. GREEN. In parts of the Sahel, it is dire and getting worse by the day. One of the great challenges that we face in terms of—obviously, there is food security and then food assistance and nutritional assistance—is the displacement of communities.

I began in my testimony by pointing out that we are now seeing 4,000 people displaced per day in just Burkina Faso, every day since the beginning of this year. That is creating extraordinary challenges, humanitarian terms, but also in how you reinforce food

security and food production, which we know is the basis of the economy in all of these areas.

So, we not only have the immediate emergency relief challenge. We have the long-term challenge that, if we fail to address, we are going to be stuck in that emergency relief challenge for as far out in the future as I can see, and that is a bad answer. That is not good.

Senator MORAN. So, what is going on currently with the emergency relief in this region?

Mr. GREEN. So, we are providing food assistance in the emergency relief terms. But, what I think is the better news are the future investments we are able to make in different parts. We are seeing good food security work underway in places like Niger that we need to keep working on.

For us, food security investments are the key to economic stabilization in each of these countries. If we don't get that right, the rest of it, quite frankly, is not going to hold.

Senator MORAN. Your response may tell me at least the sense I might have how you answer this next question, but I think it is an important question. At least, I would like to understand when Bill Emerson Humanitarian Trust dollars would be used. My understanding, they have not been used since 2014, and it takes a request from you to U.S. Department of Agriculture to accomplish that. What is your theory or philosophy as to when to call on that Trust?

Mr. GREEN. To be honest, I will have to get back to you on that. We will make sure we get a written answer to you.

[The following information was provided by USAID:]

Requested information on USDA's Bill Emerson Humanitarian Trust and why USAID has not utilized it in the Sahel.

The Bill Emerson Humanitarian Trust (BEHT) is a special authority reauthorized in the Agriculture Improvement Act of 2018, also known as the Farm Bill, that allows USAID's Office of Food for Peace (FFP) to respond to unanticipated food crises abroad when Title II resources have been exhausted. The BEHT was originally authorized by the Agriculture Trade Act in 1980 as the Food Security Wheat Reserve, a reserve designed to hold up to four million metric tons of wheat, later broadened to include a number of other commodities. In 1998, the reserve was renamed the Bill Emerson Humanitarian Trust.

In 2008, as global food prices spiked, the United States Department of Agriculture (USDA) sold the remaining stocks (about 915,000 MT), converting the trust into a cash reserve for the purchase of U.S. commodities. The 2008 Farm Bill authorized the Secretary of Agriculture to invest the funds in low-risk, short-term securities or instruments to maximize the trust's value. The BEHT is under the authority of the Secretary of Agriculture, with the USAID Administrator overseeing the release and use of the funds. The funds in the BEHT are available to be used for the purchase of commodities, however, the associated costs required to transport, store, and distribute the food must come separately from the Commodity Credit Corporation. When unforeseen food needs arise, the Secretary of Agriculture may authorize the release of funds at the request of the USAID Administrator for the purchase of U.S commodities in order to meet humanitarian needs. Given the lead time required for U.S. commodities and the necessary approvals within the U.S. Government, BEHT commodities can take anywhere from 6 to 12 months to arrive at their intended destination.

The trust currently holds more than $260 million. In 2008–2010, FFP withdrew $228 million from the BEHT to purchase 344,820 metric tons (MT) of commodities and bags for Afghanistan, Ethiopia, Kenya, Zimbabwe, and North Korea. The last time FFP used the BEHT was in 2014, when FFP drew down $50 million to purchase 189,970 MTs of commodities and bags for South Sudan.

FFP has not used the BEHT in the Sahel because it is only authorized for use in unforeseen and extraordinary humanitarian needs beyond the scope of FFP's an-

nual operating budget and once all remaining Title II resources have been expended. It is difficult to justify additional resources when FFP has committed significant resources to the Sahel emergency and there are remaining Title II funds for fiscal year 2020.

In fiscal year 2019, FFP provided over $163 million in emergency food assistance in the Sahel with both Title II and International Disaster Assistance (IDA) funds. We expect fiscal year 2020 levels to be commensurate with increasing levels of needs in the Sahel. These FFP resources are part of USAID's Resilience in the Sahel Enhanced (RISE) II program in Niger and Burkina Faso, which covers four sub-national regions and includes over 30 implementing partners, including the World Food Program, government stakeholders, and civil society partners, with an investment of $730 million over 5 years. RISE II takes into account the challenging context, growing violent extremism, and instability, and contains internal and external coordination mechanisms that facilitate discussion between development and humanitarian actors to coordinate responses to evolving challenges, such as the increase of internally displaced people in Burkina Faso. This innovative model, designed to complement USAID's humanitarian assistance and improve effectiveness and efficiency of all USAID efforts, is also informing USAID's resilience efforts beyond the Sahel.

Senator MORAN. Thank you, Ambassador.

MEASURING RESULTS OF COUNTERING VIOLENT EXTREMISM PROGRAMS

Mr. Hale, let me ask this question. The State Department's IG last year could not affirm that counter-violence extremist grants, CVE grants, were achieving their desired result. The explanation was because the Bureau and Country statistics, our strategies don't ally with the Department's CVE goals and objectives.

Do you know about that Inspector General's report? And is there anything that has happened that would allow us to better gauge whether or not success is occurring?

Mr. HALE. I don't have personal familiarity with that, but I will go back and get an answer for you. I also want to make sure that, in fact, we are lined up. Obviously we need to be able to measure our impact, so I agree with the thrust of the question.

Senator MORAN. I think there is an Inspector General's report that suggests that is not——

Mr. HALE. Exactly.

Senator MORAN [continuing]. Possible, at least at the point in time that we are.

Mr. HALE. Got it.

TARGETING OF TRADITIONAL AND RELIGIOUS LEADERS

Senator MORAN. Let me then go back to Ambassador Green. In regards to traditional authorities, religious leaders, they are being under—they are being targeted to undermine social stability in the region. What role can USAID play in trying to stop the attacks? And is there a role for interfaith dialog to occur?

Mr. GREEN. Great question. I will answer the last part of that. That is an easy one. Yes, absolutely. I think promotion of interfaith dialog is absolutely essential in many parts of the Sahel.

One of the trips that I took last year was to the Central Belt in Nigeria. I couldn't get up, quite frankly, to northeastern Nigeria to see the active conflict areas. But, helping to distinguish between what are decades-old community disputes that can be reconciled through dialog versus the pernicious influence of outside extremist

groups is extraordinarily important to our work. We have to make sure we have the right tool for the right job.

Oftentimes, what we see happening is, through the use of social media messaging, by, quite frankly, self-promoting and corrupt political leaders, they seek to turn into interreligious disputes those which are not interreligious disputes.

And, so, we make a lot of investments in essentially community liaisons who can help us identify causes for disputes, help us make sure that we are promoting dialog, and tackling disputes before they become truly interreligious, the kinds of disputes that we are seeing exploited in some of the worst areas of conflict in the Sahel region.

So, partnering with Interfaith Voices, making sure that we understand the nature of conflicts when they do arise, and making sure that we push back against some of the messaging, which unfairly stereotypes and abuses stereotypes, I think is a very important part of our work in the Sahel Region.

Senator MORAN. Mr. Administrator, thank you very much for your personal interest and commitment in the wellbeing of other parts in the world, which ultimately causes the wellbeing of the citizens of the United States to be enhanced. Thank you.

Senator GRAHAM. Thank you, Senator Moran.

Senator Van Hollen.

Senator VAN HOLLEN. Thank you, Mr. Chairman, and thank both of you for your service and for being here today.

CAMEROON

I have a couple questions, one relating to a country that borders on the Sahel and one that is an issue that is outside that: Cameroon.

Secretary Hale, last month, the Cameroonian government forces, including members of the Rapid Intervention Battalion, which, as you know, is an elite military corps that has received U.S. counterterrorism support, killed at least 21 civilians in a village in the northwest region, including 13 children and a pregnant woman.

The U.N. Human Rights Office has called for an independent, impartial, and thorough investigation into the massacre. The government of Cameroon has blocked the U.N.'s investigators, and there are obviously concerns about the impartiality of any government investigation.

What is the Department doing? What can Congress do to make sure that we thoroughly investigate this massacre and hold people accountable?

Mr. HALE. Thanks for the question. You are absolutely right, Senator. Violence is increasing. It continues to be on the rise. We certainly condemned strongly this incident that you described. We coordinated that with the U.K. and the French, so that was a powerful signal to the president.

I will see what we can do in terms of investigation and accountability when we get the results of that. We would like to see the African Union play a more prominent role in encouraging the Cameroonian government to do the right thing.

The one initiative that has the best probably chance of success here is one initiated by the Swiss, who do have special influence

over the president given the historic relationship. That may be the most promising effort to get a dialog going, which is the ultimate objective here.

Senator VAN HOLLEN. Got it.

So, in this subcommittee, I worked with some of my colleagues last year, with the chairman and others, and we included language in the fiscal year 2020 Foreign Operations Bill that requires a report from the State Department; that you investigate the Cameroonian security forces personnel who are credibly alleged to have committed, ordered, or covered up gross violations of human rights. That was before this latest massacre.

The Department is required to report to Congress on these investigations within 90 days of enactment. We are on day number 81. Can you tell me what the status of the investigation is, and will we have that report on March 19?

Mr. HALE. I will do my level best. I don't have an answer for you today.

Senator VAN HOLLEN. I appreciate it. Yes, so, as I said, we—you know, this was passed because of a concern about violence. We have now seen another massacre, so——

Mr. HALE. Yes.

Senator VAN HOLLEN [continuing]. I hope that we will get that quickly.

Administrator Green, this is a budget question. So—and I know you don't have overall responsibility at the end of the day. But, I do think, as the Chairman has pointed out when the administration has come before the subcommittee, this huge gap between resources requested and the needs.

Cameroon is one of the most underfunded programs in the world in terms of our humanitarian programs. The Trump administration's fiscal year 2021 budget includes huge cuts to assistance in that country. The State Department Global Health Program in Cameroon was cut by 36 percent over fiscal year 2019 levels, and the USAID Global Health Programs in the country are cut by nine percent; economic support funds cut by 25 percent.

Given the humanitarian situation in the country, especially in the Anglophone regions, with one-third of the population in need of humanitarian assistance, how do you justify a budget like that?

Mr. GREEN. Senator, what I can tell you is, seeing some of the same things that you are seeing with respect to Cameroon, we are actually in the—I point to that map. We are actually going to be opening up a mission in Cameroon in the coming year so that we are more directly on the ground and more involved in being part of the answer.

I also look at the metrics that we have developed for—or we have put together for Cameroon. On top of what you have just laid out, Cameroon is one of the countries in the region that is in highest risk of debt distress, and so, that will only reinforce many of those problems that you have spoken of.

So, our pledge to you is to increase our engagement with respect to Cameroon, both on the development side and, sadly, on the humanitarian side because I think those needs are rising.

Senator VAN HOLLEN. No, I appreciate that, and I am not going into great details. There is also—we are facing a coronavirus crisis

here and around the world. If you look at USAID Global Health Security Funds, they were proposed for cuts last time around. This subcommittee, with the Chairman and the Ranking Member and the rest of us, restored those funding, but—those funds. But again, this time, even while we were looking at an Ebola outbreak in the DRC, we saw dramatic cuts.

HUMANITARIAN SITUATION IN THE WEST BANK AND GAZA

I would just like to end by asking about another economic assistance program. I am not going to go into all my concerns with the so-called deal of the century, the so-called peace deal announced by the White House between the Israelis and the Palestinians. In my view, it takes us a major step backwards. It is a one-sided deal. For those of us who support a viable two-state solution, it will make things harder, not easier.

But, this Congress did try to deal with the humanitarian situation in the West Bank and Gaza. Despite the fact that this administration zeroed out, zeroed out, funding for all those humanitarian programs, we provided $75 million in economic support funds for the West Bank and Gaza.

So, my question to you, Mr. Administrator, is very simple. When do you plan to spend those funds as the law requires you to do? And when will we see the notification here on The Hill about the plans to spend those funds?

Mr. GREEN. Senator, I will say two things. First off, and perhaps it is implied by your question, we have no plans to close our presence in West Bank-Gaza.

In terms of spending the resources, we will come to your office and report to you and get you a clear answer. I don't have an answer for you at this time.

Senator VAN HOLLEN. Right. Because these are funds that were in addition to the funds used to just maintain existing operations. These are funds that were designed to, for example, go to the hospital in East Jerusalem and deal with other immediate humanitarian crises. And, in my view, it has been reckless and irresponsible for the administration to have allowed these programs to lapse and these funding streams to lapse. Congress agreed on a bipartisan basis that we should restore them. And, so, I look forward to talking to you about how those funds will flow.

Thank you, Mr. Chairman.

Senator GRAHAM. Thank you both. This has been very helpful to the subcommittee. I think you owe some answers to questions, and that is why we have these oversight hearings. I did not know about the Emerson Fund. I am going to look into this and why we have not tapped it.

So, this is a map of Burkina Faso. From 30 January to 15 May 2019, the red areas are the places that basically you can't travel to.

I think I understand what you are both telling me better now.

This is the map of 15 May to 30 November 2019. Everything but just around the capitol is pretty much a no-go zone, so I understand exactly what you are saying. This is going to creep down to Côte d'Ivoire and other countries, and, so, to the extent we can help, we want to help.

The reason I wanted to have this hearing is you pay now or you pay later in these regions, and we have some programs. Let's use them.

To our friends at DOD, you have been encouraged by many Members, Republican and Democrat alike, not to pull the plug on the 1,000 troops that provide essential capability to the French to hold the region together. I hope they are listening. I believe they are. It would be penny wise and a pound foolish.

Anything else you would like to add before we close?

Yes, sir. Senator Moran.

CORONAVIRUS AND THE GLOBAL HEALTH SECURITY FUND

Senator MORAN. Well, Senator Van Hollen mentioned something about health, and it reminded me that our supplemental related to coronavirus included something that a number of us lobbied for to be included, and that is the CDC Global Health Security Fund. We were successful in $100 million a year for the next 3 years, which I only point out is another partner that you all have in our efforts to——

And, to my constituents and Americans—who I would be surprised if they are listening, but if they are listening to what I am saying—our security, as I said in my comments to you, is dependent upon the security of other people around the world. Our ability to combat viruses and infectious diseases, in part, is determined by the ability of other countries to contain and control and prevent, and we need the kind of investment that I think this fund, this account, represents.

I hope that there is the coordination necessary—I guess this is really directed to both of you, but to our subcommittee, that we also pay attention to the other partners that I think make a difference in the region and elsewhere.

Mr. GREEN. Senator, I agree. I communicate with or speak on the phone with Dr. Redfield regularly. We make sure that the information flows between CDC and USAID are clear and consistent. From fighting Ebola in eastern DRC to the challenge of coronavirus, absolutely, that communication is essential.

Senator MORAN. Thank you.

Senator GRAHAM. So, we will end on that note. I am listening if nobody else is. I think what you said made perfect sense. I met with Dr. Redfield and he wants to open up 12 forward-deployed offices throughout the world so that we will have a presence in the place where highly infectious disease and viruses originates to get ahead of it there before it comes here.

A good example of our investment in health security is the President's Emergency Plan for AIDS Relief (PEPFAR) program that was created during the George Walker Bush years, 43, which strengthened healthcare systems around AIDS eradication and malaria and that proved very important to stopping the spread of Ebola. So, we got a return on investment in a way we didn't think otherwise.

We will put the following documents into the record: The USAID Sahel Development Partnership Initiative; the Strategic Prevention Project 2019; Stabilization Assistance Review 2018; World Bank Group Strategy for Fragility, Conflict, and Violence 2020–2025; the

Organization for Economic Cooperation and Development State Fragility 2018; USIP's Preventing Extremism in Fragile States—A New Approach.

[The information referred to follows:]

THE STRATEGIC PREVENTION PROJECT
ASSESSING THE ROLE OF FOREIGN ASSISTANCE IN PREVENTING VIOLENT CONFLICT IN FRAGILE STATES | 2019
OFFICE OF U.S. FOREIGN ASSISTANCE RESOURCES (F)
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ASSESSING THE ROLE OF FOREIGN ASSISTANCE IN PREVENTING VIOLENT CONFLICT IN FRAGILE STATES

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"Evaluation of U.S. Foreign Assistance as a Tool to Prevent Conflict and Instability in Fragile States"

Cover Photo: Gail Morgado, State/CSO

In the run-up to the 2013 elections in Kenya, the United States government worked with a local cross-sectoral civil society coalition, Champions for Peace, to organize and train boda boda riders to assist with violence prevention efforts. This boda boda rider proudly wears his vest from one workshop, emblazoned with peace messaging, as he walks his daughter home.

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EXECUTIVE SUMMARY

The National Security Strategy of the United States of America (2017) called for new and more targeted efforts to strengthen fragile states. There is a growing consensus inside and outside government on the need for more strategic and preventative approaches toward fragile states. Overall international foreign assistance to fragile states has grown significantly over recent years – now totaling over $65 billion a year – but only a small fraction of those resources directly focuses on preventing violent conflict and instability.

Over the past year, the Office of U.S. Foreign Assistance Resources has undertaken the Strategic Prevention Project to assess how the United States and international partners can better target foreign assistance to prevent violent conflict in fragile states. The Project synthesized lessons learned from the research and practitioner communities and assessed how assistance has focused on prevention and incorporated best practices.

The Strategic Prevention Project affirmed that foreign assistance can help prevent violent conflict when it is sensitive to conflict risks, closely coordinated with diplomacy, and aligned with host-nation and local civil society reformers. However, the Project found that most assistance to fragile states over the past decade was designed to address other development and foreign policy priorities and was not focused on preventing violent conflict. Key areas associated with prevention – particularly promoting inclusive and just political systems – were not prioritized.

While every country is unique and prevention must be context-specific, the Strategic Prevention Project identified recommendations for better aligning assistance resources with efforts to prevent violent conflict. As a first step, the U.S. Government needs a better-defined framework and principles to guide foreign assistance and related diplomacy for this purpose. A new concept of "strategic prevention" can help to integrate efforts across sectors and categories.

The Strategic Prevention Project identified further steps that could ensure the implementation of assistance that reinforces the goals of strategic prevention. This includes mainstreaming and expanding upon existing tools to ensure conflict-aware assistance design across sectors and strengthening connections between assistance and preventative diplomacy. Additionally, the U.S. Government should encourage increased investment among all donors in programs that align with conflict prevention principles.

There is a unique moment of opportunity now to rethink the role of foreign assistance in preventing violent conflict and instability in fragile states. A growing body of research and programmatic evidence has galvanized attention and support in the U.S. Congress and across the international community. By effectuating a more strategic approach to prevention in fragile states, the United States can pave the way for greater coordination and burden-sharing, increased stability and self-reliance of key partner nations, and, ultimately, better outcomes for the American taxpayer.

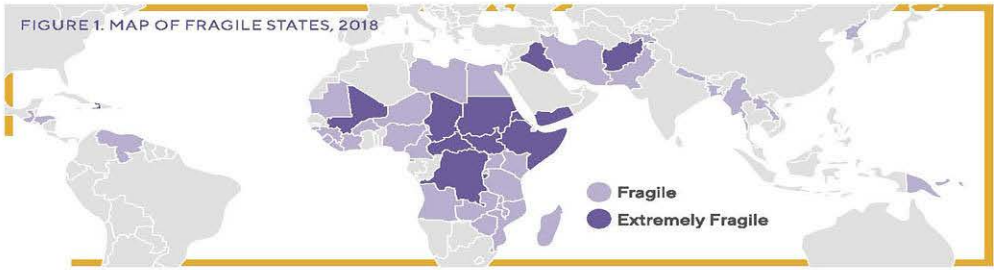
INTRODUCTION

THE STRATEGIC IMPERATIVE OF PREVENTING VIOLENT CONFLICT IN FRAGILE STATES

Violence begets violence. It is a contagion that spreads with exposure; distorting social norms, undermining institutions, and destroying countries and lives. Fragile states – states characterized by a combination of a breakdown in the relationship between state and society, exposure to risks, and insufficient capacity or willingness of state and society to mitigate those risks – are particularly susceptible to destabilizing violence and armed conflict. These conditions also enable violent extremist and criminal organizations to operate and recruit new adherents.

Fragile states are also susceptible to destabilizing threats by external malign actors such as political subversion and interference. U.S. policymakers have expressed increasing concern about how China and Russia may be using increasing influence in certain fragile states, gained by sovereign loans and debt obligations, to promote undemocratic governance practices. The resulting diminished respect for rule of law, corruption, and authoritarianism further raise the risk for violent conflict and instability in those countries over the long run.[1] This in turn opens the door for further cycles of political subversion and violence.

FIGURE 1. MAP OF FRAGILE STATES, 2018



Note: Countries are classified according to the OECD report States of Fragility 2018

Once large-scale violence takes hold, the human, financial, and geopolitical consequences can be enormous and difficult to reverse. In 2016, 37 countries were experiencing armed conflict, more than any other time in the last 30 years.[2] As a result of those conflicts, more people are forcibly displaced worldwide than any time since the Second World War. By 2030, more than 60 percent of people in extreme poverty are projected to be living in fragile and conflict-affected states.[3] Accordingly, there is a growing recognition of the importance of conflict and violence prevention to stop such crises before they emerge. Every dollar invested in such prevention now could save donors upwards of $16 in the long run, according to a recent study.[4]

Recognizing the challenges, the international community has increased attention and resources to fragile states. Net official development assistance (ODA) to designated fragile states increased to more than $65 billion in 2016.[5] The World Bank has doubled its pledged funding for fragile and conflict-affected countries.[6] However, more assistance to fragile states has not necessarily translated into more assistance for preventing violent conflict per se. Of total net ODA to fragile states in 2016, the Organization for Economic Cooperation and Development (OECD) calculated that only 2 percent went to conflict prevention and only 10 percent went to peacebuilding.[7] In response, countries such as the United Kingdom have committed to increase the proportion of their ODA focused directly on reducing violence.

"Political problems are at the root of most state fragility. The United States will prioritize programs that empower reform-minded governments, people, and civil society. As the United States designs its efforts, inputs from local actors improve the likelihood of enduring solutions, reduce costs, and increase accountability to the American taxpayer."

— U.S. National Security Strategy (2017)

The United States has recognized the need for new approaches to strengthen select fragile states. *The National Security Strategy of the United States of America* (2017) highlights that transnational criminal organizations and violent extremists continue to use fragile states to establish safe havens, expand their operations, and recruit new adherents. At the same time, the U.S. Administration has highlighted a commitment to be more selective and strategic in how it works to prevent and mitigate conflict in fragile states, pressing local and international partners to share the burden.[8] This commitment is further reflected in the U.S. Government's *Stabilization Assistance Review*, completed in 2018.

There is also growing recognition across the U.S. Congress and outside expert community on the need for a more strategic approach to prevent violence in fragile states. A high-level bipartisan Task Force on Extremism in Fragile States has called for a new "Strategic Prevention Initiative" to curb the spread of violent extremism. A bipartisan group in Congress has introduced the *Global Fragility Act* (H.R. 2116, S.727), which passed in the House of Representatives in late May. To be successful though, new policy commitments must ultimately translate into new priorities and practices – especially for shaping the billions of dollars in assistance provided to fragile states each year. The Strategic Prevention Project was established to confront this challenge and opportunity.

"The United States needs to adopt a different approach. To break out of the costly cycle of crisis response and push back against the growing threat of extremist political orders, U.S. policymakers need to better balance efforts to respond to terrorist threats with efforts to prevent these threats from arising in the first place."

— Preventing Extremism in Fragile States: A New Approach Final Report of the Task Force on Extremism in Fragile States (2019)

ABOUT THE STRATEGIC PREVENTION PROJECT

With the support of the National Security Council staff, the Office of U.S. Foreign Assistance Resources ("F") launched the Strategic Prevention Project in 2018 to identify how the United States and international partners can better target foreign assistance to priority fragile states to reduce the risk and severity of violent conflict.

F oversaw this study, in close partnership with the Department of State's (State) Bureau for Conflict and Stabilization Operations (CSO) and the U.S. Agency for International Development's (USAID) Bureau for Policy, Planning, and Learning (PPL) and Bureau for Democracy, Conflict and Humanitarian Assistance (DCHA). A broader group of State, USAID, and other U.S. Government stakeholders provided input and expertise throughout the undertaking, including members from the Departments of Defense, Justice, and Treasury as well as the Millennium Challenge Corporation and the U.S. Institute of Peace (USIP). Representatives from multilateral donors, think tanks, advocacy-based organizations, academic institutions, and implementing partners also contributed their expertise through interviews, focus groups, and roundtables during initial data collection and later feedback sessions on the analysis and findings.

With this project, F and its collaborators sought to better understand the extent to which the current thinking on good practices in conflict prevention translated into practice in past U.S. assistance strategy and plans. The Strategic Prevention Project specifically aimed to:

- Marshal and consolidate insights from vast academic and policy literature on preventing violent conflict in fragile states as well as from expert interviews of policymakers, academics, and practitioners;
- Assess historic U.S. and international assistance spending patterns and strategic focuses with corresponding proxy indicators across eleven focus countries according to those consolidated best practices; and
- Identify, vet, and validate recommendations for a primary audience of U.S. Government policymakers to improve future foreign assistance to high-risk fragile states.

Frontier Design led the research and analysis efforts for this Project. Given budget and scope constraints, the Strategic Prevention Project was not a field- or program-level evaluation nor a statistical analysis of correlation. It did not focus on any single foreign assistance account; rather it sought to identify overall trends and insights that could be applied across U.S. foreign assistance in each country's context.

For more details on the Project's research and analysis methods, see the Appendix. The Strategic Prevention Project focused its analysis primarily on foreign assistance. However, the Project recognized from the start the critical role that diplomacy and defense play in conflict prevention. Many of the Project's conclusions highlight linkages between assistance and diplomatic, defense, and other economic tools. In addition, the Project noted that funding priorities were often directed by the U.S. Congress or the Administration in support of other foreign policy goals.

The Project relied upon broad pattern analysis of assistance spending and conflict prevention practices from qualitative and quantitative sources, which included:

- A literature review of over 150 U.S. and international publications on violence, conflict prevention, and fragility;
- Individual interviews, consultations, and focus groups with over 100 conflict prevention experts and practitioners across the U.S. Government, multilateral and bilateral institutions, academia, think tanks, and non-governmental organizations (NGOs);
- Analysis of U.S. Government and international assistance spending patterns from 2007-2016, alongside indicators for governance, stability, and related principles for eleven focus countries (Bosnia and Herzegovina, Honduras, Indonesia, Jordan, Kenya, Mali, Nepal, Niger, Peru, Tunisia, and Ukraine): countries that were not experiencing armed conflict in 2006-2007 but demonstrated high levels of fragility and conflict risks;
- A review of U.S. Government operational plans for foreign assistance and similar strategy and operational documents from multilateral partner donors for alignment with conflict prevention principles; and
- Two qualitative deep dive cases (Kenya and Indonesia) to better understand the U.S. Government's applications of best practices, including a review of program evaluations and related documents and interviews with select regional experts.

STRATEGIC PREVENTION: DEFINITION AND KEY PRINCIPLES

The Strategic Prevention Project focused primarily on lessons and good practices of conflict prevention but sought to expand upon traditional understandings of conflict prevention to overcome sectoral barriers and address evolving challenges facing fragile states. Accordingly, the Project introduced and expanded upon a new concept of "strategic prevention." This new concept bridges two categories of conflict prevention approaches commonly referred to in the prevention literature: *operational* or short-term efforts to mitigate escalating conflict risks and *structural* or longer-term efforts focused on addressing root causes and risks of violent conflict.[9] It underscores the need to apply the full array of foreign policy tools and capabilities – across diplomacy, defense, foreign assistance, and private sector investment and trade – to achieve prevention goals. At the same time, the concept promotes a strategic and targeted approach based on assessment of core U.S. interests, influence opportunities, risk factors, and cost-effective use of resources.

Through an extensive review of literature and expert consultations, the Project distilled and validated twelve core principles for strategic prevention in fragile states, outlined in Figure 2. These principles build upon recent major studies on prevention and fragile states, in particular the UN-World Bank's *Pathways for Peace* and the London School of Economics (LSE)-Oxford Commission on State Fragility, Growth, and Development. These principles are organized into three categories: (1) promoting inclusive and just political systems that foster social cohesion; (2) increasing institutional resilience to shocks and threats; and (3) strengthening pro-peace constituencies and mechanisms.

As its first pillar, strategic prevention in fragile states involves promoting inclusive and just political systems that foster social cohesion. The level of polarization in weak or partial democracies is the most predictive variable for which countries are likely to fail or experience violent regime change.[10] A recent comparative study found that a major factor separating the outbreak of violent conflict from sustained peace in certain countries was the "the implementation of policies that enabled previously excluded groups to influence government policy."[11] The grievances that fuel conflict are often rooted in historical, cultural, geographical, and socio-political dynamics unique to each context. However, in general, efforts to foster inclusiveness and cohesion should include enhancing capacities that enable equitable access to security and justice as public goods, supporting social and economic linkages across different communities, providing incentives to address the needs of marginalized and minority groups, and encouraging institutional reforms in governance functions to increase legitimacy.

FIGURE 2. PILLARS OF STRATEGIC PREVENTION

The second pillar of strategic prevention in fragile states is to increase institutional resilience to political and economic shocks and threats. Shocks such as natural disasters, price inflation, or disputed elections, as well as persistent threats such as endemic corruption and transnational crime often lead to instability in fragile states. The ability of the government and society to address the impacts of these shocks and threats quickly and fairly is critical to reduce the risk of violent conflict and instability.[12] Potential entry points include strengthening election administration, management, and monitoring; promoting government "checks and balances" (e.g., fostering parliamentary capacity, strengthening the rule of law, and bolstering independent media and civil society watchdog organizations); advocating for and investing in the role of women in positions of leadership across public and private spaces; and assisting in the development and implementation of disaster risk reduction (DRR) strategies and mechanisms.

"[A]n escape from fragility is a gradual process of the state developing effective checks and balances on power-holders and developing a sense of common public purpose...the building blocks of effective democracy – including checks and balances, rule of law, and protection of minorities – are more important than the actual event of holding a multi-party election."

— Escaping the Fragility Trap, LSE-Oxford Commission on State Fragility, Growth and Development (2018)

"Exclusion from access to power, opportunity, services, and security creates fertile ground for mobilizing group grievances to violence, especially in areas with weak state capacity or legitimacy or in the context of human rights abuses."

— Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict, UN-World Bank (2018)

The third pillar of strategic prevention is to strengthen pro-peace constituencies and mechanisms. Especially in fragile contexts, non-governmental systems and entities wield significant influence and can support societal resilience through a range of social institutions, such as the private sector, schools, and civil society.[13] All of these institutions can serve as critical constituencies to reinforce peace. To bolster their peacebuilding role, assistance could aim to strengthen mechanisms by which these entities handle conflict and sustain peace. This could include targeted efforts to improve the private sector climate for small- and medium-sized enterprises, foster improvements in and sustainable financing of education (particularly secondary education) and strengthen civil society capacities for mediation and dispute-resolution. When linked with civil society, regional institutions, such as the African Union, and other sub-regional bodies, which have deep context-sensitive insights and long-standing regional trust, are invaluable for early warning and response to escalating risks.[14]

> *"A country's fragility is like a complex, chronic medical condition: treating it requires a multi-pronged and often experimental approach that can include, for example, facilitating equitable access to security and justice, building social and economic ties among communities, and strengthening mediation and alternative dispute-resolution mechanisms."*
>
> *— USAID Policy Framework: Ending the Need for Foreign Assistance (2019)*

Both the content of assistance and how that assistance is delivered matter for effective strategic prevention. Both the approach and quality of intervention matter greatly for impact. How assistance is delivered can either reduce or reinforce group divisions and grievances. Strategic prevention is an inherently political endeavor and must be sensitive to how assistance impacts national and local power dynamics. Local commitment and political will to support prevention will influence the effectiveness of external assistance.

In its recent report, the *Task Force on Extremism in Fragile States* outlined principles for how to implement prevention assistance, complementing the findings of the Strategic Prevention Project.[15] Assistance must both begin early and be sustained for prevention to be successful over the long-term.[16] Likewise, prevention must be founded on a context-sensitive analysis and on monitoring of risk and resilience and be sufficiently flexible to adapt to contextual changes.[17] Coordination is at the heart of effective prevention, both in terms of coordination between U.S. Government agencies and across sectors, and in division of labor, harmonization, and information sharing with other donors.[18] Perhaps most importantly, efforts must prioritize supporting nationally- and locally-led visions and initiatives to promote lasting, sustainable peace.[19]

FOREIGN ASSISTANCE AS A TOOL FOR PREVENTION?

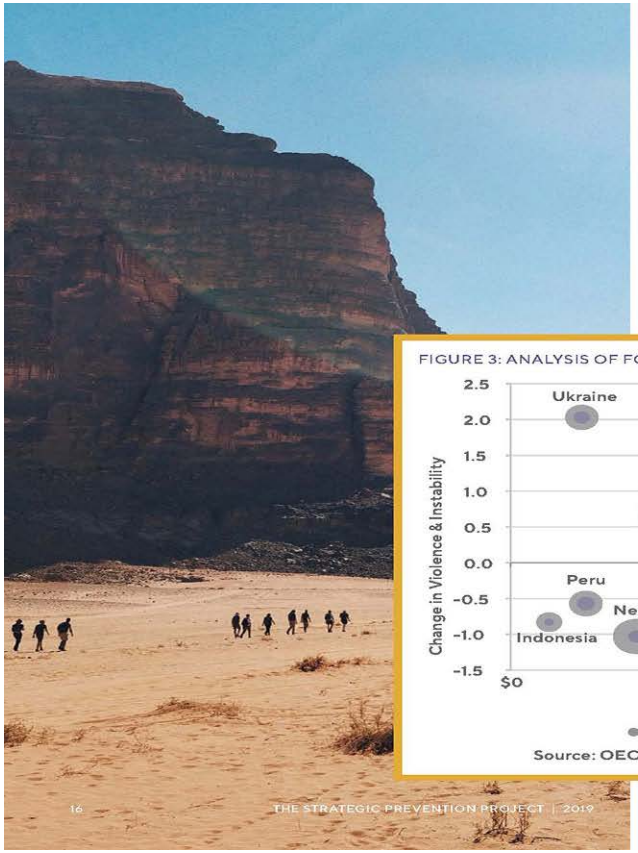
ANALYZING SPENDING OVER THE PAST DECADE

The Strategic Prevention Project reviewed assistance spending and planning documents from the past decade (2007–2016) to a sample of fragile states to understand the extent to which U.S. and other donors prioritized preventing violent conflict and the above principles across assistance. Assistance spending patterns were also assessed in light of stability and conflict trends in those countries over the past decade, using proxy indicators from among publicly available datasets such as the Fragile States Index and the Varieties of Democracy Institute.

In all contexts, U.S. assistance serves multiple policy objectives dictated by various Congressional and Administration directives, such as those for global health, food security, and basic education. This Project aimed to identify areas where assistance was aligned with and contributing to the prevention of violent conflict, even if that was not a stated primary objective of assistance. It is important to understand the findings in this light. Nevertheless, this analysis revealed several key insights for future efforts to elevate strategic prevention in foreign assistance approaches:

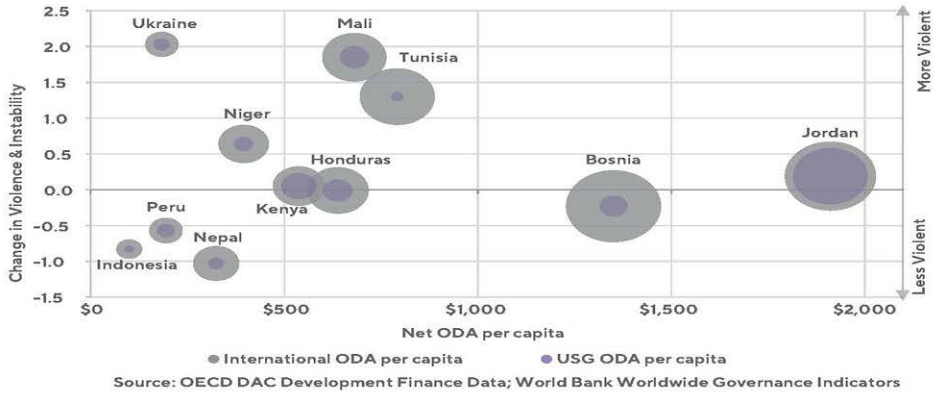
1. ***In most fragile states, the United States and other international donors have not identified prevention of violent conflict and instability as an explicit goal for assistance.***

   Specific goals for preventing violent conflict and instability were not outlined as priorities in most of the country assistance plans reviewed. The lack of explicit goals for prevention makes it difficult to assess the associated alignment and impact of assistance resources. The notable exceptions were in places where the United States and other international donors focused on supporting peace agreement implementation (e.g., Bosnia and Herzegovina, Indonesia). In most countries, assistance priorities reflected the objectives of Congressional and Administration directives, including Presidential Initiatives for development assistance globally, such as PEPFAR. Nevertheless, since 2016, USAID staff report they have begun to include more conflict-related development objectives in strategic planning documents for select fragile states.



Some assistance documents imply a broad link between increased levels of foreign assistance and the stability of the recipient countries. Among the countries analyzed, there is evidence that sharply increased assistance helped countries withstand political and economic shocks such as refugee influxes (e.g., Jordan) or contested elections (e.g., Kenya) and prevent an escalation of violent conflict. However, as shown in Figure 3, the Project's analysis of the eleven case study countries did not demonstrate a direct connection between overall levels of assistance and stability. The priorities, strategy, and quality of assistance mattered at least as much as, if not more than, the volume of assistance.

FIGURE 3: ANALYSIS OF FOREIGN ASSISTANCE PER CAPITA AND CHANGES IN LEVELS OF VIOLENCE, 2007-2016

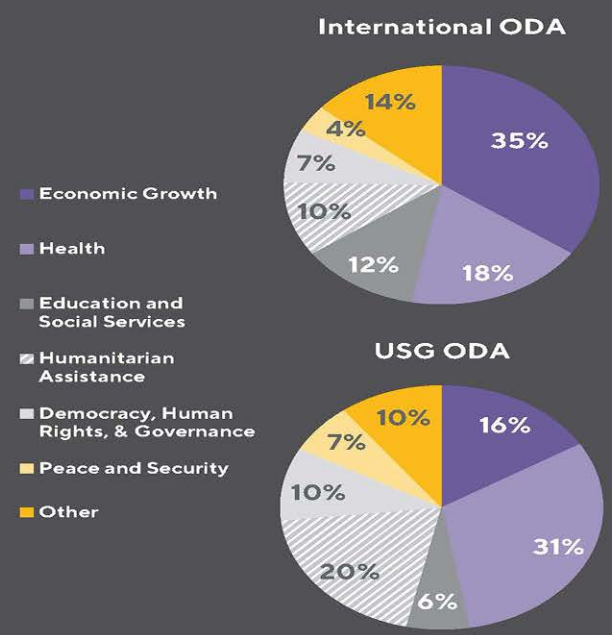


Source: OECD DAC Development Finance Data; World Bank Worldwide Governance Indicators

2. *A significant proportion of foreign assistance to fragile states has been devoted to economic growth, education and social services, and health, without stated links to prevention.*

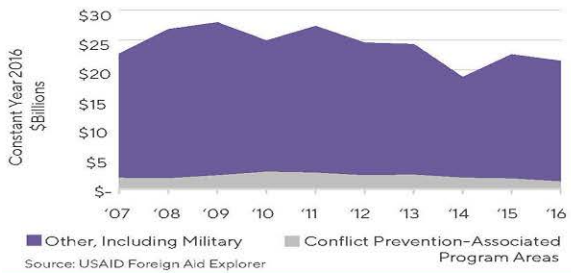
Figure 4 shows the breakdown of U.S. and international ODA to the analyzed countries by sector. Assistance programs for economic growth, education and social services, and health account for approximately two-thirds of this assistance. Such programs are foremost responsive to their own sectoral objectives. Although at the same time, these programs can support prevention goals if they focus on promoting political inclusion and social cohesion or strengthening pro-peace constituencies as secondary objectives. The assistance plans for most of the countries reviewed did not examine such connections or make links to prevention in these program areas. Based on interviews, the lack of a common analysis of conflict risks and resiliencies impeded cross-sectoral coordination. Indonesia provided a positive example, however, of how proactive conflict sensitivity can be incorporated across sectors.

FIGURE 4. NET ODA TO SELECT FRAGILE STATES BY SECTOR 2007-2016



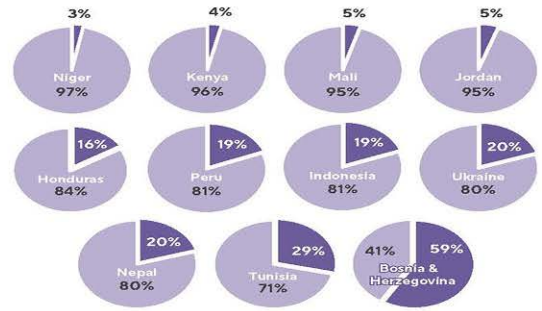
Source: OECD DAC Development Finance Data

FIGURE 5. U.S. FOREIGN ASSISTANCE TO FRAGILE STATES, 2007-2016



Source: USAID Foreign Aid Explorer

FIGURE 6. PROPORTION OF U.S. FOREIGN ASSISTANCE DEVOTED TO AREAS ASSOCIATED WITH PREVENTION, 2007 - 2016



Source: USAID Foreign Aid Explorer

3. *Levels of assistance to program areas directly linked to prevention of violent conflict have varied considerably across fragile states but have remained constant overall.*

The Project identified several categories of assistance that most closely aligned with the outlined principles for strategic prevention, such as good governance, rule of law and human rights, civil society, and conflict mitigation and reconciliation (for more details, see the Appendix). We estimate that 9 percent of all U.S. foreign assistance to fragile states over the past decade went toward these program areas. Funding for these areas of assistance remained relatively constant over the past decade (see Figure 5).

The proportion of assistance to these areas associated with prevention varied dramatically across the analyzed countries, with relatively lower levels in Africa and the Middle East. Among the eleven countries in this study, the Project assessed that the percentage of U.S. foreign assistance that went toward the categories directly linked to strategic prevention ranged from 3 percent to 59 percent (see Figure 6). In Africa and the Middle East, large amounts of assistance were focused on health, humanitarian, and counterterrorism objectives, while resourcing certain prevention-related areas (e.g., good governance, civil society strengthening) was less of a priority. This is, in part, a result of global Congressional and Administration directives for U.S. assistance spending that affect allocation of assistance to fragile states.

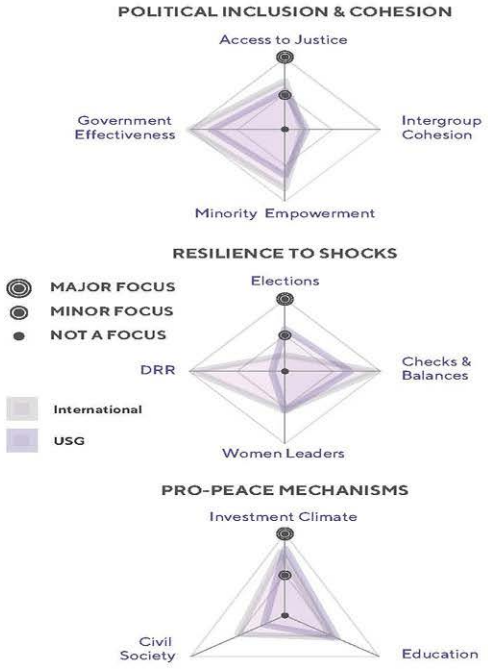
4. *The United States and other international donors have incorporated some strategic prevention principles in assistance to fragile states, but other key principles have been seldom applied (e.g., political inclusion, social cohesion).*

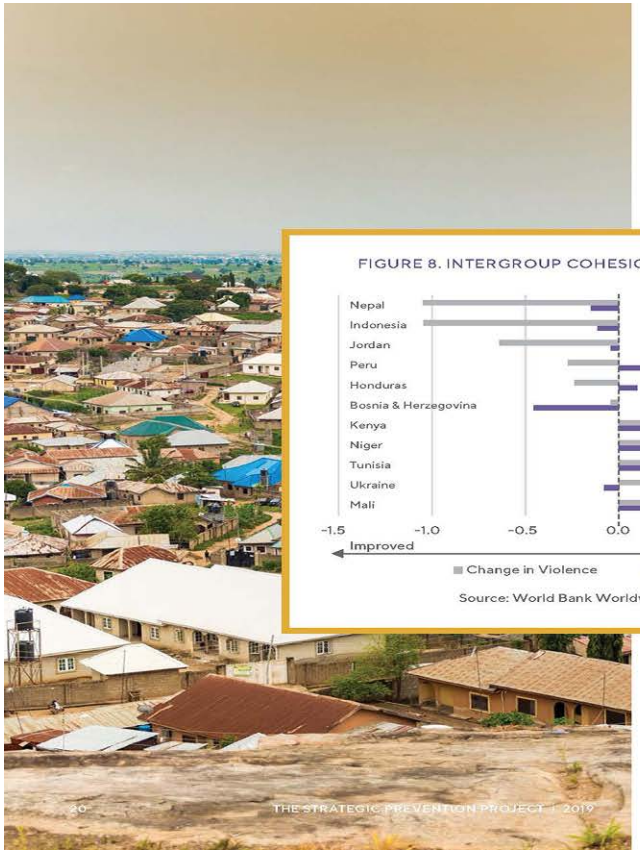
Examination of U.S. Government and international partner strategy documents revealed areas of strategic alignment and divergence in application of the above principles for strategic prevention (see Figure 7). Across most of the analyzed countries, donors placed significant focus on improving the capacity of governance institutions and fostering a better climate for economic investment. However, addressing the political barriers to inclusion, seeking to build meaningful ties across divided groups, and strengthening civil society mediation capacities did not appear to be major areas of strategic focus for assistance in most of the countries analyzed.

> The charts to the right are based upon an analysis of U.S. and international partner strategic documents from 2007–2016, averaged across the eleven focus countries.[20]

Supporting institutional reforms in governance functions to effectively deliver services was a significant priority for U.S. and international assistance in many countries, but far less priority was given to promoting inclusive and just political systems that foster social cohesion and reduce group divisions. The Project highlighted increasing research showing that increased group factionalization is often associated with increased violence, while decreased factionalization often accompanies reduced violence. As shown in Figure 8, the Project's analysis of the eleven sample countries further affirmed the link between intergroup cohesion and risks of violent conflict.[21]

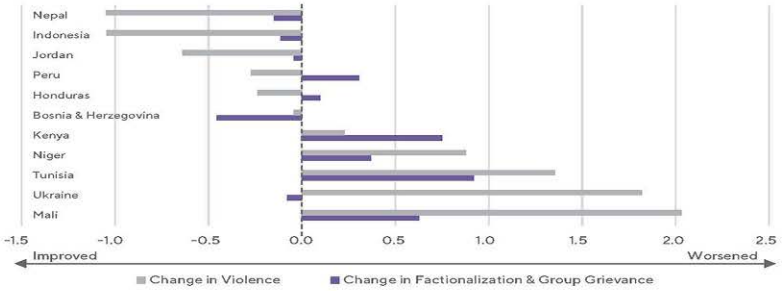
FIGURE 7. FOCUS ON PREVENTION PRINCIPLES: ALIGNMENT OF U.S. AND INTERNATIONAL ASSISTANCE PLANS, 2007–2016





Additionally, the United States provided high levels of security sector assistance (SSA) to several of the analyzed countries. Research suggests that SSA can contribute to prevention by reinforcing institutional resilience to shocks and threats, but it can also aggravate conflict drivers and group divisions if poorly delivered and not coordinated with larger prevention strategies.[22]

FIGURE 8. INTERGROUP COHESION AND PATTERNS OF VIOLENCE



Source: World Bank Worldwide Governance Indicators; Fragile States Index

The net level of U.S. SSA to the eleven countries was not associated with net changes in violence and instability across the countries. Based on the Project's review of assistance plans, much of the SSA provided to these states was focused on building the capacity of partner security forces to disrupt threats (e.g., terrorism) and/or secure borders. While some programs included efforts to improve security sector governance, access to justice, and the rule of law, these areas appear to be secondary priorities or not prioritized in several of the analyzed countries. State officials report that there have been some promising initiatives in recent years to promote more holistic approaches to SSA in fragile states, such as the *Security Governance Initiative*.[23]

5. *Foreign assistance is most effective as a tool of prevention when it is closely coordinated with diplomacy and incentivizes host-nation reform agendas.*

Political transitions and electoral periods pose particular risks and opportunities; timely external assistance has been successful at preventing violence when linked to diplomatic engagement. After the violence of the 2007 Kenyan elections, the United States and other donors sharply increased assistance to prevent violence through the 2013 election. This sharp increase in assistance was accompanied by targeted diplomatic efforts, which contributed to relatively violence-free elections in 2013. The deployment of diplomats from CSO to key violence-prone "hot spots" in Kenya helped to better fuse diplomatic action with programmatic interventions (see Box 1). Sustained engagement to promote democracy and governance is also important; in some countries, efforts to prevent electoral violence were not followed by broader assistance to strengthen democratic institutions and address polarization resulting from contested elections.

BOX 1: KENYA
LINKING ASSISTANCE AND PREVENTATIVE DIPLOMACY

Polarized politics tied to ethnic groups, weak rule of law, and longstanding socio-economic grievances drove violence after the 2007 election that killed over 1,100 and displaced 650,000.[24] Recognizing a need for targeted prevention around Kenya's elections, international assistance to Kenya increased dramatically following the 2007 elections and remained at high levels until after the 2013 elections.[25] During this period, U.S. and international engagement in Kenya demonstrated that coordinated diplomacy at both the capital and sub-national levels can help monitor flashpoints, provide a critical link between political messaging and assistance, and support local civil society reformers.

In the 2013 elections, both State and USAID deployed additional officers to support the U.S. Embassy in Nairobi to monitor sub-national areas and tailor programs in potential hotspots. State/CSO staff coordinated international election monitoring and facilitated interagency cooperation to prevent electoral violence. CSO field staff worked closely with USAID to ensure high-level diplomatic messaging was closely coordinated with U.S. and other donor election programing. Staff flagged signals of hate speech and supported coalitions of Kenyan civil society actors dedicated to peaceful elections. Meanwhile, high-level diplomacy on delicate topics made space for field-level implementers. For example, in one case, Embassy-level engagement with a Kenyan political party protected USAID youth political participation programs in the field.[26]

BOX 2. INDONESIA
ALIGNING ASSISTANCE WITH LOCAL LEADERS, PARTNERS, AND DONORS

In Indonesia, the United States and other donors aligned assistance with the Government of Indonesia's national development plan, which prioritized conflict prevention and social cohesion.[27] USAID/Indonesia based its five-year development plan upon intensive individual and group consultations with people in national and local governments, civil society, universities, private sector, religious leaders, and other stakeholders at all levels society, which provided a deep understanding of conflict risks and resiliencies. Successful programs supported political and civil society reformers at the national and local level, such as members of parliament, city council members, or religious leaders.[28]

Indonesia also provides a good example of close coordination between international donors. As the third largest donor after Japan and Australia, the United States provided an estimated 11 percent of assistance to Indonesia from 2006 to 2016. The United States coordinated closely with Australia, an influential power in the region, on areas of comparative advantage and burden sharing. During the 2014 elections, both donors funded separate components of election administration programming; when the U.S. moved out of that sector, it handed off its programming to Australia, demonstrating a practical model for cooperation.

Assistance is also most effective when it is aligned with host-nation leaders and priorities, fostering local ownership and sustainability, in line with development cooperation effectiveness principles. Indonesia provides a positive example in this regard (see Box 2). However, coordinating with national leaders can be difficult in many fragile environments where leaders benefit from exclusionary practices. Analysis is critical to understand the interests and incentives of those leaders and how external assistance may affect those dynamics. In such difficult cases, assistance should be targeted and sequenced to lay the groundwork for future prevention efforts. Donors should look for ways to support non-governmental actors who can serve as critical pro-peace constituencies.

EFFECTUATING STRATEGIC PREVENTION IN FOREIGN ASSISTANCE TO FRAGILE STATES

RECOMMENDATIONS FOR FUTURE ACTION

Every country is unique, and prevention must be context-specific. Nevertheless, analysis of assistance spending over the past decade demonstrates the need for better defined principles and guidelines for preventing violent conflict and instability that can be applied across fragile states. The below recommendations outline steps that could be taken to elevate and effectuate strategic prevention in foreign assistance. These recommendations complement those of the recent final report of the Task Force on Extremism in Fragile States and would also position State and USAID to better implement the *Global Fragility Act* if enacted into law.

"The Secretary of State, in coordination with the Administrator of the United States Agency for International Development (USAID), the Secretary of Defense...[shall] establish an interagency initiative...to stabilize conflict-affected areas and prevent violence and fragility globally."

— Global Fragility Act (H.R. 2116, passed May 21, 2019)

1. ***Establish Agreed Principles for Strategic Prevention: Elevate and mainstream the concept of "strategic prevention" and associated principles in assistance planning for relevant fragile states.***

The first step toward ensuring U.S. foreign assistance is aligned and advancing prevention of violent conflict is to agree upon a clear framework and principles. This Project concluded that the concept of strategic prevention can help to elevate and integrate preventative efforts to address both short- and long-term risks and work across functional areas and foreign assistance sectors. State and USAID should agree upon a set of practicable principles for strategic prevention, building upon the principles identified by this Project (see Figure 2).

> *"And to improve our work in fragile contexts, we will integrate conflict-sensitivity across sectors and find innovative ways to address the low levels of capacity, commitment, trust, and social cohesion that pervade fragile countries."*
>
> *— USAID Policy Framework: Ending the Need for Foreign Assistance (2019)*

These principles can then be used to more rigorously assess the extent to which assistance plans for relevant countries are focused on preventing violent conflict and instability. The United States may have other national security goals (e.g., counterterrorism) that take precedence over prevention in the short-term in certain countries, but even in those instances, these principles can help to identify long-term risks and opportunities.

2. *Apply Strategic Prevention Principles across Assistance Planning and Implementation: Elevate, expand, and mainstream tools and practices for conflict-sensitive assistance analysis, planning, and design across sectors and across the U.S. Government.*

With agreed principles for strategic prevention, State and USAID should then take steps to ensure those principles and other good practices are applied consistently across assistance to relevant countries as identified by an interagency prioritization process. Assistance across sectors and across U.S Government agencies and departments should be informed by rigorous conflict analysis, particularly to assess risk factors related to patterns of social cohesion, perceived inclusivity between and among groups, and the current and potential degrees of factionalization or polarization among political elites. Analysis should also explore resiliencies and opportunities to promote inclusive, just, and accountable systems through assistance programming.

As shown in Box 3, USAID has developed multiple documents and tools to inform conflict-sensitive programming over the past fifteen years (e.g., *A Guide to Economic Growth in Post-Conflict Countries*). Several State bureaus have also incorporated relevant best practices into their programming guides, for example with justice sector programming. Yet, to date, these best practices and technical guidance have not been applied consistently or comprehensively across the U.S. Government. These guidance tools should be mainstreamed across the design and delivery of all assistance in relevant countries. Additional guidance documents should be developed as necessary, for example to promote conflict-sensitive programming in the major assistance areas of education, health, or the security sector. State and USAID should expand related training opportunities for assistance planners.

BOX 3. SAMPLE LIST OF EXISTING USAID CONFLICT-SENSITIVE GUIDELINES

- Conflict Sensitivity in Food Security Programming
- Oil and Conflict- Technical Brief
- Women & Conflict
- Electoral Security Framework: Technical Guidance Handbook for Democracy and Governance Officers
- Energy Security and Conflict: A Country-Level Review of the Issues
- Checklist for Conflict Sensitivity in Education Programs
- Water & Conflict
- Religion, Conflict & Peacebuilding
- Youth & Conflict
- Livelihoods & Conflict

3. *Promote Greater Coherence between Assistance and Diplomacy for Strategic Prevention: Establish mechanisms and processes to ensure programmatic interventions in relevant countries are better coordinated with preventative diplomatic efforts.*

Strategic prevention is an inherently political endeavor that seeks to strengthen the capacity of local leaders to manage conflict peaceably, adapt to shocks, and guard against subversion by malign external actors. Accordingly, assistance should be closely coordinated with diplomatic engagement at the national and local levels to enable a political impact. As demonstrated in Kenya, diplomatic efforts can help to target assistance, facilitate its delivery, and amplify its effects. Elsewhere, U.S. embassies have rallied diplomatic, development, and defense actors around atrocities prevention objectives, increasing coordination and resource alignment.

> *"The Department [of State] and USAID will make early investments in preventing conflict, atrocities, and violent extremism before they spread."*
>
> *— Joint Strategic Plan: FY 2018-2022, U.S. Department of State & USAID*

State and USAID should explore ways to better integrate assistance with preventative diplomacy efforts, leveraging tabletop exercises, joint trainings, and integrated diplomatic and development field deployments.

Additionally, diplomatic efforts should promote strong coordination between assistance efforts and the reform agendas of host-nation leaders. In contexts where leaders and institutions lack sufficient capacity, the U.S. Government and other donors should pursue a gradual approach in working with local authorities, building their capacity before implementing improvements.[29] This will require greater emphasis on enabling diplomats and development officials to gain access to sub-national areas. Related, State and USAID have developed policy directives on adaptive management to facilitate continuous learning and adaptation of programming in complex contexts threatened by violence and fragility.[30]

4. *Mobilize Data to Track Strategic Prevention Assistance in Fragile States: Design meaningful metrics for tracking prevention-related assistance as well as conflict and violence trends and risks in relevant fragile states over time.*

The management specialist Peter Drucker famously said, "If you can't measure it, you can't improve it." State and USAID should establish better criteria for measuring which assistance programs and projects are supporting strategic prevention, which would allow for consistent categorization and more robust assessment of related assistance flows. This would help resolve the current challenge of accurate assessment exposed by this Project: inconsistent application of proxy categories for prevention across the U.S. Government and partners can lead to differing estimates of how much and which assistance to a given country is supporting prevention.

Additionally, more systematic tracking and rigorous analysis of data on conflict risks and resilience over time would inform better planning and review of U.S. Government assistance to relevant countries. State and USAID should agree upon a set of country indicators that reflect the strategic prevention principles as well as indicators of societal violence. Data on these indicators could be collected as part of existing mechanisms, such as State/CSO's new Instability Monitoring and Analysis Platform and visualized alongside related assistance in country scorecards. To support its country analysis, the Project developed a country scorecard that synthesized and visualized data on both assistance spending and stability trends (see Figure 9).

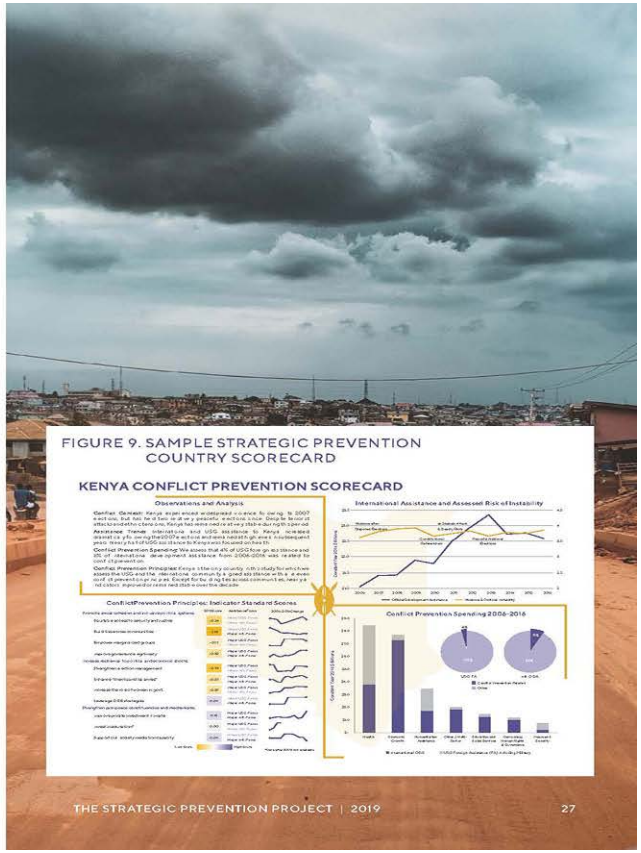


FIGURE 9. SAMPLE STRATEGIC PREVENTION COUNTRY SCORECARD

5. *Engage Congress and Other Donors to Augment Strategic Prevention Programming: Work with Congress and other donors to promote programs that directly advance Strategic Prevention principles across priority countries, particularly to promote political inclusion, strengthen "checks and balances," and enhance civil society mechanisms.*

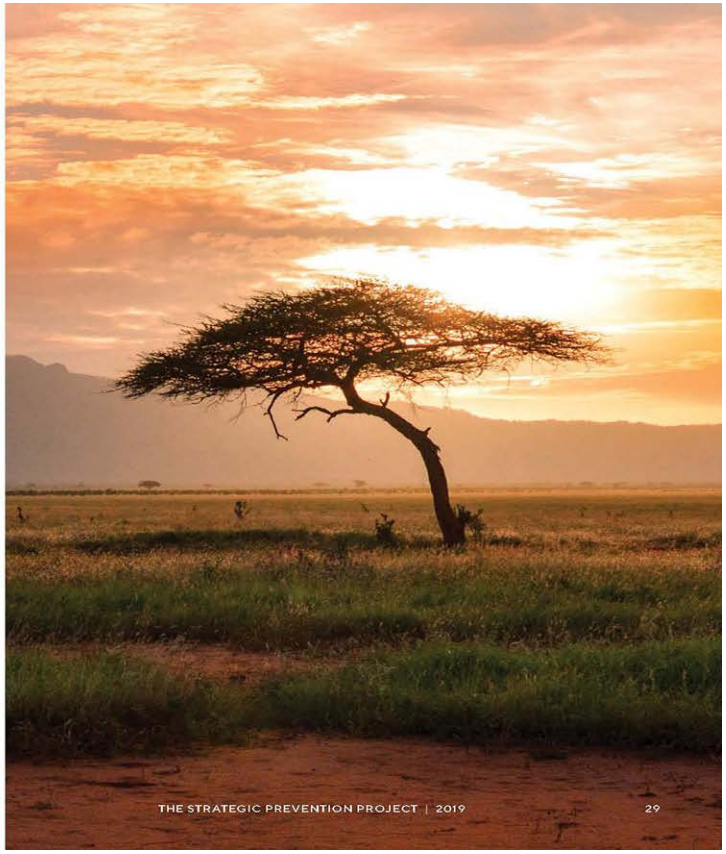
This Project found that, in many places where Strategic Prevention could have – and perhaps ought to have – been a leading policy priority, it was not. In particular, the Project identified opportunities to enhance assistance in the key areas of promoting political inclusion, fostering "checks and balances," and strengthening civil society capabilities to manage conflict. To the extent possible, State and USAID should engage with Congress to seek dedicated resources and flexibility to support cross-sectoral strategic prevention programming. The *Global Fragility Act*, as introduced by the House and Senate, would authorize funds for this purpose.

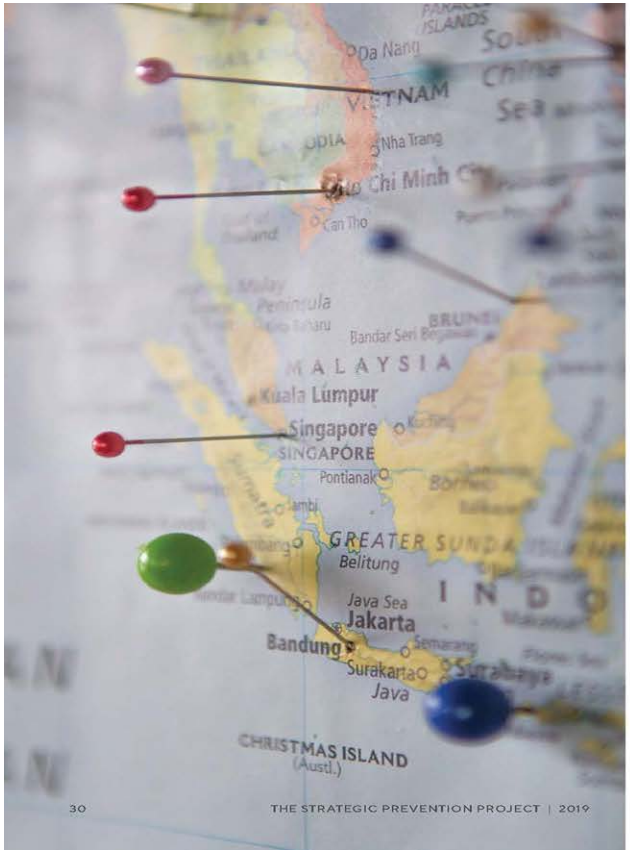
Additionally, other donors also have a critical role to play in supporting strategic prevention. The international community has increased funding for fragile states over recent years but needs to shift focus to how much of that funding is directly supporting prevention goals. The United States should use its influence with the World Bank and UN as international entities to promote this approach where possible. The United States should also continue to engage bilateral donors to promote greater coordination and burden-sharing, including complementarity, for strategic prevention. CSO represents State in the Stabilization Leaders' Forum (SLF),[31] which provides another diplomatic vehicle to advocate for prevention. Public-private partnerships for conflict-sensitive economic development are also a promising area. USAID's new *Private Sector Engagement Policy* suggests that the best private sector partners are those whose businesses depend on positive development outcomes.[32]

CONCLUSION

Though difficult, foreign assistance can help to prevent violent conflict and instability through targeted, flexible, context-relevant approaches. There is a unique moment of opportunity now to elevate the role of foreign assistance as a tool of strategic prevention, with bipartisan agreement in Congress on the need for prevention and increasing willingness on the part of international donors to invest in prevention strategies. Seizing this opportunity will require a more disciplined approach to how the United States and other international actors provide and structure assistance to fragile states at risk of violence.

This Project has identified concrete steps that can better align foreign assistance toward the prevention of violent conflict, incorporating strategic prevention across policy, planning, design, and delivery of assistance. By taking a more strategic approach to prevention in fragile states, the United States can pave the way for closer coordination with other international actors and promote greater stability and self-reliance of key partner nations. This strategic approach will enable the United States to better interrupt cycles of violence and fragility abroad, protect its long-term interests, and achieve better outcomes for the American taxpayer.





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APPENDIX – PROJECT METHODOLOGY

The Strategic Prevention Project was an overarching assessment of foreign assistance trends and practices, intended to inform future U.S. Government processes. It involved primary data collection through interviews, secondary quantitative analysis from publicly available data, and secondary qualitative analysis of assistance documentation. It did not involve field-level or program-level evaluation.

THE PROJECT WAS ORGANIZED AROUND THREE PHASES:

- Phase 1: Marshal and consolidate insights from vast academic and policy literature on preventing violent conflict in fragile states as well as expert interviews of policymakers, academics, and practitioners;
- Phase 2: Assess historic U.S. and international assistance spending patterns and strategic focus with corresponding proxy indicators across eleven focus countries according to those consolidated best practices; and
- Phase 3: Identify, vet, and validate recommendations for a primary audience of U.S. Government policymakers to improve future foreign assistance to high-risk fragile states.

• PHASE 1

For the first phase, the Project developed a set of strategic prevention principles through an extensive review of scholarly and practice-oriented literature from the last two decades and consultations with over one hundred conflict prevention and peacebuilding experts across government, academia, civil society, and partner institutions (see Box 4).

The research team compiled a presentation on "what we know" about preventing violent conflict in fragile states, which was presented to senior State and USAID leaders and informed the development of the strategic prevention principles. This report described those principles in brief, but more detailed information is available upon request.

BOX 4: EXPERT INTERVIEWS AND CONSULTATIONS

- Over 50 government officials from State, USAID, and the U.S. Institute of Peace
- Members of USAID's Fragility Working Group
- Advisors of the U.S. Institute of Peace's *Task Force on Extremism in Fragile States*
- UN officials and academic contributors to the UN-World Bank's *Pathways for Peace* report
- Lead authors of the OECD's *States of Fragility* report
- Lead evaluator for the European Union's conflict prevention and peacebuilding evaluation
- Experts from leading think tanks (e.g., American Enterprise Institute, Carnegie Endowment for Peace, Center for Strategic and International Studies, Council on Foreign Relations, RAND Corporation)
- Civil society and non-governmental representatives (e.g., Alliance for Peacebuilding, Catholic Relief Services, Cure Violence, Mercy Corps, Peace Direct, World Vision)
- Academic experts (Dartmouth, Johns Hopkins, Stanford)

BOX 5: CRITERIA FOR SELECTION OF FOCUS COUNTRIES

- With guidance from an interagency steering committee, the Strategic Prevention Project study team selected eleven countries for pattern analysis using the following criteria. Countries were selected to represent a balance of different conflict and fragility profiles and regional variance, as well as availability of existing case study analysis.
- Countries that did not have an active major armed conflict in 2007: less than 1,000 battle deaths in 2007, according to the Uppsala Conflict Data Program (UCDP)[33]
- Countries with significant fragility: a score of 70 or greater (warning level) on the Fragile State Index in 2007
- Countries with high levels of or noticeable change in violence and instability during the subsequent decade, according to the World Bank's Political Stability and Absence of Violence indicator
- Countries with substantial levels of U.S. Government foreign assistance over the past decade
- Countries with national security relevance

•• PHASE 2

In the second phase, the Project assessed the extent to which assistance from the U.S. Government and other international donor partners prioritized prevention of violent conflict and adhered to the strategic prevention principles through quantitative and qualitative analysis of assistance to eleven focus countries. Details on the selection of those country cases are provided in Box 5.

The Project compiled and analyzed assistance spending data for these focus countries, using both ODA data reported by the OECD Development Assistance Committee (DAC) and U.S. foreign assistance data from the Foreign Aid Explorer.[34] The Project did not focus analysis on specific U.S. Government spending accounts but rather examined assistance patterns as a whole. To support that analysis, the Project identified specific OECD DAC purpose codes and U.S. Government sector codes that were most directly associated with the strategic prevention principles. The Project built upon the methodology used by the OECD in its States of Fragility report but expanded it. More details on these codes are provided in Box 6.

The Project reviewed assistance spending trends in light of conflict and stability indicators in the focus countries. The Project primarily used the World Bank's Political Stability and Absence of Violence Indicator, one of the Worldwide Governance Indicators, to represent conflict trends.[35]

The indicator was adapted for this study so that positive change indicated an increase in violence and instability through the transformation y = -x + 2.5, resulting in scores from 0 to 5, where 0 represents a stable, violence-free country and 5 represents extreme violence and instability. For more detailed analysis, the Project also selected proxy indicators for eleven of the twelve strategic prevention principles. Indicators were selected from publicly available data related to peace, conflict, fragility, and development trends. More details on these indicators are available upon request.

In order to determine the level of strategic focus the U.S. Government and other international donors placed on each of the strategic principles, the study team reviewed U.S. Government foreign assistance Operational Plans for each country from the years 2006-2016.

BOX 6: ASSISTANCE CODES FOR STRATEGIC PREVENTION

OECD DAC Purpose Codes

- Anti-corruption organizations and institutions
- Business support services and institutions
- Child soldiers (prevention and demobilization)
- Civilian peace-building, conflict prevention and resolution
- Decentralization and support to sub-national government
- Democratic participation and civil society
- Disaster prevention and preparedness
- Elections
- Employment policy and administrative management
- Ending violence against women and girls
- Higher education
- Human rights
- Legal and judicial development
- Legislatures and political parties
- Media and free flow of information
- Participation in international peacekeeping operations
- Privatization
- Public finance management
- Reintegration and SALW control
- Removal of landmines and explosive remnants of war
- Secondary education
- Security system management and reform
- Women's equality organizations and institutions

ADD

USG Sector Codes

- Civil Society
- Conflict Mitigation and Reconciliation
- Democracy, Human Rights, and Governance
- Disaster Readiness
- Good Governance
- Higher Education
- Political Competition and Consensus Building
- Private Sector Competitiveness
- Rule of Law and Human Rights
- Stabilization Operations and Security Sector Reform
- Etc.

REMOVE

OECD DAC Purpose Codes

- Public sector policy and administrative management
- Tax policy and tax administration support
- Etc.

USG Sector Codes

- Combating Weapons of Mass Destruction
- Counter-Narcotics
- Counter-Terrorism
- Etc.

As a proxy for the international community, the team reviewed available UN Development Program (UNDP) Country Program Documents for each country from 2006–2016, which also documented related donor programming. This analysis was supplemented with strategic documents from the World Bank, the European Union, and regional development banks.

As referenced in the report, the Project developed a series of scorecards to visualize conflict, assistance spending, and related metrics for each of the focus countries. Scorecards like these could be used as a basis for data-driven monitoring of conflict risks and prevention-related assistance in select countries. Sample scorecards are available upon request.

Finally, to provide further insights into how assistance was delivered within particular contexts and coordinated with diplomatic efforts, the Project undertook qualitative deep dive studies of two of the eleven focus countries: Kenya and Indonesia. These deep dives included reviews of country assistance plans, evaluations, reports, and other program documents, as well as existing recent case study reports from partners. This was supplemented by interviews with current and former USAID and State personnel who had been active in Indonesia and Kenya during the past decade.

The findings of this phase of the Project have several important limitations. Given the Project's limited budget and scope, only eleven countries were studied as proxies for U.S. Government assistance recipients. With this limited sample size, the Project relied on pattern analysis of eleven focus countries rather than a statistical analysis for correlation. The Project did not seek to determine which assistance methods worked significantly better than others for preventing violent conflict, but whether and how strategic principles were incorporated into assistance in each country's context.

PHASE 3

The final phase of the Project involved the development and synthesis of future recommendations based on the previous analysis. This phase of the Project included consultations with a wide range of State, USAID, and other U.S. Government stakeholders. The research team also partnered with the U.S. Institute of Peace and Alliance for Peacebuilding, respectively, to convene roundtables with academic and non-governmental experts and solicit their recommendations.

NOTES

[1] Andrew Albertson and Ashley Moran, *Untangling the Complexity of Fragile States* (Washington, DC: Truman Center, March 2017), http://trumancenter.org/wp-content/uploads/2017/03/Untangling-the-Complexityof-Fragile-States.pdf; Sarah Chayes and Working Group on Corruption and Security, Corruption: The Unrecognized Threat to International Security (Washington, DC: Carnegie Endowment for International Peace, 2014), https://carnegieendowment.org/files/corruption_and_security.pdf; Freedom House, *Democracy in Retreat: Freedom In The World 2019* (Washington, DC: Freedom House, 2019), https://freedomhouse.org/report/freedom-world/freedom-world-2019; World Justice Project, Rule of Law Index 2019 (Washington, DC: World Justice Project, 2019), https://worldjusticeproject.org/ourwork/research-and-data/wjp-rule-law-index-2019.

[2] Croicu, Mihai, and Ralph Sundberg, "UCDP GED Codebook version 18.1," Department of Peace and Conflict Research, Uppsala University, last modified 2017, https://ucdp.uu.se/downloads/.

[3] Michael Igoe, "Q&A: The World Bank's pivot to fragile states," DevEx, published April 19, 2018, https://www.devex.com/news/q-a-the-world-bank-s-pivot-to-fragile-states-92572.

[4] United Nations and World Bank, *Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict* (Washington, DC: World Bank, 2018), https://openknowledge.worldbank.org/handle/10986/28337.

[5] OECD, *States of Fragility 2018: Highlights* (Paris: OECD Publishing, 2016), https://www.oecd.org/dac/conflict-fragility-resilience/docs/OECD%20Highlights%20documents_web.pdf.

[6] Michael Igoe, "World Bank looking for new options in fragile and conflict states," DevEx, published April 11, 2019, https://www.devex.com/news/world-bank-looking-for-new-options-in-fragile-and-conflict-states-94688.

[7] Peacebuilding is defined as efforts that "aim to manage, mitigate, resolve, and transform central aspects of conflict through official diplomacy, civil society peace processes, and informal dialogues, negotiations, and mediations." Peacebuilding seeks to resolve root causes of conflict through reconciliation, changing shared beliefs and attituded, and transforming individual and group dynamics. From: "What is Peacebuilding?" Alliance for Peacebuilding, accessed June 21, 2019, https://allianceforpeacebuilding.org/what-ispeacebuilding/.

[8] Kiron Skinner, "The U.S. Approach to Fragile States," presented March 14, 2019 at the Center for Strategic and International Studies, Washington, DC, https://www.state.gov/s/p/rem/2019/290715.htm.

[9] The research community has traditionally made a distinction between operational prevention (urgent, short-term or crisis-oriented activities taken to mitigate escalation of potential violent conflict, such as diplomacy and economic sanctions) and structural prevention (longer-term prevention focused on the broader enabling environment and root causes of conflict, such as security sector reform and human rights programs). Definitions of conflict prevention used by the U.S. Government and multilateral bodies vary between operational and structural prevention. The concept of Strategic Prevention is intended to encompass this full spectrum.

See: Barnett R. Rubin and Bruce D. Jones, "Prevention of Violent Conflict: Tasks and Challenges for the United Nations," *Global Governance* 13, no. 3 (2007): 391–408; Huma Haider and Brigitte Rohwerder, "Preventing and Managing Violent Conflict," Chap. 3 in *Conflict: Topic Guide* (Birmingham, UK: GSDRC, 2014): 45–82, retrieved from: http://www.gsdrc.org/wp-content/uploads/2014/07/CON72.pdf.

[10] This was a key finding of analysis of the Political Instability Task Force (PITF) Worldwide Atrocities Dataset, by PITF founding member Jack A. Goldstone and his team. The PITF utilized data analytics to identify factors that could lead to political instability, state collapse, or violent conflict to advice the USG interagency, intel community, and the National Security Council of escalating risks.

See: Jack A., Goldstone, Robert H. Bates, David L. Epstein, Ted Robert Gurr, Michael B. Lustik, Monty G. Marshall, Jay Ulfelder, and Mark Woodward, "A Global Model for Forecasting Political Instability," *AmericanJournal of Political Science* 54, no. 1 (2010): 190–208, https://doi.org/10.1111/j.1540-5907.2009.00426.x; Rachel Kleinfeld, *A Savage Order: How the World's Deadliest Countries Can Forge a Path to Security* (New York: Pantheon, 2008).

[11] Eric Min, Manu Singh, Jacob N. Shapiro, and Benjamin Crisman, "Understanding Risk and Resilience to Violent Conflicts: Empirical Studies of Conflict Project," ESOC Policy Paper, Princeton University (2017), https://esoc.princeton.edu/files/understanding-risk-and-resilience-violent-conflicts.

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[13] Karim Bahgat, Gray Barrett, Kendra Dupuy, Scott Gates, Solveig Hillesund, Håvard Mokleiv Nygård, Siri Aas Rustad, Håvard Strand, Henrik Urdal, and Gudrun Østby, *Inequality and Armed Conflict: Evidence and Data* (Oslo: Peace Research Institute Oslo, 2017), https://www.prio.org/Publications/Publication/?x=10538; Global

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[14] Seun Bamidele, "Regional Approaches to Crisis Response, the African Union (AU) Intervention in African States: How Viable Is It?" *India Quarterly* 73, no. 1 (2017): 114–128, doi: 10.1177/0974928417690085; David Steven and Gizem Sucuoglu, "What Works in Conflict Prevention? Development–Security Diplomacy Collaboration towards Better Results," Center on International Cooperation (CIC), New York University, Background paper for United Nations–World Bank Flagship Study, Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict. (Washington, DC: World Bank, 2017).

[15] Task Force on Extremism in Fragile States, *Preventing Extremism in Fragile States*, 36–42.

[16] Hans J. Giessmann, Janel B. Galvanek, Christine Seifert, "Curbing Violence. Development, Application, and the Sustaining of National Capacities for Conflict Prevention," background paper for United Nations–World Bank Flagship Study, *Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict* (Washington, DC: World Bank, 2017), https://www.berghof-foundation.org/nc/en/publications/publication/curbing-violencedevelopment-application-and-the-sustaining-of-national-capacities-for-conflict-p/; Seth D. Kaplan, "Chapter 3: *Pathways to Peace and Violent Conflict*," unpublished draft for United Nations–World Bank Flagship Study, *Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict* (2017); LSE–Oxford Commission, *Escaping the Fragility Trap*.

[17] Mercy Corps, "An Ounce of Prevention: Why increasing investment in conflict prevention is worth more than a "pound of cure" in addressing the displacement crisis," accessed November 5, 2018, https://www.mercycorps.org/research/ounce-prevention; OECD, *International Engagement in Fragile States: Can't we do better?* (Paris: OECD Publishing, 2011), http://www.oecd.org/countries/somalia/48697077.pdf; Trisko Darden, "Compounding Violent Extremism?"; Leni Wild and Ben Ramalingam, "Building a global learning alliance on adaptive management" (London: Overseas Development Institute, 2018), https://www.odi.org/publications/11167-building-global-learning-alliance-adaptive-management.

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[19] Burns et al., *U.S. Leadership and the Challenge of State Fragility*; UN and World Bank, *Pathways for Peace*; Michel, *Managing Fragility and Promoting Resilience to Advance Peace, Security, and Sustainable Development*; Robert B. Zoellick, "Fragile States: Securing Development," *Survival* 50, no. 6 (2008): 67–84, doi: 10.1080/00396330802601859.

[20] A principle was assessed to be a *major focus* if it was included as a major strategic goal, theme, or sector. A principle was assessed to be a *minor focus* of it was included in the strategic document at the programmatic or activity level.

[21] As shown in Figure 8, intergroup cohesion was measured using an average of the Factionalized Elites and Group Grievances indicators of the Fragile States Index (FSI). Risks of violent conflict and instability were measured

using the World Bank's Political Stability and Absence of Violence indicator.

[22] Watts et al., *Building Security in Africa*. Cramer et al., *Evidence Synthesis;* Michael J. McNerney, Angela O'Mahony, Thomas S. Szayna, Derek Eaton, Caroline Baxter, Colin P. Clarke, Emma Cutrufello, Michael McGee, Heather Peterson, Leslie Adrienne Payne, and Calin Trenkov-Wermuth (2014). *Assessing Security Cooperation as a Preventive Tool* (Santa Monica, CA: RAND Corporation, 2014), https://www.rand.org/pubs/research_reports/RR350.html; Watts et al., *Building Security in Africa*.

[23] The Security Governance Initiative was launched in 2014 as a joint initiative between the U.S. and six African partner states in order to offer "a comprehensive approach to improving security sector governance and capacity to address threats."

See: Office of the Press Secretary, "FACT SHEET: Security Governance Initiative," The White House, posted August 6, 2014, https://obamawhitehouse.archives.gov/the-press-office/2014/08/06/fact-sheet-security-governance-initiative."

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SAR
STABILIZATION ASSISTANCE REVIEW

A FRAMEWORK FOR MAXIMIZING THE EFFECTIVENESS OF U.S. GOVERNMENT EFFORTS TO

STABILIZE CONFLICT-AFFECTED AREAS

2018

FOREWORD FROM SECRETARY OF STATE, USAID ADMINISTRATOR, AND SECRETARY OF DEFENSE

Increasing stability and reducing violence in conflict-affected areas are essential to realize America's national security goals and advance a world in which nations can embrace their sovereignty and citizens can realize their full potential. The United States and our allies face an increasingly complex and uncertain world in which many of our adversaries sow instability and benefit from it. Protracted conflicts provide fertile ground for violent extremists and criminals to expand their influence and threaten U.S. interests. These conflicts cause mass displacements and divert international resources that might otherwise be spent fostering economic growth and trade.

The U.S. Armed Forces and our allies and partners are defeating the Islamic State of Iraq and Syria (ISIS) and other terrorist groups on battlefields in Iraq, Syria, and elsewhere, but we are entering a new phase in this struggle. We must consolidate security gains, reduce levels of local instability, and work with local partners to peaceably manage change and provide legitimate and responsive governance. Our national experience over the past two decades has taught us that it is not enough to win the battle; we must help our local partners secure the peace by using every instrument of our national power.

At the same time, we must resist the temptation to throw more money at these complex problems. American taxpayers are right to demand tough scrutiny of such investments. Transitioning too quickly to large-scale reconstruction and longer term development efforts can backfire without a clear strategic and political approach. Our organizations must more rigorously define stabilization missions based on national security interests and undertake institutional reforms based on hard-learned lessons. We must press our international partners to share the costs for these efforts, and hold our local partners accountable for demonstrating sustained leadership and progress.

To meet these imperatives, our Departments and Agency are recommending steps to maximize the effectiveness of U.S. Government efforts to stabilize conflict-affected areas. This report outlines a framework to systematically apply lessons from the past; to strategically and selectively direct our resources; to increase burden-sharing with key international partners; and to improve the efficiency and impact of our efforts.

We have approved this report as the first step in a process to position the U.S. Government's defense, diplomatic, and development capabilities to meet strategic stabilization requirements. We are committed to advancing this process together. Reducing armed conflict is a perennial challenge, and there are many factors that are outside of our national control. By refining our respective organizational roles and capabilities and institutionalizing discipline and learning in our approach, we will increase our likelihood of success and improve accountability to the American taxpayer.

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> "We will give priority to strengthening states where state weaknesses or failure would magnify threats to the American homeland…Political problems are at the root of most state fragility."
>
> —*National Security Strategy of the United States of America (December 2017)*

ABOUT THE REVIEW

The Stabilization Assistance Review was led by the Department of State's Office of U.S. Foreign Assistance Resources (F) and the Bureau of Conflict and Stabilization Operations (CSO); the Office of Transition Initiatives (OTI), Office of Conflict Management and Mitigation (CMM), and Bureau of Policy, Planning, and Learning (PPL) in the U.S. Agency for International Development (USAID); and the Office of the Deputy Assistant Secretary of Defense for Stability and Humanitarian Affairs (SHA), and the U.S. Army Peacekeeping and Stability Operations Institute (PKSOI).

The Review was conducted through several research methods, including:

1. Literature review of more than 300 articles and reports;
2. Analysis of eight cases of current or past U.S. engagements in conflict-affected areas;*
3. Interviews of more than 250 experts inside and outside of government, including key international partners;
4. Qualitative questionnaire completed by six DoD combatant commands;
5. Quantitative survey of more than 125 U.S. Government experts; and
6. Quantitative analysis of U.S. foreign assistance spending in conflict-affected areas from Fiscal Year (FY) 2009 to FY 2017.

*Afghanistan, Iraq, Kosovo, Libya, Mali, Nigeria, Pakistan, and Somalia

EXECUTIVE SUMMARY

The United States has strong national security and economic interests in reducing levels of violence and promoting stability in areas affected by armed conflict, especially to consolidate security gains against the Islamic State of Iraq and Syria (ISIS) and other non-state armed groups. At the same time, there is no appetite to repeat large-scale reconstruction efforts, and therefore our engagements must be more measured in scope and adaptable in execution. The United States must be more selective and targeted about how we define stabilization missions, deploy our limited resources, burden-share with local and international partners, and ultimately produce more tangible, long-term outcomes for our taxpaying public.

Stabilization is an inherently political endeavor that requires aligning U.S. Government efforts —diplomatic engagement, foreign assistance, and defense —toward supporting locally legitimate authorities and systems to peaceably manage conflict and prevent violence. Stabilization requires adaptive and targeted engagement at subnational and national levels. More important than dollars spent is having a singular, agreed-upon, strategic approach to unify efforts in support of a consolidated local impact executed through sequenced and contextual assistance.

Over the past year, the Department of State (State), the U.S. Agency for International Development (USAID) and the Department of Defense (DoD) have reviewed the significant lessons learned from past stabilization efforts. The principles for effective stabilization have been widely studied, but they have not been systematically applied and institutionalized. The review has shown that the performance of U.S. stabilization efforts has consistently been limited by the lack of strategic clarity, organizational discipline, and unity of effort in how we approach these missions.

In response, this report outlines how the United States can improve the outcomes of our stabilization efforts through more efficient and disciplined bureaucratic structures, processes and engagement with international partners. Specifically, our proposed framework includes steps to:

- Establish a U.S.-Government wide definition of stabilization.
- Develop and evaluate political strategies based on evidence and rigorous analysis.
- Promote a fair, purposeful division of labor with national partners and international donors.
- Clarify agency roles and responsibilities to improve performance and reduce duplication.
- Improve the capacity of our civilian workforce to address stabilization needs in tandem with the U.S. military and partner forces; and
- Sequence and target our assistance to conflict-affected areas in a more measured fashion.

Now is the moment to focus and revitalize how the United States approaches stabilization. Stabilization is a critical part of how the United States seeks to address conflict-affected states, as part of a spectrum that also includes both conflict prevention and longer term peacebuilding and reconciliation. Through these reforms and sustained leadership, the United States can avoid mistakes of the past and better advance America's national security interests in conflict-affected environments.

> "This report defines stabilization as a political endeavor to create conditions where locally legitimate authorities and systems can peaceably manage conflict..."

INTRODUCTION

Despite global gains in prosperity, armed conflicts in many parts of the world remain as complex and intractable as ever. Continued gains are by no means guaranteed. An increasing trend in internationalized and non-state conflicts (reflected in Figure 1) has resulted in crises that are more protracted, violent, and difficult to solve. According to data from the Uppsala Conflict Database, unresolved grievances and often a failure to address political reform mean that more than one-half of armed conflicts that achieve peace lapse back into violence—at a median of seven years—often introducing new grievances and actors to perpetuate bloodshed. More recently, the conflict landscape is increasingly exacerbated by the rise of ISIS and competing networks of non-state armed and extremist groups.

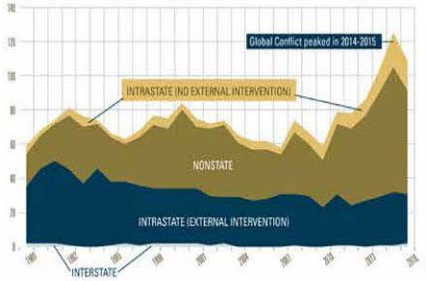

Figure 1: Number of violent conflicts per year (at least 25 fatalities per year). *Source: Uppsala Conflict Data Project*

These armed conflicts have dire consequences for the people residing in affected countries and impose a significant security and financial burden on American and international taxpayers as well as the global economy. Over the past decade, the U.S. Government has consistently provided more than one-third of its foreign assistance to countries with ongoing violent conflicts [see Figure 2]. Similarly, these same countries account for the vast majority of the peacekeeping budget of the United Nations (UN).

These persistent armed conflicts directly affect the security interests of the United States and our allies by creating instability that terrorist and criminal organizations and competitors exploit. Recognizing this threat, the United States and our Coalition partners are actively working in Iraq, Syria, Libya, Nigeria, and elsewhere around the world to defeat ISIS and other transnational terrorist groups. As the Coalition makes security progress against ISIS, it is essential to consolidate operational gains through strategic political engagement and targeted assistance to establish basic security and restore responsive, legitimate governance.

At the same time, there is no public appetite to repeat the large-scale reconstruction efforts of the past. The United States and other countries are scrutinizing and reducing the resources spent outside our borders. Our taxpaying public is demanding greater accountability of our resources and their impact. Moving forward, our stabilization efforts must be better prioritized and measured and our partners must carry their fair share of the burden. New ways of thinking and operating are needed to reduce dependencies on U.S. Government assistance, increase cost-sharing, and scope realistic outcomes for stabilization efforts. We cannot continue to employ the same approaches or tools in these endeavors and expect different results.

To this end, the Department of State (State), the U.S. Agency for International Development (USAID) and Department of Defense (DoD) have reviewed past stabilization efforts in conflict-affected areas and identified steps to more effectively

Figure 2: Map of select countries with more than 1000 battle-related deaths over the last five years (Source: Uppsala Conflict Data Project) where internationally-supported "stabilization" efforts have been active.

leverage the U.S. Government's diplomatic, defense, and foreign assistance resources in these difficult environments. The Stabilization Assistance Review ("the Review") built on many of the findings from the "2016 Department of Defense Biennial Assessment of Stability Operations Capabilities." The Review was also coordinated with related ongoing processes at the UN and World Bank.

This report outlines findings from the Review and presents consolidated approaches to maximize the impact of U.S. engagement as well as reduce inefficiencies and wasteful spending. The first section outlines why a narrowed, revitalized approach to stabilization is essential for addressing today's challenges and advancing U.S. national security. The second section describes the core principles and lessons learned for the U.S. Government's stabilization. The third and final section outlines a proposed framework for the U.S. Government's efforts to advance stabilization in conflict-affected areas.

> "We will work to consolidate military gains against ISIS, al Qa'ida, and other terrorist organizations and stabilize liberated areas by supporting local partners that can reestablish the rule of law, manage conflict, and restore basic services."
>
> —*State and USAID Joint Strategic Plan, FY 2018-2022*

THE IMPERATIVE FOR A REVITALIZED APPROACH TO STABILIZATION

The United States and our partners need a new and more disciplined approach for conducting stabilization in conflict-affected areas. This approach includes analyzing risks and focusing our efforts on what is absolutely necessary to achieve stability, rather than pursuing disparate agendas all at once. A critical first step toward more harmonized stabilization efforts is agreeing on the core tenets of the concept itself. Despite significant international experience over recent decades, the concept of stabilization remains ill-defined and poorly institutionalized across government and multilateral structures. This lack of standardization in definition and process leads to repeated mistakes, inefficient spending, and poor accountability for results.

Now is the moment to refocus and revitalize the U.S. Government's approach to stabilization. There is a clear imperative from policymakers to consolidate security gains in ISIS-affected areas through stabilization. At the same time, policymakers want to be more selective and targeted about how we engage in stabilization environments to maximize the value of American and international taxpayer resources. The revitalized approach to stabilization outlined here can help target diplomatic engagement in these environments toward advancing a strategy connected to stabilization outcomes, enable greater sequencing and layering of assistance to support locally legitimate actors, achieve cost-saving efficiencies, and foster a better division of labor between the U.S. Government and international donors and institutions.

With these lessons in mind, State, USAID, and DoD have developed a refined definition of stabilization that can guide our efforts in this regard. We define stabilization as a political endeavor involving an integrated civilian-military process to create conditions where locally legitimate authorities and systems can peaceably manage conflict and prevent a resurgence of violence. Transitional in nature, stabilization may include efforts to establish civil security, provide access to dispute resolution, deliver targeted basic services, and establish a foundation for the return of displaced people and longer term development.

Stabilization is distinct from humanitarian assistance, which the U.S. Government provides impartially on the basis of need, from longer term reconstruction and development activities. Although context-dependent, stabilization is intended to be short-term in nature (typically between one and five years). Without first achieving legitimate political stability, longer term development efforts are unlikely to take root and can even exacerbate lingering conflict dynamics. Stabilization starts to set the conditions for building legitimate societal and governing institutions. USAID defines these as institutions that are inclusive, responsive, and accountable to all groups, including minority and marginalized populations. The nature of relations among identity groups, the capacity of civil society to engage government, and the extent of economic opportunity all affect the legitimacy of state-society relations.

We define stabilization as a political endeavor involving an integrated civilian-military process to create conditions where locally legitimate authorities and systems can peaceably manage conflict and prevent a resurgence of violence. Transitional in nature, stabilization may include efforts to establish civil security, provide access to dispute resolution, and deliver targeted basic services, and establish a foundation for the return of displaced people and longer term development.

U.S. Army civil affairs forces provide veterinarian assistance to Iraqi communities following successful operations against ISIS. *Photo: USASOC*

In the past, there has been a rush to initiate high-cost, sectoral programming before there is a foundation of inclusive political systems, basic security, and a reliable and legitimate partner government at the national level. A deliberate approach focusing planning and operations on stabilization outcomes can ensure the right conditions are in place for broader development resources to be well-spent. At the same time, it is imperative that stabilization efforts incorporate transition plans to economic growth, private sector vibrancy, and responsive governance, with an end state of self-sufficiency, lest any progress achieved by those activities is not sustained and lost.

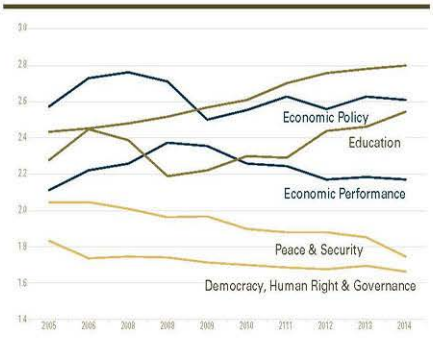

Figure 3: The State/USAID "Country Data Analytics" index average scores for the 16 conflict-affected countries identified in the previous map over the past 10 years. This figure shows a measurable decrease in peace and security scores, while health and education have improved.

USAID is helping to bring community leaders together in northeastern Nigeria to build trust and restore stability in areas affected by Boko Haram and ISIS-West Africa. *Photo: USAID*

LESSONS FOR EFFECTIVE STABILIZATION

Designing and pursuing stabilization are complex tasks involving many context-specific factors that are outside of a single actor's control. Our approach must be flexible and adjust as non-state armed groups adapt, and address the political challenges of possible spoilers to stabilization. Yet even as we remain agile, we must apply evidence-based lessons to increase the chances of success. The Review identified the following set of core principles that undergird effective stabilization efforts.

Set realistic, analytically-backed political goals

Stabilization is inherently political, which means it must focus on local, national, and/or regional societal and governing dynamics, agents, and systems that lead populations toward inclusive, non-violent settlement and agreement. Its success depends on having a goal-oriented political strategy that aligns with local interests. Through analysis and deliberate iterative planning, stabilization requires decisions about which specific legitimate political systems and actors we will support, why and how, and associated tradeoffs. This strategy should be based on a clearly articulated and achievable political end state. It should include a realistic assessment of the level of commitment and risk tolerance required to implement the strategy. With a clear political strategy and defined end state, we can delineate a phased approach to target and sequence our engagement and assistance programs—as well as those of others— in a unified fashion.

Establish a division of labor and burden-sharing among international donors and local actors that optimizes the strengths of each

There needs to be a clear understanding at the outset of a stabilization effort of what the partner nation government is willing and expected to deliver in terms of political and financial commitments. There should also be a clear division of labor among international donors, based on analysis that accounts for each donor's comparative advantage. Multilateral approaches to stabilization, particularly by the UN and World Bank, can mobilize contributions by other bilateral partners. Multilateral partners bring different strengths and weaknesses, and the U.S. Government should engage when they have a comparative advantage. For example, the World Bank has mobilized funds for Yemen, but turned to the UN for implementation.

Use data and evaluation systems to assess strategic progress and hold partners accountable

Although stabilization requires flexible and adaptive mechanisms, teams should identify clear strategic-level political objectives at the outset to track and analyze impact on an iterative basis. This approach should comprise metrics to ensure that the host-nation partner is following through on commitments and fully embracing mandated anti-corruption and transparency efforts. Tying diplomatic engagement and assistance to local qualitative impacts rather than solely quantitative

activity outputs and using strategic level analysis will enable senior policymakers to consider whether policy adjustments are required to achieve objectives. The Review's case study in Afghanistan found that using consistent data tied to specific political objectives—and sharing relevant information across U.S. Government Departments and Agencies—would have enabled better review and analysis by policymakers.

Forward deploy U.S. Government and partnered civilians and establish local mechanisms that enable continuous engagement, negotiation, targeted assistance, and monitoring

Deploying civilian stabilization experts on the ground to work with and alongside deployed military elements is essential to success because it enables a unified approach and helps ensure the overarching political strategy is driving all mission components. The "2016 DoD Biennial Assessment of Stability Operations Capabilities" cited as a critical shortfall the lack of institutionalized DoD mechanisms to enable regular collaboration with interagency and international partners. It is imperative to have civilians with the appropriate knowledge and skill sets on the ground and able to engage with citizen groups, analyze local dynamics, identify the right local partners to advance the political strategy, and routinely monitor and adjust

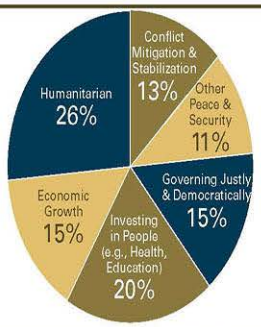

Figure 4: State/USAID foreign assistance to the 16 conflict-affected countries identified in the previous map from Fiscal Year (FY) 2009 to FY 2016, by designated program goals/areas. Analysis of spending trends in case-study countries reinforced the need for greater flexibility, sequencing and/or integration of non-humanitarian assistance in conflict-affected areas.

programs and strategy to keep pace with the evolving political dynamic. For example, the Review's case study analysis showed that State and USAID have worked closely with the UN and third-party contractors in Somalia and Syria to improve our monitoring of local dynamics that informs and connects programming to overall political objectives. Still, significant security limitations on U.S. Government civilian presence in conflict and post-conflict areas impede our ability to identify and respond to emergent political opportunities and quickly adapt our programs.

Start with small, short-term assistance projects and scale up cautiously

According to multiple studies, targeted and smaller programs are better at the outset to achieve local outcomes and build momentum. Smaller projects driven by host-government and communities in support of a unified political strategy and diplomatic engagement are best suited to achieve short-term stabilization objectives and to set the stage for eventual management, financing, and ownership by national governments or regional administrations. For example, the Review's case study showed that in northeastern Nigeria, the U.S. Government has worked effectively at the community level to develop a nuanced village-by-village understanding of stabilization challenges and political dynamics fueling violent extremists. Such a focused understanding enables the United States to target assistance to support stability and diminish the appeal

"If we are to achieve our strategic objectives in a conflict, American policymakers must accept that the political dimension is indispensable across the spectrum of conflict."

—Dr. Nadia Schadlow, Deputy Assistant to the President of the United States, War and the Art of Governance: Consolidating Combat Success into Political Victory (2017)

of extremists. Operating within and in cooperation with local communities allows increased local support and the ability to build legitimacy from the bottom up by strengthening local political and social systems. This approach is true not only of bilateral funding, but multi-donor efforts as well. Large-scale projects run a higher risk of creating perverse incentives, distorting the local economy, and being manipulated by corrupt actors who benefit from the conflict. Often a country's absorptive capacity after conflict remains low and realistic expectations are needed about the time it will take to strengthen local and/or national ownership.

Prioritize, layer, and sequence foreign assistance to advance stabilization goals

If stabilization is a top goal for international engagement in a country, then the full range of non-humanitarian assistance the U.S. Government allocates to that country should be considered in terms of how it can advance the established political and diplomatic strategy without creating dependency. Stabilization assistance is not an entitlement, and continued U.S. Government assistance should depend on results. Program planning and design of development and security sector assistance should be considered through that lens. In some cases, certain types of assistance should be delayed or sequenced if they cannot be accountable or implemented successfully without adequate stability. This process includes being deliberate and precise about how and when we seek to promote private sector investment, taking into account the risks and challenges. Greater consideration of the exact role of the private sector as well as the appropriate ratio for immediate versus long-term funding needs (including international donors) is necessary. If engaged effectively, the result would be cost-savings in the short-term and enable better overall development outcomes in the long run. Unfortunately, in many cases, this lack of prioritization has resulted in disparate and competing assistance efforts that made engagement ineffective.

Link subnational engagements with national diplomacy to advance stabilization

Both national and subnational engagements are needed to advance stabilization, and need to be eventually nested together to achieve optimal effect. For example, our Review's case study of Mali showed that failure to achieve a durable political settlement at the national level can undermine local stabilization efforts. Assistance targeted at the subnational level is most effective when it is informed by national-level policy reforms. However, in other cases such as Syria today, subnational engagement will need to begin first, while national-level dynamics are still being resolved. This process requires a flexible approach, recognizing that subnational dynamics can vary radically from one geographic region to another.

Reinforce pockets of citizen security and purposefully engage with security actors

Stabilization is most likely to be successful where there is basic security on the ground. Basic security is defined as minimum conditions where U.S. assistance partners can operate and monitor activities, access appropriate local stakeholders, and where security actors can engage in building trust with local communities. Furthermore, focusing on precise subnational areas where there are pockets of security is more likely to succeed because there will be an ability to work consistently with local actors, including local security forces.

> "Stability gains are not sustainable without citizen-responsive governance. Early transition work lays the foundation for long-term development by promoting reconciliation, jumpstarting local economies, supporting emerging independent media, and fostering lasting peace and democracy through innovative programming and evidence-based approaches."
>
> *—USAID Administrator Mark Green, speaking to the House Appropriations Committee, November 1, 2017*

Young activists attend a peace rally in Ansongo in northern Mali where local actors demanded rebels to sign the Algiers Peace Deal. *Photo: USAID*

The Review's case study of Afghanistan showed that most experts, including the U.S. Special Inspector General for Afghanistan Reconstruction, concluded that prioritizing U.S. stabilization programs in areas without local-level commitments to reduce violence and increase physical security negatively affected overall momentum toward stability. Alternatively, tailored place-based assistance strategies that marry violence-reduction and citizen security efforts with targeted law enforcement have proven successful in stabilizing some of the most at-risk locales in Central America.

Seek unity of purpose across all lines of effort

One of the greatest challenges to stabilization is that different U.S. Departments and Agencies have different priorities, and regional and international actors often have other agendas that work at competing purposes. Counterterrorism operations are prioritized in many conflict environments today, but some operations may have destabilizing effects. Stabilization cannot be an afterthought. Rather, it needs to be fully integrated and elevated across lines of effort. It should be incorporated into campaign planning as early as possible to help shape operational design and strategic decisions. The "2016 DoD Biennial Assessment Operations Capabilities" recommended that civil-military annexes be drafted for all Combatant Command concept plans and operations plans, with interagency input. Close civilian-military planning and coordination has been a key determinant in effective stabilization outcomes across all cases examined. For example, in Pakistan, close synchronization of stabilization programming with security operations facilitated targeted, impactful programming.

Employ strategic patience and plan beyond stabilization for self-reliance

There is no single set time frame for stabilization that is generalizable to all cases, but in no case should it be open-ended. While stabilization efforts are intended to create targeted short-term effects, it usually requires time to achieve durable and legitimate political settlements at local and national levels. Strategic and resource planners should take this reality into account to build realistic, flexible, and achievable milestones and enable consistent funding. Effective stabilization efforts also intentionally incorporate linkages to longer term development efforts into planning. Multilateral development banks, other donors, and the private sector should be part of the process as early as possible, while being realistic about the challenges and risks in post-conflict investment climates. Stabilization should also include strategic communication strategies that emphasize host-nation ownership from the outset to avoid creating dependencies or local resentment.

LOOKING AHEAD: A FRAMEWORK FOR U.S. STABILIZATION

A revitalized approach to how the United States works to stabilize relevant conflict-affected areas—an approach that takes into account the current imperatives and past lessons—needs organizational structures, budgets, processes, capabilities, and personnel that are fit for this purpose. Most of the above findings are not new, but they have not been systematically applied or institutionalized in how we approach stabilization in conflict-affected areas. State, USAID, and DoD have identified the following areas to improve how our Departments and Agency work individually and together to advance stabilization goals.

Establish Strategic Engagement Criteria and Priorities to Guide Stabilization

The U.S. Government should institutionalize a process by which we identify conflict-affected countries/regions that warrant increased attention, assess the U.S. interests and priorities for advancing stabilization in these countries/regions, and then conduct deliberate strategic planning to contend with stabilization challenges. Key criteria for determining whether, when, and how to pursue a stabilization mission should include the assessed U.S. national interest; national and local partner ownership; risks, constraints and opportunities in the operating environment; the level of risk we are willing to assume; and the level of sustained resources we are willing to commit.

As noted above, successful stabilization begins with developing an outcome-based political strategy that outlines our core assumptions and achievable end states and guides all lines of effort—diplomatic engagement, defense, foreign assistance, and private sector engagement where appropriate—to ensure unity of purpose within the U.S. Government. In those places of highest priority for stabilization, State, USAID, and DoD should work with the relevant U.S. Embassy, regional bureau, Combatant Commands, and other stakeholders to develop a political strategy for the stabilization mission.

89%
of surveyed USG experts

Support development of a defined interagency strategy and implementation plan for places where U.S. policymakers determine that the U.S. has a vital national interest in pursuing stabilization.

Key elements to address in the political strategy include: partner nation goals and capacity; the defined U.S. Government interests and areas in which interests may compete; mapping key actors; desired political end states and objectives; the interests and goals of partners; anticipated resource requirements; the role of different U.S. Government actors and international donors; mechanisms for civil-military coordination; assessment of risks; and strategic analytics to track over time and measure progress. The strategy must then be institutionalized into Department and Agency plans and reviewed

> "A wise approach to reform [of stabilization and reconstruction operations] would aim at producing a unified system that plans and executes operations integratively, averts significant waste, increases the likelihood of tactical success, and better protects U.S. national security interests."
>
> *—Final Report of Special Inspector General for Iraq Reconstruction, Learning from Iraq, March 2013*

on a regular basis to assess its effectiveness and make adjustments as needed.

Pursue a More Purposeful Division of Labor and Burden-Sharing with Multilateral Bodies, While Mobilizing Other Bilateral Donors on Stabilization

Engaging in stabilization missions means the U.S. Government must advocate that our partners co-invest with purpose in line with mutually agreed strategic outcomes. Developing coordinated donor approaches toward fragile and post-conflict contexts based on lessons learned has increased significantly over the past decade and spurred new international frameworks such as the New Deal for Engagements in Fragile States, but these efforts have not yet resulted in standardized or efficient approaches adaptable across conflicts. Effective donor coordination includes pressing donor partners to develop systematic approaches and share the burdens and risks of stabilization.

At a policy level, State and USAID should seek dedicated dialogues with the Organization for Economic Cooperation and Development (OECD), UN, World Bank, and other regional and international organizations to press for coordinated reforms in how they approach and invest in conflict-affected areas. The U.S. Government should encourage the UN to adopt a single common approach to stabilization that can integrate efforts across its peacekeeping and political missions. Similarly, the United States should actively engage with the World Bank and the regional development banks as it considers significant expansions in its engagement and funding in conflict-affected areas.

At an operational level, we should continue to engage pooled donor mechanisms in some cases to mobilize other partner resources. We should press that donor coordination bodies approach these pooled financing mechanisms strategically, building on best practices for risk-mitigation, local government support, accountability and monitoring, as well as flexible structures. We should also actively engage with these pooled funding mechanisms to ensure they reinforce our political objectives, and mobilize donors to take on greater costs. The U.S. Government and international community should be clear on our expectations of the financial and political responsibilities of each partner-nation government. Financing mechanisms should reflect the capacity level at the outset with clear guidance on measuring progress over time.

In some cases, other donors could want to build on our implementation mechanism. Through targeted agreements bilateral donor funding can flow through existing U.S. Government procurement mechanisms. One example is the United Kingdom's recent contributions to a USAID-led stabilization program in Libya.

Define Department and Agency Roles and Responsibilities for Stabilization to Improve Performance

Clear lines of authority between and within U.S. Government departments and agencies would improve effectiveness, reduce duplication and confusion, enable greater accountability, and fully operationalize a whole-of-government approach. The U.S. Government should formally define lead agency roles for stabilization missions, with State as the overall lead federal agency for U.S. stabilization efforts; USAID as the lead implementing agency for non-security U.S. stabilization assistance; and, DoD as a supporting element, to include providing requisite security and reinforcing civilian efforts where appropriate. DoD is refining its stabilization policy to incorporate the concept of "Defense Support to Stabilization." Other Departments and Agencies, including members of the Intelligence Community, can also play critical supporting roles.

With clear roles, State, USAID, and DoD should then ensure that we each have the appropriate structures and staff in place to perform these roles in

86%

of surveyed USG experts

Are not clear which U.S. Government agencies have lead responsibility for different elements of stabilization.

an efficient, coordinated fashion. For example, State should institutionalize a structure that can lead and coordinate interagency stabilization analysis, policy formulation, and strategic planning as well as diplomatic engagement. At the same time, USAID should designate and empower an entity to serve as its technical lead for stabilization to engage with the interagency and support relevant regional bureaus and Missions in coordinating, planning, implementing, and monitoring non-security stabilization assistance in conflict-affected environments. This process would help ensure coherent management and implementation of this type of U.S. assistance. DoD should assign stabilization planners throughout the Department, especially at the Geographic Combatant Commands, and ensure professional military education prepares future leaders to operate effectively with civilian partners at the strategic, operational and tactical levels. Recognizing the interlinkages between our organizations, these respective entities must be prepared to train, exercise, and work closely together to advance integrated stabilization efforts before a contingency occurs.

Build the Capacity of a U.S. Expeditionary Civilian Workforce to Meet Stabilization Objectives and Establish Policies to Allow for Co-Deployment

To advance stabilization success, the United States requires a mechanism to rapidly deploy civilian-led stabilization teams into conflict-affected areas to assess local conditions, engage local authorities, and direct and monitor programs. We have faced delays in the past in deploying civilian experts alongside U.S. military elements —despite overwhelming policy consensus—because of a lack of standing authorities and structures, missing critical opportunities to address overlapping civilian and security objectives. State, USAID, and DoD should work together to develop a framework for Stabilization, Transition, and Response Teams (START) that can support Chiefs of Mission and Combatant Commands to coordinate, plan, and implement a U.S. Government stabilization response in conflict areas. This approach would build on lessons from, and address shortcomings of, the previous Civilian Response Corps, by setting up a much smaller and dedicated set of stabilization specialists who can rapidly deploy and have the support systems to do so.

Specifically, the START framework for both Washington and abroad should streamline roles and procedures; establish an enduring human resources, training, and operational support platform; provide expanded authorities to deploy civilians with and alongside DoD operational and tactical elements; and, when necessary, recruit and deploy further qualified surge personnel. The teams can be tailored to specific planning and implementation objectives based on the directive and needs of the relevant Chief of Mission.

Establishing interoperable, co-deployable capabilities depends on instituting more flexible security and risk-management standards and making strategic investments in human resources and training. State and USAID should review and adapt existing risk-management standards and processes to provide leaders and employees with accepted approaches to defining and making decisions in the face of challenging, fluid, and unclear circumstances. These mechanisms must take into account the central issue of Departments' and Agencies' unique authorities

> If you take good people and good ideas and you match them with bad processes, the bad processes will win nine out of ten times.
>
> *—General James N. Mattis USMC (ret.) interview with Peter Robinson at the Hoover Institution, March 6, 2015*

U.S. Special Operations Forces engage in Shura discussion with Afghan elders about security and governance. *Photo: DoD*

and regulations governing security responsibility.

At the same time, State, USAID, and DoD should pre-identify and prepare a pool of civilians with requisite experience who can deploy on short notice to support joint stabilization missions, drawing heavily from existing State staff with experience working in conflict environments and incorporating lessons from their experience. State and USAID will need to maximize and expand agile hiring mechanisms of non-tenured staff to fill critical gaps that can incentivize expeditionary missions and enhance retention. State, USAID, and DoD should reinforce and formalize existing joint training efforts to meet minimum and prerequisite deployment standards. To bolster these efforts, DoD is reviewing whether to request new authorities to support the deployment of civilian advisors for stabilization on a non-reimbursable basis.

Leverage Flexible Funding to Enable Sequenced, Targeted Approaches to Assistance

Stabilization does not require extremely high funding levels; rather, stabilization depends on consistent, flexible funding accounts unencumbered by Congressionally-directed earmarks, that can enable agile, targeted, and sequenced approaches to stabilization programming. Existing funding accounts, such as "Peacekeeping Operations" and "Transition Initiatives," provide critical authorities for State and USAID to assess and respond to emergent stabilization requirements, while bilateral and regional funds can provide consistency over time. The new Counter-ISIS Relief and Recovery Fund provided by Congress is another good example of the kind of flexible funding that is useful. The U.S. Government should continue to engage with Congress to build confidence and support for this goal to increase our flexibility to respond quickly to stabilization needs.

State and USAID should also engage with other donors to better coordinate their dedicated funds for stabilization and associated efforts in conflict-affected areas. The UN Peacebuilding Fund and World Bank's State and Peacebuilding

USAID is supporting communities in the wake of Colombia's civil war to solidify the peace process and promote reconciliation PHOTO. *Photo: Juan Carlos Sierra/USAID*

Fund as well as the United Kingdom's Conflict, Stability, and Security Fund are important models for operational reform in support of stabilization. We should seek to promote greater alignment and rationalization of how these funds are deployed along with the relevant U.S. accounts, based on their respective strengths and limitations.

At the same time, State, USAID, and DoD need to put in place appropriate structures and mechanisms to better use our existing flexibilities and resources. We should be more disciplined in assessing the risks of prematurely providing certain types of assistance in conflict-affected environments before there is a foundation of legitimate political order, basic security, and appropriate anti-corruption controls. Flexible and adaptive procurement mechanisms are also crucial to function in challenging environments. Where we are pursuing stabilization programming in conflict-affected areas, State and USAID should work to adapt and align procurement tools for security and non-security assistance and delegate authorities closer to the field.

Promote Conflict-Sensitive Approaches to Justice and Security Sector Assistance

The U.S. Government and other donors need to carefully tailor all assistance and training programs in conflict-affected environments to ensure they mutually advance stability and do not inadvertently exacerbate conflict dynamics. Over the past decade, USAID has developed important guidelines for conflict-sensitive democracy and governance, education, and economic growth programming in conflict-affected areas, which the Agency should streamline throughout all efforts. A similar effort is needed to align and adapt justice and security sector assistance programs in these environments. In support of counterterrorism objectives, the international community is providing high volumes of security sector training and assistance to many conflict-affected countries, but our programs are largely disconnected from a political strategy writ large, and do not address the civilian-military aspects required for transitional public and citizen security. More focus needs to be placed on helping security forces to secure population centers and restore trust with local communities. This approach is true not only for U.S. programs, but also for other donor efforts.

In addition, more efforts and resources need to be tailored to address trauma and psychosocial well-being within conflict-affected communities, promote local justice and the rule of law, and address local grievances related to access to justice and corruption concerns. The ability of the state to re-establish order, security and the rule of law will greatly influence the extent of popular support for stabilization and longer term reform. USAID experience in conflict-affected environments suggests that three areas are paramount for immediate engagement: access to justice, particularly for marginalized populations; mechanisms that promote peaceful, fair, and transparent

management of disputes; and transitional justice.

Justice sector programming in conflict-affected areas often focuses heavily on promoting formal national and criminal justice-focused institutions based on Western domestic experiences, missing opportunities to advance local and civil solutions in more fluid environments. It is critical to build the legitimacy of formal institutions over time, but in many conflict-affected areas, much of the population looks to local, tribal, religious, or other non-government justice institutions to resolve disputes and assert legal rights. We should work with international partners to deepen our understanding of local needs in these environments and consider local precedent regarding administration of justice, particularly with respect to reconciliation and accountability. Likewise, we should take a balanced approach in our reaction to and willingness to work with informal and formal systems. The U.S. Government should expand and strengthen its institutional capabilities to undertake this critical local rule of law programming where needed and ensure longer term rule of law and justice programming is coordinated and aligned with stabilization efforts.

Institutionalize Learning, Evaluation, and Accountability in Our Approach

Finally, to be successful, stabilization requires a regular feedback loop that involves experimentation, learning, adaptation, and accountability. This approach is critical at both the program and strategic levels. We should identify indicators to measure changes in the conflict environment and track them consistently over time, while also allowing for flexibility to adjust indicators based on what we are learning. This process can facilitate more rigorous reviews by policymakers to determine whether adjustments are needed in our political strategy and objectives. As part of this effort, we should use evidence and analytics to rigorously assess our political strategy and the political interests of our national and local partners. If they are not living up to their commitments, we should be prepared to change course. If our political objectives are infeasible due to misalignment with local political interests, we must be willing to adjust political objectives. Accordingly, stabilization will ultimately not be successful if our partners are not fully invested in a collective undertaking.

CONCLUSION

Advancing the United States' top foreign policy priorities requires a revitalized approach to how we work to stabilize conflict-affected areas. We cannot continue to take the same approach and expect different results. We need a disciplined approach to how we set our strategic goals, maintain priorities, engage with local, national, and international partners to achieve a fair division of labor and burden-sharing, and promote conditions to maximize our assistance resources and promote long-term self-sufficiency. This approach is not easy to get right, but our Review has affirmed that there is tremendous talent, expertise and willingness to succeed across the U.S. Government in this area. The challenge today is to apply that experience, talent, and learning in a systematic fashion. With sustained leadership and dedicated, efficient organizational structures and frameworks, we can achieve that and thereby avoid costly mistakes, increase our likely dividends, and do right by our taxpaying public.

STABILIZATION ASSISTANCE REVIEW LEADS

Kristen Cordell
Senior Advisor (USAID/PPL)

Peter Quaranto
Senior Advisor, Peace and Security (State/F)

Patrick Quirk, Ph.D.
Senior Policy Advisor (State/CSO)

Sara Reckless
Transition Advisor (USAID/OTI)

Kelly Uribe
Senior Policy Advisor (OSD/SHA)

CONTRIBUTING WRITERS/ANALYSTS

COL Charles Anderson
Stability/Security Advisor (PKSOI)

Monica Azimi
Foreign Service Officer (USAID/CMM)

Melissa Duell, Ph.D.
AAAS Research Fellow (State/CSO)

Kevin Melton
Transition Advisor (USAID/OTI)

LtCol Daniel O'Connor
Marine Corps Fellow (State/F)

MAJ Wes Wilhite
Army Fellow (State/F)

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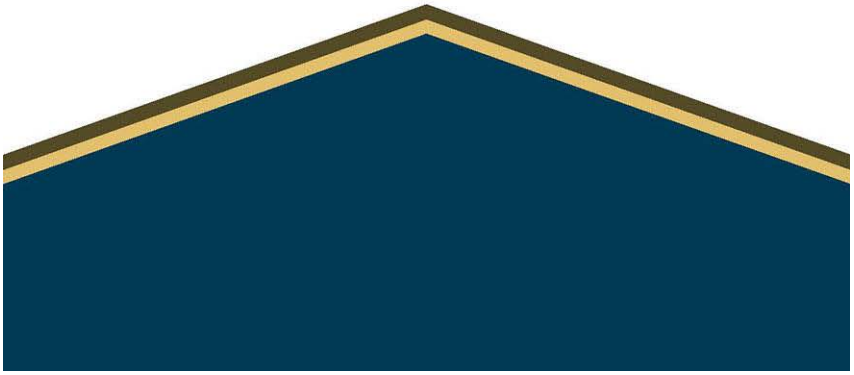

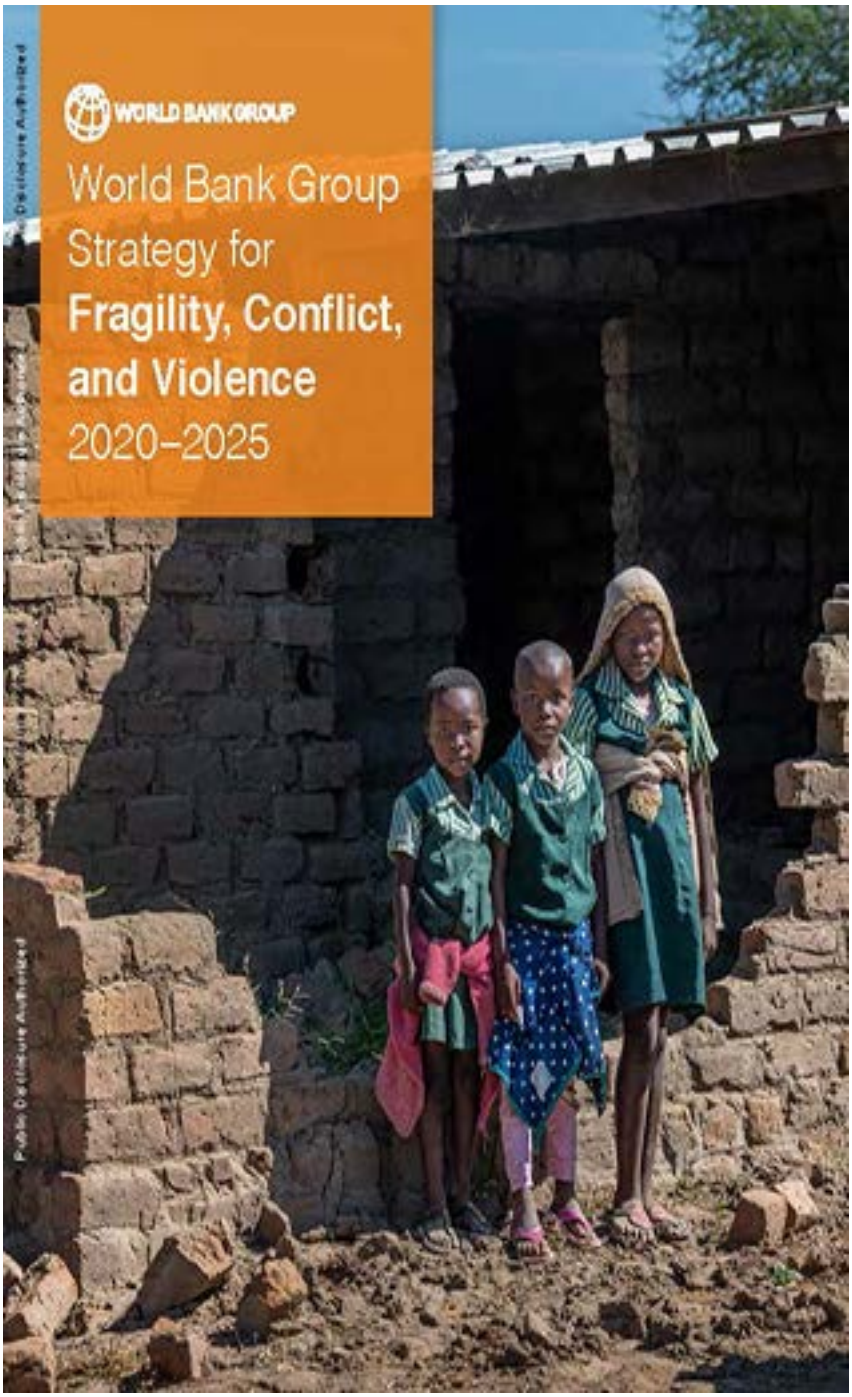
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Strategy for
Fragility, Conflict,
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2020–2025
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Cover
Three school children in Tongogara Refugee Camp in Chipinge district located South-east of Zimbabwe. The photograph was taken in May 2019 shortly after Cyclone Idai made havoc throughout the area, including in the refugee camp. The already vulnerable refugees experienced their adobe homes and community latrines collapsing, belongings being washed away, and livelihoods and crops as being lost as water canals were damaged.
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Young children waiting near the Uganda/South Sudan border before their final destination of the Impvepi Refugee Camp in Busia, Uganda, 2017. UNMISS

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A young boy at the Zaatari Refugee Camp in Jordan, where nearly 80,000 Syrian refugees are living. 2017.
Sahem Rababah/UN Photo

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Girls sitting on a dead coconut tree, which fell on the ground because of the coastal erosion. Their home village of Jenrok in Majuro, Marshall Islands, is slowly being destroyed by the rising seas.
Vlad Sokhin/World Bank

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Group of children in front of building needing repair. Gaza.
Natalia Cieslik/World Bank

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The evening water collection in the village of Halayat, Kassala State. The water point was constructed through the support of the Community Development Fund (CDF).
Sarah Farhat/World Bank

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The Hootkhail Hospital's doctors provide day and night services to the villagers. Afghanistan. 2017.
Rumi Consultancy/World Bank

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Children listen to their teacher at the Zaatari Refugee Camp, located near Mafraq, Jordan.
Mark Garten/UN Photo

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A Sudanese woman and children are pictured in Fanga Suk in East Jebel Marra, South Darfur.
Olivier Chassot/UN Photo

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Children fly their kites at sunset. Haiti.
Pasqual Gorriz/UN Photo

WORLD BANK GROUP

World Bank Group Strategy for **Fragility, Conflict, and Violence** 2020–2025

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Acronyms and Abbreviations

ACLED	Armed Conflict Location & Event Data Project
ACReMAP	Anti-Corruption and Results Monitoring Action Plan
AfDB	African Development Bank
AFR	Africa Region
AIMM	Anticipated Impact Measurement and Monitoring
APA	Alternative Procurement Arrangements
ARTF	Afghanistan Reconstruction Trust Fund
ASA	Advisory Services and Analytics
AUC	African Union Commission
CAFEF	Conflict-Affected and Fragile Economies Facility
CASA	Conflict Affected States in Africa initiative
Cat-DDO	Catastrophe Deferred Drawdown Option
CCRIF	Caribbean Catastrophe Risk Insurance Facility
CDC	Community Development Councils
CD	Country Director
CDD	Community-Driven Development
CEMAC	Central African Economic and Monetary Community
CEN	Country Engagement Note
CERC	Contingent Emergency Response Component
CEWS	(Africa Union) Continental Early Warning System
CILSS	Permanent Interstate Committee for Drought Control in the Sahel
CLR	Completion and Learning Review
CM	Country Manager
CMAW	Creating Markets Advisory Window
CMU	Country Management Unit
CODE	Committee on Development Effectiveness
CPF	Country Partnership Framework
CPIA	Country Policy and Institutional Assessment
CPSD	Country Private Sector Diagnostic
CRW	Crisis Response Window
CSO	Civil Society Organization
DDR	Disarmament, demobilization and reintegration
DFI	Development Finance Institution
DG ECHO	Directorate-General for European Civil Protection and Humanitarian Aid Operations
DFID	Department for International Development
DO	Development Objective
DOTS	Development Outcome Tracking System
DPF	Development Policy Financing
DPL	Development Policy Loan
DPO	UN Department of Peace Operations
DRDIP	Development Response to Displacement Impacts Project
DRM	Disaster Risk Management
E&S	Environmental and Social
EAP	East Asia and Pacific Region
EAC	East African Community
EBRD	European Bank for Reconstruction and Development
ECA	Europe and Central Asia Region
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
EIB	European Investment Bank
ESCP	Environmental and Social Commitment Plan
ESF	Environmental and Social Framework
ESG	Environmental, Social, and Governance
ESHS	Environmental, Social, Health and Safety
ESS	Environmental and Social Standard
EU	European Union
FAM	Famine Action Mechanism
FAO	Food and Agriculture Organization
FBO	Faith-Based Organization
FCS	Fragile and Conflict-Affected Situations
FCV	Fragility, Conflict and Violence
FDI	Foreign Direct Investment
FIF	Financial Intermediary Fund
FM	Financial Management
FSIN	Food Security Information Network
FY	Fiscal Year
GAFSP	Global Agriculture and Food Security Program
GBV	Gender-Based Violence
GCFF	Global Concessional Financing Facility
GCRP	Global Crisis Risk Platform
GEMS	Geo-Enabling Initiative for Monitoring and Supervision
GP	Global Practice
GPGs	Global Public Goods
GPG Fund	IBRD Fund for Innovative Global Public Goods Solutions
GRiF	Global Risk Financing Facility
H&S	Health and Safety
HACCP	Hazard Analysis and Critical Control Points
HCP	Human Capital Project
HDP	Humanitarian-Development-Peace
HDS	Health and Safety Directorate
HEIS	Hands-On Expanded Implementation Support
HIPC	Heavily Indebted Poor Country
IBM	Iterative Beneficiary Monitoring
IBRD	International Bank for Reconstruction and Development
ICRC	International Committee of the Red Cross and Red Crescent
ICT	Information and Communication Technologies
IDA	International Development Association
IDD	Integrity Due Diligence

IDP	Internally Displaced Person
IE	Impact Evaluation
IEG	The Independent Evaluation Group
IEG RAP	The IEG Results and Performance review of the World Bank Group
IDMC	Internal Displacement Monitoring Centre
IFC	International Finance Corporation
IFI	International Financial Institution
IFMIS	Integrated Financial and Management Information Systems
IFPRI	International Food Policy Research Institute
IFR	Interim financial reports
IGAD	Intergovernmental Authority on Development
IMF	International Monetary Fund
IMPACT	Impact Measurement and Project Assessment Comparison Tool
INGO	International Non-Governmental Organization
IP	Implementation Progress
IPF	Investment Project Financing
IPV	Intimate Partner Violence
IsDB	Islamic Development Bank
ISR	Implementation Status and Results Report
JET	Jobs and Economic Transformation
KTF	Korea Trust Fund for Economic and Peacebuilding Transitions
LCR	Latin America and the Caribbean Region
LIC	Low-Income Country
LMIC	Lower-Middle-Income Country
M&E	Monitoring and Evaluation
MDB	Multilateral Development Bank
MDRP	Multi-Country Demobilization and Reintegration Program
MDTF	Multi-Donor Trust Fund
MFD	Maximizing Finance for Development
MIC	Middle-Income Country
MIGA	Multilateral Investment Guarantee Agency
MNA	Middle East and North Africa Region
MS+	Moderately Satisfactory or above
MSMEs	Micro-, Small- and Medium-sized Enterprises
MTF	Mindanao Trust Fund
MTR	Mid-Term Review
NGO	Nongovernmental Organization
NSP	National Solidarity Programme
NTF	Nordic Trust Fund
OCHA	(UN) Office for the Coordination of Humanitarian Affairs
ODA	Official Development Assistance
OP	Operational Policy
OECD	Organisation for Economic Co-operation and Development
OPCS	Operations Policy and Country Services
PAD	Program Appraisal Document
PCNA	Post-Crisis Needs Assessment
PER	Public Expenditure Review
PLR	Performance and Learning Review
PNG	Papua New Guinea
PPF	Policies and Procedures Framework
PRA	Prevention and Resilience Allocation
PSW	Private Sector Window
RECA	Remaining Engaged during Conflict Allocation
RETF	Recipient-Executed Trust Fund
RPBA	Recovery and Peacebuilding Assessment
RRA	Risk and Resilience Assessment
SAR	South Asia Region
SSAFE	Safe and Secure Approaches in Field Environments
SCD	Systematic Country Diagnostic
SDFP	Sustainable Debt Financing Policy
SDG	Sustainable Development Goal
SME	Small- and Medium-sized Enterprise
SORT	Systematic Operations Risk-Rating Tool
SPF	State and Peacebuilding Trust Fund
STC	Short-term Consultant
STT	Short-term Temporary
TAA	Turn Around Allocation
TDRP	Transitional Demobilization and Reintegration Program
TOCs	Theories of Change
TF	Trust Fund
TPM	Third-Party Monitoring
TTL	Task Team Leader
UCDP	Uppsala Conflict Data Project
UN	United Nations
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
VAC	Violence Against Children
VPU	Vice Presidential Unit
WB	World Bank
WBG	World Bank Group
WDR	World Development Report
WFP	World Food Programme
WHO	World Health Organization
WHR	Window for Host Communities and Refugees
YPP	Young Professionals Program
YPS	Youth, Peace and Security

Executive Summary

The Growing Challenge of Fragility, Conflict, and Violence

i. Addressing the challenges of fragility, conflict, and violence is critical to achieving the World Bank Group's twin goals of ending extreme poverty and boosting shared prosperity. By 2030, more than half of the world's extreme poor will live in countries characterized by fragility, conflict, and violence (FCV).[1] Preventing and mitigating FCV challenges is key to making progress toward the Sustainable Development Goals (SDGs) and to the international community's broader efforts to promote peace and prosperity.

ii. The global fragility landscape has worsened significantly in recent years, impacting both low- and middle-income countries. Violent conflicts have increased to the highest levels observed over the past three decades.[2] The world is also facing the largest forced displacement crisis ever recorded.[3] Rising inequality, lack of opportunity, discrimination, and exclusion are fueling grievances and perceptions of injustice. Climate change, demographic change, migration, technological transformations, illicit financial flows, and violent extremism are often interconnected, posing risks that transcend borders. Many countries also suffer from chronically poor governance. These factors can increase vulnerability to shocks and crises and can create regional and global spillovers. They could cause devastating impacts, especially for women, children, youth and people with disabilities, that could be felt for generations. Without swift and effective action, FCV risks could both erode gains made in the fight against poverty and undermine the prospects for further progress.

iii. Faced with these dynamics, the World Bank Group (WBG) has been changing the way it works in FCV settings. This work has evolved from a focus on post-conflict reconstruction to addressing challenges across the full spectrum of fragility. The 2011 World Development Report *Conflict, Security, and Development* emphasized the close link between security, justice, and development. The 2018 joint UN-WBG report, *Pathways for Peace,* called on the WBG to "pivot to prevention" by further prioritizing inclusive approaches to development that can help prevent and mitigate FCV risks before conflict and violence take hold. Furthermore, even in the toughest environments during conflict, the WBG can meaningfully engage to preserve institutional capacity and human capital that will be critical for the country's future recovery. And when signs of recovery emerge, the WBG can support governments that are embarking on transformational change.

iv. To meet the growing challenges, the WBG is significantly scaling up the volume and types of financial support it provides for FCV in both low- and middle-income countries. For low-income and lower-middle income countries (LICs and LMICs) that are classified as "fragile and conflict-affected situations" (FCS),[4] the 18th replenishment of the International Development Association (IDA18) represented a paradigm shift in terms of both the volume of resources and how those resources are provided. The $14 billion available in IDA18 for IDA countries affected by FCS is double the level of IDA17, the previous three-year replenishment period. IDA18 has also introduced a more tailored engagement in different situations of fragility, including investing in conflict prevention, supporting refugees and host communities, preventing and responding to gender-based violence, engaging in situations of active conflict, and supporting transitions from conflict to peace.

Looking forward, the 19th replenishment of IDA (IDA19)[5] will scale up resources to countries affected by FCV, including through an FCV Envelope that offers a structure of incentives and accountabilities for countries to reduce FCV risks. For International Bank for Reconstruction and Development (IBRD) countries, the Global Concessional Financing Facility has provided more than $3 billion in concessional assistance to middle-income countries affected by refugee crises, and a new IBRD Fund for Innovative Global Public Goods Solutions (GPG Fund) offers incentives for countries to address FCV spillovers. More broadly, the 2018 IBRD and International Finance Corporation (IFC) Capital Increase package highlighted the importance of stronger WBG efforts to systematically address FCV in middle-income countries, with a view to reinforcing country, regional, and global stability and development.

v. Recognizing that the private sector lies at the center of a sustainable development model in FCV settings, IFC and the Multilateral Investment Guarantee Agency (MIGA) are significantly scaling up their efforts. The 2018 IFC Capital Increase

package placed strong emphasis on IFC's growth in IDA and FCS countries. IFC committed to increasing its share of investment commitments in IDA and FCS to 40 percent by Fiscal Year 2030, with 15-20 percent in low-income IDA and IDA FCS countries. This would require at least a five-fold increase in investment volumes from the current level. Similarly, MIGA has prioritized FCS since 2005. MIGA's portfolio in FCS has increased continuously since 2013 and stood at a record $2 billion in 2019. IFC and MIGA efforts were further boosted by the introduction in IDA18 of the $2.5 billion Private Sector Window (PSW), which allows them to further scale up their investments in FCS, thus complementing IDA's support for policy reforms that are aimed at stimulating private sector-led growth. IFC has also strengthened its engagement in FCS through the Conflict-Affected States in Africa (CASA) and FCS Africa initiatives, and its advisory support through the Creating Markets Advisory Window (CMAW).

The WBG Framework for Engagement in FCV

vi. **The objective of the WBG's FCV Strategy is to enhance the WBG's effectiveness to support countries in addressing the drivers and impacts of FCV and strengthening their resilience, especially for their most vulnerable and marginalized populations.** This work is critical to achieving the WBG's twin goals. The strategy sets out a new framework for understanding FCV and a robust set of measures to increase the effectiveness of WBG development support to both low- and middle-income countries that are dealing with diverse challenges across the FCV spectrum, including high levels of violence, forced displacement shocks, and subnational conflict.

vii. **The FCV Strategy builds on a range of inputs**—including successive Independent Evaluation Group (IEG) reviews of WBG engagement in FCV settings, portfolio reviews, global consultations carried out during 2019, and lessons learned from operational experience—to systematically address the root causes of fragility as well as the long-term risks that can drive or exacerbate conflict and violence.

viii. **An essential premise for the FCV Strategy is that, given the diversity of FCV challenges, there can be no one-size-fits-all approach**. Operating in FCV settings is far from business as usual because of often rapidly changing circumstances, differing levels of insecurity, fragile and volatile political situations, macroeconomic instability, low institutional capacity, a weak enabling and investment climate for the private sector, higher risks of violence against vulnerable populations, and significantly higher risks and costs of engagement.

ix. **The WBG approach must therefore be adapted to the distinct circumstances of FCV settings, with Country Partnership Frameworks (CPFs) and programs tailored to addressing the root causes of fragility.** Greater on-the-ground presence is key in the most challenging environments. And given the protracted and complex nature of FCV, development actors must plan to stay engaged over the long term, including during conflict and crisis situations. This requires an acceptance of higher risks by development actors, as well as partnerships with a diverse range of stakeholders.

x. **Building on operational and analytic experience in FCV settings, the FCV Strategy articulates a differentiated approach to FCV. It is structured around a set of guiding principles and four pillars of engagement that are designed to strengthen the WBG's approach and address challenges across the full spectrum of FCV.** The four pillars provide specific guidance on how to engage in different types of FCV settings, help inform CPFs and programs, and ultimately provide more effective and tailored support to both government and private sector clients. They are:

1. ***Preventing violent conflict and interpersonal violence*** by addressing the drivers of fragility and immediate- to long-term risks—such as climate change, demographic shocks, gender inequality, patterns of discrimination, economic and social exclusion, and perceptions of grievances and injustice—and strengthening the sources of resilience and peace before tensions turn into full-blown crises.
2. ***Remaining engaged during conflict and crisis situations*** to preserve hard-won development gains, protect essential institutions, build resilience, and be ready for future recovery.

3. ***Helping countries transition out of fragility,*** by promoting approaches that can renew the social contract between citizens and the state, foster a healthy local private sector, and strengthen the legitimacy and capacity of core institutions.

4. ***Mitigating the spillovers of FCV*** to support countries and the most vulnerable and marginalized communities that are impacted by cross-border crises, such as forced displacement or shocks resulting from famines, pandemics, and climate and environmental challenges.

xi. **In addition, the WBG will place special emphasis on six high-priority issues in FCV settings:** (i) investing in human capital; (ii) supporting macroeconomic stability and debt sustainability; (iii) creating jobs and economic opportunities; (iv) building community resilience and preparedness, especially regarding the impacts of climate change and environmental degradation; (v) engaging on justice and the rule of law; and (vi) developing approaches to dealing with the security sector within the WBG's mandate and comparative advantage. Throughout WBG engagement in FCV settings, a special focus will be put on gender in line with the WBG Gender Strategy.

xii. **The FCV Strategy articulates the WBG's comparative advantage in FCV settings**. This centers on the WBG's role as a development actor committed to sustained and long-term engagement that can support national systems, strengthen core state functions, and build institutional resilience and capacity. The strategy stresses the WBG's role in engaging with a wide array of clients from the public and private sectors—including national, subnational, and local governments; local micro-, small-, and medium-sized enterprises (MSMEs); and regional and multinational private sector firms—and leveraging financing to incentivize investments and influence critical policy reforms that address the root causes of fragility.

xiii. **The FCV Strategy recognizes the importance of pursuing public and private sector solutions to help create jobs, deliver services, foster social cohesion, and promote inclusive economic growth**. Achieving impact at the market and sector levels requires an integrated WBG approach in which the World Bank, IFC, and MIGA operate in a complementary manner, both upstream and downstream, to deliver investments and help create jobs. The strategy therefore emphasizes the WBG's role in strengthening the enabling environment for private sector-led growth and upstream project development, supporting local private sector actors, enhancing conflict-sensitive approaches to investments, and helping catalyze and de-risk investments in FCV settings. IFC's Creating Markets strategy, which is critical in the FCV context, focuses on looking beyond individual projects to impacts on entire markets; this requires a sectoral focus for project development and advisory work.

xiv. **The FCV Strategy highlights the importance both of a calibrated response to risk that ensures full compliance with WBG safeguards, and a higher tolerance for the likelihood that some risks will materialize during program implementation**. Working in FCV settings often carries significantly higher risks, such as (i) the physical security risk to WBG staff, borrower counterparts, and beneficiaries; (ii) high risk of violence against vulnerable groups; (iii) weak or nonexistent institutional capacity, which can negatively affect development impact; (iv) environmental, social, and governance (ESG) risks; and (v) fiduciary risks, including fraud and corruption. Elevated risks require more proactive risk management, combined with targeted and rapid support when risks do materialize. More specifically, to pursue projects in FCV settings that are characterized by increased political and conflict risks, market uncertainty, and high operational costs, IFC and MIGA will appropriately balance the increased risks and costs of expanded FCV engagement with diversification of programs across sectors and countries of operation.

Operationalizing the FCV Strategy

xv. **To carry out the FCV Strategy, the WBG has set out 23 measures to strengthen its effectiveness in FCV settings.** Some of these are also included as policy commitments under the FCV Special Theme for the IDA19 Replenishment. While full operationalization of the strategy will take place through WBG regional implementation plans, country programs, and operations covering FCV, these measures are crucial to strengthening the WBG's approach to the distinct

nature of FCV settings. The measures are organized along "Four P's": *policies, programming, personnel, and partnerships* (see table 1):

On ***policies***, the WBG will update the framework with regards to engagement in humanitarian crises and forced displacement situations, and engagement on approaches to dealing with security and military actors within its mandate and comparative advantage. The aim is to ensure that policies, processes, and practices are fit-for-purpose, streamlined, and flexible for FCV settings.

On ***programming***, the WBG's strategies and operations will more systematically address the drivers of FCV in their design and will adapt implementation and supervision approaches to the complex and rapidly changing dynamics of FCV settings. The WBG will also enhance its operations and ensure coordinated approaches across its institutions for upstream project development and downstream capacity building for the private sector.

On ***personnel***, the WBG will increase its on-the-ground presence in FCV settings, strengthen the link between FCV experience and career development, as well as further invest in the skills, knowledge, and incentives needed for staff to deliver.

On ***partnerships***, based on respective complementarities and comparative advantages, the WBG will further step up its partnerships with humanitarian, development, peacebuilding, security, and private sector actors to maximize impact on the ground.

xvi. The FCV Strategy articulates a tailored financing architecture for countries impacted by FCV challenges, in line with the four pillars of engagement. The WBG's financing architecture—which includes IDA and IBRD financing, trust funds, IFC investments, and MIGA guarantees—complements and aligns both with the IDA19 FCV Special Theme and with the focus on FCV in the 2018 IBRD and IFC Capital Increase package. In addition, IFC and MIGA have specific arrangements to further support FCS, including through access to the Private Sector Window and other blended facilities, as well as the IFC-MIGA Partnership Joint Business Agreement.

xvii. The implementation of the operational framework and the specific measures articulated by the strategy will strengthen the WBG's impact on the ground in the most challenging settings. To this end, the strategy will offer direction for staff on the WBG's operational parameters and comparative advantage in FCV settings to support country strategies and operations. The aim is to be more selective, adaptive, and geographically targeted on the areas most affected by FCV challenges and on where the WBG's development support can have the greatest impact. Through increased presence, enhanced skills, and greater incentives for staff in FCS, the strategy is expected to result in greater on-the-ground support to help government and private sector clients build capacity and implement projects.

xviii. Implementation of the strategy will occur at four levels to ensure that the WBG adapts its approach to the distinct nature of FCV settings: (1) through the 23 operational measures outlined in the strategy; (2) through corporate strategies, initiatives, and commitments where FCV is prioritized, such as the IDA19 Replenishment, the IBRD and IFC Capital Increase package, the FY20-22 HR Strategy, and MIGA's FY21-23 Strategy; (3) through FCV country and regional programs; and (4) through analytics and operations in FCV-impacted countries.

xix. Progress on implementation of the FCV strategy will be monitored and reported back to the WBG's Board of Executive Directors. There will be stocktaking through annual updates to the WBG Board, a mid-term review on the operationalization of the strategy by the end of 2022, and a review to be conducted by the Independent Evaluation Group by 2024.

Table 1: Measures to Operationalize the WBG FCV Strategy

	Policies, Processes & Practices
1	***Articulate how the WBG will operate in humanitarian crises, in refugee and forced-displacement situations, and when dealing with security and military actors,*** particularly in insecure environments, and ***update Operational Policy (OP) 2.30 on Development Cooperation and Conflict*** accordingly.
2	***Systematize the use of digital solutions in FCV settings,*** including Geo-enabling for Monitoring and Supervision (GEMS) and remote-sensing technologies, to enhance supervision and implementation. *[See also IDA19 FCV policy commitment #5].*
3	***Enhance the use of operational flexibilities as needed in FCV settings.*** This includes providing training to staff and fostering communities of practice to increase awareness among teams of the operational flexibilities that exist in FCV settings, particularly for procurement, environmental and social safeguards, and for financial management.
4	***Enhance monitoring and evaluation (M&E) frameworks*** to build access to more reliable data, design context-specific solutions, and measure impact on the ground in FCV settings, including through the use of information and communication technology (ICT) tools and more fit-for-purpose survey designs to fully capture beneficiary feedback.
5	***Enhance the WBG evaluation framework that assesses country programs and operations in FCV settings,*** including encouraging more realism in objective-setting and project design and implementation, as well as adaptability to dynamic circumstances and situations of low institutional capacity and high levels of uncertainty and risk.
6	***Simplify and streamline IFC and MIGA processes to more nimbly address FCV challenges,*** including streamlining the processing of small loans.
	Programming
7	***Revise the methodology for Risk and Resilience Assessments (RRAs) and ensure that they are conducted systematically for countries impacted by FCV.*** Each RRA/fragility assessment will analyze FCV drivers and sources of resilience and include operational recommendations that can be integrated into country programming. *[See also IDA19 FCV policy commitment #1].*
8	***Ensure that country partnership frameworks and operations in FCV settings systematically address the key drivers of fragility and sources of resilience*** *[See also IDA19 FCV policy commitment #1].*
9	***Ensure that operations in FCV settings take security considerations into account throughout the project cycle,*** including factoring security issues into project design and documentation, implementation, supervision, and monitoring and evaluation.
10	***Promote the use of portfolio reviews, conflict filters, and peace lenses in FCV settings*** to support Bank teams in ensuring that portfolios and operations identify and address fragility drivers and conflict risks, particularly in countries with pockets of fragility.
11	***Scale up regional and cross-border programs focusing on key fragility risks*** Conduct regional RRAs, which can inform both regional and country programming to address the regional dimensions of fragility. *[See also IDA19 FCV policy commitment #2].*

12 ***Systematize conflict-sensitive approaches for private sector investments in FCV***, building on country-level contextual analysis and pilot project-level conflict analysis. *[See also IDA19 JET policy commitment #6].*

13 ***Engage across the WBG to develop the private sector and help create markets in FCV settings***; this includes upstream project development, SCDs, Country Private Sector Diagnostics (CPSDs), and implementation of the Cascade Approach / Maximizing Finance for Development.

14 ***Scale up IFC's special advisory funding and implementation facilities,*** including IFC's Creating Markets Advisory Window, FCS Africa, and an expanded Environmental, Social and Governance (ESG) advisory program, to increase support for market development and capacity building; and address FCV needs in MICs not covered by current facilities.

Partnerships

15 ***Systematize partnerships with humanitarian, development, security, and peacebuilding actors at the country level*** by drawing on the WBG's comparative advantage as a development actor, enhancing the impact of operations on the ground, and ensuring effective implementation arrangements with third parties as needed. This includes conducting joint assessments such as Recovery and Peace-Building Assessments (RPBAs) more systematically, and deepening coordination at the country level with actors operating in insecure environments.

16 ***Operationalize and deepen partnerships with multilateral development banks (MDBs) at the country level*** on areas of focus in the FCV agenda, including through more regular joint trainings and joint diagnostics.

17 ***Continue to consolidate partnerships with regional organizations*** that have the authority and capacity to address cross-border FCV challenges.

18 ***Scale up engagement with civil society organizations (CSOs)*** at the country level in FCV settings, particularly those operating in insecure areas and in proximity to vulnerable and marginalized communities, and those that are women-led and promote women and girls' empowerment.

Personnel

19 ***Increase on-the-ground presence by deploying more professional staff to fragile and conflict-affected situations,*** as well as nearby locations. *[See also IDA19 policy commitment #6].*

20 ***Strengthen the link between FCS experience and career development*** by creating further incentives for WBG staff to work in FCV contexts, and ensuring that FCS experience is systematically recognized and considered as part of performance, talent reviews, and next-assignment planning.

21 ***Introduce an enhanced FCV learning curriculum for staff working in FCV settings,*** with learning focusing on increasing operational competencies, analytic competencies, and personal effectiveness. Staff and managers working in or on FCV will be expected to participate in all relevant training.

22 ***Provide enhanced support for staff well-being, safety, and security*** before, during, and after assignments in FCV settings, including health and psychosocial support, as well as security awareness and management training.

23 ***Leverage World Bank staff in countries where IFC lacks on-the-ground presence*** by providing training and support to World Bank managers and staff who fulfill IFC functions in these contexts.

Introduction

1. **By 2030, more than half of the world's extreme poor will live in countries characterized by fragility, conflict, and violence.**[6] Preventing and mitigating fragility, conflict, and violence (FCV) is central to achieving the Sustainable Development Goals (SDGs) and the World Bank Group's (WBG) twin goals of ending extreme poverty and promoting shared prosperity. It will also support the international community's broader efforts to promote peace and prosperity.

2. **The global fragility landscape has worsened significantly.** According to *Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict*, there are now more violent conflicts globally than at any time in the past 30 years,[7] and the world is also facing the largest forced displacement crisis ever recorded.[8] Rising inequality, lack of opportunity, discrimination, and exclusion are fueling grievances and perceptions of injustice. Climate change, demographic change, migration, digital transformation, illicit financial flows, and violent extremism are often interconnected, with effects that transcend borders. These factors can increase vulnerability to shocks and crises and create regional spillovers. They can cause lasting and devastating impacts, especially on women, children, youth, and people with disabilities, that will be felt for generations. Without swift and effective action, FCV risks could both erode gains made in the fight against poverty and undermine the prospects for progress.

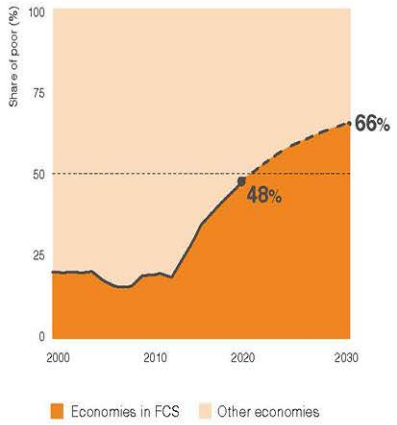
3. **The objective of the FCV Strategy is to enhance the WBG's effectiveness to support countries in addressing the drivers and impacts of FCV and strengthening their resilience, especially for the most vulnerable and marginalized populations.** To this end, the strategy sets out a framework to support countries in addressing diverse challenges across the FCV spectrum. While these are often more long-standing and acute in low-income and lower-middle-income countries (LICs and LMICs), the strategy will guide WBG engagement in all countries facing FCV challenges, including those at higher income levels that are affected by high levels of violence, forced displacement shocks, and subnational conflict. The FCV Strategy builds on successive IEG reviews of WBG engagement in FCV settings, portfolio reviews, and lessons learned in fragile and conflicted-affected situations (FCS) to systematically address the root causes of fragility and long-term risks that can drive or exacerbate conflict and violence.

4. **It will be impossible to achieve the twin goals or to meet the SDGs[9] without tackling fragility, conflict, and violence**. Extreme poverty is increasingly concentrated in FCS, and global poverty goals will not be met without intensified action there. It is estimated that today about half of the world's live poor in fragile and conflict-affected situations, and that by 2030 as many as two-thirds of the world's poor may live in such settings (figure 1).[10] This is particularly striking given that only about 10 percent of the global population lives in FCS countries, where poverty rates have been increasing while declining in most of the world (figure 2). More specifically, the 43 poorest countries are either FCS or are located in Sub-Saharan Africa; all of these have poverty rates of 19 percent or higher. And historical analysis[11] shows striking and diverging poverty patterns (figure 3). Countries with chronic FCS have had poverty rates stuck at over 40 percent, while countries that have escaped FCS have cut their poverty rates by more than half. Countries that have entered the FCS list have seen significant increases in their poverty rates, while those that have never been on the list have seen poverty decline steadily, to about 5 percent.

5. **This strategy is among the WBG's contributions to the collective global effort to tackle FCV**. While the WBG strives to increase its direct impact on FCV, it also approaches this task with humility. It recognizes the intractable challenges of FCV, and that the full commitment of local and national actors is imperative to achieve progress. The WBG has prioritized supporting countries' efforts to mitigate FCV and promote peace and is committed to deepening partnerships with a diverse set of actors, based on respective complementarities and comparative advantages.[12]

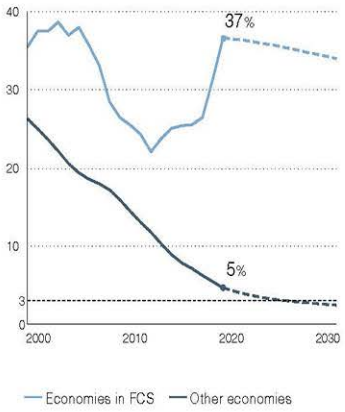
6. **This strategy has greatly benefitted from extensive global consultations held throughout the strategy development process**. The consultations engaged a wide range of partners, including governments, international organizations, global and local civil society, and the private sector. This captured lessons and best practices such as (i) the need to tailor interventions and financing to the distinct FCV challenges faced by a country; (ii) the importance

Figure 1: Share of Poor Living in FCS



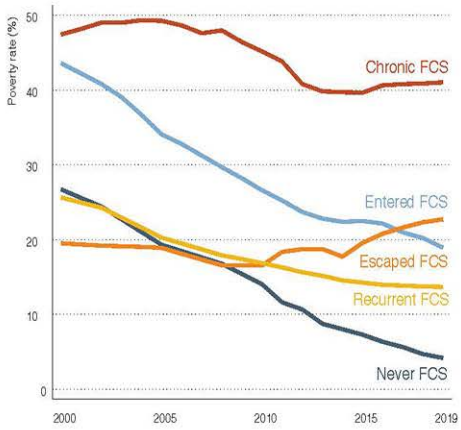
Source: Corral, Paul, Alexander Irwin, Nandini Krishnan, Daniel Gerszon Mahler, and Tara Vishwanath. 2020. "Fragility and Conflict: On the Front Lines of the Fight Against Poverty." Washington, DC: World Bank.

Figure 2: Poverty Rates in FCS Countries



Note: Three-year moving averages are used between 2001 and 2018 to smooth out trends. All displaced populations are included in the figures for "Economies in FCS."

Figure 3: Poverty Trends by FCS Category (Historical Analysis, 2000-2019)



Source: Corral et al., 2020.

of supporting the most vulnerable and marginalized groups, and addressing the grievances underlying and driving FCV; (iii) the importance of vibrant and inclusive private sector development to support job creation and provide economic opportunities; and (iv) the recognition of the crucial role of partnerships in FCV settings to address the drivers and impacts of FCV.

7. **The FCV Strategy is organized as follows**: Section I provides an overview of the FCV landscape. Section II describes the framework for WBG engagement across the spectrum of FCV. Section III sets out how the WBG will operationalize the framework to strengthen its effectiveness.

Section I: Fragility, Conflict, and Violence in the World

A. What Is Fragility, Conflict, and Violence?

8. **FCV challenges are context-specific, complex, and nuanced, requiring approaches tailored to the distinct geography, history, and conflict drivers of each setting.** FCV is often the result of tensions that have evolved over years, decades, and even generations, yet its triggers can be immediate. The three elements—fragility, conflict, and violence—are often interrelated and mutually reinforcing:

Fragility: *Countries with deep governance issues and state institutional weakness* are identified through policy-based and governance indicators. Fragile situations tend to be characterized by deep grievances and/or high levels of exclusion, lack of capacity, and limited provision of basic services to the population. Fragile situations tend also to be characterized by the inability or unwillingness of the state to manage or mitigate risks, including those linked to social, economic, political, security, or environmental and climatic factors.[13]

Conflict: *Countries in active conflict* are identified based on a threshold rate of conflict-related deaths. Violent conflicts occur when organized groups or institutions, sometimes including the state, use violence to settle grievances or assert power.

Violence: *Countries with high levels of interpersonal and gang violence*, with major destabilizing impact, are identified based on the per capita level of intentional homicides. Gender-based violence (GBV) and violence against children (VAC) are also integrated into this definition.

9. **Many countries can be affected by FCV, and this strategy focuses on supporting all countries that face FCV challenges.** All countries facing FCV risks—including those experiencing subnational conflict, forced displacement shocks, or high levels of interpersonal violence—are at the core of this strategy and will be the focus of its operationalization.

10. **To help differentiate approaches, policies, and instruments so that the WBG can adapt its engagement to difficult and complex situations and tailor it to each context, this strategy articulates a new methodology to identify and classify FCS.** The new classification is embodied in a list that will replace the previous Harmonized List of Fragile Situations. The new FCS List distinguishes between countries based on the nature and severity of the issues they face. It will be updated annually. The FCS List for FY20 is attached in annex 1 and includes 36 countries and the West Bank and Gaza. The classification uses the following categories:

- **Countries with high levels of institutional and social fragility**, identified based on publicly available indicators that measure the quality of policies and institutions and manifestations of fragility.
- **Countries affected by violent conflict,** identified based on a threshold number of conflict-related deaths relative to the population. This category will include two subcategories based on the intensity of violence: countries in high-intensity conflict and countries in medium-intensity conflict.

B. Evolution of Fragility, Conflict, and Violence

11. **Violent conflict has increased significantly in the past decade.** Since 2010, the number of major violent conflict events has tripled globally. Much of the increase is characterized by a rise in intrastate conflict and the proliferation of non-state armed groups. Recently, the number of deaths from violent conflict has fallen slightly, but the footprint of violent conflict has expanded, with an 11 percent increase in the number of locations impacted worldwide.[14]

12. **Fragility tends to be chronic and deep-seated.** Over the past decade, nearly 30 countries have shown chronic fragility; most of these are LICs and LMICs.[15] Where institutions and governments are unable to manage the stresses or absorb the shocks of a changing climate, natural disasters, or economic and social crises, the risks to the stability of states and societies often increase. Countries tend to follow a path-dependent trajectory strongly influenced by their history or geography, or by their social, economic, and power structures—elements that are all difficult to change. Tackling fragility—by addressing deep-seated grievances, perceptions of injustice, and legacies of human rights violations and by improving governance and institutions' accountability—is a delicate process that takes place over decades.

13. **What makes people fight, and what they fight over, are not new issues, but today's conflicts are happening in a more complex landscape.** Fragility, conflict, and violence span country income levels, and the recent surge of violent conflict in countries that have, or had, functioning institutions, upends assumptions that it is exclusively a problem for LICs and LMICs or that seemingly stable societies are immune. Many of today's subnational conflicts are taking place in middle-income countries (MICs) with relatively strong institutional capacity, regular elections, and capable security forces. Rather than a direct function of poverty alone, these forms of conflict are increasingly linked to a lack of political and economic inclusion and equity as well as grievances and perceptions of injustice. Transnational violent extremist groups have taken advantage of unmanaged local tensions to root themselves in fragile contexts, cross national boundaries, and threaten entire regions.

14. **In addition to violent conflict, interpersonal, gang-related, drug-related, and gender-based violence all pose a major threat to development and to the well-being of millions.** Every year, about half a million people die from violence, two-thirds of them victims of intentional homicide.[16] In some areas, homicide rates are higher than deaths in conflict zones, causing major human suffering as well as economic and social disruption. While a majority of the victims of lethal violence are young males,[17] high levels of homicide go hand in hand with high levels of GBV and VAC, with severe, lifelong impacts on those affected.

15. **FCV challenges are also increasingly international—they cross borders and produce regional and global spillovers that often spiral into multidimensional crises.** In a world where communications, finance, crime, and ideas all flow more rapidly across borders, many conflicts have evolved into complex systems with international, regional, national, and communal links. This explains in part why it is so challenging to address FCV effectively. Armed conflicts and high levels of interpersonal violence heighten vulnerabilities, including food insecurity and forced displacement. Financial crises stress the social fabric and can lead to more instability and violence. Pandemics more easily take hold in areas where the presence of the state is weak and where there is low trust in service delivery. These dynamics deepen a country's fragility and often lead to situations of protracted crisis.

16. **As a result of the increased levels of conflict and violence, the world is seeing the largest forced displacement crisis ever recorded.** There are about 71 million forcibly displaced people globally, of whom some 41 million are internally displaced. Forced displacement has become increasingly complex and protracted, with substantial socioeconomic impacts on both refugee and host communities. More than half of the displaced are women; together, women and children comprise about 75 percent. Approximately 85 percent of the world's forcibly displaced are concentrated in LICs and MICs,[18] with 72 percent of the forcibly displaced living in lagging regions within these countries.

17. **FCV both affects, and is affected by, global factors including climate change, demographic challenges, gender inequalities, digital transformation, and illicit trafficking.**

- ***Climate change*** is a driver of fragility and a threat multiplier. Both in the immediate term and long term, it can aggravate already fragile situations and increase vulnerabilities, exacerbate grievances, and deepen existing fragility. By 2030, climate impacts could push an additional 100 million people into poverty. By 2050, in three regions alone that have been studied (Sub-Saharan Africa, South Asia, and Latin America), as many as 143 million people could become climate migrants, with potentially destabilizing effects.[19]
- ***Demographic challenges*** such as high fertility and youth dependency rates can lead to higher poverty, lower investments in children, high unemployment or underemployment, and the risk of instability and unrest.
- ***Gender inequalities*** are an aggravating factor in fragile situations. They tend to be magnified in FCV settings when regressive gender norms, including those related to masculinities, and higher risk of gender-based violence, including sexual exploitation and abuse, combine with lack of access to health, education, and employment. Because the share of women-headed households tends to increase during violence and conflict, promoting economic opportunities for women is key. This is also paramount for the successful implementation of the Women, Peace, and Security Agenda of the United Nations (UN).

- ***Digital transformation*** has the potential to play a positive role in promoting peace but can also widen economic gaps and drive exclusion. It can present uncharted territory when demands for openness are not met, or when criminal networks or extremist groups prey on disenfranchised and marginalized communities.
- ***Illicit trafficking*** and criminal networks have benefitted from greater mobility and interconnectedness and, in many contexts, this exacerbates FCV challenges. Elite capture, poverty, and inequality are associated with increases in a range of illicit activities, including trafficking, corruption, and illicit financial flows.[20]

18. **Lack of economic opportunities and high unemployment exacerbate other FCV drivers. A vibrant and inclusive private sector can ignite economic growth, provide jobs and services, and help stabilize societies.** Yet the domestic private sector in most FCV settings is underdeveloped, and only 1 percent of global foreign direct investment (FDI) goes to FCS countries.[21] This means lower prospects for the private sector-led growth that FCV settings need to lift people out of poverty and that can help create trust, inclusion, and stability.

C. Lessons Learned and the WBG Response

19. **The WBG's work has evolved from a focus on post-conflict reconstruction to addressing challenges across the full spectrum of fragility** (see figure 4). The 2011 World Development Report, *Conflict, Security, and Development*, introduced a major shift in how the WBG conceived fragility, highlighting that fragility-related challenges cannot be resolved by short-term or partial solutions in the absence of institutions that provide people with security, justice, and jobs. Building on the 2011 WDR, the 2018 joint UN-WBG *Pathways for Peace* report further shifted the WBG's approach to prevent and mitigate FCV risks before conflict and violence take hold. Through its expanded engagement in FCV settings, the WBG has learned many lessons, including from IEG reviews, that can inform future progress.[22] In particular, the WBG has matured in its approach to become more adaptive to fluid situations and to provide more tailored support depending on context. Key lessons are outlined below.

Figure 4: Evolution of the WBG Role in FCV

20. **The WBG should approach its development engagement with a sense of humility.** The WBG is a large development institution, but its work is only one element of the larger political economy of a country. Ultimately, conflicts are resolved by political and security actors through political processes, and even the best development strategy or program cannot win a war or ensure peace. Nonetheless, development interventions can help address FCV drivers and yield meaningful results in FCV settings, particularly when they are approached in an inclusive and conflict-sensitive manner, as outlined in *Pathways for Peace*. Development interventions can help reduce or mitigate fragility risks, strengthen communities' resilience, preserve development gains, enable reformers to seize windows of opportunity, and support longer-term transitions out of fragility. These should be the focus of WBG engagements in FCV settings.

21. **CPFs and programs need to be better tailored to address FCV drivers, based on FCV tools and analytics.** In many cases, Systematic Country Diagnostics (SCDs) and CPFs in FCS have not looked markedly different from those in non-FCS. While WBG analytics on FCV drivers have improved over time, their recommendations have not always carried over into CPFs. The result is a partial disconnect between enhanced analytical capacity and the WBG's portfolio of operations. Ensuring that programs in FCV settings are truly tailored to FCV drivers requires a two-pronged approach. First, WBG analysis must be made more relevant to operations. And second, as IEG suggests, CPFs should incorporate the analysis and recommendations of Risk and Resilience Assessments (RRAs) "more forcefully," focus more systematically on FCV drivers, and translate these more directly into country program priorities.

22. **WBG financing arrangements should be calibrated to the specific needs of FCV settings, with appropriate incentives and accountabilities**. The traditional approach to aid effectiveness, in which countries with low institutional capacity received little finance, has at times limited the WBG's effectiveness in FCV settings. Over the last decade this has changed, with a growing recognition that by allocating more resources through tailored mechanisms, impact in FCV settings is possible. IDA has made many adjustments to its allocation framework, including increasing country allocations, providing more grants and debt relief, and using exceptional allocations to address specific needs, for example, in countries that are in, or emerging from, conflict. Other important examples are the Refugee Sub-Window for IDA-eligible countries and the Global Concessional Finance Facility for MICs, which provide concessional financing to help clients pursue development approaches for both refugee and host communities. In some FCV settings, the use of multi-donor trust funds (MDTFs) has helped galvanize international support to invest in large development programs, while lessening the burden on new governments with thin capacity. The WBG is still learning what works—the latest innovation is the FCV Envelope in IDA19, which creates a strong incentive and accountability structure to encourage clients to address FCV drivers.

23. **The WBG needs to do more to improve project performance in FCS**. While performance in FCS has improved markedly, it is below that of non-FCS. In part, improvements to project performance can come indirectly through better strategies and programming and a stronger on-the-ground presence, but direct efforts are also needed. IEG calls for simpler and more pragmatic project designs in FCV settings, including by encouraging teams and clients to make more realistic estimations of results and risks from the outset. Interestingly, crisis-related operations tend to perform well, likely because they are focused, simple, and realistic: this offers a lesson for other programming in FCV settings. Projects in fluid environments need built-in flexibility that allows for rapid adaptation to changing circumstances. In some FCV settings, it can range from difficult to impossible to plan accurately over a standard five-year project time horizon. Hence teams should seize opportunities to adjust and correct course early and often. FCV settings tend to have lower implementation capacity, so more proactive and hands-on supervision with clients is often needed, and this should be factored into planning and resourcing for the implementation phase. IEG evidence also underscores how capacity building is critical to the sustainability of public service delivery in FCV settings.

24. **Experience also highlights the importance of good governance in addressing FCV challenges, and the WBG has a comparative advantage in supporting core governance functions.** The WBG

has learned that the effectiveness of development programming in any sector, from health and education to agriculture and jobs, will be realized only if a country's underlying governance is sufficiently robust and inclusive. Governance weaknesses tend to be key chronic drivers of FCV. The WBG should therefore focus on supporting clients to improve governance over the long term, including by enhancing citizen security, strengthening the rule of law, building systems of accountability, enhancing systems for service delivery, and fostering citizen engagement. Progress on governance may not be linear, but the effort is a worthy investment in future resilience and stability. It can help to address horizontal and vertical inequities, build legitimacy and trust in institutions, address FCV drivers, and mend the social contract, while also providing the foundation for sectoral programming to achieve better results.

25. **Another key lesson is the importance of sourcing, developing, and supporting WBG staff working in FCV settings.** Having the right staff on the ground is essential for effectiveness and project performance. Resident staff are better able to understand the political economy; provide proactive support to clients in preparing and implementing operations; find practical, agile, and best-fit solutions to problems; build relationships with partners, including civil society organizations (CSOs); travel to supervise project activities; and ensure that operations become more tailored to FCV drivers. Like other institutions, however, the WBG has struggled to attract staff to work in FCS, and there remains an impression among staff that working in FCS is not always career-enhancing. With strong management attention, the staffing footprint in FCS has increased significantly in recent years, and this will continue during the IDA19 period, including through new recruitments. Training and capacity building for staff has improved but could be enhanced further. Moreover, staff working in or on FCV need to feel that WBG management recognize and value their efforts in these tough environments. In particular, the WBG needs to do more to enhance the employment value proposition for staff focusing on FCV, including through mentoring, next-assignment planning, and career progression. Security is also a primary concern for the WBG's presence on the ground.

26. **As the WBG takes on increasing challenges, its operational guidance should be adapted and updated to remain fit-for-purpose.** In some ways, WBG engagement has evolved faster than its operational guidance. For example, the WBG increasingly engages with non-state, civil society, military, or security actors, in contexts such as humanitarian crises or forced displacement situations, where greater policy clarity would be helpful for teams. In other ways, the WBG already offers a range of operational flexibilities, but teams have not always pursued these, either because of a lack of awareness, overall risk aversion, or a sense that teams may not receive support from management and/or shareholders. Efforts are needed to ensure that teams are aware and feel empowered to draw on flexibilities as needed so that practice aligns with policy.

27. **Engagement in FCV settings has broadened the WBG's perspective on managing risk**. FCV settings have large residual risks, not all of which can be mitigated, and additional risks may materialize during project implementation. At times, the WBG and other actors in the international community may have been too optimistic about the complexity and risk levels in FCV settings, and the extent to which these can be managed and mitigated. There have been times when risks materialize, prompting the WBG to pull back or shy away from further risk, which is not always consistent with the WBG's role in tackling the most important development challenges. Looking forward, the WBG should use a comprehensive and candid approach so that it can take informed risks, mitigate unforeseen risks proactively, seize opportunities, and remain steady in fluid situations—in full compliance with WBG environmental, social, and fiduciary standards.

28. **WBG engagement in FCV settings entails higher costs**. Working effectively in FCV settings inherently requires new investments in data and analytics, greater investment in security and staff welfare, expansion of the WBG's on-the-ground presence, more proactive implementation support, and more collaboration with partners. These factors all create budgetary pressures. WBG budget allocations for FCS have increased,[23] and they will require a sustained focus for the WBG to be effective in these settings.

29. **Partnerships are critical, and the WBG has learned that these should be mission-driven and grounded in the comparative advantages of each partner**. Over the years, the WBG has worked with wide range of partners—from local CSOs, the private sector, and bilateral donors to other multilateral development banks (MDBs) and UN agencies. Effective partnerships have often been built from the ground up by in-country staff who seize opportunities to achieve better results for clients. Experience also finds that partnerships take time and effort to nurture and involve transaction costs, with time and resource implications. Hence partnerships need not be pursued at all times with all players or for their own sake—but rather, pursued selectively when partnering can generate results greater than the sum of the contributions of each partner to meet project objectives and advance common goals.

30. **Engaging in FCV settings also means working differently with data**. In these settings, the data environment is often weak. But there are now innovative ways to collect data or draw on partners' datasets. In recent years, digital solutions have emerged to address data challenges, but overall, teams need to think differently about monitoring and evaluation in FCV settings. It is equally important to support governments over the long term in improving their data environment for evidence-based policy making.

31. **For the private sector, FCV settings are the toughest markets, but the WBG must work to find windows of opportunity for sustainable and conflict-sensitive private sector development**. The private sector is an essential source of growth, jobs, and resilience. But challenges abound in promoting a healthy private sector in FCV settings, including difficult operating environments, higher costs of doing business, skills shortages, the lack of rule of law, high levels of informality, and poor infrastructure and supply chains (see box 1). It is essential for the WBG to persevere and find windows of opportunity to support conflict-sensitive and sustainable private sector development. Tailored financing that de-risks investments can also help. WBG support for viable investments in FCV settings also requires a longer time horizon— including for project gestation, a long-term commitment to sector-wide regulatory and policy reform, and more focus on client capacity building and proactive implementation support. It can be extremely challenging to find bankable private sector projects.

32. **For IFC and MIGA, working in FCV settings also means dealing with significant reputational and financial risks.** Reputational risks include issues related to sponsors' (lead investors') integrity, such as previous illegal activities or corruption. There are also Environmental, Social, and Governance risks such as impacts from pollution or problems with resettlement. To mitigate these risks, IFC and MIGA work extensively prior to any investment to implement strict safeguards and thoroughly review potential sponsors to ensure that private sector projects do not negatively affect local communities. Financial risks can be related to inadequate returns to cover or compensate for the associated FCV-environment risks (such as conflict or regulatory issues, or poorly developed markets) or to higher operating costs related to security issues, long project gestation, and, frequently, small project size. There must be a recognition that some risks may materialize during the life of a project that cannot be fully avoided or mitigated.

33. **Increasing support for private sector development —through IFC's investment and advisory services operations as well as MIGA guarantees —is a critical element of the WBG's approach to FCV.** IFC first included FCS as a strategic priority in 2010 and started monitoring FCS targets soon after. Over this time, IFC continued to evolve and scale up engagement in FCV settings, including through advisory services. The 2018 IFC Capital Increase package placed strong emphasis on IFC's growth in FCS and IDA countries as a key outcome reflected in IFC's Corporate Scorecard. Similarly, MIGA has prioritized FCS since 2005. MIGA's role is critical given that the perception of high risk in FCV settings often precludes other providers from offering coverage. MIGA's portfolio in FCS has increased continuously since 2013 and stood at a record $2 billion in 2019.

34. Over time, these lessons have led to substantial changes in how the WBG operates in fragile situations. For FCS that are eligible for concessional IDA resources, IDA18 represents a paradigm shift in terms of the volume of resources allocated: the $14 billion available for FCS is double the level for the previous three-year replenishment period. IDA18 also introduced a more tailored engagement in situations of fragility, including investing in conflict prevention, supporting refugees and host communities, preventing and responding to gender-based violence, engaging in situations of active conflict, and supporting transitions from conflict to peace.

Box 1.
Challenges to Private Sector Development in FCS

Experience over the past decade has shown that working with the private sector in FCV is far from business as usual, with higher risks and costs because of unique challenges on the ground. These include (i) a limited private sector, often largely informal, with poor capabilities and lack of access to finance; (ii) underdeveloped market structures characterized by a prevalence of state-owned enterprises or otherwise imperfect or incomplete markets; (iii) poor infrastructure and supply chains; and (iv) a weak legal and regulatory environment, low government capacity, and weak institutions.

Supporting viable private sector investments in FCV countries often requires long-term, extensive, upfront work related to project development and client capacity building. For example, developing infrastructure projects in FCV settings may take 3-6 years or longer, including work on the regulatory regime, sector policies, feasibility studies, and government capacity.

Similarly, after commitment, projects in FCS countries require significant assistance to realize their potential. Supply chains need to be developed, local community interactions supported, and land and other environmental and social issues addressed.

35. IFC and MIGA efforts have been further boosted by the introduction of the $2.5 billion IDA-IFC-MIGA Private Sector Window (PSW) in IDA18. This allows IFC and MIGA to access IDA resources to de-risk investments and guarantees, enabling a substantial scale-up of their activities in FCS. The PSW is an important complement to IDA's ongoing support for policy reforms aimed at stimulating private sector-led growth.

36. IFC and MIGA have also strengthened their attention to enabling environments, regulatory reforms, upstream project development, and capacity building; and they are increasing locally based staff and developing risk mitigation tools. Delivering impact at the market and sector levels requires an integrated WBG approach, in which the World Bank, IFC, and MIGA operate in a complementary manner, both upstream and downstream. This facilitates the creation of private sector markets at scale to deliver significant numbers of inclusive jobs and services that benefit local populations. IFC has increased its use of technical assistance and blended finance, and established the Conflict-Affected States in Africa (CASA) initiative in 2008 and the FCS Africa Program in 2014 to deploy dedicated funding for advisory services and staff on the ground. IFC has also partnered with the World Bank on upstream reforms and advisory work and developed the Cascade/Maximizing Finance for Development approach. Additional IFC advisory funding for FCS became available with the establishment of the Creating Markets Advisory Window (CMAW) in 2017. In 2013, MIGA established the Conflict-Affected and Fragile Economies Facility (CAFEF), with the objective of catalyzing additional private capital flows to FCS by expanding political risk insurance. These efforts all reflect growing awareness that engagement in FCV settings requires a fundamentally different approach to development and that significant resources must be harnessed to maximize impact on the ground. They provide a solid foundation on which to build a framework for expanding engagement in FCV.

Box 2.
IFC's Conflict Affected States in Africa (CASA) Initiative Taking on Challenges in FCS

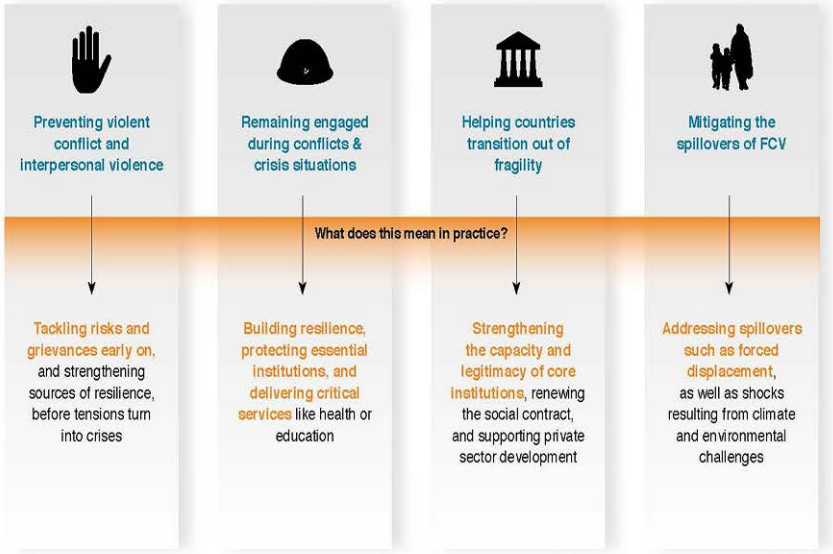
Recognizing the unique challenges fragile countries face, IFC launched the Conflict-Affected States in Africa (CASA) initiative in 2008 to help Africa's FCS countries rebuild their private sectors, create jobs, and attract investment. Supported by Ireland, the Netherlands, and Norway, CASA initially rolled out in four countries and today supports IFC's advisory engagements in 13 African countries.

CASA's experience shows that three factors are critical for bringing sustainable private sector development to fragile markets: long-term engagement, market intelligence, and flexible funding. Having the team on the ground helps gather the right market intelligence, speeds up project implementation, and provides clearer communication with clients and stakeholders. Strategies need to be flexible and resilient in times of crisis and based on the country context. The legal, financial, cultural, and historical contexts must all be considered. FCS require mitigation of fragility risks but also broadening of the impact of investments through advisory services to help clients and operators improve their governance; enhance their compliance with environmental, social, and governance standards; and integrate with local value chains and regulatory frameworks to generate broader, stronger, systematic development effects. CASA now focuses on the Sahel, Lake Chad, and Horn of Africa and is helping address evolving regional and subregional conflict dynamics.

Section II: Framework for WBG Engagement in FCV

37. The framework to deliver on the FCV Strategy comprises four Guiding Principles and four Pillars of Engagement. The *Guiding Principles* are (i) Differentiation; (ii) Inclusion; (iii) Legitimacy and accountability; and (iv) Growing private sector solutions for impact. The *Pillars of Engagement* are (1) Preventing violent conflict and interpersonal violence; (2) Remaining engaged during crisis situations and active conflicts; (3) Helping countries transition out of fragility; and (4) Mitigating the spillovers of FCV. Critically, FCV risks are interrelated and mutually reinforcing and cut across each of the four pillars of engagement.

Figure 5: The Four Pillars of Engagement



A. Guiding Principles

38. The WBG engages in FCV settings to address the drivers of fragility and strengthen the sources of resilience and peace, in line with its mandate and comparative advantage, and in cooperation with a broad set of stakeholders. The WBG's efforts are most effective when they are designed and implemented to foster synergies with local and national actors and international partners in the peace, security, development, and humanitarian arenas, based on the mandate and comparative advantage of each institution.[24]

39. The WBG's comparative advantage in FCV settings is based on its long-term experience and sustained engagement in countries, as well as its capacity to leverage analytics, financing, and convening power at scale. As a development actor, the WBG complements the engagement of other stakeholders by helping to build systems and develop capacity; strengthen institutions and core state functions; support shared economic growth; improve service delivery and protect human capital; and manage risks and enhance preparedness. In acting on its comparative advantage, the WBG strives to promote efficient and equitable economic and social policies, and ultimately to increase social capital and build more resilient societies.

40. With the FCV Strategy, the WBG does not seek to go beyond its core social and economic competencies and development mandate under its institutions' Articles of Agreement. In determining whether activities or engagements are consistent with its mandate, the WBG examines whether they are grounded in an appropriate and objective economic rationale and are structured to avoid interference in the political affairs of a member country.

41. In a given setting, the WBG will determine the feasibility, desirability, focus, and modalities of its engagement on the basis of the following criteria: its mandate; the complementarity of its potential activities with those led by other actors; do-no-harm considerations; its ability to engage effectively with key stakeholders, including government authorities; the likely impact of the programs it can support; and its capacity to ensure staff security and manage risks.

DIFFERENTIATION

42. The WBG's approach and interventions will be tailored to the specifics of FCV drivers. Some drivers are rooted in local issues, such as conflicts around land, water, or extractive industries; others are subnational, such as when territories are disconnected or lagging in terms of opportunity and access to resources; and some are national, such as problems of accountability, elite capture, and corruption within the state. Drivers can also have cross-border or regional dimensions. In addition, drivers can be global and linked to such threats as climate change or pandemics. These dynamics require differentiated responses that need to be clearly articulated through analytical products such as Risk and Resilience Assessments (RRAs), then translated into the SCD and the CPF, and ultimately into WBG operations.

43. WBG engagement should be guided by the capacity of both the government and the private sector. Government capacities should be reflected in the content of WBG operations and implementation mechanisms. Where government capacity is strong, the WBG can support relatively complex projects that can be implemented through line ministries and create openings for private sector solutions. But when government capacity is weak, the WBG will use a selective approach with a focus on the long-term development of central and local institutions, as well as of the local private sector.

44. Overall, the WBG will put special focus on the spatial dimensions of its interventions in FCV settings. Scaling up interventions to address fragility at the community, subnational, and regional levels is essential. Tackling FCV drivers involves addressing cross-border challenges and, where relevant, developing effective regional approaches. While the WBG operates from a country-based model, regional programs and initiatives that focus on mitigating fragility and security risks are under development for the Sahel, the Horn of Africa, and the Lake Chad region, as well as in at-risk border regions such as those between Tajikistan and Afghanistan. Regional RRAs will be conducted to focus on the cross-border dimensions of FCV and the regional drivers of fragility and conflict, with the aim of identifying priorities for regional activities that aim at reducing FCV risks.[25]

45. When a government's actions or policies are directly responsible for causing fragility, conflict, and violence, the WBG would adjust its approach. In such cases, the WBG may maintain a low-key engagement and risk-mitigation strategy (including policy dialogue and interactions with relevant stakeholders), guided by "do no harm" considerations, in accordance with its development mandate under the Articles of Agreement and its policies.[26] According to the "do no harm" principle, activities financed by donors and development partners should avoid causing or contributing to adverse human or environmental impacts. In FCV contexts, this calls for donors and development partners to adopt a context-specific, conflict-sensitive approach based on adequate due diligence, diagnostics, and risk analysis and citizen engagement. Such an approach identifies factors that divide societies; provides a clearer understanding of local contexts to avoid aggravating social tensions, reinforcing power imbalances, or exacerbating conflict risks; and may also help promote accountability, sustainability and local ownership. In these contexts, it is important for the WBG to engage with civil society organizations (CSOs) and local actors that continue to operate on the ground. Disengagement would be a last resort, as it invariably impacts the most vulnerable and marginalized groups.

46. When fragility is exacerbated by stresses on environmental and natural resources, the WBG needs to pursue actions and policies to mitigate stresses, manage risks, and strengthen the resilience of its country and regional strategies. Increasing competition over diminishing renewable resources, such as land and water, is further aggravated by environmental degradation and depletion, population growth, and climate change. Successful management of natural resources can prevent them from becoming a powerful driver of FCV that can both spur and finance conflicts. Overall, 65 percent of today's conflicts have a significant land dimension, while conflicts around water are increasing. In parts of Africa, tensions between pastoralists and agriculturists over access to land and water have escalated to violence. The WBG has recently adopted frameworks, including the Action Plan on Climate Change Adaptation and Resilience,[27] to boost finance and long-term policy change for the most climate vulnerable countries.

INCLUSION

47. The WBG will pursue a people-centric approach in line with the principle to leave no one behind. It will focus on the most vulnerable and excluded groups.[28] Exclusion, inequalities, and perceptions of injustice can drive fragility.[29] Evidence also shows that relative deprivation (for example, the absence of opportunities relative to expectations) is an important driver of support for violent extremism, notably when labor market outcomes do not reflect educational attainment.[30] Inclusion is difficult to achieve because in polarized environments, the inclusion of some groups can be perceived as a threat, sometimes at the expense of other groups. This is a complex balancing act for policymakers and requires sound communication to avoid frustration with programs that are perceived as unfair or discriminatory. In these contexts, the WBG will engage more systematically in policy dialogue with governments and support various modalities for engagement with citizens, civil society, and community-based organizations (for example, citizen engagement and perception surveys with feedback loops).

48. Similarly, some groups may perceive private sector development as connected to elite capture and corruption, and this is often a source of grievances. Addressing this problem is context-specific but involves efforts that support new investors, including regional and local companies; that draw on local value chains; and that promote small- and medium-sized enterprises (SMEs) and entrepreneurship to extend opportunities for local revenue-generating activities. Critically, private sector development should also be guided by a "do no harm" approach to avoid exacerbating tensions.

49. The WBG will scale up its activities in areas where discrimination and exclusion are particularly strong and where sentiments of exclusion risk turning violent because of a range of issues. Such issues include access to land and water; land tenure rights; the sharing of benefits from extractive industries; subregional marginalization and inequality between groups; and the rule of law, corruption, and poor state legitimacy, with special attention to security and justice. Impunity, corruption, and human rights violations undermine the confidence between states and citizens and increase the risks of violence and potential conflict. Reducing exclusion from access to services is essential, as it has a clear, direct impact on the building of trust in institutions.

50. Youth should be mobilized as key agents of change who can contribute to less fragile and more peaceful societies.[31] The direct and indirect impacts of FCV on children and youth can result in generations suffering from life-long mental trauma, while also affecting the ability of states, economies and societies to recover, stabilize, and develop. For many young women, roles in society continue to be restricted by an exclusive focus on their protection; and while it is important to acknowledge and address their experiences of sexual and gender-based violence, they should not be seen solely as victims. Efforts should be scaled up, in partnership with international and local actors, to address these challenges as well as to help youth play an active role in addressing FCV drivers and building local resilience. WBG operations need to explore how best to provide opportunities for young men and women to play positive roles in their economy and society and for their voices to be heard in decision-

making. Programs for youth inclusion should be comprehensive, respond to the different needs of young men and young women and encompass social engagement, psychosocial development, community development, and socialization. This is often better done by mainstreaming youth issues across programs rather than pursuing self-standing youth inclusion projects. Inclusive education entails improving access to school as well as equipping young people with critical-thinking tools and a sense of purpose. Citizen participation efforts should be accountable and transparent and include youth from the outset.

51. The WBG is increasing its focus on gender equality in FCV, in alignment with the WBG Gender Strategy (2016-2023)[32] and the UN's Women, Peace, and Security Agenda, which aims to empower women to prevent conflict and build peace, while working to rectify the disproportionate, adverse impacts of armed conflict on women and girls.[33] Societies with more gender equality tend to be more resistant to violence and conflict. The WBG must therefore help close gender gaps in education, economic opportunities, and access to labor markets; tailor social protection to households where family structures have been disrupted by conflict; increase access to finance for women-owned businesses; provide employment opportunities for male and female youth at risk; prevent and respond to GBV; and enhance women's participation in all levels of governance, including peace- and state-building processes. WBG interventions will continue to empower women to become more involved in their society and have a stronger say in economic, social, and power-sharing arrangements at the local and national levels. They will also deal with the issue of young men's marginalization.

LEGITIMACY, TRANSPARENCY, AND ACCOUNTABILITY

52. The WBG is adopting a long-term focus on the capacity and integrity of core institutions. Strong institutions—which are recognized as legitimate, transparent, and accountable—are central to addressing FCV. The extent to which people see institutions as working for or against them can define the degree to which a society is ready and able to address potential drivers of FCV.[34]

53. Trust is related to an institution's effectiveness as well as to how fair and inclusive it is perceived to be. Hence, it is essential for WBG programming to invest in strengthening core institutions and inclusive governance. Efforts will mainly address the state but will also aim to build the capacity of local authorities, communities, markets, customary institutions, civil society, and private sector actors, as well as citizens' capacity to hold institutions accountable. Strengthening institutions that provide a direct interface between the state and citizens is a priority of WBG engagement on a par with delivering core services, conflict resolution and grievance redress mechanisms, justice, and in some cases, security. The focus will include tax and fiscal institutions as well as organizations focused on macroeconomic management. Communication between the state and citizens is also fundamental to building trust, and the WBG will put special emphasis on the use of communication and new technologies.

54. Risks of fraud and corruption are heightened in environments marked by instability, insecurity, and low capacity. In FCV settings, corruption, lack of rule of law, and fear of violence are pervasive challenges and major bottlenecks to private sector development. More broadly, the lack of market contestability leads to cronyism and rent-seeking activities, discourages both domestic and foreign competition, deters inclusion and integration, and ultimately reverberates at the regional level. Macroeconomic policies—including efforts to improve taxation and make public expenditure more efficient and equitable, ensure access to credit, and avoid price spikes—should be systematically assessed to understand how they affect inclusion, exclusion, and perceptions of fairness. Macroeconomic advice to governments should focus on promoting equitable and inclusive reforms, not merely on economic efficiency.

55. WBG interventions need to be programmed over the long term and focus on institutions that can strengthen the rule of law, and those that can improve the business environment and payment systems. FCV settings are typically constrained by the absence or poor functioning of formal institutions. It can be difficult for WBG programs to support the informal institutions that play an important role in addressing FCV. However, the WBG can ensure

that it understands the ecosystem in which they operate, then design efforts so as not to undermine these dynamics. Support to market institutions and to regulators goes hand in hand with support to entrepreneurs and investors. In FCV settings, corruption and lack of rule of law are the main bottlenecks to private sector development. To address these issues, the World Bank and IFC are working jointly through Country Private Sector Diagnostics (CPSDs) and assessments of institutional barriers to inform programmatic support for the private sector.

SCALING UP PRIVATE SECTOR SOLUTIONS FOR IMPACT

56. The WBG will strive to leverage both public and private finance solutions to support private sector development in diverse FCV settings. The ability and approach of the WBG to support private sector solutions in FCV settings depends on numerous factors, including the country's security situation, income levels, market development, and the government's capacity to leverage the private sector for its development goals. For countries with strong government commitment to private sector-led solutions, a broad range of solutions are possible, from direct support through local and regional financial institutions, to support for local, regional, and international companies seeking to engage in these markets, as well as infrastructure projects. For countries in conflict or crisis, the opportunities for private sector engagement are much more limited, but engagement may still be possible by providing financing, advice and technical assistance to SMEs and local companies, including household enterprises and self-employed workers.

57. The World Bank, IFC, MIGA, and their partners each have an important role to play in supporting the private sector and creating economic opportunities for people and communities. Economic opportunities can pave the way for growth and contribute to peace and stability. But supporting the private sector and creating markets in FCV contexts is difficult and entails integrated project development efforts, regulatory reforms, and capacity building on the ground to help identify and mitigate risks. The World Bank can play a critical role in creating a regulatory and investment climate that can enable a strong private sector to emerge. WBG coordination efforts such as via Country Private Sector Diagnostics, country strategy processes including SCDs and CPFs, and IFC's upstream efforts under the Creating Markets strategy will help ensure that WBG institutions complement one another, going beyond individual projects to pursue overall approaches to sector development. In addition, for active engagement across FCV settings, special field-based platforms such as FCS Africa will be expanded to help with project development and downstream client support. Strengthened advisory programs for ESG issues, including extended time frames to meet ESG standards, will also help address company and country capacity issues related to ESG program implementation. In addition, enhanced partnerships, such as with other development finance institutions (DFIs), will be crucial to scaling up engagements, programs, and investments in FCV settings.

58. However, high financial and non-financial risks remain to be addressed. To support its financial capacity to scale up activity in FCV settings, IFC will expand the scope of simplified procedures, including the Credit Delegation Framework for small projects, and program platforms, such as the Small Loan Guarantee Program, which provides simplified approval for multiple projects better suited for FCV settings. In conjunction with special advisory facilities such as the CMAW, which provides funding for upstream project development and capacity building, this should help address some of the high costs of project development. In addition, blended finance facilities, including the PSW, will continue and be expanded for greater coverage of MICs to help mitigate financial risks. IFC looks at impact and returns on a portfolio basis, an approach that can help further manage the financial risk of engaging in FCV countries, balancing risk and costs of FCV projects with transactions in more stable countries, including in middle- and upper-middle-income countries.

59. For non-financial risks, IFC will expand risk mitigation approaches prior to project development and investment, expanding comprehensive pre-emptive approaches to integrity due diligence to mitigate reputational risks, and systematizing conflict-sensitive approaches in investment operations to address risks such as those related to a lack of inclusion, insufficient stakeholder engagement, and

elite capture. However, despite precautions and risk mitigation approaches, it is possible that some risks will materialize with a higher level of activity in the private sector in FCV settings.

B. Pillars of Engagement

60. **The WBG will tailor its approach and adapt to the distinct challenges of FCV settings.** Given the nature of fragility, conflict, and violence situations, WBG strategies and programming will differ to best assist countries and people in need, in line with the "do no harm" principle. The four Pillars of Engagement are relevant across the FCV spectrum because countries may experience several of these challenges at the same time.

1. PREVENTING VIOLENT CONFLICT AND INTERPERSONAL VIOLENCE

61. **The WBG is scaling up its focus on prevention as part of a broader institutional shift toward proactive crisis risk management.** On average, for every $1 spent on prevention, up to $16 can be saved in terms of the cost of conflicts. And yet development actors have not acted in this area at the scale required by current risks. Prevention is not only about conflict, but also about tackling interpersonal, gang-related, and drug-related violence and violent extremism that, in many places, threaten to erase hard-won development gains. The correlation between gender inequality and a society's propensity for civil or inter-state conflict is now well established.[35] Addressing the root causes of gender inequality and closing gender gaps in human capital, access to jobs and assets, and voice and agency must be a priority.[36]

62. **Preventing violent extremism is critical to a concerted international effort.** Over the last two decades, extremism has played a significant role in the upsurge of deaths from violent conflict around the world. The threat it poses has become more geographically dispersed and has intensified in conflict-affected regions. Hence, it merits a proactive, prevention-based approach to address its structural drivers. In addition to lives lost, violent extremism displaces people from their homes and livelihoods, destroys infrastructure, exacerbates tensions in society, weakens government structures and governance, and diverts resources from service delivery as governments are forced to invest more in security.[37]

63. **Preventing conflict requires directly addressing the key drivers of fragility and strengthening the factors of resilience.** To prevent violent conflict more effectively, the WBG aims to (1) scale up its efforts to identify risks and engage with partners; (2) mitigate risks and strengthen resilience; and (3) adopt a holistic approach to prevention that encompasses security, peacebuilding, and development. This approach is aligned with the WBG's increased focus on crisis risk management, including the establishment of the Global Crisis Risk Platform (GCRP) to ramp up efforts that identify, prevent, and mitigate risks before they spiral into full-blown crises.

64. ***Identifying drivers of fragility and resilience to mitigate risks and strengthen coping capacities:*** The WBG is strengthening its ability to analyze risks and drivers of fragility, as well as putting special focus on identifying sources of resilience and peace. Drivers of fragility will be highly context-specific and may include a range of risks related to the distribution of power; the political settlement; the human rights situation;[38] women's inclusion in peace settlements and political processes;[39] broader governance issues; land and natural resources; access to basic services; the health of the labor market and how much economic growth is benefitting the entire population; and broader issues of social cohesion, including perceptions of fairness and inclusion among groups and regions, as well as between the state and its citizens.

65. **Sources of resilience and peace will also be context-specific and are important to highlight and support through programming**. For example, issues of power contestation and resource capture can be addressed through more transparency in government operations, devolution, and various forms of subnational autonomy, as well as improving the distribution of public investments across a country's territory. Tensions around natural resources such as land and water require better policies and conflict resolution systems. Lack of trust in the state, human rights violations, poor governance, lack of rule of law, and corruption can be addressed through more accountability, transparency, and citizen engagement. To respond more effectively to the drivers of fragility as

well as strengthen the WBG's ability to directly support resilience, the methodology of RRAs is being improved to gain a better understanding of country specificities, including political economy, incentive structures, and multidimensional risk factors that may compound the risk of FCV, as well as coping capacities that can mitigate this risk.

66. Through the GCRP, the World Bank is strengthening its capacity to identify and monitor multidimensional crisis risks in both low- and middle-income countries, even beyond those in the FCS classification. The GCRP supports identification and continuous monitoring of interconnected risks such as food insecurity, disease outbreaks, conflict, and economic shocks by bringing together expertise and innovations from across the institution and from external partners. To ensure a systematic focus on incentivizing prevention and preparedness in FCV contexts and beyond, the platform also delivers analytical and convening services to support consistent integration of short- and medium- to long-term risks into sector-level and country-level programming, and to enable timely and multisectoral interventions for crisis response and resilient recovery. Through the GCRP, the World Bank is also developing mechanisms to monitor FCV early warning signals. This includes partnering with relevant organizations, including the UN and the EU, to share monitoring data and analysis, and to exchange knowledge on approaches and methodologies for conflict risk monitoring. In parallel, the GCRP is supporting the development of multisectoral country crisis preparedness metrics with an intersectoral working group of WBG experts. This work is expected to further highlight the linkages between crises and FCV risks.

67. The WBG's diagnostic tools must contribute to collective prevention efforts. As the WBG undertakes joint risk analyses with partners, it should also be more able to share key findings with governments and stakeholders. This will facilitate common approaches and lay the foundation for renewed dialogue with governments. These analyses will be discussed in country or regional platforms and can also be the basis for designing country and regional FCV monitoring systems, which are essential for ensuring a coordinated and sustained focus on prevention.

68. Adopting a holistic approach to conflict prevention. The WBG will work to embed prevention into country programs where there is a high risk of conflict. When a country is at risk of sliding into wide-scale violence, mitigating risks is the top development priority. As conflict is fundamentally a political tool, development interventions have to be part of a broader effort that includes political, security, and diplomatic actors. In implementing a conflict

Box 3.
The Global Crisis Risk Platform: A Multisectoral Approach to Crisis Prevention and Preparedness

The World Bank has been ramping up efforts to identify, prevent, and mitigate risks before they spiral into full-blown crises. The GCRP was established in 2018 to promote coherence in crisis risk management approaches across the institution, including through consistent integration of risks into sector- and country-level programming, and a systematic focus on incentivizing prevention and preparedness in country and regional programming. Through the GCRP, the WBG is strengthening its focus on

(i) **Multidimensional risk monitoring** to identify early signs of crises and enable investments in preparedness and early action interventions. Monitoring of the risk factors of natural hazards, health pandemics outbreaks, food insecurity, conflict, and shocks will help inform multisectoral institutional responses.

(ii) **Crisis risk assessment and analytics** to support prioritization and risk-informed programming at the country and regional level.

(iii) **Promoting innovation in crisis risk financing, including supporting reforms of the IDA crisis risk toolkit**, such as proposed enhancements to the Crisis Response Window (CRW), to enable early response to food insecurity and health emergencies.

(iv) **Strengthening partnerships, including across the humanitarian-development nexus**, to support shared approaches, collaborative planning, and the development of joint tools for risk identification, crisis preparedness, and early response.

prevention agenda, the WBG should (i) refocus the country dialogue around prevention and resilience; (ii) review portfolios and pipelines to ensure strong alignment with prevention and risk mitigation efforts, including the nature of activities, their geographical scope and focus, and the details of implementation; (iii) strengthen partnerships with other international actors that are critical to reducing risks, including security actors as appropriate, while leveraging the WBG's convening power; and (iv) monitor conflict dynamics and WBG programming to make needed adjustments in real time.

69. The private sector has an instrumental role to play in addressing the risk of violent conflicts. Prevention can include expanding inclusive economic opportunities by engaging across ethnic and social groups, supporting lagging regions, diversifying the economy and broadening the investor base, improving basic service provision such as in health and education, and providing resilience products such as weather insurance. The private sector can also be an important contributor to climate mitigation and resilience, for example, through the support of resilient and renewable infrastructure and the development of drought-resistant crops. IFC has engaged with excluded groups in rural settings through MSME finance and agricultural supply chains (for example, in Cambodia, Nepal, and West Africa) and has attempted to broaden the investor base in countries through programs such as SME Ventures, which focuses on high-growth SMEs. IFC has also worked to enhance investment projects' engagements with women and youth (for example, in Guinea and Côte d'Ivoire) and has helped clients improve institutional trust and transparency in the context of community-driven development programs related to private sector investments.

70. *Preventing interpersonal violence:* The WBG engages in countries where interpersonal violence constitutes a major challenge. Over the last decade, the WBG has initiated a two-pronged violence prevention agenda mainly in Latin America[40] and Sub-Saharan Africa, with (i) stand-alone integrated operations at the local level and (ii) a mainstreaming strategy focusing on urban development and youth employment projects, which now needs to be consolidated and stepped up. This requires active engagement at the community level, as it aims to mainstream violence prevention across relevant WBG sectors. The WBG also aims to scale up engagement on the issue of citizen security as well as on security and justice sector reform and institutional improvement.

71. The WBG will continue to develop an integrated approach at the local level and a mainstreaming approach at the sector level. *Integrated approaches* seek to address the multidimensional and multicausal aspects of violence in a geographic space, usually a city or a community, through a combination of social and infrastructure interventions that seek to strengthen social resilience and build trust. *Mainstreaming approaches* seek to apply a violence prevention lens across all sectors.[41]

72. The WBG will continue to scale up engagement to prevent gender-based violence, learning especially from its work on the issue over the last five years. GBV is lowered by reducing violence overall but, in some cases, it also requires specific approaches. The WBG includes an assessment of GBV risks in its safeguard policies, in line with the UN's recommendation to undertake effective measures to prevent and respond to violence against women and girls. In this context, enhancing girls' education and promoting sexual and reproductive health and rights also contribute to violence prevention. Foundational investments are needed to improve human development outcomes, including maternal and infant mortality rates, mental health challenges, access to services for people with disabilities, and inclusive quality education.[42]

2. REMAINING ENGAGED DURING CRISES AND ACTIVE CONFLICTS

73. The WBG increasingly remains engaged during situations of crisis and active violent conflict. Recent examples of this include interventions in South Sudan and Yemen. The Bank has also supported specific areas and local populations during violent conflict within countries such as Colombia, Iraq, and the Philippines. These experiences have demonstrated that the WBG can play a role during conflicts and crises by pursuing conflict-sensitive and inclusive approaches to development interventions that can

help mitigate conflict and lay the foundations for peace, working together with partners. In such cases, the WBG needs to clearly articulate why, when, and how it should focus its interventions. Staying engaged in the immediate aftermath of conflicts is equally critical, and the World Bank has been significantly engaged in such programs as Disarmament, Demobilization, and Reintegration (DDR) to contribute to security, stability, and poverty reduction. This is supporting combatants' demobilization from fighting forces and their social and economic integration into society, while also supporting community reintegration, reconciliation, and recovery.[43]

74. ***Principles to consider for engagement:*** The WBG will conduct the necessary assessments and due diligence to determine which situations warrant engagement during crises and open conflicts. Engagement is also to be informed by clear analysis of the unique benefits and value that the WBG program can add to what is provided by organizations that are already involved. It is also key to consider how active engagement could prepare for post-crisis recovery as well as the possibility and practicality of maintaining a development focus in specific sectors and geographies. This assessment should help identify possible partnerships with on-the-ground entities that can be trusted to implement projects inclusively and effectively in a non-partisan way, conduct high-quality supervision, and help monitor activities.

75. **In these situations, the WBG should focus on protecting the human capital of vulnerable groups, empowering women and girls, and strengthening selected institutions to preserve development gains and build capacity for future recovery.** The WBG's justification for being engaged during crises and violent armed conflict is premised on maintaining a development approach in areas where security is sufficient to implement efforts that build resilience, support service delivery, and promote livelihoods and job creation. Protecting core institutions—for example, service-oriented ministries, community-based organizations, SMEs, central banks, social funds, and project implementation structures—is essential to support recovery.

76. **Well-targeted development interventions in such situations—especially when aid is limited—can convey important support to the most vulnerable groups.** Efforts can have positive benefits by promoting education, health, and productive activities; encouraging stakeholders to adopt medium-term strategies that benefit the local economy; and reducing the influence of armed groups and other actors that engage in conflict. Appropriate outreach and inclusiveness can help mitigate people's incentives to flee across borders or for youth to join armed groups, and instead support these groups' valuable roles as peacebuilders. WBG interventions should aim to restore social capital and collaboration among social groups, support private sector activities, and maintain trust in local institutions.

77. **In these settings, development programming should be careful to follow "do no harm" principles, without bias toward specific groups or entities.** This entails active monitoring and engagement with partners and heightened attention to communication and transparency. Risk mitigation strategies are anchored in

- In-depth understanding of social and conflict dynamics as well as the political economy in areas where programming will be implemented.
- A solid monitoring system to follow project implementation and understand how the situation is evolving on the ground.
- Regular and open dialogue with civil society and communities, including conducting short, regular perception surveys among project beneficiaries.
- Robust oversight and training of local units and staff working on such issues as GBV and VAC; communication skills to engage beneficiaries; risks of petty corruption and trafficking; minority groups' potential exclusion and discrimination; and other context-specific issues.
- Flexible program design to adjust project implementation when issues arise.

Box 4.
Yemen: The Humanitarian-Development-Peace Nexus in Practice

The WBG has remained engaged in Yemen since conflict broke out in 2015, and early lessons demonstrate the value of applying a humanitarian-development nexus approach. In a complex humanitarian crisis, the WBG's development funding supports a system-oriented approach that complements the emergency response of humanitarian agencies, which is generally predicated on a substitution approach. The WBG's predictable multi-year funding adds value and helps preserve institutional capacity, protect human capital, and bolster national preparedness for shock response. Working in close partnership with local institutions and the UN actors who pursue life-saving emergency response, IDA's multi-year development funding makes a significant difference in scale/outreach and flexibility/speed, both of which are critical in crisis contexts.

Coordination across the HDP nexus is critical but entails defining shared or collective outcomes. This should take into consideration the different actors' comparative advantages and capacity to deliver in a given context. The coordination between development and humanitarian efforts enhances the overall impact of respective programs.[44] The Yemen WBG-funded operations have demonstrated that it is possible to combine both short- and medium-term objectives while maintaining national systems—and even strengthening them through innovation. Such institution-focused investments can result in considerable savings in the medium and longer term.[45] Since July 2016, IDA grants have reached $1.76 billion to finance emergency operations that benefit people across the country.

WBG operations are anchored in a selective and integrated programmatic approach that leverages the WBG's comparative advantage in basic service delivery, institutional preservation, and resilience-building. The portfolio includes sectors not covered by humanitarian actors (e.g., energy, urban development, and agriculture). Projects being implemented in tandem with UN agencies include the Emergency Crisis Response Project ($840 million, in partnership with UNDP and UNICEF); the Yemen Emergency Health and Nutrition Project ($683 million, with WHO); the Smallholder Agricultural Production Restoration and Enhancement Project ($36 million financed from the Global Agriculture and Food Security Program, with FAO); and the Yemen Integrated Urban Services Emergency Project ($150 million) and the Emergency Electricity Access Project ($50 million) with UNOPS.

WBG support to the private sector has fostered resilience in ways not covered by traditional humanitarian response. During conflict, it is vital to invest in the private sector to sustain jobs and livelihoods and to preserve basic private sector capacity for post-conflict recovery, including by promoting the resilience of micro-level and informal sector activity. The solar energy Yemen Emergency Electricity Access Project is a key example of finding ways to support value chains that had been developed by Yemenis themselves out of necessity, rather than launching a more conventional intervention.

WBG knowledge products also provide a convening platform for strategic dialogue on development, resilience, and recovery that complements the work of humanitarian partners. The WBG's Advisory Services and Analytics portfolio serves three purposes in Yemen: (a) to inform operations and strategic engagement; (b) to remain engaged in sectors not currently supported by a lending portfolio; and (c) to facilitate strategic dialogue with external and internal partners on long-term sustainable reconstruction.

78. ***Working across the humanitarian-development-peace nexus:*** The WBG will continue to engage in partnerships with humanitarian, development, and peacebuilding actors while remaining focused on its development mandate. The WBG seeks to integrate long-term development considerations of institutional support and sustainability and to work with humanitarian and peacebuilding actors to establish strong synergies and coordination across various interventions. This includes (i) deploying joint mechanisms for assisting vulnerable groups, closing gender gaps and empowering women and girls, and ensuring that "do no harm" approaches are implemented; (ii) exchanging knowledge on how best to support in-country institutions and how to engage populations/beneficiaries to strengthen resilience and build trust; (iii) carrying out joint data collection and analysis; (iv) collaborating on design and implementation of monitoring in the field; (v) identifying and preparing development responses to tackle the consequences of armed conflict, such as massive flows of internally displaced people, or disasters caused or exacerbated by conflict, including famines or pandemics; (vi) facilitating engagement between humanitarian organizations and

the private sector; and (vii) contracting on-the-ground partner organizations when needed (especially because of access and security constraints).[46]

79. The WBG should support drivers of peace and resilience whenever possible as this is critical for sustainable development outcomes in conflict-affected environments. Creating trust and consensus in societies and communities fractured by violent conflict takes time and substantial local knowledge. Partnering with international and local peacebuilding actors that have extensive on-the-ground presence, including nongovernmental and civil society organizations (NGOs and CSOs), is needed for effective operations in conflict-affected contexts where development is not possible without also fostering cohesion and reconciliation.

80. In FCV settings, the WBG will continue to monitor the macro-financial situation and provide advice to governments on how to reduce negative impacts on the population and on the private sector. During active conflict, monetary and exchange flows require special attention. In such contexts, foreign inflows can be large and volatile relative to the scale of the conflict-affected economy—for example, natural resource revenues, aid, and remittances—while domestic payment systems remain vital to the continuation of services. Sanctions may also be in place against individuals, firms, or whole sectors; challenges may be posed by the high transaction costs of cross-border money transfers; and there may be suspensions of correspondent banking relationships arising from de-risking. In some recent situations, despite the government's fragmentation into competing institutions, the central bank was able to keep functioning and play its role facilitating in domestic and international payment systems. In these circumstances, the WBG can advise the authorities, with the engagement of neighboring countries and major financial centers, on interventions such as stepped-up surveillance on anti-money laundering activities and combating the financing of terrorism.

81. Remittances may be the main source of household buffers for countries in conflict, so keeping these channels open has important social welfare benefits. Migrants and their families in sending countries do not always possess the financial and digital skills necessary to channel remittances through regulated remittance service providers and may have to resort to informal methods. At the same time, recipient families desperately depend on remittances and are therefore often unable to convert the receipts into longer-term, productive, entrepreneurial uses because of limited access to finance or an underdeveloped private sector. In FCV settings, these challenges are amplified by such factors as the relative lack of competition and the higher transaction costs arising from a lack of foreign exchange markets and less frequently used currencies. The WBG can support the establishment of "safe corridors" for remittances as well as help governments implement legislative and financial infrastructure reforms to ensure greater account access, which in turn would promote the sending of remittances via regulated channels and the use of further financial services by the recipients.

82. Engaging with international humanitarian organizations, NGOs, civil society, and local actors operating in insecure settings is often critical. These organizations and groups often have substantial presence on the ground in hard-to-reach areas and offer contextual expertise as well as technical know-how for working effectively in FCV settings. For example, collaboration between the World Bank, ICRC, and UNICEF in South Sudan through the 2019 Provision of Essential Health Services Project was crucial to providing health services to vulnerable and marginalized communities in conflict-affected areas. In this spirit, engaging with the UN Resident Coordinator, the Office for the Coordination of Humanitarian Affairs (OCHA), or the European Commission (DG ECHO) across the humanitarian-development nexus is important to maximize impact on the ground. To ensure access to and acceptance by all parties to a conflict, organizations seek to follow the humanitarian principles of neutrality, independence, and impartiality.

83. In cases of high-intensity subnational conflict, private sector engagement will focus on more stable areas of a country. For example, in Afghanistan, the Democratic Republic of Congo, and Iraq, IFC has had significant investments in agribusiness, MSME finance, and power generation in areas that remain stable. IFC has also been able to reach into some areas of subnational conflict, for instance, through investments in financial institutions that remain active near areas of conflict (for example,

in Nigeria). IFC and MIGA will continue to engage in countries with subnational conflicts, focusing on areas of relative stability where investments and guarantees can be made. In areas of widespread conflict, opportunities for engagement with the private sector are limited, but there may be potential to support existing clients and MSMEs with advisory services and finance.

84. ***Mitigating the risk of regional spillovers and preparing for post-crisis recovery*:** The WBG plays an important role in applying a regional perspective to a conflict's wider social and economic impact and in helping countries that border a conflict area to address risks of spillover. The WBG will engage with neighboring countries and regional organizations to help governments respond to refugee flows and other conflict impacts. Efforts should consist of multisectoral and targeted interventions to support development and create economic opportunities in border zones—for example, the large-scale investments in northern Kenya); engagement with authorities to combat illicit trafficking; and assistance to neighboring governments as they manage the economic impact of the crisis on their own countries.[47] Doing this requires early engagement and active policy dialogue with neighboring countries, such as carrying out RRA-type assessments of the potential impact of the crisis on these countries, including its macroeconomic impact.

85. **The WBG can leverage its analytical depth to stay prepared to engage in post-crisis interventions.** Early preparedness is essential for successful recovery, and the WBG has an important role to play. Early political economy analysis of some critical sectors, such as energy and extractives, should be carried out with an eye to re-engagement. Additionally, private sector reviews or Recovery and Peace-Building Assessments (RPBAs) should be leveraged to create platforms for dialogue and to lay the groundwork for recovery efforts.

3. HELPING COUNTRIES TRANSITION OUT OF FRAGILITY

86. **The WBG aims to build on its experience of working in complex situations to help countries exit fragility**. Several countries are currently in situations of deep, protracted fragility, while others have started to emerge from it. Overall, 80 percent of countries that were on the FCS list in 2012 remain on it today. These countries tend to relapse into violence and present major risks for their neighbors; they constitute hubs for extremist groups and trafficking organizations and contribute to forced migration to neighboring countries. Deep and protracted fragility also exists at the subnational level in countries that have limited state capacity. In these situations, it is critical to focus on sustained engagement, adaptability, flexibility, and presence on the ground.

87. **The WBG will continue to support countries that are recovering from violent conflict.** Recovery and reconstruction do not necessarily take place with a formal peace agreement. After a conflict's violent phase, in countries that have functional institutions and high levels of human capital, reconstruction should follow a different path than in those that remain in deep fragility. Recovery efforts must place a premium on rebuilding social cohesion and addressing the long-term drivers of violence, including grievances. They must also be careful to do no harm, as reconstruction in most cases takes place in highly polarized environments.

88. ***Understanding fragility and implementing context-specific strategies*:** Building on more targeted and systematic analytics, the WBG will enhance its understanding of fragility, examine countries' political economy, and engage with governments and partners on related operational implications. Once a country experiences high levels of violence and low government capacity, the pact between elites becomes fragile or absent, and the state can be captured by specific vested interests that are disconnected from the population's needs and rights. At this point, it can be said that a "fragile system" is taking hold. In these contexts, people's trust in the state erodes quickly, as does trust between social groups, and violence becomes more frequent. Through analytical instruments such as RRAs, the

Box 5.
Improving Financial Governance to Help Somalia Transition out of Fragility

Since re-engaging in Somalia, the World Bank has worked in close partnership with the EU, the United Kingdom, Norway, the UNDP, the IMF, the African Development Bank, and others to strengthen the country's financial governance. The program's success has been linked to (i) sustained engagement despite recurring crises; (ii) a holistic approach that looked at many aspects of financial governance, from central bank management to asset recovery and public financial management reform; (iii) a flexible approach that supported experimentation and trial-and-error approaches; (iv) intense policy dialogue; and (v) hands-on support to the Somali government that created an effective partnership with an ongoing platform for dialogue.

In full alignment with WBG's development mandate, the program has engaged in key areas such as applying a public financial management lens to security sector expenditures, natural resource revenue management, public property protection, improvement of mechanisms to support fiscal federalism, and currency reform. It was also directly linked to EU budget support and IMF staff monitoring, creating strong incentives for reform.

Related programs and analytics have supported flexibility in financing for the long term. Supported by IDA pre-arrears clearance grants and trust fund resources, Somalia has been able to develop a track record of improved economic governance. Somalia has recently been approved for an Upper Credit Tranche Staff Monitored Program with the IMF, putting it on a path toward HIPC Decision Point and IFI normalization.

WBG will pay more attention to analyzing such situations and discussing findings with partners and relevant local actors.

89. Fragility is not limited to the drivers of conflict but encompasses multiple and intersectional risks that weaken systems and threaten lives. Climate change, natural disasters, and natural resource degradation put stress on economic, social, and political systems. Where institutions and governments are unable to manage the stress or absorb the shocks of a changing climate, the risks to the stability of states and societies may increase. Natural disasters (for example, floods, droughts, and sea level rise) cause greater forced displacement than conflict, and managing them is central to prevention and preparedness.[48] The nexus between climate change, geographic isolation, and fragility is most pronounced in the Pacific, where half of the 12 WBG member states are impacted: Kiribati, the Marshall Islands, the Federated States of Micronesia, Papua New Guinea, the Solomon Islands, and Tuvalu. These countries already suffer from severe fragility because of their small size, weak infrastructure and capacity, limited economic opportunities, and high youth unemployment—notably in Papua New Guinea and the Solomon Islands—as well as repeated natural disasters.

90. When helping countries transition out of fragility, the WBG will engage with a broad range of actors and consider the government's capacity and the strength of its social contract with citizens as it designs its engagement. Experience shows that exiting such situations requires strong leadership at the national level, a population mobilized against the existing fragility system, and the backing of at least part of the private sector and civil society. Such an alliance is delicate to achieve because of the incentives that push actors toward fragility.[49]

91. *Fostering trust, shifting incentives, and laying the foundations for growth*: The WBG has a clear comparative advantage in strengthening core government functions, notably through resource mobilization, transparency, and improved effectiveness in expenditures. Reforms must be initiated to restore resource mobilization capacity through taxation schemes that are perceived as fair and can be easily implemented. This is essential to finance core state functions, but also because taxation can help increase people's trust in the state. Revenue generated by extractive industries requires priority attention because it can be easily channeled toward illicit or corrupt activities.

92. In most cases, it is critical to support adequate funding to frontline service delivery and reinforce local governments to ensure positive and inclusive interface with people. The World Bank is increasingly supporting interventions that pay civil servants based on an initial identification of their posts, cleaned-up payrolls, and more secure ways to process payments (for example, using digital methods or mobile phone payments)[50]. Incremental and trial-and-error approaches are helpful to identify the most appropriate systems.

93. Macroeconomic support should be adapted to the conditions that characterize fragility, while helping governments manage trade-offs in improving their fiscal space, managing debt, and providing credit to the economy. This requires dialogue with the IMF as well as sensitivity to the political economy and to managing the incentives of various actors, especially spoilers. Efforts must be incremental, as pushing for overly ambitious reforms can be counterproductive. Debt management and debt sustainability require clear monitoring and careful attention to the recurrent cost obligations created by development programs. The health of the banking sector and ability to access foreign currency are also essential for countries trying to transition out of fragility.

94. The WBG will scale up support for private sector development through partnerships and joint operations across IFC, MIGA, and the World Bank. In this context, early engagement can concentrate on such areas as agribusiness value chains, SMEs, trade finance, restoring banking services, as well as some investments in communication and urban services. IFC and the Bank are increasingly working jointly on advisory services, public-private dialogues, strengthening of basic legal frameworks, and cutting red tape for business interactions with government (for example, in Afghanistan, Chad, the Central African Republic, and Somalia). Enclave investments, such as mining, ports, or special economic zones, may also be possible. The World Bank plays an important role in restoring the value chain, including in banking and communication, and in improving the rule of law by facilitating the interface between the formal private sector and the state. The Bank will, whenever possible, include private sector facilitation and the regulatory framework in programming to strengthen core state functions. This can help reduce corruption, set up grievance mechanisms for entrepreneurs, and improve access to land titles and property rights. These projects will be prepared with strong involvement from IFC, and with MIGA where appropriate.

95. As countries emerge from deep fragility, the potential for private sector engagement expands. Countries where fragility is declining, and where the government and other stakeholders are committed to growing the private sector, present an important transformational opportunity for engagement. Despite challenges, WBG programming for the private sector in these fragile settings has been quite broad, covering investments in job-intensive industries such as agribusiness, MSMEs, and manufacturing and service industries, as well as infrastructure investment, particularly in power. Extensive upfront work is required to develop markets, projects, and sponsors, and to provide necessary support in areas such as ESG capacity, sponsor identification, and conflict assessments. IFC and MIGA can promote investment by helping identify sponsors and by mitigating risks and dispelling perceptions about the non-viability of FCV settings for investors. Developing local and regional clients and strengthening value chains is key to helping generate good jobs. Special attention will be placed on promoting gender inclusion and mobilizing new investors.

96. The dual challenges of capacity and legitimacy are especially relevant when trying to build resilient economies and societies. The WBG needs to support delivery systems for projects that do not overwhelm the capacity of line ministries, so that they can stay focused on formulating and implementing policies. It has proven effective to design unified delivery mechanisms that can help different projects deliver benefits, be quickly executed and adaptable, and be used in the event of crisis. The Yemen Social Development Fund and the AGETIP in the Central African Republic (CAR) and Mali are examples of delivery structures that have successfully reached people in need. They reduced the burden of dealing with multiple systems of donor procedures and complex rules.

97. ***Post-conflict reconstruction, recovery, and resilience:*** The WBG will continue to engage in reconstruction, recovery, and resilience. This includes countries where conflict is mostly subnational or where conflicts exist at the national level, but government capacity and the social fabric remain strong. In most cases, special attention should be given to addressing grievances and strengthening preventive measures.

98. When engaged in recovery and reconstruction, the WBG will continue to cooperate through platforms with security, development, peacebuilding, and humanitarian actors. It is the WBG's comparative advantage to help governments design recovery plans and mechanisms, including around DDR; to provide technical advice and financing; and to leverage its convening power.[51] The RPBA methodology and existing platforms between the EU, UN, and World Bank offer such an approach and can help governments identify their priority needs for recovery, reconstruction and peacebuilding, prioritize relevant investments, and prepare sound financing strategies in collaboration with donor partners—for example, in the Central African Republic, Iraq, and northern Mali.

99. The WBG will increase its engagement with governments to ensure that grievances around exclusion are integrated into reconstruction programs[52] and that the incentives of spoilers are addressed. Reconstruction is an opportunity to change patterns of discrimination and address deep grievances. The war economy is often resilient, and illicit networks often continue to operate even after conflicts end. In many cases, the situations warrant more decentralized systems or some levels of subnational autonomy, areas in which the WBG possesses recognized expertise and where peacebuilding requires drilling down into specific technical issues such as transferring resources, managing services, and building the capacity of local government. Similarly, building resilience is a long-term effort in which the WBG is increasingly engaged.

4. MITIGATING THE SPILLOVERS OF FCV

100. The WBG focuses on the negative impacts that FCV has on people, especially the most vulnerable and marginalized. However, a differentiated approach requires understanding the distinct effects that FCV has on people living in these contexts. The definition of vulnerability will vary depending on the context, whether it is people in remote areas of a country who lack access to basic services, those living in daily fear because their city experiences high levels of interpersonal violence, or those who are forcibly displaced. Vulnerability will also vary depending on how different parts of a society experience FCV—with minorities, persons with disabilities, older persons, and other marginalized groups often facing challenges related to discrimination and exclusion.

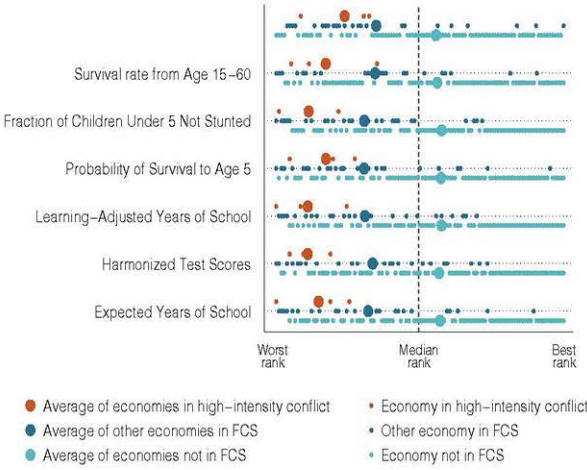
Box 6.
Addressing Subnational FCV in Middle-Income Countries (MICs): WBG Support in Mindanao

Many subnational conflicts occur in middle-income countries not on the FCS List. However, the WBG has been engaged in these situations for over a decade through a range of programs. National-level projects have built-in subcomponents to directly benefit communities in FCV-affected areas, while standalone sectoral projects have addressed FCV-induced problems.

In the Philippines, an estimated 62 percent of people in Mindanao, the country's poorest region, have been impacted by conflict. The World Bank has been engaged there since 2005, working to promote peace, social cohesion, and livelihood development. This is a good example of how Bank support has been holistic, both in using multiple financing options and in the range of projects implemented.

In 2005, the Bank-administered $29 million Mindanao Trust Fund was established, and over a period of 12 years, it provided access to basic services for more than 650,000 beneficiaries in conflict-affected communities. It delivered community infrastructure as well as livelihood and functional literacy programs in 25 base camps and six acknowledged camps of the Moro Islamic Liberation Front, reaching over 50,000 combatants and community members. When the trust fund closed in 2017, the Bank Group agreed with the government and development partners to carry out a follow-up project for two years (FY18-19), with $3-4 million in grant financing from donor partners.

Figure 6: Economies in FCS Are Lagging Behind in All Aspects of Human Capital



Source: World Bank (2018b).
Note: The figure excludes high-income countries.

101. It is therefore critical that, whenever possible, interventions to address FCV and increase resilience be paired with interventions that foster and protect human capital. The delivery of social services is also more complicated in fragile settings, where institutions are more limited in their ability to function and where conflict and violence can impede project implementation and equity. Fragile settings also tend to have fewer resources, which makes investments in human capital even harder.

102. The WBG has gradually entered several areas traditionally considered to be the purview of humanitarian actors, such as natural disaster response and risk management, food crises and health epidemics, and forced displacement. In each case, the WBG has focused on contributing a development approach that is complementary to humanitarian relief. New thinking and practices have further developed this approach, as evidenced by the rollout of adaptive social protection systems to respond to famine risks in Ethiopia and Somalia, social safety nets to channel post-cyclone humanitarian cash transfers in the Philippines, and the WBG's efforts to develop private sector programs that address the needs of displaced populations.

103. *Improving human and social capital for FCV-impacted people:* The WBG's Human Capital Project (HCP) provides the framework for addressing the impact of FCV on the highly vulnerable. The Human Capital Index shows that FCS countries significantly lag non-FCS countries in every measure of human capital (see figure 6). Half of the bottom 20 percent of countries in the index are FCS countries. Protecting and building human capital is arguably one of the most important sources of resilience.[53] This means addressing FCV and human development work in tandem. On the one hand, many individual and relationship risk factors related to violence and fragility are closely linked to human development, which makes education, health, and social protection key entry points for addressing the impact of violence. On the other hand, experiencing or witnessing violence, particularly at a young age, has negative multiplier effects on education, health, and employment, jeopardizing the achievement of each sector's core objectives as this negatively impacts the next generation.[54] Similarly, child marriage puts present and future generations at risk.[55] The HCP also promotes a multi-sector approach that takes the life cycle into account.[56]

104. WBG programs should adapt to the needs of at-risk groups that suffer disproportionately from the violence and economic disruption of war. This includes (i) children, who need improved nutrition, education, and basic health care, including mental health; (ii) women at risk of GBV who are suffering from trauma and who need equal access to productive assets, revenue-generating opportunities, education, and representation and authority in decision-making at the household, community, and higher levels; and (iii) young men and women, who need employment opportunities and skills as well as opportunities to play a constructive role in society, particularly those traumatized by warfare who need to find new roles in their communities. The inclusion of sociocultural minority groups particularly targeted by violence and abuse is key. Intersectional approaches may be needed to address multiple forms of vulnerability (for example, minority group members with disabilities).

105. *Addressing the needs of the forcibly displaced and their host communities:* The WBG will further support transforming the global response to forced displacement, in line with the Global Compact on Refugees.[57] There is a broad consensus to promote synergies between humanitarian assistance and long-term development interventions. The WBG brings a development perspective to the forced displacement agenda, as endorsed by the Development Committee in April 2016[58] and further articulated in the *Forcibly Displaced* report.[59] This is distinct from, but complementary to, the emergency responses and the rights-based agenda of humanitarian actors. It includes (i) enhancing ownership and leadership of the response to displacement by host governments and regional organizations, as appropriate; (ii) strengthening the focus on the socioeconomic dimension of the crisis, for both the displaced and their hosts; (iii) focusing on key areas for medium-term success, especially jobs and education, and closing gender gaps by empowering women and girls; (iv) underlining the importance of policies and institutions to provide an adequate response; and (v) increasing the use of data and evidence to inform results-driven strategies.

106. The WBG can build on a solid foundation, with active programs financed by IBRD and IDA across all regions and sectors.[60] IFC has also developed MSME and vocational training programs for displaced populations and host communities and has worked to engage the private sector, for example, building on the 2018 *Kakuma as a Marketplace* report[61] and the 2019 *Private Sector Refugees: Pathways to Scale* report. IFC has created blended and risk-sharing facilities for financial institutions that lend to SMEs and is exploring the creation of more programs, in collaboration with the World Bank, to provide economic opportunities for refugees and host communities. Another example is the Partnership for Improved Prospects, established by the Netherlands, IFC, the International Labour Organization, UNICEF, the World Bank, and UNHCR, which aims to help transform the way governments and other stakeholders, including the private sector, respond to forced displacement crises. The WBG's engagement is grounded in a solid partnership with UNHCR, structured around the complementarity of their mandates and capacities.

107. Looking ahead, the WBG has three goals to support forcibly displaced communities: (i) to mitigate the shocks caused by in-flows of refugees and internally displaced persons (IDPs), as well as to create social and economic development opportunities for the forcibly displaced and their host communities; (ii) to facilitate sustainable solutions to protracted displacement situations, including through the sustainable socioeconomic inclusion of refugees in the host country and/or their return to their country of origin; and (iii) to strengthen countries' preparedness for forced displacement crises. The WBG will continue to focus on helping the forcibly displaced offset their vulnerabilities and on helping host communities absorb the shock.

108. Internal displacement is also a development challenge, and effective support will require collaborating with partners and guiding development funds to prevent escalation or a relapse of conflict. A fundamental challenge in addressing situations of internal displacement through a government-led approach is that the same country is both the cause and the host of the displaced population. Conflict- and violence-induced internal displacement is in most cases caused by endogenous drivers and cannot be addressed in isolation from the dynamics that caused it.

Box 7.
Responding to Forced Displacement in Ethiopia

In Ethiopia, the World Bank is helping the government shift its policies from encampment to sustainable management of protracted refugee situations.[62] Over time, this strategy will provide out-of-camp opportunities and facilitate the socioeconomic integration of refugees; improve living standards for host communities; build human capital among refugees; and help transition away from humanitarian aid where possible. Ethiopia passed a new Refugee Proclamation in January 2019, making its legal framework on this issue one of the world's most progressive. It provides enhanced rights for refugees seeking to access services and employment. The Bank's support to the Jobs Compact contributed to the timely adoption of the Proclamation. The Bank, in partnership with UNHCR, is also providing the government with policy advice, analytics, capacity-building, and financing. In addition, Ethiopia is receiving substantial support from IDA to support refugees and host communities.

109. ***Addressing global and regional crises, including spillover effects:*** FCV conditions exacerbate already dire existing vulnerabilities and can lead to extreme, multi-hazard crises such as severe food insecurity or famine. Today's famines are primarily the result of political events,[63] and nearly every famine since the 1980s has occurred in countries affected by FCV.[64]FCV conditions threaten food supplies by limiting production and trade, and livelihoods may be intentionally interrupted or destroyed. At the same time, access to aid is often deliberately hindered by warring parties.[65] Combined, these FCV dynamics can push people into destitution and eventually famine.[66] If history is a guide to future trends, the rising number of conflicts will inevitably lead to a greater risk of multidimensional crises such as famine.[67]

110. Food security is a priority for the WBG. The linkages between sustainable agriculture, climate, natural resources, food security, and peace and stability cannot be overemphasized. WBG is scaling up efforts to address famine risk with a broad crisis management approach that encompasses prevention, preparedness, and early-warning measures while relying on country systems. Through the Famine Action Mechanism (FAM)[68] and other initiatives and programs, the WBG is (i) supporting more quantitative and timely data and analytics to better detect and forecast emerging food security threats; (ii) filling gaps in financing to bolster long-term investments that tackle root causes, while developing instruments that can respond more quickly and flexibly to warning signs; and (iii) working with existing, country-based systems to better integrate short-, medium- and long-term goals—in short, a "whole-of-aid" approach.

111. The WBG is also reinforcing its capacity to address pandemic risks and health crises in FCV settings. Recent pandemics—such as the cholera epidemic in Haiti and the Ebola crises in the Mano River region of West Africa, the Democratic Republic of Congo, and neighboring countries—have affected countries wrestling with FCV. Many countries that are in active conflict or face periodic violent flare-ups have weak health systems, doubly burdened by supply disruptions and acute surges in trauma and injuries. The World Bank will strengthen its capacity to identify risks and intervene rapidly through the GCRP mechanism, as well as engage early through tailored multisectoral interventions to help restore health systems and support communities, especially during and after episodes of violence. In the Democratic Republic of Congo, for example, the Bank is deploying a multisectoral program to respond to the ongoing Ebola crisis, strengthening public health systems, and supporting cash-for-work interventions to bolster community engagement.

112. Climate-related change can influence factors that cause or exacerbate conflict. Climate change is a driver of FCV, and its impacts fall more disproportionately on the poorest and most vulnerable living in FCV situations. Ultimately, the nexus of FCV and climate change can undermine human security and peace. Adverse climatic events and natural disasters[69] can increase the risk of violence and conflict, at both the interpersonal level and between groups.[70]

113. Climate change is also emerging as a potent driver of internal migration. The 2018 World Bank report *Groundswell: Preparing for Internal Climate Migration*[71] predicts that slow-onset climate change

Box 8.
Dealing with Trauma Caused by War and Crisis

Living with poor mental health and lingering trauma is a harsh daily reality for a large swath of the global population. Estimates from the World Health Organization (WHO, 2019) reveal that among people who have experienced war or other conflicts in the previous 10 years, almost 1 in 10 have a moderate or severe mental disorder. In areas affected by conflict, 1 in 5 people are living with some form of mental disorder, ranging from mild depression and anxiety to psychosis. Given the sizeable proportion of people living in countries affected by fragility, conflict, violence, and human rights violations, the burden of trauma and poor mental health on people, communities, and institutions is staggering and impacts entire generations. This increases when violence and sexual violence are weaponized during warfare, as is often the case in conflict and post-conflict situations. Mental health programs are important but not sufficient, and trauma requires strong support from communities, restoration for assets lost, jobs and social engagement activities whenever possible, as well as some form of action and accountability that recognizes the suffering of victims. In post-conflict situations, it is important to factor it in that many beneficiaries will be suffering from trauma.

affecting crop productivity, water stress, and sea level rise, compounded by storm surges, will result in the emergence of hotspots of climate induced in-migration and out-migration. Without concrete climate and development action, by 2050 some 143 million people—about 3 percent of the population across Sub-Saharan Africa, Latin America and South Asia—could be forced to move within their own countries as part of climate-induced migration. This trend will increase across the three regions, the study says. It is therefore vital to pursue more climate-friendly and inclusive development scenarios to reduce the number of climate migrants.

114. **The WBG recognizes the importance of addressing FCV's environmental impacts as well as environment-related drivers of FCV.** The combination of climate change, poor state capacity, mismanagement, and insecurity can seriously impact natural resources and the environment, exacerbating tensions between groups, compounding vulnerabilities, and increasing hardship on the poorest. Building up a community's resilience and protecting natural resources such as arable land, fresh water, and biodiversity are important components of the World Bank's engagements in fragile areas such as the Sahel, Central Africa, and the Pacific Island countries,[72] where multidimensional fragility is prevalent. Interventions need to be highly contextual, community-driven, and tailored to how various populations actually use natural resources.

115. **It is urgent to shift from reactive to proactive and anticipatory responses**. Crises in hotspots require immediate attention, yet responses must go beyond the proximate causes to address the underlying drivers, including environmental and climate-related factors, that jeopardize livelihoods and fuel conflicts. It is also essential to step up preventative approaches to enable holistic and integrated solutions across spatial and temporal scales. For example, the Bank-funded Regional Sahel Pastoralism Support Project supports transboundary migration as an adaptation strategy for pastoralists who are threatened by drought and conflict. It uses a range of interventions, including migration corridors, shared water points, surveillance for major diseases and other veterinary services, more robust early-warning systems, and enhanced crises response.

C. Areas of Special Emphasis

116. **The WBG will be selective and promote areas of special emphasis, as engaging in FCV settings is fundamentally different from engaging in non-FCV settings.** Emphases will include (i) investing in people and their human capital; (ii) supporting macroeconomic stability and debt sustainability; (iii) creating jobs and economic opportunities; (iv) building community preparedness and resilience to impacts such as climate change and environmental degradation; (v) engaging on justice and the rule of law; and (vi) and engaging with the security sector.

117. Throughout its engagement in FCV settings, the WBG will emphasize closing gender gaps and addressing the needs of women and girls. The Bank will increase operationally relevant analytical work that identifies gender-based discrimination and harmful gender norms (including those that drive GBV), as well as gender gaps in access to economic opportunities, assets, and human capital in FCV settings. Evidence-based operations across sectors will aim to close these gaps as well as prevent and respond to GBV, delivering better outcomes for women and girls as well as men and boys. The Bank recognizes that achieving gender equality outcomes creates resilience at the individual and community level, and that it is instrumental in promoting prevention and providing a foundation for building and preserving human capital.

118. ***(i) Investing in people and their human capital:*** The WBG is heavily engaged in efforts to improve the delivery of health, education, and nutrition services and the availability of drinking water. Together with safety nets' support to disadvantaged families, these services help build and protect human capital, especially for the most vulnerable communities. The WBG will address gender gaps, disability, and other socioeconomic gaps in human capital, both for their intrinsic benefits and for their links to social inclusion and cohesion. WBG operations will focus not only on the quantity of services but also on how they are delivered, recognizing that inclusive and effective social sector service delivery is central to improving state legitimacy and trust in institutions.[73]

119. When supporting systems, the WBG is cognizant of capacity constraints, the recurrent cost of maintaining service delivery, communities' level of commitment and engagement, and the need to mitigate major context-specific issues such as distance to facilities, security, corruption, exclusion, and discrimination risks. Special focus will be placed on supporting the agency of the most vulnerable and marginalized groups, including women and children,[74] minorities, and people with disabilities. The WBG also acknowledges the importance of deepening partnerships with local institutions to deliver services and increase the agency of women and girls. Regardless of the type of institution that delivers services, governments should maintain a strong policy and monitoring role and ensure that service delivery is inclusive and equitable.

120. ***(ii) Supporting macroeconomic stability and debt sustainability:*** Countries at high risk of violence also typically experience challenges with their macroeconomic policy. Depending on context, these can include limited fiscal space and debt intolerance, a tax system perceived as unfair, poorly targeted subsidies, limited control over public expenditures, weak management and low transparency of revenues, difficult access to credit, high inflation, and capital flight. These situations tend to undermine economic growth, reinforce corruption, worsen service delivery, reduce trust in public institutions, and create disincentives for private sector investment and growth. Analytical work that incorporates differential impacts across households and firms (for example, Policy Social Impact Assessments) and that mobilizes economic expertise specific to FCV countries is the first step toward ensuring that macroeconomic policies are conflict-sensitive. In contexts marked by fiscal pressures and urgent financing needs, it is all the more critical to support governments in designing a feasible adjustment and to convene partner support. This includes preserving budget cash flow through large cuts to the capital budget or by accumulating arrears—both of which are undesirable measures in "normal" times but are potentially capable of buying time while conflict factors are being addressed.[75] Advice on macroeconomic adjustment and debt sustainability should also take into account the proposed reform package's impact on the poor and middle class, as perceptions of unfairness often trigger violence.

121. ***(iii) Creating jobs and economic opportunities:*** Job creation is among the most pressing challenges in FCV. The social externalities linked to jobs—beyond the benefits that workers themselves enjoy—are especially high in FCV settings. Job creation and improvements in earnings can contribute to peacebuilding through their impact on social cohesion and dignity. Better jobs can help break cycles of violence, restore confidence in institutions, and give people an increased stake in peaceful society. But job creation in FCV settings is complicated by the impact of conflict and fragility on infrastructure, on the ability of workers and firms (whether formal or informal) to plan and to bear risks, and on the business environment. In addition, about two-thirds of existing employment in FCS countries is classified as vulnerable.[76]

122. Real job creation can be sustained only through improved governance and security, and it must be driven by the private sector, which accounts for about 80 percent of employment in FCS countries. Jobs in FCV settings involve diverse actors, including formal and informal firms, MSMEs, household enterprises, and self-employed workers. Job outcomes can be improved by a range of measures, including improving the functioning of markets through better information and connectivity; facilitating company registration; de-risking tools; support for MSME development; and skills upgrading and support to the self-employed to increase their productivity. WBG support to jobs in FCV will continue to be guided by Jobs Diagnostics that analyze the obstacles to improving livelihoods and to increasing earnings and job quality.

123. ***(iv) Scaling up community approaches to addressing drivers of fragility and supporting the dynamics of resilience, including efforts to address environmental challenges.*** Community-driven operations empower communities.[77] These approaches help reorient service delivery systems and make people partners in the design and delivery of public services. In fragile situations, engaging citizens to oversee service delivery and creating mechanisms to reinforce their participation is critical to improving services and social cohesion. These efforts can be designed to support prevention and resilience in polarized situations and to help local governments deliver infrastructure and services in remote and insecure regions, foster inclusion of marginalized populations, remove perceptions of injustice, improve fairness, and generate acceptance on the distribution of public resources.[78]

124. Prioritizing social protection systems to enhance human capital and productivity, fight poverty, reduce inequalities and contribute to social peace. Building social protection programs in line with state capacities, including social safety nets and cash transfers, are essential to promoting equity and to building resilience and opportunity. After a conflict, they ensure welfare in the short term, and they provide resources to local economies and people in the medium term. This allows households to invest in health, education, and nutrition, thus protecting human capital and reducing the incidence of poverty. Such programs can also discourage a renewal of conflict. Recent randomized trials in the Central African Republic, Côte d'Ivoire, Egypt, Liberia, and Uganda have yielded encouraging results, in terms of both livelihoods and conflict. The impact of cash transfers may be even stronger when combined with ancillary services such as mentoring or counselling. Evidence from cash transfer programs demonstrates that alleviating income constraints can reduce the incidence of violence and gender-based violence. But challenges remain, such as fiscal sustainability and evidence gaps in the long-term effects, especially on child learning and nutrition, as well as on adult employment.

125. Increasing efforts to address the environmental impacts of FCV and disasters. The combination of climate change, poor state capacity, and insecurity can seriously impact natural resources and the environment, exacerbating tensions between groups and increasing hardship on the most vulnerable. Building a community's resilience and protecting its natural resources, such as access to land and water, is an important component of Bank engagements in fragile areas, such as the Sahel or the Pacific Islands, where multidimensional fragility is high. Such interventions need to be contextual and tailored to how local populations use land. WBG operations encompass how to manage pasture, protect and restore forests, better use water supplies, protect and prevent the contamination of water and land, and develop small irrigation schemes. Similarly, disasters hit people living in FCV-affected countries hardest and can further erode citizen trust where governments are unable or unwilling to respond. Disasters set back economic and social progress. Most notably, water-related disasters can act as risk multipliers in fragile contexts, contributing to conflict, violence, and/or migration.[79]

126. ***(v) Engaging on justice and the rule of law:*** A robust justice system creates incentives for peaceful behavior. It can settle disputes in a peaceful manner, ensure accountability through limits on the exercise of power, and combat corruption. But calls for justice and the rule of law from a country's citizens can contrast starkly with the capacity of governments to actually meet these demands. Both formal and informal justice systems play an important role in resolving grievances that might otherwise lead to conflict, crime, and violence. Building resilient institutions capable

of addressing grievances and delivering services is critical to transforming the dynamics of FCV settings.

127. Since the early 1990s, the Bank has worked with justice institutions of member countries, particularly courts, ministries of justice, legal aid providers, CSOs, and bar associations. It has provided financing from its own resources and trust funds, technical assistance, and advisory services through projects whose objectives and activities focused, in whole or in part, on improving the administration of justice and the rule of law. The Bank has also worked to improve case-management systems, train judges, enhance legal aid and outreach. Similarly, the Bank has worked on designing and implementing projects across its FCV portfolio to be more effective, equitable, and responsive to grievances and disputes, particularly those of affected persons.

128. Going forward, the Bank will explore ways to strengthen the justice and rule-of-law dimensions of operational and analytical work to help countries better address grievances; enforce rights; reduce and manage crime; equitably resolve disputes over land and natural resources; promote legal aid and access to legal services; and strengthen contract enforcement and commercial dispute resolution. Of special concern is that all GBV survivors—including survivors of sexual violence—need access to legal and judicial services for prevention, protection and prosecution.

129. ***(vi) Engaging with the security sector:*** Security is vitally important to addressing the development challenges posed by FCV. Although the WBG's involvement with member countries' security sector has been limited, there is growing recognition that the institution may engage with security actors while remaining consistent with its mandate, comparative advantage, and technical competence. The WBG's engagement with security and military actors ranges from national military units providing non-military functions such as disaster relief;[80] to financing of road construction in an active conflict zone in, for example, Cameroon using the country's Army Corps of Engineers because there were no private contractors willing and able to undertake the work;[81] to partnering with the UN peacekeeping mission and UNDP in Liberia to support the newly elected government's efforts to improve infrastructure, with employment-intensive road repairs as part of recovery in war-affected areas.

130. In response to client demand, the WBG has partnered with the UN in carrying out public expenditure reviews and public financial management. This has provided governments with inputs about the economic and budget tradeoffs of ensuring security and promoting peacebuilding. To date, the WBG has undertaken more than 20 such reviews in the security sector. These have led to key strategic and operational outcomes, ranging from a dialogue on pensions and aging personnel in Guinea-Bissau, to procurement reform in Afghanistan. To provide greater clarity, the Bank is reviewing its legal and policy framework for security engagements and has adopted a case-by-case approach that identifies, manages, and mitigates risks while ensuring that all Bank engagements and activities with security actors are designed to be consistent with its development mandate under the Articles of Agreement.

Section III: Operationalizing the WBG's Strategy for FCV

131. **To operationalize the FCV Strategy, this section sets out an implementation model.** It articulates 23 measures[82] to strengthen the WBG's effectiveness in FCV settings.

132. **Implementation is structured around "4 Ps": *policies, programming, partnerships, and personnel.*** These are underpinned by ***financing*** (IDA and IBRD financing, trust funds, IFC investments, and MIGA guarantees), with the strategy offering a tailored financing architecture for FCV settings aligned with the four Pillars of Engagement.

133. **Flexibility and adaptation to individual country contexts will be key for effective operationalization of the FCV strategy on the ground.** The operationalization of the 23 measures proposed will thus be conducted at both the global level—as part of WBG's corporate commitments and applicable across the institution—and at the country level. This will ensure that the measures can be translated into WBG programming in a manner that is tailored to each specific situation.

A. Policies, Processes, and Practices: Ensuring the WBG is Fit-for-purpose

134. ***Clarifying and articulating the WBG's engagement in FCV settings***: The policy framework of the WBG provides the backbone of its engagement around the world. In settings that require special flexibility to respond to FCV challenges and rapidly changing dynamics, it is especially important to ensure that these policies, and related processes and practices, are fit-for-purpose and allow the WBG to maximize its impact on FCV.

135. **World Bank Operational Policy (OP) 2.30 on Development Cooperation and Conflict, which includes provisions that apply to FCV and other contexts, is being updated, drawing on inputs and guidance from the Bank's Board of Executive Directors.**[83] Among other things, the updated policy will clarify the application of provisions of the policy in several key areas, including

- **Response to humanitarian crises**. The policy will clarify that the Bank may provide development assistance in response to humanitarian crises under certain limited parameters.
- **Forced displacement**. The update will mainstream key principles of the IDA18 Refugee Sub-Window and reflect emerging practice derived from displacement operations in different developing regions.
- **Security and related issues**. The update will provide clarified parameters for the Bank's engagements with military and security actors though ASA activities (such as security-sector public expenditure reviews) and, where appropriate and warranted, for project implementation. It may also clarify parameters and the scope of the World Bank's support for peacebuilding activities and engagements with non-state actors.

To support the rollout of the new FCV strategy and updated OP 2.30, the Bank will update and prepare new guidance to staff on key FCV-relevant topics, including support for the implementation and supervision of Bank projects in insecure areas.

136. **The updated policy will be finalized and submitted to the Bank's Board of Directors for approval following a discussion with the Committee on Development Effectiveness.** The updated OP 2.30 will be accompanied by guidance to staff on key FCV-relevant topics, including support for the implementation and supervision of Bank projects in insecure areas.

137. **In recent years, the Bank has enhanced its operational flexibilities in FCV settings in an effort to increase operational effectiveness.** The Bank will enhance the practice of systematically using operational flexibilities introduced for FCV settings in full consistency with existing guidelines. This includes providing staff trainings and fostering communities of practice to raise awareness of flexibilities in procurement, the Environmental and Social Framework (ESF), or financial management in FCV settings.

138. Overall, the WBG has enhanced its operational flexibilities in FCV settings. Several flexibilities have been successfully introduced for FCV contexts to increase operational effectiveness while maintaining adherence to standards, such as paragraphs 11 and 12 of the Policy on Investment Project Financing that address situations of urgent need or assistance and capacity constraints. However, many of these flexibilities are not being used systematically in FCV contexts. To increase awareness of flexibilities, staff learning should include formal training and other relevant approaches (e.g., Communities of Practice).

139. The Initiative for Improving Impact and Effectiveness in Fragile and Conflict-Affected Situations (the FCV Pilots) was implemented and conducted between September 2018 and June 2019. The objectives were to (i) strengthen project supervision and implementation support, including through a Bank-wide review of third-party monitoring (TPM) arrangements (including data on delivery models, risks, costs, duty of care, terms of reference, etc.); (ii) enhance program effectiveness; and (iii) improve portfolio selectivity. The focus was on Afghanistan, the Democratic Republic of Congo, Haiti, Iraq, Kosovo, the Philippines, and the Sahel countries. Among key lessons learned on operational challenges, the pilots highlighted:

- **Geospatial analysis and portfolio mapping are important to enhance operational effectiveness:** specifically, deploying low-cost, high-impact geospatial technology (specifically, the GEMS initiative) to map the project sites.
- **Supervision and implementation support are subject to access constraints because of persistent insecurity.** Limited access to project sites in high-risk locations can be mitigated by (i) strategically contracting TPM agents to help fulfill the Bank's supervision obligations; and (ii) building the M&E capacity of governments to deploy low-cost ICT solutions such as GEMS to better capture granular data on project implementation.
- **Insecurity makes supervision more expensive, especially TPM.** Yet as has been shown in Iraq, technology and the joining of supervision budgets to contract portfolio-wide TPM can help reduce costs and increase economies of scale. Additional options include using project proceeds to pay for technical and social audits to monitor technical quality, performance, social risks, and safeguards.
- **Making programs FCV-sensitive reduces fragmentation.** Lessons gathered highlight the importance of concentrating programs on the most important sectors and themes that can curtail FCV drivers. Portfolio reviews and deep dives have been conducted in the Democratic Republic of Congo and Haiti to assess performance and identify improvements in supervision. In the Democratic Republic of Congo, this means reducing the geographical coverage of the portfolio in order to focus on conflict-affected areas where the needs of the poor are most acute.
- **Special focus on the political economy helps staff understand the drivers of fragility.** In MICs with subnational conflict, such as the Philippines, staff report that systematic FCV awareness and training are necessary to ensure that conflict and fragility issues do not become overshadowed by standard development interventions. This entails customized FCV trainings. In Haiti, the Philippines, and the Sahel, the FCV pilot programs supported customized trainings that covered project design, partnerships with the UN and NGOs, working with the private sector, and safety and security.

140. Operating in FCV settings calls for enhanced implementation support. In low-capacity environments especially, it is critical to provide support and build capacity to address deep institutional fragility, and to develop smart country-wide approaches to compliance. The World Bank is developing new approaches to support teams throughout implementation and to ensure that projects can adjust to changing circumstances. For instance, in Afghanistan, under the Anti-Corruption and Results Monitoring Action Plan (ACReMAP), the objective is to enhance the value for money of Bank-financed operations by reducing their vulnerability to corruption, while strengthening monitoring of implementation progress and results.

Box 9.
ACReMAP in Afghanistan

In Afghanistan, the WBG is working with the government to enhance implementation support, with emphasis on fiduciary aspects through a unified compliance package. The ACReMAP project includes (i) strengthening vigilance and rigor in results monitoring, including through risk-based smart implementation support and by ramping up TPM to cover all projects; (ii) helping the government implement its anticorruption strategy, notably through demand-driven capacity building in selected government agencies; (iii) increasing transparency and citizen engagement, including by rolling out a portfolio footprint (district-level visualization of the Afghanistan Reconstruction Trust Fund portfolio), TPM dashboard, and ultimately a compliance management system, built iteratively across the WBG (starting with audits dashboards); and (iv) strengthening the safeguards system by addressing gaps between the Environmental and Social Framework (ESF) and country systems, supporting capacity development, and proactively managing risks and bottlenecks in the pipeline and portfolio.

141. **Building on the WB Procurement Framework Policy implemented in 2016, the World Bank is ramping up its Hands-On Expanded Implementation Support (HEIS) in FCV settings.** HEIS is currently being provided in 16 projects, and preliminary evidence shows that it speeds up procurement and mitigates project implementation delays. For instance, in Myanmar, a consultant selection process that would have normally taken 18 months was completed within seven months. Similarly, alternative procurement arrangements (APAs) are supporting borrowers' capacity to implement projects in countries with particularly difficult environments, including FCV, and can increase the Bank's operational flexibility. Projects in Somalia, South Sudan, Yemen, and Zimbabwe are good examples of how the Procurement Framework's APAs have helped the Bank exercise greater flexibility in responding to FCV needs on the ground.

142. **Environmental and Social Aspects: The World Bank's new Environmental and Social Framework (ESF) has introduced a comprehensive set of 10 Environmental and Social Standards (ESSs), with multiple entry points to address risks in FCV settings.** In these as in other settings, the World Bank remains committed to the strong environmental and social standards set forth in the ESF. The principles of inclusion, social development, participation, and non-discrimination are among those that underlie the ESF, which puts special emphasis on those that are more disadvantaged or vulnerable. The Environmental and Social Policy, which is part of the ESF, explicitly calls for the World Bank's due diligence process to take into account threats to human security through the escalation of personal, communal, or inter-state conflict, crime, or violence.

143. **The ESF requires a higher level of environmental and social risk management from borrowers than the previous safeguards regime.** The ESF includes more explicit requirements in some areas (e.g., labor, non-discrimination, stakeholder engagement) and new project documents (e.g., Environmental and Social Commitment Plan, Labor Management Plan, Stakeholder Engagement Plan). Issues relating to ESF implementation that will require increased efforts on the part of borrowers include labor and working conditions, non-discrimination, biodiversity, GBV, and occupational health and safety. Client capacity to manage environmental and social issues is limited in some countries and is expected to strengthen only gradually. The ESF does not have a separate procedure for FCV situations, and the application of the ESF in the context of FCV situations can be challenging, given low capacity and often volatile conditions.

Box 10.
Flexible Procurement in FCV: Somalia

In 2017, the Somali government requested the Bank's financial support for emergency drought assistance. Although there was no active IDA program in the country, the Bank used APAs under the Somalia Emergency Drought Responses and Recovery Project to channel a single multisector program through the FAO ($30 million) and the ICRC ($20 million). In addition, the program allowed 100 percent retroactive financing for the ICRC component, with the proper risk mitigation measures in place. Through this program, 500,000 people gained access to food, 700,000 to clean water, and 50,000 households benefited from livestock vaccinations or animal treatment support.

144. The ESF offers a range of flexibilities for FCV settings. The ESF is supported by notions of proportionality, adaptive management, and judgment-based decision making, which enables operational flexibility when agreeing with borrowers on the environmental, social, health and safety (ESHS) risk management measures that are reflected in the Environmental and Social Commitment Plan (ESCP). The flexibility built into the ESF can be combined with strengthened Bank support to governments and thus help make the process more manageable in FCV contexts. The World Bank and the borrower can agree to the preparation of the ESF instruments during project implementation, provided that there is a detailed timetable for delivery to ensure that measures are in place prior to the start of any activities that could result in negative environmental and social risks and impacts. These elements of policy flexibility are especially true in emergency conditions.

145. To support the ESF, the World Bank issued a Directive to address risks and impacts on disadvantaged or vulnerable groups and individuals. The Directive provides staff with clear instructions to conduct the due diligence process on identification and mitigation of risks to those who may be disadvantaged or vulnerable, whose presence may be more prevalent in FCV contexts. The World Bank is developing guidelines to operationalize the ESF that may be particularly useful in FCV settings, including already published good practice notes on GBV, gender, use of security personnel, non-discrimination and disability, non-discrimination and sexual orientation and gender identity, and third-party monitoring.

146. Financial management. Although the financial management specialist (FMS) of each World Bank project is required to undertake periodic financial management supervision of project activities, depending on the level of risk, this is hampered by insecurity in FCV settings. In Yemen, for instance, the Bank currently has no access, and in South Sudan, Bank staff are not allowed to travel outside the capital, Juba. To provide fiduciary oversight in these environments, the Bank relies on alternative arrangements such as TPM, remote supervision through GPS-enabled technology, reliance on UN agencies with a presence in the country, and independent verification agents. Current financial management policy allows for innovative ways to contextualize appropriate interventions in FCV settings. Key examples include

- **Risk assessment and mitigation.** The WB IPF Policy requires the FMS to assess the risks to project implementation and suggest mitigation measures depending on the level of risk and the operating environment. For example, in cases of low or no capacity, FM policy allows the borrower to transfer its fiduciary responsibilities to a third party with adequate capacity (for example, the South Sudan Safety Net program, and the Timor-Leste Community Driven Nutrition Improvement project).
- **Flexibility in retroactive financing and PPF that can be used to support project implementation.** In the Comoros's Comprehensive Approach to Health System Strengthening project, for example, retroactive financing has prevented delays in project preparation.

Box 11.
Standards and Policy Application in FCV Operations

The Somalia Urban Resilience Project Phase II illustrates how the Environmental and Social Framework enables projects to take a more proactive and systematic approach to issues that are particularly relevant for FCV settings. With Al-Shabaab still in control of parts of the country and attacks frequently targeting government, strategic infrastructure, and people in urban areas, the clear provisions provided under the ESF—including ESS2 (Labor and Working Conditions), ESS4 (Community Health and Safety), and ESS10 (Stakeholder Engagement and Information Disclosure)—have helped the project identify relevant risks and design feasible mitigation measures. This has helped address security risks for (i) project workers (such as putting in place restrictions on work hours and access control to construction sites), (ii) the host community (such as management of risks from the use of public security forces), and (iii) public stakeholders (such as the use of low-profile focus group meetings and individual interviews rather than high-profile public consultations). The government has committed to implementing these measures in the Environmental and Social Commitment Plan (ESCP), which enables the Bank to systematically monitor and strengthen the effectiveness of these measures throughout the project's life.

- **Disbursement methods** that can provide increased flexibility for FCV operations. Since 2017, the entire South Sudan portfolio has migrated to the transaction-based SOE system, with direct payments used for almost all payments.
- **Flexibility in financial reporting frequency, format, and content** that have also been used to support operations. For high-risk projects, it is normally agreed with the implementing entity to submit more frequent IFRs with additional details to provide accountability. Whenever feasible and appropriate, projects are also encouraged to use the government's own IFMIS for project accounting rather than parallel accounting systems.
- **Audit and assurance services.** The flexibility allowed in the Investment Project Financing policy in terms of the borrower's responsibility for assurance of the proper use of funds allows for alternative assurance arrangements, including adjustments in the periodicity and types of audits, third-party monitoring, and independent verification as an additional or alternative means of assurance. For high-risk projects, third-party monitoring has leveraged the presence of other development and relief agencies, such as the UN and international non-governmental organizations (INGOs), that are on the ground in FCV settings, to provide assurance on the use of Bank financing—for example, in South Sudan, the West Bank and Gaza, and Yemen.
- **Capacity building.** The Financial Management (FM) Directive requires each project to ensure that the implementing entity maintains adequate FM capacity. However, in FCV countries, capacity constraints are significant, so knowledge-sharing and hands-on support are critical. Several approaches have been implemented to promote compliance through capacity-strengthening measures. In the Solomon Islands, for example, FM workshops to discuss cross-cutting portfolio issues enable project accountants to raise issues both in relation to their specific project and about their communications within the Bank. These have become a regular part of the financial management mission agenda.

147. **Consultations.** Accountability to affected populations in FCV settings is key. The Bank's *Strategic Framework for Mainstreaming Citizen Engagement*[84] requires all investment project financing operations to integrate into the project results framework at least one mechanism to engage with the project's ultimate beneficiaries, and one or more indicators of beneficiary feedback. Furthermore, the ESF's *Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure* emphasizes the importance of engaging stakeholders throughout the project life cycle, especially those who may be disadvantaged or vulnerable. All project-affected parties and other interested parties will be identified through stakeholder identification and analysis at the beginning of project preparation. Projects with heavy security constraints have benefitted from modified or alternative processes for stakeholder engagement and consultation on environmental and social (E&S) risks and impacts (for example, Iraq and Yemen). Given the difficulty to carry out consultations in accordance with regular procedures and modalities in such cases, the Bank has explored undertaking independent consultations or contracting third parties. E&S risks and impacts will require close monitoring, frequent consultation, and strong feedback mechanisms throughout the project.

148. **All projects supported by the Bank through IPF require stakeholder consultations, information disclosure, and the establishment of grievance mechanisms.** Project stakeholder engagement plans will elaborate on these processes. These accountability and feedback mechanisms are especially key in high-risk FCV situations where regular supervision by the Bank may be curtailed. More specifically, in FCV settings, stakeholders can be engaged more effectively through various methods such as using social and conflict analyses to inform the stakeholder engagement design; involving local networks to identify stakeholders and those at risk; negotiating access via local communities; targeting engagement techniques to specific excluded groups; strengthening communications with local communities about the project's impacts on community safety and security; regular dialogues with security personnel if warranted; awareness-raising concerning workers' Codes of Conduct and project grievance mechanisms; and using third-party monitors and/or local facilitators because often they have local trust and better access to contested areas.

149. IFC processes are being simplified to address FCV challenges more nimbly. IFC has already streamlined some processes for implementing projects in FCS. For instance, many FCS projects use a simplified term sheet and simplified legal documentation. Several other efforts are under way:

- Streamlining the processing of small loans. Loan size is often smaller in FCS, so efforts to streamline the processing of small loans will benefit most projects in FCS. IFC has rolled out the Credit Delegation Framework for these loans in some sectors where credit decisions will be delegated to operations. Other programs and approaches allowing for delegation both from senior management and from IFC's Board will also be considered.
- Standardizing programmatic approaches for investments, which has been established for small investments.
- Aligning processes between IFC and other development actors in project development, particularly in relation to ESG and integrity due diligence (IDD) work.

150. MIGA will continue to make use of its streamlined Small Investment Program in FCS and will look for further opportunities to enhance that program.

151. Strong ESG performance correlates with positive development outcomes. The IFC and MIGA Performance Standards reflect good international industry practice and offer an effective framework for environmentally and socially sustainable private sector outcomes in FCV settings. However, ESG risks are heightened in these settings because many of the contextual risks are systemic—for example, security, gender-based violence, and land rights—while others are outside the control of private sector actors. Private sector investment can also unintentionally exacerbate conflict and violence if the allocation of benefits and jobs sparks tensions among conflicting groups. IFC continues to develop new tools and guidance to assist teams working in FCV settings. Pilot programs incorporating conflict-sensitivity approaches are under way such as a Contextual Risk Screening Framework for systematically identifying high risks that are context-specific; and guidance to define approaches to project-level conflict analysis. MIGA is leveraging this work by IFC.

152. IFC and MIGA's existing approach to ESG (since the development of the 2006 Performance Standards) requires clients to progressively achieve the Performance Standards within a "reasonable period of time."[85] The time agreed between IFC and MIGA and their clients may be longer in FCV settings, and progress may be phased. Hence, it may take longer for client operations to be consistent with the Performance Standards than in other contexts, and there is a higher risk that some clients may be unable to fully achieve their commitments. IFC and MIGA will seek to work with their clients through capacity-building or additional resources to enable them to address their specific challenges and meet the Standards over time. In cases where a client's or project's challenges appear particularly significant, IFC and MIGA will identify the circumstances and any proposed responses in the Board paper and disclosure documents so that they may inform the Board's decision to approve those investments. This approach will better enable IFC and MIGA to assist clients to develop their ESG capacity over time to meet international standards and to facilitate projects with high developmental impact in FCV situations.

153. IFC and MIGA cannot guarantee outcomes but can advise their clients on how to mitigate negative impacts. Because this work is resource-intensive, IFC and MIGA must continue to be selective in their choice of clients to support, as they scale up in FCV settings. The selection process will require a candid and robust debate at entry to determine client commitment to IFC and MIGA's standards throughout the course of their investments. Monitoring clients' progress in the portfolio will be costly and challenging: for instance, conflict and fragility may impact timely client reporting and even prevent staff from visiting client operations.

154. Even with these enhanced efforts, there will likely be a higher frequency of investment and client failure. Social and environmental sustainability in the private sector are preconditioned on financial sustainability, and business failure is a natural part of market operations that is even more likely in FCV. IFC and MIGA's responsibility to perform due diligence and monitoring of clients ends on exit, and their ability

to mitigate post-exit impacts is limited. Although IFC and MIGA cannot guarantee outcomes or ensure a client's performance during the investment or subsequently, they will give due consideration to any potential adverse impacts on the community that are likely to subsist (from the project) at the time of exit.

155. **To help firms implement the IFC Performance Standards in FCV settings and improve their corporate governance, IFC is developing a new ESG advisory program.** The program will focus on upstream interventions to ease ESG constraints and address issues in key IFC pipeline projects early in the project cycle to help prepare them for investment. The program will include additional ESG staff in the field and targeted internal and external funding to support advice for clients. In addition, IFC will seek donor-funded advisory resources and combine this with blended finance, as relevant, to help clients address the additional costs and capacity needed to meet the expectations of the Performance Standards. MIGA, for its part, is exploring an ESG technical assistance program.

156. ***Developing stronger monitoring and evaluation systems and fostering client capacity to better understand the drivers of FCV:*** Monitoring and evaluation (M&E) plays a central role in tracking the impact of development interventions on beneficiaries, notably the most vulnerable. For governments, partners, and the WBG alike, strong M&E systems help enhance operational effectiveness and improve the design and programming of WBG operations. Tackling drivers of fragility and sources of resilience, as well as assessing the effects of programs and policies on risk mitigation and prevention, require adapted M&E frameworks. Monitoring systems need to be able to measure real impact on the ground, including on beneficiaries and those who might experience unintended project impacts. This is difficult in insecure and/or low-capacity environments, where data collection is an even greater challenge. Systems must be designed to facilitate adaptation when evidence suggests a need for this.

157. **Stronger monitoring systems require adapted results frameworks and greater institutional oversight on the design and implementation of project monitoring.** High-quality monitoring systems are participatory and provide feedback loops that give project management insight into implementation realities. They provide the evidence to adapt implementation when needed and to verify the effectiveness of these adaptations. A rapid-evaluation tool to assess the strength of monitoring systems is under development.

158. **New tools, methodologies, and technologies can generate data, track both quantitative and qualitative indicators, and empower beneficiaries and recipients to take a stronger role in monitoring the services they receive.**[86] For instance, integrating perception surveys into M&E frameworks will help gather beneficiary feedback so that the WBG can learn, adapt, and correct course as needed to help improve service delivery and strengthen trust in institutions. Similarly, approaches such as iterative beneficiary monitoring (IBM) or participatory tracking can facilitate early identification of problems, inform course corrections, and improve the design, collection, and use of survey data. The IBM approach collects data directly from beneficiaries but keeps data collection efforts to a minimum, thus lowering costs, increasing speed, and ultimately giving feedback that is directly relevant to resolving key implementation questions. Developed in northern Mali to support an education project, IBM is now being used in other fragile settings such as the Central African Republic, Chad, Niger, and northern Nigeria. While these tools and approaches are promising, they are a complement and not an alternative to well-designed and executed M&E systems.

159. **The WBG will help improve project M&E systems; it will also support operations aimed at strengthening national systems to obtain more reliable data and promote evidence-based public policymaking.** To strengthen M&E and impact evaluation, the WBG will continue to rely on results frameworks and theories of change (TOCs) but integrate more FCV indicators into the results frameworks of projects to monitor FCV risks. The WBG will also intensify oversight over the design and implementation of monitoring systems at the project appraisal and the implementation stages.

160. **In FCV settings, elaboration of programs and projects can be informed and sequenced in five phases:** (i) first, understand the FCV drivers and sources of resilience through RRAs[87] and other analyses; (ii) then, establish an intervention logic to focus on the FCV challenges where the Bank has a well-

identified comparative advantage and integrate it into strategies and programming; (iii) now, identify indicators that will measure achievement of the intervention logic and establish a baseline; (iv) next, design a real-time monitoring system that allows for the adaptation of the strategy and program as information becomes available; (v) and finally, carry out impact analysis on how WBG efforts contribute to addressing FCV drivers.

161. **The WBG will also leverage impact evaluation for learning and decision-making.** Impact evaluation (IE) applies scientific research methods to test for the existence and magnitude of causal relationships between project activities and target outcomes. IE should be used strategically to generate data, experimentation, and evidence to meet learning objectives and ultimately enhance the effectiveness and efficiency of program and policy design.

162. ***Using technology to enable supervision in insecure environments:*** In insecure environments, remaining engaged during conflicts and crises requires enhanced monitoring. The major challenge is to develop smart, cost-effective tools and supervision mechanisms such as:

i. **Innovative tools to support operations at the project and portfolio levels.** Faced with higher risks and the need for flexibility, simple yet effective tools should be used to help operational project teams contextualize project design within the FCV environment and to monitor results. The rapid development of innovative and less expensive data collection technologies, including mobile phones, as well as remote-sensing data has made it feasible to monitor and learn even from extremely fragile settings. Also, monitoring at the portfolio level will enable further insight into where Bank financing is directed spatially, and what types of projects are supported. For instance, the Portfolio Footprint tool can be used to map and compare World Bank project expenditures by geographic location to a range of FCV, socioeconomic, and subjective indicators, including incidences of violence or areas of influence by armed groups.

ii. **Geo-Enabling for Monitoring and Supervision (GEMS) allows access to more regular, real-time, actionable data in challenging environments.** In remote and insecure environments, leveraging ICT and local capacity-building tools has proven successful in generating structured, real-time data and closing information gaps on the ground. To foster local ownership and sustainability, the Bank will build capacity among clients, beneficiaries, local staff, and partners to harness field-appropriate and cost-effective open-source ICT to enhance supervision, M&E, citizen engagement, and coordination. The GEMS initiative[88] was launched as a public good to support project implementation in FCV settings by systematically building client capacity in these areas. To date, it has supported about 550 projects in more than 30 countries, with more than 2,000 clients, partners, and local staff having received access to the tools and to capacity-building training. In cases where beneficiary input is collected by WBG teams and feedback loops are created, GEMS will be offered in combination with the IBM approach.

iii. **Third-party monitoring (TPM) to help track project results.** When environments are so insecure that task teams cannot regularly visit site locations, the Bank can hire specialized firms or engage UN agencies to help with monitoring, compliance verification, and implementation support. This approach is being used in Afghanistan, Cameroon, Iraq, Pakistan, Somalia, South Sudan, and Yemen.[89] The WBG will be selective in its use of TPM, given its cost implications.

iv. **Rapid-response data.** In environments at risk of fragility, rapid-response systems provide critical information about the nature of the risk, collect information about the characteristics of the most vulnerable, and provide interventions with the data needed for targeting and monitoring. Rapid-response centers typically use mobile phone interviews and, at times, resident enumerators to collect their information. They operate at low cost and are designed around registries of phone numbers of households and key informants who can be contacted during times of crisis. The typical rapid-response statistical center collects perception and early-warning data on a regular basis, then intensifies its data gathering once an event is triggered. This approach has been tested in Mali and South Sudan.

B. Programming: Maximizing Impact on the Ground

163. ***Drivers of fragility should guide the WBG's CPFs and programming:*** The WBG is committed to ensuring that Country Partnership Frameworks (CPFs) and operations in FCV-impacted countries systematically address the key drivers of fragility and sources of resilience.[90] As the WBG continues to strengthen the analytical tools used in FCV settings, ensure they are fit-for-purpose, and scale up the practice of conducting joint assessments with partners, analytics and operations will mutually reinforce each other and set the stage for better programs.

164. **The WBG will revise the methodology of RRAs to frame key drivers of fragility more clearly.** Underpinned by the analytical framework introduced in *Pathways for Peace*, this revised approach aims to increase multidimensional understanding of the political economy of FCV and the grievances and risk factors that exacerbate FCV; to systematically apply a gender lens in their analysis; and to better identify entry points to promote prevention and strengthen resilience. The methodology will also prioritize a multi-sectoral approach and external consultations as part of the RRA process to provide clear, comprehensive, and operationally relevant recommendations for country programming, and to identify FCV entry points for projects in the pipeline. Teams working on RRAs will also collaborate closely with teams leading on SCD and CPF preparation to ensure that FCV issues are appropriately represented. The WBG is additionally committed to increasing the number of FCV analyses, such as RRAs, that are conducted in partnership and shared with relevant partners.[91] This more robust approach—linking diagnostics to operational impact across the chain of different WBG products and programs for FCV-affected contexts—is already being rolled out.

165. **The Bank will promote the use of portfolio reviews, conflict filters, and peace lenses to ensure that portfolios and operations identify and address fragility drivers and conflict risks, particularly in countries with pockets of fragility.** These tools can be used to design conflict- and fragility-sensitive operations and take national, macro-level analyses such as RRAs to a more granular portfolio or project level. In some cases, they can be developed for specific sectors. These filters, or lenses, aim to identify key project risks—for example, those relating to the choice of geographic areas, how benefits are divided, or how consultation processes are organized—and then identify mitigating measures. They can also guide teams to think through and adjust projects during implementation, including during supervision missions, mid-term reviews, and restructurings. In Myanmar, for example, an Inclusion and Peace Lens has been developed to strengthen the conflict sensitivity of operations. An Inclusion and Peace Lens note will be prepared for each project in the country and annexed to the Project Appraisal Document.[92]

166. **IFC and MIGA will explore systematic approaches to conflict sensitivity in projects** and develop new analytical-strategic tools and training, including detailed conflict assessments and preemptive IDD screening of potential lead investors (sponsors). These processes will help identify how potential projects and sponsors interact with drivers of fragility to ensure that projects do not contribute to instability and make as positive a contribution to stability as possible, such as via the creation of inclusive employment opportunities and fair use of resources. The programs should increase the positive impact of private sector investments while also reducing risks to project success. Pilot programs are under way using conflict analysis approaches, including country-level contextual analysis and more detailed project-level conflict analysis. After testing and analyzing the pilots, a systematic conflict-sensitivity approach will be developed that retains the flexibility necessary to operate effectively across FCV settings. CPSDs will also apply an FCV lens in their assessment of priorities for private sector development and policy dialogue, and these priorities will be reflected in country strategies. MIGA will leverage IFC CPSDs and conflict assessments for its operations in FCV. In addition, the Anticipated Impact Measurement and Monitoring (AIMM) system[93] will incorporate an FCV lens. For FCV situations, project impact measurement and monitoring will, where relevant, reflect key fragility drivers identified in CPSDs, country strategies and WBG research. The information identified through the FCV lens will assist IFC integrate the FCV context into its development impact assessments by informing the gap assessment in AIMM ratings. MIGA plans to leverage this work for its IMPACT system.[94] IFC is also committed to screening

investment projects specifically for risks associated with GBV, as is MIGA, and to implementing targets for projects that address gender in FCV settings.

167. **Tackling FCV drivers involves addressing cross-border challenges and, where relevant, developing effective regional approaches**. While the WBG operates primarily from a country-based model, it is sometimes critical to develop regional and cross-border programs and approaches. Regional programs and initiatives that focus on mitigating key fragility and security risks are under development for the Sahel, the Horn of Africa, and the Lake Chad region. Regional RRAs will be conducted, with the goal of identifying priority regional activities aimed at reducing FCV risks.[95]

168. **The World Bank will revise and update the Results Framework and M&E guidance** to ensure that FCV factors are reflected in project design and M&E frameworks, with room for adjustment during project implementation, and work to enhance practical M&E systems for better assessment of results and learning from projects in FCV countries.

169. **It is equally important to reflect FCV dynamics in country engagement deliverables themselves: Country Partnership Frameworks (CPFs), Country Engagement Notes (CENs), and Performance and Learning Reviews (PLRs).** As such, the following flexibilities are already available:

- Teams can undertake more than one PLR during the life of a CPF, allowing them flexibility to adjust the nature and scope of the WBG program and its expected results based on country conditions. The results framework of the last PLR would then form the basis for assessments in the Completion and Learning Review (CLR) and by IEG. These PLRs would elaborate on any changes in country context that have led to revisions in the program and the results framework.
- In countries where enough information and engagement exist to warrant a CPF, teams can opt for a four-year program and flesh out plans only for the first 1-2 years to reflect uncertainty in the engagement. The PLR conducted during the mid-life of the CPF would allow adjustments to the program and the results framework as needed, or even extension of the CPF if circumstances warrant this.
- In limited cases, where there is not enough knowledge or where the country situation prevents development of a medium-term program, teams have the option of preparing a CEN. A CEN is normally prepared for a period of 12 to 24 months. It may be followed by another CEN in exceptional cases where the WBG still remains unable to define detailed objectives, develop a program, or engage at significant scale in the medium term. A CEN includes the description of a basis for assessing progress but not a detailed results framework, given the fluidity of the situation and the need for flexibility.

170. **Project documents in FCV settings will reflect security considerations in project design and institutional arrangements**. They will also reflect the approach to supervision (e.g., TPM, ICT, social media monitoring, and partnerships). The use of "contingency scenarios" in project design will be broadened to adapt implementation by identifying potential changes or mitigation measures and by facilitating mid-course corrections, with or without project restructuring. The guidance on preparation of the Project Appraisal Document for IPF will be updated to ensure that operations in FCV environments more systematically take security considerations into account in project design, institutional arrangements, and risks (including mitigation measures).

171. ***Selectivity, simplicity, and flexibility at the core of the implementation model.*** The complexity of FCV settings paradoxically calls for simple responses but greater selectivity in the way projects and policies are identified, designed, and implemented. In these settings, linear development responses are unlikely to produce tangible, sustainable results. Because FCV is both multidimensional and multi-causal, responses must be multisectoral and flexible, with longer-term project timelines that allow for capacity building and adaptation. To achieve successful outcomes, it is key to be agile and to adjust the ways that the WBG approaches project design, implementation, and impact assessment.

172. ***Start with institutions and build programmatic approaches for sustained engagement.*** It is critical for Bank support to focus directly on core governance in ways that address FCV drivers.[96]

Strengthening institutions that set the stage for transparency, accountability, and participation is a difficult and long-term process, but it should guide WBG interventions in FCV settings. As demonstrated in the 2017 WDR, governance institutions that balance, divide, and share power play a crucial role in addressing grievances and reducing incentives to engage in violence. Hence, the WBG should promote problem-solving and evidence-based approaches that seek to improve results by identifying sustainable improvements in governance processes.

173. **Institution-building projects that have a longer-term horizon enable a strategic approach, support sequencing, and promote ownership of reforms.** While reforms are driven by country leadership, the WBG's comparative advantage is to support systems and sustain their engagement. This entails aligning the operational model (in terms of simplicity and flexibility) to government capacity and allowing for corrections and adjustments. It also involves continually incorporating feedback, both from institutional stakeholders and from beneficiaries. These processes should run in tandem with efforts to improve accountability. In operational terms, projects will increasingly be designed to feature more organic, participatory, trial-and-error approaches, monitor trust (qualitative indicators to capture perceptions and values), roll out citizen engagement programs, and place special focus on subnational levels.

174. ***Leverage public spending management tools to optimize policy reforms.*** Macroeconomic stability is key to building resilient economies. Through its Development Policy Financing (DPF) instrument, the WBG plays an important role, along with the IMF, in stabilizing economies and influencing the allocation of resources and management of public spending. In FCV settings, macroeconomic stability is often among the first casualties of war and political crisis, resulting in rapid accumulation of public debt, capital flight, high and rising inflation, and/or exchange rate volatility.

175. **Rebuilding the state's capacity to drive fiscal and monetary policy is a precondition for achieving effective service delivery, developing the private sector, and ensuring resilience to shocks.** Development policy operations should be conflict-sensitive, and engagement with the IMF in such contexts is essential. It is important to strengthen risk analyses for such operations in FCV settings to focus not only on economic risk but also on the risk of increasing tensions between social groups and with the state. It is also important to ensure that reform packages are simple and well aligned with the government's capacity to implement.

176. ***Tailor private sector development responses to specific FCV challenges and contexts.*** The many challenges to private sector development in FCV settings include a limited private sector, often with poor capabilities; underdeveloped market structures; poor infrastructure and supply chains; weak legal and regulatory environments; and low government capacity. Yet mobilizing the private sector is essential to help countries grow and create jobs. Beyond individual projects, the overarching objective is to create functioning markets, support international and local investors, and grow regional and local private sector champions. Ultimately, generating income and opportunities helps mitigate FCV risks.

177. **To define the nature and level of their private sector work in FCV settings, the World Bank, IFC, and MIGA are strengthening their joint approach on several fronts.**

- ***Coordination.*** Strong cooperation to assist in creating private sector markets in FCV settings—including through CPSDs, Country Strategies, Sector Deep Dives, new IFC upstream units, and new WBG sector teams—is vital. Private sector policy issues need to be further systematized.
- ***Upstream project development.*** Facilitating increased investment in FCV settings requires more flexibility and a focus on upstream and advisory work. Approaches include:
  - **FCV regional initiatives**: Similar to the current IFC FCS Africa, these initiatives will be strengthened and expanded to increase the flexible application of early-stage upstream market, client, and project pipeline development, with a focus on proximity to markets and to public and private stakeholders.
  - Upstream coordination work in FCV under IFC's **new upstream units,** which will have appropriate plans and targets to reflect the unique needs of FCS countries.

  - Implementation of systematic approaches to **conflict sensitivity analysis, pre-emptive integrity due diligence, and ESG advisory work.**

- ***Programming and training.*** In FCV settings it is vital, though challenging, to bring in new investors, scale up local companies, and expand value chains. Key approaches include SME support/ investments and de-risking tools and programs to spur ecosystems in which SMEs can thrive. This also requires consolidating and expanding in-country vocational training and skills enhancement programs.
- ***Financing.*** Developing blended finance, including the IDA-IFC-MIGA Private Sector Window, helps lower the risks to investors in FCV- and IDA-country markets and helps launch pioneering firms. There is also a need to scale up the use of special advisory funding, including the CMAW, to facilitate upstream and downstream project preparation and implementation. Efforts will be made to expand these resources for FCV settings in MICs. In exceptional cases, this may require additional capital to increase investments in higher-risk countries. To this end, MIGA will also continue to use its Conflict-Affected and Fragile Economies Facility (CAFEF) and explore options for replenishing it.

Box 12.
Implementing the Cascade Approach in FCV settings

The Maximizing Finance for Development Approach (MFD), also known as the Cascade Approach, is the WBG's systematic method of helping client countries broaden all sources of finance, expertise, and solutions to support sustainable growth, with a focus on more engagement with the private sector. In working to meet the SDGs, countries' resource needs frequently surpass their own budgets and available donor funding. The WBG's approach encourages the use of scarce public/ODA funds to help attract private capital by removing obstacles, bottlenecks, cumbersome regulations, and risks. The approach follows this algorithm:

Commercial financing: *Can commercial financing be cost-effectively mobilized for sustainable investment? If not…*

Upstream reforms and market failures: *Can upstream reforms—for example, country and sector policies, regulations and pricing, institutions and capacity, and so on—be put in place to address market failures? If not…*

Public and concessional resources for risk instruments and credit enhancements: *Can risk instruments and credit enhancements cost-effectively cover remaining risks? If not…*

Public and concessional financing, including sub-sovereign financing: *Can development objectives be resolved with scarce public financing—for example, development banks, sovereign wealth funds, MDBs and DFIs?*

C. Partnerships

178. Partnerships are essential and must be the "new normal" to effectively prevent conflict, build resilience, and sustain peace.[97] No single organization can act alone to help countries reduce their FCV challenges. In FCV settings, a coordinated approach that brings together humanitarian, development, security, peacebuilding, and private sector entities—leveraging these actors' respective comparative advantages—is key to combining short- to medium-term objectives and strengthening national systems.

179. As a development actor, the WBG's comparative advantage is to work with governments to influence critical policy reforms that address the drivers of FCV, leveraging financing to incentivize investments in prevention and to tackle the root causes of fragility, and remaining engaged over the long term to strengthen core institutions and build capacity. The WBG's value added also includes its ability to combine private sector solutions and public sector support to help create more and better jobs, foster social cohesion, and promote inclusive economic growth.

180. *Operationalizing effective partnerships to maximize impact on the ground.* To be effective, partnerships must be mission-driven and encompass a diverse range of stakeholders to optimize outreach and impact on the ground.[98] Importantly, partnerships need to be driven by the respective mandate and comparative advantages of each partner organization—whether local, national, regional or international.

181. The UN and the WBG are increasingly collaborating in FCV settings through cooperation at both strategic and operational levels. The structured partnership between the UN and the WBG is institutionalized in more than 40 crisis-affected situations. Partnerships across the humanitarian-development-peace (HDP) nexus are necessary, given the highly protracted nature of fragile situations, as well as the spillover impacts caused by conflict. In these situations, the WBG aims to complement the essential short-term relief provided by humanitarian actors with longer-term development support.

Box 13.
UN–WB Partnership Framework for Crisis-Affected Situations

In April 2017, the UN and WBG launched a joint platform that enables the two organizations to work better together to build up the resilience of the world's most vulnerable people, reduce poverty, enhance food security, promote shared prosperity, and sustain peace. This ***Partnership Framework for Crisis-Affected Situations***, signed by the UN secretary-general and the WBG president, laid out practical commitments to enhance strategic collaboration. Under each of the framework's operational commitments, UN and WBG country teams have made substantial progress, leveraging their comparative advantages across the spectrum of fragility, conflict, and crisis situations.

The commitments are:

1. Identify and reduce the critical multi-dimensional risk of crisis and prevent violent conflict in relevant countries.
2. Coordinate support to situations of protracted crisis by aligning—where possible—strategies, objectives, and collective outcomes, based on joint analyses and assessments.
3. Develop joint analyses/tools where the complementarity of mandates may enable more effective solutions.
4. Scale up impact by leveraging existing financing and comparative advantages, and continuously seek to ensure that operational policies and tools facilitate cooperation and increase effectiveness.
5. Address upcoming issues that need the WBG's collective engagement.

There are many real-life examples of the partnership's impact at the country level, including

- In the Central African Republic and Mali, where the WBG is working with UN peacekeeping forces to offer critical development support that addresses the drivers of insecurity.
- In Tunisia, where findings from an RRA have informed engagement in programs to prevent civil unrest in at-risk areas. This has led the UN to expand work on youth in border communities.

Box 14.
Cameroon, the Central African Republic, and Chad: Delivering Development Results in Highly Insecure Situations

The Central African Economic and Monetary Community (CEMAC) Transport-Transit Facilitation Project is designed to mitigate conflict risks in Central Africa. In northern Cameroon, in two and a half years, Boko Haram has killed at least 1,300 civilians and 120 soldiers as well as abducted an estimated 1,000 people. The Far North region, among the poorest areas of Cameroon, has been an active military conflict zone since early 2015.

CEMAC is rehabilitating 205 kilometers of road that are of critical regional importance in an active military conflict area, under an Output Based Disbursement Force Account arrangement with the Army Corps of Engineers (ACE). In addition to the high security and social risks, this approach entails other risks, including the lack of safeguards, and fiduciary, operational, and reputational risks. Specific implementation arrangements and social risk mitigation measures have been established to enable the proposed execution of the arrangement and mitigate the associated risks. Key project innovations include (i) execution of civil works by the ACE with protection by a specific military detachment; robust risk management, including careful selection of military personnel, training, and a zero-tolerance policy for proven allegations of misconduct; (ii) adoption of a culturally appropriate grievance redress mechanism; and (iii) adoption of a regional approach to transport-FCV linkages.

182. **Increasingly, partnerships with security actors have been key to providing development support in the most insecure environments.** By working closely with security actors—for instance, with UN peacekeeping missions in the Central African Republic, the Democratic Republic of Congo, and Mali—the WBG can provide rapid development support as soon as insecure areas are stabilized.

183. **In exceptional circumstances, the Bank may be able to provide third parties—such as UN agencies and other international organizations, or entities with a proven record and capacity to implement projects and deliver results— with direct financing from its own resources or trust funds.** The circumstances may include situations where (i) there is no government in power; (ii) the government is not in control of project sites; (iii) the government's technical capacity is severely limited; or (iv) Bank staff are unable to access project sites because of insecurity. Development interventions financed in this way will focus on rebuilding national or local systems, institutional strengthening and capacity building, and sustainability.

184. ***Engaging with bilateral, regional, and multilateral organizations.*** **The WBG will continue to consolidate partnerships with these actors, who play a central geopolitical role and often drive the political, diplomatic, and security agenda.** The WBG aims to support international efforts for peace and stability and will partner with regional organizations, which have an important role to play in taking preventive action against security challenges that go beyond national borders.[99] A key example is the continent-wide initiatives spurred by the African Union, which has created specialized institutions and capacities to support political mediation, crisis management, post-conflict reconstruction, and peacekeeping, including under its African Peace and Security Architecture. Other examples include the conflict prevention and resolution mechanisms of the Regional Economic Communities—for example, ECOWAS, IGAD, EAC, and ECCAS—other regional fora and platforms—for example, the Sahel Alliance—and key regional organizations like the African Development Bank.

185. **The WBG is also strengthening partnerships with other multilateral development banks on shared areas of focus in the FCV agenda.** The MDB Platform on Economic Migration and Forced Displacement is an example of collaboration[100] to foster strategic alignment and strengthen operational coordination on the ground. Moving forward, efforts will include more regular joint trainings and diagnostics—including through country platforms—that can be scaled up to develop a shared understanding of FCV drivers, as well as coordinated approaches to collectively address these challenges. At the 2019 WBG/IMF Annual Meetings, a forum of MDBs was launched to strengthen cooperation and develop joint analytical and operational approaches in FCV settings.

Box 15.
Partnering with UN Organizations and NGOs in Practice

Partnerships are a key element of the World Bank's engagement in FCV settings. One aspect of this is when a country's implementation capacity needs to be strengthened by engaging third parties. These engagements can be financed by the Bank (directly from IDA or trust funds) or by the government (via IDA, IBRD, or trust fund financing). UN agencies are long-standing partners, and the Bank has standardized the way it contracts UN agencies during implementation to address various business models, policy requirements, and WB–UN internal processes. The Bank has standard template agreements (for goods, services, outputs) to ease client countries' contracting of UN agencies; these are in place with 12 UN agencies. From FY06 to FY16, about $4 billion of World Bank financing was provided through UN agencies for the implementation of projects, with about 26 percent of this financing being provided in FCV settings. The Bank's partnership with the UN is growing rapidly in FCV countries, with the volume of WB financing provided through UN agencies there reaching approximately $2 billion between FY17 and FY20.

Since FY17, the WB's Board has approved, on an exceptional basis, direct IDA grants to UN agencies and the ICRC to implement project-related activities in emergency operations. For direct grants from the Bank, engagement with UN agencies is guided by the WB–UN Financial Management Framework Agreement, Investment Project Finance policy, and the fraud and corruption protocol of the WB–UN Fiduciary Principles Accord. For direct contracting of UN agencies for Bank-related work—for example, contracting with the UN for third-party monitoring—the usual Bank corporate procurement procedures are followed.

Based on implementation experience and lessons, the Bank regularly reviews its instruments for engaging third parties—such as UN agencies, NGOs, and international organizations—to ensure alignment with the evolving nature of partnerships and the needs in FCV settings. The Bank also coordinates an operational partnership network with key UN agencies for prompt resolution of any bottlenecks that may arise in specific operations.

186. Coordination in FCV settings will also be strengthened through the newly established country platforms. These platforms are a government-led approach to enhancing development impact by improving coordination on reforms and investments aimed at addressing key drivers of fragility. They provide a forum for development partners, including the private sector, to discuss, coordinate and align support for country priorities. Country platforms can develop at the national, subnational, or sectoral level, depending on the issues being addressed or the level at which coordination would be most effective. The WBG expects to support selected FCV countries in this exercise. Sharing diagnostics and analytical work among platform participants is important, as is identifying high-potential reforms and investments, then working together to implement them. The coordination, prioritization, and coherence that the platforms enable can play an important role in scaling up private sector investments.

187. WBG cooperation with the IMF is key, as macroeconomic stability and macro-adjustment are essential in conflict and post-conflict situations. Collaborations on development policy operations, debt sustainability, and macro reforms need to be well sequenced and FCV-sensitive. The IMF and the WBG will cooperate more systematically on management of public investment, such as pro-poor spending, strengthening institutions, reducing corruption, and fostering inclusive growth.

188. *Broadening engagement with civil society.* Based on specific country needs, the WBG will scale up engagement with civil society organizations (CSOs) operating at the country level in FCV settings, particularly with peacebuilding actors in insecure areas.[101] These groups can complement WBG programming through their on-the-ground experience, as well as to support efforts on social accountability and citizen engagement, with a focus on service provision to the most disadvantaged and marginalized populations. CSO engagement with World Bank financing includes direct and indirect

financing modalities. In direct financing, CSO may receive grants from trust funds (as allowed in the trust fund establishment) or, exceptionally, from IDA (following procedures for Board approval). Standard procurement documents are available to facilitate the borrower's contracting with CSOs. Country circumstances and needs are the primary driver of decisions about CSO engagement, including the modalities of engagement.

189. **CSOs can play a critical role in addressing the root causes of fragility, ensuring service delivery and inclusion, peacebuilding, monitoring and evaluation, and building greater accountability.** By engaging with civil society through participatory approaches at all stages of project design and implementation, WBG teams will ensure greater ownership, effectiveness, and accountability. The WBG will regularly convene CSOs and faith-based organizations (FBOs) at the country level to share information about opportunities for engagement and, where possible, help build their capacity to be more effective. At the institutional level, the WBG will build on the country platforms to promote innovative approaches and disseminate lessons learned and good practices. It will also support the participation of CSOs in global and regional platforms, including at the Annual and Spring Meetings. The WBG will develop training modules for staff and clients on CSO stakeholder mapping and relationship building.

190. ***Leveraging the private sector.*** **The WBG is also partnering with other development finance institutions (DFIs) and the investment community to support private sector development in FCV settings.** This initiative will build on the collaboration between the World Bank, IFC and MIGA[102] on priority setting, sequencing, and joint activities necessary for successful private sector development, particularly on upstream work and market creation. The WBG also recognizes the need to leverage partnerships with other DFIs to catalyze private investment at the levels needed for FCV countries to meet the SDGs.[103] Efforts also under way through pilots in select countries focus on unlocking investment bottlenecks, facilitating dialogue with governments and the private sector, helping build robust project pipelines through upstream activities, and developing opportunities for co-investments. Beyond the DFIs, the WBG is increasingly engaging with the investment community at large—networks, impact investors, outcome funders—to leverage new financing and tackle new development frontiers such as digital technologies.

191. ***Partnering on analytics, learning, and training.*** Effective collaboration is underpinned by a shared understanding of the context, the drivers of fragility, and the assessment of needs. The WBG promotes joint analysis through mechanisms such as Recovery and Peace-Building Assessments (RPBAs),[104] a trilateral instrument used by the EU, UN, and WBG. To deepen partnerships, synergies can also be accelerated through joint data analysis and training. On forced displacement, strategic and operational alignment between the WBG and UNHCR has led to concrete outcomes and is largely generated by complementarity in programming and coordinated policy dialogue with client governments, as well as joint assessments, data analysis, and evidence-building. An example of this is the establishment of the Joint Data Center on Forced Displacement. Joint training is equally important, and the WBG is rolling out FCV regional trainings and extending these to multilateral and bilateral partners.[105]

D. Personnel

192. **As engagement in FCV settings increases, it is essential for the WBG's effectiveness to deploy more staff with the right skills and motivation closer to clients.** Scaling up and managing the WBG's presence in FCV settings presents unique challenges because these situations are volatile, dynamic, and often insecure. The fact that some FCS duty stations are non-family posts can exacerbate the challenges and has implications for staff diversity and family-related issues such as education, health, and spouse employment, which in turn may require more flexible arrangements and some use of nearby duty stations. With a high level of management attention, the staffing footprint in FCS has increased significantly in recent years, and this will continue as WBG engagement in FCS keeps growing.

193. **Training and capacity building for FCV staff have also improved but must be enhanced further to build strong professional communities that are able to adapt global knowledge to the needs and circumstances of FCV settings.** Moreover, WBG management must recognize and value the efforts of staff working in or on FCS. In particular, the WBG needs to do more to enhance the employment value proposition for these staff through mentoring, next-assignment planning, career development, and other means. Staff must also feel reassured that their security will always remain a primary concern.

194. **The FCV Strategy aims to ensure that the overall skills mix, and on-the-ground presence in FCS, are in place when needed, and that staff are motivated and incentivized to work in and on FCV**. These efforts are supported both by the new World Bank's FY20-22 Human Resources Strategy, which features a focus on delivering in FCV settings, and by the WBG's broader push to expand its global footprint so that approximately 55 percent of Bank staff and 65 percent of IFC staff are in the field by the mid-2020s. Expanding the WBG's field presence is expected to especially benefit FCS, because one of the key operational priorities is to place half of all Practice Managers in the field by FY22—one-third of them in Africa—and to provide a greater staff presence in or near FCS. The growing proportion of field-based task team leaders (TTLs) in FCS is also expected to continue increasing. The FCV Strategy sets out specific measures that support two key objectives: (i) continue to deploy more staff on the ground in FCS while complementing them with staff in nearby locations; and (ii) strengthen staff skills and capacity while enhancing the incentives and rewards for staff to work in and pursue careers in FCS.

195. ***Footprint, recruitment, and skills mix:*** The WBG has been ambitious in scaling up staffing to FCS. Already the World Bank has about 900 staff based in FCS, in addition to about 1,000 staff with FCS experience. Over the past five years, the Bank has seen an increase of 183 staff based in FCS locations (figure 7), from 705 to 888 staff. Much of the increase took place during the IDA18 cycle: the number of staff in IDA FCS has increased by more than 130 and is on track to meet the target of net 150 additional staff by June 30, 2020. Staffing has increased most in FCS locations where the Bank has scaled up its financing and engagement significantly, for instance, in Afghanistan (with a 26 percent increase in the number of staff), Mali (33 percent), the Democratic Republic of Congo (76 percent), and Lebanon (58 percent). Of the new staff deployed to FCS over the past five years, 90 percent are grade level GE or higher, over 50 percent are female, and 66 percent are local appointments.

196. **The trend of deploying additional staff in the most challenging settings will continue, with FCS on-the-ground presence being a priority during implementation of the FCV Strategy. Under IDA19, the Bank will deploy at least 150 additional GE+ staff, including extended-term consultants, to IDA FCS and nearby locations by June 2023.** This will be complemented by increased face time and mission travel to FCS countries. For its part, IFC plans to increase its support to FCS by increasing the number of skilled staff on the ground while simultaneously pursuing a hub model. IFC will ensure it has a well-resourced global function to help drive and coordinate strategy implementation. MIGA has already dedicated operational staff to the challenge of IDA/FCS and may expand its use of such dedicated resources.

197. **Where staff cannot be based permanently on the ground because of security and family constraints, the Bank will leverage nearby locations to better support FCS countries.** These nearby duty stations can act as extensions of Country Management Units (CMUs), with staff primarily dedicated to working

Figure 7: Increase in WBG Staffing in FCS (2014-2019)
Figures in absolute numbers, with countries with greater staff increases in darker shades

FCS Country	Staff # 2014	Staff # 2019
Afghanistan	77	97
Burundi	16	22
Central African Republic	10	20
Chad	15	23
Comoros	0	5
Congo Democratic Republic	38	67
Congo Republic	17	15
Cote d'Ivoire	47	65
Djibouti	2	8
Gambia	2	5
Guinea-Bissau	1	6
Haiti	29	38
Iraq	14	18
Kiribati	0	2
Kosovo	15	19
Lebanon	41	65
Liberia	32	34
Libya	4	2
Mali	36	48
Micronesia	0	1
Mozambique	55	73
Myanmar	29	74
Papua New Guinea	21	22
Solomon Islands	11	10
Somalia	0	1
South Sudan	30	16
Sudan	28	29
Timor-Leste	21	18
Togo	16	19
West Bank & Gaza	41	48
Yemen	39	1
Zimbabwe	18	17
Grand Total	705	888

Note: The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of the WBG, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.

on neighboring FCS and able to operate in a similar time zone, travel with relative ease, and be deployed flexibly based on business needs.

198. **To maximize impact on the ground, the WBG will mainstream the necessary skills for operational staff to work in and on FCV, through recruitment efforts, next-assignment planning, and training, as well as develop a specialized cadre of FCV-focused staff.**[106] This includes developing FCV-relevant skill sets for the following four groups: (i) core operational staff such as task team leaders who design and lead projects; (ii) operational support functions such as procurement, financial management, and safeguards specialists; (iii) dedicated FCV specialists who support Country Management Units (CMUs) to address the key drivers of fragility through CPFs, policy dialogue, and programming; and (iv) non-operational staff from institutional, governance, and administration Vice Presidential Units (VPUs)—for example, corporate security, health services, BPS (Budget, Performance Review and Strategic Planning) who support operational delivery.

199. **In all categories, it is important for the WBG to leverage national and international both staff and third-country nationals, including those who work across countries and regions**. Local staff bring significant country knowledge, a deep understanding of local and regional political economy issues, language skills, and operational experience. Management will increase the number of FCV specialists based in the field to strengthen hands-on support to FCV-impacted CMUs.[107] In addition, the WBG will continue to build the talent pipeline and mainstream FCV skills, with a focus on recruitment, building the FCV-relevant skills of junior staff, and leveraging the experience of mid-career professionals.

200. **Having FCV experience is important also for the institution's leadership.** The Young Professionals Program (YPP), the World Bank's flagship recruitment program, is an important pipeline through which staff often develop into key leadership roles. The WBG is revamping the YPP to place a high emphasis on working in the field, particularly in FCS countries. This will help signal the central importance of FCV experience to WBG effectiveness.

201. **IFC and MIGA will pursue opportunities to leverage the presence of World Bank staff in FCS countries to help meet ambitious growth targets.** IFC will train a select group of Bank country staff on IFC criteria and methods for developing new projects.

202. ***Career development:*** The Bank will strengthen the link between FCS experience and career development. It will ensure that FCS experience is systematically recognized and taken into account during performance and talent reviews and next-assignment planning, and that it is highly recommended as part of managerial selection processes. The Bank will introduce an FCV mentoring and sponsoring program to support staff working in and on FCS and to ensure that they receive the necessary career guidance and support before, during, and after their FCS assignments.

203. **Working in and on FCS is fundamentally different from non-FCS assignments, and staff performance in these contexts should be recognized accordingly.** While the WBG will continue to evaluate staff based on individual performance and deliverables, it will also be important for management to factor in the specific challenges staff face in FCV settings when evaluating staff performance. The Bank will introduce guaranteed next assignment for staff with good performance standing[108] who are currently on FCS assignments. IFC is also considering the option of giving next-assignment priority to staff who are currently on FCS assignments through its new centralized talent brokerage function, which is in its pilot phase. The World Bank, IFC, and MIGA will also continue to leverage rewards programs to recognize the contributions made by staff working in/on FCV.

204. ***Capacity building and learning:*** To ensure that staff working in and on FCV can acquire the skills necessary for engaging in FCV contexts, learning offerings and knowledge-sharing initiatives will be expanded, diversified, and streamlined through the introduction of the *FCV Learning Curriculum*. Management will require all staff based in FCS to participate in the full analytical and operational curriculum. The program will also be recommended to all other staff working on FCV issues. The curriculum will help recognize FCS experience for next-assignment planning, performance management, and

career development. It will harmonize existing training programs offered throughout the WBG[109] and combine face-to-face and virtual learning to help ensure that staff have the analytical, operational, and personal tools to design and implement projects in FCV contexts. The aim will be to develop

- ***Analytical competencies*** to better understand and diagnose FCV risks, challenges, and sources of resilience—for example, understanding the political economy of FCV and patterns of marginalization and exclusion, diagnostic tools, financing mechanisms in FCV, and macroeconomic development in FCV.
- ***Operational competencies*** to have the necessary tools to design and implement programs and projects in FCV settings—for example, operational flexibilities in designing projects in FCV and how to use them; partnering effectively across the humanitarian-development-peace nexus; how to leverage ICT solutions or third-party monitoring for supervision; leveraging the private sector; and how to design strategies, programs, and projects differently for FCV settings.
- ***Leadership and personal effectiveness competencies*** to understand and respond to the personal health and security challenges that staff may face, and to develop the leadership, teamwork, business, language, and relational skills to work effectively in FCV settings.

205. ***Leadership***: To better reflect the complexity of managing WBG engagements in FCV settings, the selection criteria for Country Managers (CMs) and Country Directors (CDs) in FCS countries will be reviewed and bolstered, and will include both operational and behavioral dimensions—for example, managing programs in high-risk settings, stakeholder engagements in complex environments, managing the duty of care, and taking decisions in times of crises. The tailored training program delivered to CMs and Resident Representatives, *Mastering the Role of Heads of Country Offices*, is being redesigned for those working in FCS countries or those in other locations who are managing staff in FCS countries. It will include peer-coaching circles, in addition to dedicated managerial onboarding. Participation in FCV-specific capacity building will be required for FCS assignments.

206. ***Benefits:*** Eligibility for benefits provided to staff living and working in the most difficult situations will be informed by FCS classification and related considerations such as hardship and security conditions. This will be complemented by an internal governance system to provide the final determination for benefits provided in FCS countries and non-family posts, in alignment with the WBG's risk tolerance and operational needs. This will help ensure that eligibility for benefits reflects security, health, and other conditions worldwide and provides a nimble way to manage risk exposure in FCV. The WBG will continue to support staff and their diverse family structures to undertake field assignments in FCS, in line with current benefits and policies, including by considering the issues faced by same-sex spouses and single parents, with emphasis on systemic fairness, equal opportunity, and consistency of application.

207. ***Corporate support.*** **To ensure staff health, safety, and well-being before, during, and after assignments in FCV settings, corporate support will be stepped up in two key areas:**

a) **Staff health, safety, and well-being:** The WBG will continue to improve health and psychosocial support, with a focus on:

- **Deployment of multi-disciplinary health and safety (H&S) teams**: The Health and Safety Directorate (HSD) will expand its field presence through a phased deployment over FY20-23, with teams providing medical, counseling, and occupational health and safety expertise. This will bring enhanced support closer to staff and their families in key FCV locations. The teams will provide in-country support covering environmental and workplace H&S risk management, individual and group consultations for medical and psychosocial support, travel health, identification of local high-quality health facilities and practitioners, and assistance in accessing care when needed.
- **Enhancement of mental health support**: While the newly mandated WBG Mental Health Strategy is relevant for all staff, their dependents, and duty stations, it is particularly important for FCS locations where mental health risks and stressors are especially significant. Action areas of special

relevance include mandatory, confidential pre- and post-deployment resiliency briefings, with embedding of mental health aspects into FCV pre-assignment training; more frequent outreach from mental health support staff to FCS locations for individual and group consultation as needed, including tailored support to locally recruited staff; dedicated support for managers to guide their staff, with more systematic and regular check-ins and resources for staff and their families; an institution-wide mental health awareness/anti-stigma campaign; and a comprehensive review of support resources available to staff and families in FCS locations, including medical insurance benefits coverage.

- **Rollout of health and safety training:** HSD has developed a suite of new online training courses available through the WBG Online Learning Campus. Titles include *AED, CPR, and Bleeding Control: Learn to Save Lives; Connecting with Your Health, Safety, and Well-being; What to Know Before You Go;* and *Leading Health, Safety and Well-being: Roles and Responsibilities of Managers, Supervisors, and TTLs*. Selected trainings will become mandatory for staff deployed to FCV locations from FY20.
- **Enhanced health and safety software platform support**: Key software platform enhancements are under way, including on the electronic medical records[110] system for staff and on the Environmental Health and Safety Management System—a new platform that will provide a comprehensive environmental risk management system.

b) **Staff security:** As engagement in FCV settings expands, the WBG is revising its approach to staff security. It has invested in a robust security risk management system under the coordination of WBG Corporate Security. Most notably:

- ***Staffing:*** Corporate Security is continuing to deploy security specialists to countries facing security threats, with a focus on FCV locations over the next three fiscal years. These personnel will be in addition to the 63 current security specialists deployed to the field based on a dual-pronged strategy: *(i)* security threat exposure, with personnel prioritized in countries where the sustained threat environment is most severe; and *(ii)* the need to have at least one security specialist in each relevant CMU to provide country teams with security risk management advice and carry out the responsibilities under the Framework of Accountability.
- ***Security risk management***: Corporate Security will continue to supply Country Offices with security equipment to manage security risk—including communications equipment, personal protective equipment, and armored vehicles. Deployment of this equipment will be based on the prevailing security threat and the availability of resources.
- ***Traveler tracking***: Corporate Security is cooperating with Information Technology Solutions (ITS) to improve the Country Clearance System to ensure greater granularity in visiting mission travel plans within a given country. The improved country clearance system will complement other resources for personnel being deployed to Country Offices with significant security risk. Staff tracking and accounting coordinators will be added in countries with high mission tempo and volume, and will be primarily responsible for guiding the Country Office's mission clearance process, ensuring that all required details about internal mission travel, hotel, and contact information are provided by the traveler before clearance is granted.
- ***Field mission protocols***: Corporate Security will more systematically implement a framework for assessing and mitigating the risk to field missions outside of capitals, so that missions encounter the same process in each country they visit, even if the resulting level of mitigation is different. This includes deployment of

a **Watchkeepers**: In countries where the security environment warrants it, the watchkeeper function will be added to the guard force vendor contract to track real-time mission travel in the country, with a focus on field missions outside the capital.

b **Geospatial monitoring**: This will enable the Security Operations Center (SOC) to monitor events in relative proximity to WBG assets, including offices and Corporate Security-managed armored vehicles, through their on-board GPS tracking devices. This capability will allow the SOC to be more responsive when security threats occur.

E. The Financing Toolkit for FCV Settings

208. The World Bank Group has continuously sought to adapt and expand its financing capacities to the needs of FCV settings, with much of this work evident in the financial architecture of both the IDA replenishments and the IBRD and IFC Capital Package, as well as the WBG's growing trust fund portfolio. Addressing the significant and multi-faceted challenges of FCV requires a tailored financing toolkit to address varying dynamics of FCV across the fragility spectrum.

209. ***IDA-eligible countries.*** **IDA19 will provide additional and more tailored financial support to IDA fragile and conflict-affected situations (FCS).** IDA country allocations continue to be the bedrock of IDA's financing and will be used to address FCV drivers and sources of resilience in all IDA FCS. In addition, IDA19 introduces an innovation—the FCV Envelope—which will complement country allocations and provide additional support to countries facing a range of FCV challenges. Its design draws heavily on lessons learned during IDA18 and offers both a rules-based approach and a strong incentive and accountability structure to ensure that programming focuses on addressing FCV risks. Under IDA19, $18.7 billion will be available to support countries impacted by FCV—an increase from $14.4 billion in IDA18 and $7.2 billion in IDA17. The financing includes investments for prevention, for development assistance during conflict, and to help transitions out of fragility. IDA19's resources for FCV represent a 23 percent increase from IDA18, which had already doubled financing to FCV from the previous IDA cycle. Also, under IDA19, $2.2 billion will be available to support refugees and host communities, and $2.5 billion to catalyze private sector investments, including in fragile and conflict-affected situations.

Figure 8: Financing Toolkit

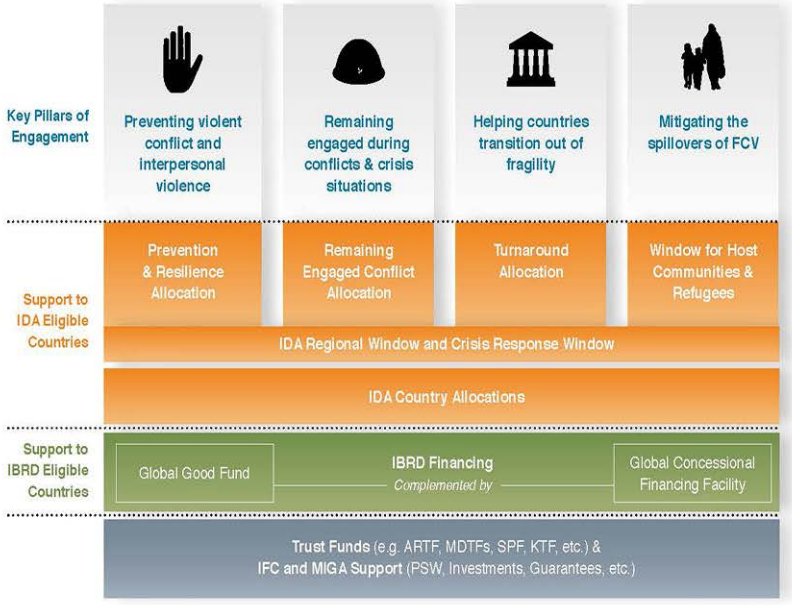
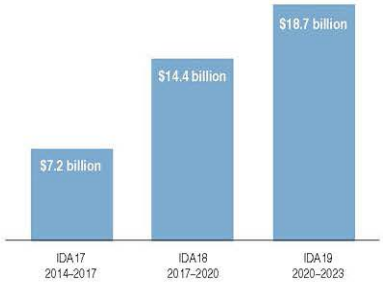


Figure 9: IDA17-19 Scale-up for FCV



210. The IDA19 FCV Envelope comprises three FCV-related country allocations, each one mirroring a pillar of engagement within the FCV Strategy.

(a) The **Prevention and Resilience Allocation (PRA)** will provide enhanced support for countries at highest risk of descending into high-intensity conflict or large-scale violence, based on the government's commitment and agreed milestones. PRA countries will receive a 75 percent boost to their country allocation, up to a national top-up cap of $700 million, during IDA19.

(b) A new **Remaining Engaged during Conflict Allocation (RECA)** will enable IDA to maintain a base level of engagement in a small number of countries that experience high-intensity conflict and have extremely limited government capacity. The RECA also codifies the ability of the Bank to partner with UN agencies or international NGOs in certain limited circumstances for development projects that benefit RECA countries.

(c) The **Turn Around Allocation (TAA)** will support countries emerging from a period of conflict, social/political crisis, or disengagement, where there is a window of opportunity to pursue reforms that can accelerate a transition out of fragility and build resilience, based on the government's commitment and agreed milestones. TAA countries will receive a 125 percent top-up with a cap of $1.25 billion per country during IDA19.

211. As a complement to the FCV Envelope, the ***Window for Host Communities and Refugees (WHR)*** will support the fourth pillar of engagement, which focuses on mitigating the spillover impacts of FCV. Through $2.2 billion in financing under IDA19, the WHR (formerly the Refugee Sub-Window) will continue to support operations that promote medium- to long-term development opportunities for refugee and host communities in IDA countries. By the IDA19 Mid-Term Review (MTR), IDA plans to conduct a systematic review of policy and institutional environments in countries eligible for the window in order to inform further support for the creation of socio-economic development opportunities for both refugee and host communities in these countries.

212. The **IDA Private Sector Window (PSW)** allows IDA to help mobilize private investments in the poorest and most fragile IDA markets through risk-sharing in the context of IFC investments and MIGA guarantees. So far, approximately 30 PSW-supported projects, totaling $662 million, have been approved—half of them in FCS. The PSW has demonstrated very effective leverage: allocations are supporting more than $1.6 billion in IFC investments and MIGA guarantees, while mobilizing more than $1.7 billion of investments from other financing sources, including the private sector. The PSW will continue in IDA19, with a resource allocation of $2.5 billion to further scale up and mobilize private sector investments in eligible countries, including FCS. Enhancements to its framework include (i) support from PSW resources for programmatic interventions, where up to a maximum of 20 percent of total investments may be located

outside of PSW-eligible countries, and (ii) exploration of new instruments to enhance local currency lending in PSW-eligible countries, including FCS, through the Local Currency Facility and Blended Finance Facility.

213. The **IDA Regional Window** provides concessional finance to help IDA countries scale up regional investments that generate positive spillovers. In IDA19, it will be scaled up by at least 50 percent to enhance reach and impact. Informed by Regional RRAs and related diagnostics, IDA will invest in at least three regional programs during IDA19—including the Sahel, the Lake Chad region, and the Horn of Africa—to mitigate fragility and security risks and promote engagement at the security-development nexus. The Regional Window will also finance single-country operations that have positive cross-border spillovers for pandemics, natural disasters, and the adoption of innovative technologies. The Window can also be accessed for operations that support regional economic integration. IDA FCS will particularly benefit from this scale-up.

214. The **Crisis Response Window (CRW)** provides additional resources to IDA countries when they encounter major natural disasters, public health emergencies, and severe economic crises. It aims to help countries return to their long-term development paths. Piloted in IDA15 and officially established in IDA16, it is a key feature of the WBG's crisis management toolkit. In IDA19, it will be extended to support slower-onset crises such as disease outbreaks and food insecurity. IDA FCS are expected to be among the main beneficiaries.

215. IDA will also a adopt a Sustainable Debt Financing Policy (SDFP) to incentivize IDA countries to pursue a sustainable debt path. It will be complemented by efforts to improve debt reporting to increase transparency and public accountability, as well as strengthen debt management.

216. *IBRD countries.* The few IBRD countries that are classified as FCS are exempt from the price increases in the 2018 IBRD and IFC Capital Increase package. The package recognized that FCV spans both LICs and MICs and that financing tools should be developed to address the specific needs of MICs facing external shocks.

217. The Global Concessional Financing Facility (GCFF) provides concessional financing to middle-income countries that host massive inflows of refugees, thus delivering a global public good. The GCFF offers lessons for other international efforts to catalyze global public goods. As crises emerge, providing these countries with concessional resources on an exceptional basis can promote resilience and stability and create economic opportunities for all.

Box 16.
The Global Concessional Financing Facility

The GCFF was established in 2016 to provide concessional financing for eligible middle-income countries that deliver a global public good by hosting large numbers of refugees. It is a partnership launched by the World Bank, the UN, and the Islamic Development Bank Group to support lending at concessional rates for Multilateral Development Bank (MDB) projects—including those of EBRD, EIB, IBRD and IsDB—that benefit both refugees and host communities. It uses donor contributions to bring down the cost of MDB loans to concessional (or IDA-like) levels for these development projects. In its first three years, the facility approved more than $600 million in grants and unlocked more than $3 billion in concessional financing for development projects.

Created in response to the Syrian refugee crisis, the GCFF has expanded to help eligible MICs address refugee crises wherever they occur. To date, the benefitting countries are Jordan, Lebanon, Colombia, and Ecuador. The GCFF aims to bridge the gap between humanitarian and development assistance and to enhance coordination among the UN, donors, MDBs, and hosting countries. It is currently supported by Canada, Denmark, the European Commission, Germany, Japan, the Netherlands, Norway, Sweden, the United Kingdom, and the United States.

Box 17.
The Compelling Case for Disaster Financing

FCV settings are often the most vulnerable to disasters, with very limited capacity to prepare and respond. The Bank has developed several contingent emergency financing mechanisms. They include

- **Contingent Emergency Response Components (CERCs).** Embedded in Investment Project Financing, CERCs allow uncommitted funds from Bank-financed projects to be rapidly reallocated toward urgent needs to finance physical, economic, and social recovery in a crisis or emergency. The Bank supports the use of CERCs with a guidance note, a support desk, and a CERC Just-in-Time Facility that provides on-demand grants of up to $50,000 for technical support in designing, developing, and/or activating contingency plans once CERCs are established.
- **Catastrophe Deferred Drawdown Options (Cat-DDOs).** Embedded in development policy loans (DPLs), Cat-DDOs are intended to strengthen a country's disaster risk management capability by promoting policy and institutional reforms and providing rapid-response financing after a natural disaster or health-related event. The funding can provide a buffer to support immediate needs in advance of larger financing for reconstruction and rehabilitation efforts that may be financed through different instruments. Under IDA18, Cat-DDOs were extended from IBRD to IDA clients.
- **Regional insurance programs**, through which the WBG supports countries as they set up regional catastrophe risk pools such as the Caribbean Catastrophe Risk Insurance Facility (CCRIF). Such initiatives offer sustainable, country-owned, regional solutions and are supported by multiple donors. So far, more than 10 Small Island Developing States have received payouts from the risk pools. The CCRIF payout to Haiti was the first external liquidity that the country received following the large 2010 earthquake. Haiti also has received the largest CCRIF payout to date, following Hurricane Matthew in 2016.

Going forward, the WBG can accelerate implementation of these instruments in FCV settings. This entails close monitoring and thorough understanding of local contexts. The Global Risk Financing Facility (GRiF) provides grants to test, pilot, and scale up financing instruments that help developing countries better manage the financial impact of shocks and other crises.

218. In another innovation prompted by the IBRD and IFC Capital Package, the Bank has established the IBRD Fund for Innovative Global Public Goods Solutions (the GPG Fund).[111] The objective is to incentivize innovative solutions for delivering global public goods by using concessional financing to support IBRD operations that generate global or regional benefits.[112] Spillover effects of FCV are the initial focus area for support. This represents an important approach to addressing FCV issues in MICs and has the potential to be scaled up depending on the initial experience and lessons learned. The first allocations will be made in FY20.

219. Building on experience from the GCFF and the GPG Fund, the WBG will continue to explore financing mechanisms and tools dedicated to middle-income countries. Special focus will be on activities that promote prevention and preparedness, that mitigate FCV risks at the national and subnational levels, that tackle cross-border challenges, or that address gaps in the development finance architecture for IBRD borrowers.

220. While many of the funds available for advisory work and blending for private sector projects are restricted to IDA or FCS, many emerging FCV settings—such as subnational conflicts or countries with a large influx of refugees—are in MICs. To respond to this challenge, IFC and MIGA will be exploring ways to increase funds available through new blended finance resources for MICs that do not have access to the IDA Private Sector Window.

Trust Funds: an Integral Role in FCV Settings

221. Trust funds play an integral role in the WBG's engagement in FCV settings. These resources have enabled the WBG to increase collaboration with partners across the HDP nexus, pilot innovative approaches, and respond rapidly to emergency situations. Trust funds operating in post-conflict and other crisis situations can improve resource efficiency by reducing transaction costs and managing the high levels of risk inherent in these environments. Pooled trust funds may also reduce administrative costs for development partners.

222. **Trust funds complement IBRD and IDA financing to offer flexible and timely financing in challenging situations in low- and middle-income countries**. Trust funds have proven critical for the Bank's engagement in conflict- and disaster-related crises, and have helped leverage the valued added of various stakeholders to provide joint responses in countries impacted by FCV. During the period FY14-FY18, $7.3 billion was disbursed to fragile situations from recipient-executed trust funds (RETFs), accounting for 46 percent of overall RETF disbursements. Trust funds have been established for:

- **Sustained and long-term support for reconstruction.** The Afghanistan Reconstruction Trust Fund, established in 2002 to address reconstruction efforts, is currently the WBG's largest multi-donor trust fund (MDTF). With 34 donors administered through the WBG, it was set up to provide a coordinated financing mechanism for the budget and national priority projects of the Afghan government. It finances nearly 40 percent of the civilian budget and half of all development expenditures, delivering results in education, health, urban and rural development, infrastructure, agriculture, and governance. Its structure helps ensure predictability of aid within a robust fiduciary and monitoring framework. In the 17 years since inception, it has directly benefited 19 million people across all sectors and supported 6,000 projects.
- **Rapid response in emergencies such as natural disasters[113] and in post-conflict reconstruction.** The multi-donor trust fund for the Transitional Demobilization and Reintegration Program was established in 2015 to support the return of African ex-combatants to civilian life and promote peace and security on the continent. The Ebola Recovery and Reconstruction Trust Fund was also established in 2015—following the outbreak in West Africa—to support economic, health, and social recovery in affected countries.[114]
- **Crisis prevention and preparedness.** The Indonesia Disaster Management Fund and the Nepal Earthquake Reconstruction MDTF further illustrate Bank engagement on this agenda.
- **Support to non-member countries, or countries in arrears.** Trust funds have allowed the WBG to provide support in situations where IDA cannot be used, such as in non-member economies—the West Bank and Gaza, for example—and countries in arrears such as Zimbabwe.
- **Stability in pockets of fragility in MICs.** The first MDTF in Mindanao, the conflict-stricken region of the Philippines, was set up in 2006 to promote peace and security in the area. In Pakistan, the World Bank-administered MDTF for Khyber Pakhtunkhwa, the Federally Administered Tribal Areas, and Balochistan was established in 2010 to operationalize the Post-Conflict Needs Assessment. The Colombia Peace and Post-Conflict MDTF was launched in 2014 to support the preparatory phase of the country's post-conflict agenda.
- **Innovative approaches to FCV:** The State and Peacebuilding Trust Fund (SPF)[115] facilitates innovative approaches to FCV challenges, while the Korea Trust Fund for Economic and Peacebuilding Transitions (KTF) supports peacebuilding initiatives and interventions to facilitate recovery and economic transitions, especially in Asia and the Pacific, that could be scaled up under IBRD and IDA operations. Moving forward, it will be a key priority for such trust funds, in combination with IDA and IBRD financing, to help operationalize the FCV Strategy.
- **Analytical products that directly address the intersection of different risks**. The newly established DRM-FCV Nexus Program exemplifies how to structure a thematic initiative that serves the core mandate of the GFDRR, which is to help countries better understand and reduce their vulnerability to natural hazards and climate change.

Blending and Advisory Funds for Private Sector Projects

223. **Reaching IFC's ambitious targets to expand its work in FCV settings will require continued donor support for advisory services**. To overcome the challenges of creating private sector markets in FCV settings, extensive efforts will be needed to bolster upstream project development, conflict assessments and IDD, and downstream company capacity building and project implementation. In many cases, these efforts will require the use of advisory funds. Those that

Box 18.
IFC and MIGA's Support to MSMEs in Fragile and Conflict-affected Situations

IFC's investments in FCS target MSMEs and smallholder farmers primarily though financial sector and agribusiness investments. Between 2014 and 2018, about a third of IFC volume and half of IFC projects in FCS were in the financial sector, many of these targeting SMEs or microenterprises. IFC also has a growing program in agribusiness in FCS, and many projects target farmers. In 2018, IFC financial sector clients in FCS countries had loans outstanding to about 69,000 small businesses valued at $5.7 billion, along with 957,000 micro loans outstanding worth $599 million.

An example: In March 2010 Rawbank, the second-largest bank in the Democratic Republic of Congo and an IFC client, launched its "Lady's First" WIN program to become the only bank in the country with a program dedicated to women in business. In Lebanon, IFC's partnership with Bank Audi provided detailed advice on how to launch a pioneering SME banking program that included collateral-free small business loans. To date, it has served approximately 5,000 small businesses.

Another IFC client, the First Microfinance Bank Afghanistan, has disbursed more than $760 million in loans to more than 540,000 Afghan businesses since its inception. It is the country's leading microfinance institution, lending to about half of the country's active borrowers, of whom 20 percent are women.

IFC also has set up SME Ventures, a program to support funds that provide critical equity finance to smaller businesses. IFC has used the program to expand its work in fragile markets, including the Central African Republic, the Democratic Republic of Congo, Liberia, Nepal, and Sierra Leone.

IFC's investments reached more than 132,000 farmers in FCS countries in 2018, more than doubling the number five years earlier. In Afghanistan, an IFC investment and a MIGA guarantee helped create a state-of-the-art raisin-processing plant that will improve the livelihoods of about 3,000 farmers. IFC also has two blended finance facilities that address MSMEs and farmers—the Global SME Finance Facility and the Global Agriculture and Food Security Program.

Between 2014 and 2018, nearly half of IFC investments in the financial and agribusiness sectors of FCS countries were supported by blended finance. In addition, the IDA PSW has allocated $120 million to IFC's Small Loan Guarantee Program, which helps financial institutions to take on greater risks to finance SMEs in difficult markets.

In recent years MIGA has supported investments in BRAC Afghanistan Bank with the help of a blended finance facility, in Raiffeisen Bank's operations in Kosovo, and in ProCredit's operations in several Eastern European FCS countries.

currently cover FCS countries include the CMAW, the FCS Africa Program (including the CASA Initiative), and many other donor funds that support activities in such areas as investment climate work and client capacity building, including ESG support.

224. Blended finance programs will also need to be reinforced. Helping to launch highly developmental pioneering private sector projects in FCV settings will, in some cases, require temporary assistance through blended finance, which combines concessional support from donors with IFC and MIGA's own account funds or guarantees. To meet the FCV Strategy targets, blended finance facilities will need to be maintained and eventually expanded as commitment levels increase. IFC has developed robust governance, transparency, and accountability processes covering the use of its blended finance facilities. This includes public disclosure of the rationale for the use of blended finance, as well as disclosure of the concessional amounts involved.

F. Risk Management in FCV Settings

225. **Development outcome risks are higher in FCV than in other settings.** Operating in FCV countries inherently comes with higher risks for achieving development outcomes: they often have fragile and volatile political situations, macroeconomic instability, and weaker implementation capacity. About one-tenth of the active Bank portfolio in non-FCS countries is classified with the highest risk rating overall, compared to more than one-third in FCS countries—a threefold difference.

226. **The World Bank has been undertaking a formal exercise to assess and compare its risk appetite and risk tolerance in non-FCS and FCS operations.** Risk appetite is defined as the type and level of risk that the Bank is prepared to accept or tolerate at a specific point in time, and risk tolerance as the deviation from that level of risk that the Bank is willing to accept without additional action. The risk levels embedded in the Bank's current portfolio, as revealed in SORT,[116] suggest that the Bank tolerates higher exposure to residual risk to achieve development outcomes in FCV and emergency situations than in non-FCV situations. The implication is that the Bank recognizes that risks are harder to assess and mitigate in FCV and emergency situations and therefore more likely to materialize, yet also that the objectives are strategically important enough to justify tolerating these residual risks.

227. More specifically, the SORT data suggest that in certain areas—country, macroeconomic, operational design, and client implementation capacity risk—the Bank's risk appetite is higher in FCS than in non-FCS operations. In each of these areas, the Bank's project approvals have demonstrated its acceptance that even well-developed and systematically applied control frameworks intended to mitigate identified risks may fail because of unforeseeable circumstances, enabling identified risks to materialize.

228. By contrast, in other areas—failing to achieve expected standards for procurement, financial management, and environmental and social safeguards— the Bank's risk appetite is lower in both FCS and non-FCS situations, although there are additional policy flexibilities that sometimes enable FCS client-countries to achieve those standards in a different way. In both FCS and non-FCS situations, the Bank has consistently sought to eliminate exposure to residual risk, including in the areas of staff safety and security, fraud and corruption, forced labor and child labor, gender-based violence, threats to species extinction, and the use of deadly force by security personnel.[117]

229. **Although operating in FCV settings is challenging, the risk and cost of inaction is even higher.** Heightened risks for projects in FCV countries include (i) reputational risks; (ii) high physical-security risk for WBG staff, for the government and partners' project implementation staff, and for beneficiaries; (iii) the risk of not reaching vulnerable and marginalized groups, or of project capture; (iv) implementation risks caused by weak or nonexistent institutional capacity that negatively affect development impact; and (v) safeguards and fiduciary risks, including the risk of fraud and corruption. Despite mitigation measures, residual risks and the likelihood of projects failing to meet their development objectives are higher in FCV settings.

230. **New tools and technologies can help manage some risks through more effective supervision, while generating economies of scale and reducing costs**. GBV risk management, TPMs, grievance redress mechanisms, and other types of monitoring and supervision arrangements can be regrouped for a portfolio of development activities that have similar characteristics—for example, same geographic area, same beneficiaries, similar risk profile. GIS-based and other mapping technologies, and other types of remote monitoring (such as drones) are evolving rapidly and can generate considerable new data and information to help supervise projects, even in places with low internet penetration.

231. **Still, scaled-up efforts in FCV settings requires a higher tolerance of the likelihood that some risks will materialize during program implementation.** Operations in FCV face more dynamic situations, with substantial country and macroeconomic risks and weaker implementation capacity. Doing business in FCV points to the need to raise the Bank's risk tolerance, but with full due diligence and full compliance with WBG standards. And yet to achieve development outcomes in the context of the challenges encountered in FCV environments, Bank teams must have the space

to innovate, take risks, and try out unconventional development approaches, when needed. Many of the risks encountered in FCV settings must be seen as long-term development challenges; they call for building systems and policies in an iterative way rather than ring-fencing individual development activities. For the Bank to continually adapt and successfully adjust to the complex and rapidly evolving challenges of operating in FCV situations, projects that fail to meet their development objectives should be handled as much with a learning perspective as with an accountability lens.

232. **IFC and MIGA can leverage tools to help mitigate the financial/credit risk for private sector investments in FCV settings, such as the IDA PSW and other blended finance facilities.** Yet many IFC investment prospects with high development potential are still unable to meet IFC's credit standards.[118] To significantly increase investments in FCV settings, additional mechanisms will be needed. Efforts under way include

- **Risks across IFC and MIGA's portfolios.** To pursue projects in FCV countries that have increased political and conflict risks, market uncertainty and high operational costs, IFC and MIGA will appropriately balance the increased risks and costs with diversification of programs across sectors and countries of operation.
- **Reducing financial risk through new de-risking tools.** The Small Loan Guarantee Program, for example, provides financial institutions with an innovative risk-sharing facility structure, providing risk mitigation to help financial institutions build their SME portfolios.
- **Strengthening the IFC FCS Risk Envelope,** which provides for increased risk tolerance for a limited number of IFC FCV investments.
- **At MIGA, opportunities for blending will be reinforced.** The IDA PSW is central to continued expansion of MIGA's guarantees in FCS. MIGA will also explore expansion and innovation of both the West Bank and Gaza Trust Fund and the Conflict Affected and Fragile Economies Facility (CAFEF), which supports the provision of political risk insurance in FCS countries.

233. **To increase investments in FCV, it will be equally critical to manage the high non-financial risks associated with sponsor integrity, ESG issues, conflict potential, and development impact risk.** While these risks can partly be addressed through programming, not all risks can be mitigated in FCV settings—they will materialize at times during implementation and threaten development impact outcomes. Both IFC and MIGA, along with their Boards, therefore need a deepened understanding of projects' risks and an enhanced willingness to accept them, with the aim of achieving greater impact in FCV settings. Despite the substantial costs of engagement, the costs of not engaging are even higher. Hence, when risks materialize, a proactive solutions orientation and approach will be followed.

G. Expected Impact at the Country Level

234. **The FCV Strategy sets forth strategic directions and an operating framework for how the WBG will operate in diverse FCV settings.** Through 23 operational measures, the strategy also provides concrete guidance and support to help country and project teams enhance their impact in FCV settings and to help countries respond to the specific FCV challenges they face. Because of rapidly changing on-the-ground circumstances, high levels of conflict and insecurity, the capacity constraints of counterparts, and the higher risks and costs of engaging in FCV settings, these measures aim to ensure more tailored on-the-ground support, swifter responses, and greater flexibility.

235. **By updating the World Bank's operational policy framework in OP 2.30, the Bank's evolving role in FCV will be more firmly embedded in its operational policies.** This in turn will give staff a clearer authorizing environment for the types of engagements that are permitted in these challenging settings. Country and project teams will therefore have in place an authorizing framework to partner with humanitarian and security actors, work on security and justice issues, and operate in situations across the humanitarian-development nexus, such as forced displacement crises. Ultimately, this will help ensure more systematic risk identification and mitigation and greater operational consistency and coherence, while balancing the need for flexibility and avoiding a one-size-fits-all approach.

236. **By tailoring analytical products to better understand FCV challenges and inform country strategies and programming, the WBG will more systematically address the core drivers of fragility in FCV-impacted countries**. Country strategies will include context-specific approaches to how WBG programming should address the root causes of fragility through more robust analytical products such as RRAs. The RRAs will undergo methodological changes to strengthen operational recommendations and to take into account both short- and long-term drivers of FCV, in collaboration with partners, as appropriate. The proposed measures will also facilitate the adaptation of CPFs to the rapidly changing on-the-ground dynamics that often characterize FCV settings. This will allow country programs to be reoriented as needed to emerging priorities within a fluid country context.

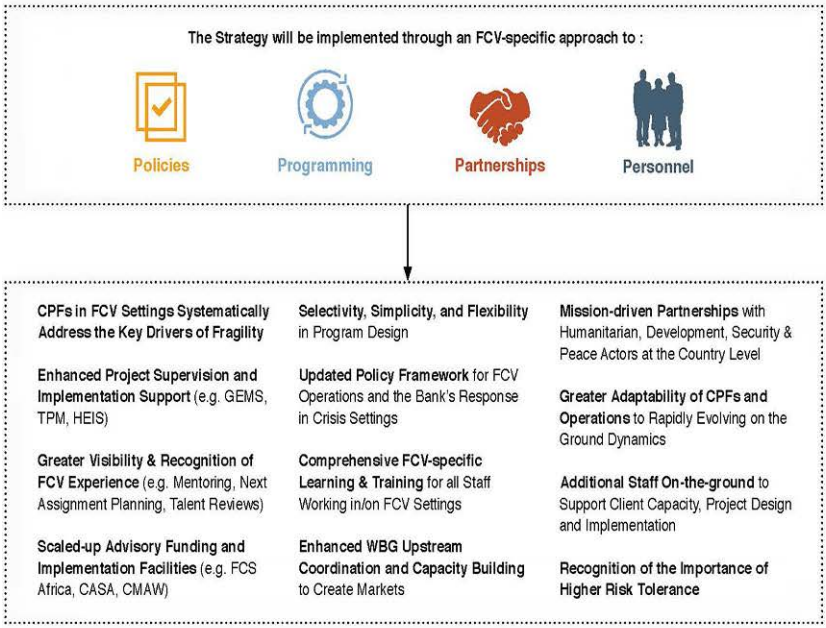
237. **By focusing on key drivers of FCV, programming will be more tailored and geographically targeted to the areas most affected by FCV challenges, and where the WBG's development support can have the greatest impact**. WBG operations will more flexibly adapt to a country's security constraints by systematically embedding security considerations into project design. Through enhanced quantitative and qualitative indicators, WBG staff will have the ability to better measure on-the-ground progress in operations, make course corrections as required, and improve the design of future operations to better respond to the beneficiaries' needs. For the private sector, the WBG will strengthen its assessment of key issues through CPSDs, improve upstream project development, and enhance the use of risk mitigation tools—including blended finance—to increase investments and impacts.

238. **The WBG's implementation support will be enhanced in FCV situations by leveraging operational flexibilities, enhancing staff capacity, and promoting the use of new technologies and tools.** By stepping up hands-on implementation support in FCV countries and accelerating efforts to develop more flexible and alternative arrangements when needed—yet without compromising on its environmental and social standards—the effectiveness of WBG programs is expected to increase. Efforts to enhance implementation support will also place special emphasis on engaging with local communities and stakeholders throughout the project life cycle.

239. **The WBG will augment its on-the-ground presence in FCS by increasing the footprint of its staff and strengthening their skills and incentives. This is critical to provide the ongoing operational support needed in the most challenging environments.** Increasing the number of staff in FCS and nearby locations, as well as increasing the number of Practice Managers and task teams in the field, will be essential to providing close continuous support to government and private sector clients. Strengthening career development support and

mentoring for staff working in FCS will further bolster the incentives and support that staff need in order to deliver. Finally, by upgrading the FCV learning curriculum, staff will be better equipped to understand the distinct nature of operating in FCV settings—for example, the importance of partnerships, of different supervision and implementation approaches, more able to develop the skills needed to work in FCV settings, and better equipped to provide tailored support to clients on the ground.

Figure 10. Expected Operational Impact: Key Measures to Support Strategy Implementation



H. Monitoring and Reporting Progress

240. The WBG will operationalize the FCV Strategy at four levels:

i. Through each of the 23 specific measures described below, which are aimed at tailoring the WBG's approach and strengthening its effectiveness in FCV settings (table 2). The operational measures include specific targets and timelines that serve as an action plan to help track progress and measure implementation.

ii. Through corporate strategies, initiatives, and commitments where FCV is prioritized, such as the IDA19 Replenishment, the IBRD and IFC Capital Increase package, the FY20-22 HR Strategy, and MIGA's FY21-23 Strategy. For example, the IDA19 replenishment includes six specific policy commitments for FCV, and the IBRD and IFC Capital Increase package includes specific targets for IFC investments in FCS, which will be monitored and reported on.[119] Additionally, existing agreements—such as the UN-WB Partnership Framework for Crisis-Affected Situations—report annually on the status of this partnership in FCV settings at the country level.

iii. Through country and regional programs. Moving forward, the CPFs of FCV-impacted countries will systematically address the key drivers of fragility and sources of resilience. This will be monitored and reported back through the IDA process as well, as policy commitment #1 states that "all CPFs, CENs, and PLRs in IDA FCS will outline how the WBG program, in collaboration with relevant partners, addresses FCV drivers and sources of resilience, based on diagnostics such as RRAs or other FCV assessments."

iv. Through analytics and operations in FCV-impacted countries that are designed and implemented differently from work in other countries. For example, the WBG will monitor the number of operations in FCV-impacted countries that integrate security considerations into their program design, the number of programs that utilize ICT approaches such as GEMS for supervision and implementation, and the number of private sector investments that integrate conflict-sensitive approaches.

241. Progress on implementation of the FCV Strategy will be monitored and reported to the WBG's Board of Executive Directors on a regular basis. Stocktaking and progress made on the FCV Strategy will be included as part of the annual updates to the Board on FCV. In addition, a mid-term review specifically focused on operationalizing the FCV Strategy will take place at the end of 2022. The WBG's Independent Evaluation Group will also conduct an independent review of the progress of the Strategy by 2024.

242. Given the close linkage with the IDA19 FCV Special Theme, progress on several operational measures of the FCV Strategy will be monitored and reported through the IDA process, including at its own mid-term review. At the IDA19 mid-term review, progress will be reported on the operationalization of the FCV Envelope and any emerging lessons, in terms of both allocations and efforts by countries to design or recalibrate their portfolios. In addition to the comprehensive reporting at that stage, there will be annual progress reports on IDA19 policy commitments.

Table 2: Detailed Measures to Operationalize the WBG FCV Strategy

Policies, Processes & Practices	Description	Timeline
1. ***Articulate how the WBG will operate in humanitarian crises, in refugee and forced displacement situations, and when dealing with security and military actors***, particularly in insecure environments; and ***update OP 2.30 on Development Cooperation and Conflict*** accordingly.	The updated policy will be submitted to the World Bank Board of Directors for approval following discussion with the Committee on Development Effectiveness (CODE). The updated OP 2.30 will ultimately be accompanied by guidance to staff, inter alia on FCV-relevant topics, including support for implementation and supervision of Bank projects in insecure areas.	**CODE discussion by June 2020**
2. ***Systematize the use of digital solutions in FCV settings***—including Geo-enabling for Monitoring and Supervision (GEMS) and remote-sensing technologies—to enhance supervision and implementation. [*See also IDA19 FCV policy commitment #5*].	Support building client capacity in 50 percent of FCS countries to use field-appropriate open source digital tools for collection and analysis of geotagged data; and apply this technology to enhance project implementation and coordination.	**By June 2023**
3. ***Enhance the use of operational flexibilities as needed in FCV settings.*** This includes providing training to staff and fostering communities of practice to increase awareness among teams of the operational flexibilities that exist in FCV settings, particularly for procurement, environmental and social safeguards, and financial management.	Develop and implement a continuous program of support for CMUs and task teams, which will include communication around current flexibility, outreach to teams, and training.	**On an ongoing basis**
4. ***Enhance monitoring and evaluation (M&E) frameworks*** to build access to more reliable data, design context-specific solutions, and measure impact on the ground in FCV settings—including through the use of ICT tools and more fit-for-purpose survey designs to fully capture beneficiary feedback.	Update guidance to teams on the Results Frameworks/ M&E guidance to better reflect FCV drivers in project design and M&E frameworks, with room for adjustment during project implementation.	**By June 2021**
5. ***Enhance the WBG evaluation framework that assesses country programs and operations in FCV settings,*** including encouraging more realism in objective-setting and project design and implementation, as well as adaptability to dynamic circumstances and situations of low institutional capacity and high levels of uncertainty and risk.	Enhance WB/IEG harmonized guidance for preparation of Implementation Completion and Results Report (ICR) and the guidance for CLRs to clarify and improve how best to capture and assess results, given the challenging dynamics present in FCV environments.	**By June 2021**
6. ***Simplify and streamline IFC and MIGA processes to more nimbly address FCV challenges,*** including streamlining the processing of small loans.	IFC and MIGA will implement initiatives to streamline internal processes to facilitate the rapid processing of small projects. Further align environmental and social (E&S) and Integrity Due Diligence (IDD) engagements between IFC and MIGA and encourage efforts toward greater alignment among development partners.	**On an ongoing basis** **By June 2023**

Programming	Description	Timeline
7. ***Revise the methodology for Risk and Resilience Assessments (RRAs) and ensure that they are conducted systematically for countries impacted by fragility, conflict, and violence.*** Each RRA/fragility assessment will analyze FCV drivers and sources of resilience and include operational recommendations that can be integrated into country programming. *[See also IDA19 FCV policy commitment #1].*	The new generation of RRAs and other FCV assessments will frame key drivers of fragility more clearly to increase the multidimensional understanding of grievances and risk factors that exacerbate FCV, ensure due attention to gender, and better identify strategic and operational entry points to promote prevention and strengthen resilience.	**By June 2020**
8. ***Ensure that country partnership frameworks and operations in FCV settings systematically address the key drivers of fragility and sources of resilience*** *[See also IDA19 FCV policy commitment #1].*	All CPFs, Country Engagement Notes (CENs), and PLRs in IDA FCS will outline how the WBG program, in collaboration with relevant partners, addresses FCV drivers and sources of resilience, based on diagnostics such as RRAs or other FCV assessments.	**By June 2023**
9. ***Ensure that operations in FCV settings take security considerations into account throughout the project cycle,*** including factoring security issues into project design and documentation, implementation, supervision, and monitoring and evaluation.	Guidance for IPF will be updated to ensure that operations in FCV environments factor security considerations into project design, institutional arrangements, and risks (including mitigation measures).	**By December 2020**
10. ***Promote the use of portfolio reviews, conflict filters, and peace lenses in FCV settings*** to support Bank teams in ensuring that portfolios and operations identify and address fragility drivers and conflict risks, particularly in countries with pockets of fragility.	Incorporate relevant lessons from Portfolio Reviews (PRs) into RRAs. Increase staff learning on inclusion and peace lenses, including modules on peace lenses and conflict filters in learning programs.	**On an ongoing basis**
11. ***Scale up regional and cross-border programs, focusing on key fragility risks.*** Conduct Regional RRAs, which can inform both regional and country programming to address the regional dimensions of fragility. *[See also IDA19 FCV policy commitment #2].*	Develop and implement at least three regional initiatives (to complement national programs) in the Sahel, the Horn of Africa, and the Lake Chad region to be informed by regional RRAs, other analyses and stakeholder consultations. Focus on mitigating key fragility, development, and security risks to promote engagement at the security-development nexus.	**2020-2023**
12. ***Systematize conflict-sensitive approaches for private sector investments in FCV,*** building on country-level contextual analysis and pilot project-level conflict analysis. *[See also IDA19 JET policy commitment #6].*	Mainstream existing tools, and develop new ones, to address contextual risk and conflict analysis in diagnostics, M&E, and operations, and engage with other DFIs to develop common frameworks in this space.	**On an ongoing basis**
13. ***Engage across the WBG to develop the private sector and help create markets in FCV settings***, this includes upstream project development, SCDs, Country Private Sector Diagnostics (CPSDs), and implementation of the Cascade Approach / Maximizing Finance for Development.	SCDs/CPFs and WBG Lending Programs to incorporate key private sector policy issues. IFC commitments in FCS originating from upstream activities.	**On an ongoing basis**
14. ***Scale up IFC's special advisory funding and implementation facilities,*** including the IFC Creating Markets Advisory Window, FCS Africa, and an expanded Environmental, Social and Governance (ESG) advisory program, to increase support for market development and capacity building; and address FCV needs in MICs not covered by current facilities.	Expand advisory funding and implementation facilities aimed at scaling up IFC's operations in FCV.	**On an ongoing basis**

Partnerships	Description	Timeline
15. ***Systematize partnerships with humanitarian, development, security, and peacebuilding actors at the country level***, drawing on the WBG's comparative advantage as a development actor, enhancing the impact of operations on the ground, and ensuring effective implementation arrangements with third parties as needed. This includes conducting joint assessments such as Recovery and Peace-Building Assessments (RPBAs) more systematically, and deepening coordination at the country level with actors operating in insecure environments.	Report back annually through the UN-World Bank Partnership Monitoring Report, which takes stock of all the progress to improve strategic collaboration between the organizations at the country level across the spectrum of FCV and crisis situations.	**On an annual basis**
16. ***Operationalize and deepen partnerships with multilateral development banks (MDBs) at the country level*** on areas of focus in the FCV agenda, including more regular joint trainings and joint diagnostics.	Regular interaction at the country level to exchange knowledge on key analytical products, training modules, and joint diagnostics. Expand IFC/DFI Country Pilot Programs, aimed at increasing private investment in FCV countries.	**On an ongoing basis**
17. ***Continue to consolidate partnerships with regional organizations*** that have the authority and capacity to address cross-border FCV challenges.	Engage in regional hotspots (Sahel, Lake Chad, and Horn of Africa) with regional organizations and initiatives, including the G5 Sahel group, CILSS, ECOWAS, IGAD, and Lake Chad Basin Commission. Step up engagement with the African Union Commission (AUC) in such areas as digital transformation, epidemics, data collection and analysis, and trade facilitation. Enhance partnerships with dedicated regional institutions to bolster regional markets, including on specific sectors such as energy.	**On an ongoing basis**
18. ***Scale up engagement with civil society organizations (CSOs)*** at the country level in FCV settings, particularly those operating in insecure areas and in proximity to vulnerable and marginalized communities, and those that are women-led and promote women and girls' empowerment.	Deepen institutional knowledge of CSOs: (i) invest in mapping CSOs that have a special focus on youth or women's organizations, and in local/national CSOs; (ii) develop FCV-sensitive criteria for selecting CSOs for consultation, partnerships, contracting, and other collaborations. Support CSOs for collaborative social accountability to improve transparency and accountability of state actors to citizens, inclusion of citizens in service delivery, social mobilization, and collaboration between civil society and state actors.	**Starting July 2020** **On an ongoing basis**

Personnel	Description	Timeline
19. ***Increase on-the-ground presence by deploying more professional staff to fragile and conflict-affected situations,*** as well as nearby locations. *[See also IDA19 policy commitment #6].*	Increase Bank staffing footprint by 150 GE+ in IDA FCS. Introduce a revamped Young Professionals Program that will place strong emphasis on working in the field, particularly in FCS countries.	**By June 2023**
	IFC will promote its staffing strategy in FCS locations through a mix of expanded in-country presence and a strengthened regional hub model.	**On an ongoing basis**
20. ***Strengthen the link between FCS experience and career development*** by creating further incentives for WBG staff to work in FCV contexts and ensuring that FCS experience is systematically recognized and considered as part of performance, talent reviews, and next-assignment planning.	Take into account FCS experience and the specific challenges of working in FCS countries when evaluating staff performance.	**On an ongoing basis**
	FCS experience to be strongly recognized in talent reviews and next-assignment planning. In WB, FCS experience to be highly recommended as part of managerial selection processes.	**On an ongoing basis**
	At IFC, HR guidelines issued to ensure that FCS experience is recognized for select positions.	**By June 2022**
	Reinforce assignment benefits to further promote mobility of staff in FCV locations.	
	Mentoring Program (to be?) created and delivered for staff taking an assignment in FCS.	**By June 2021**
	Continue to recognize contributions in FCS through IFC's Corporate Awards program and MIGA's EVP Awards program.	**On an ongoing basis**
21. ***Introduce an enhanced FCV learning curriculum for staff working in FCV settings,*** with learning focusing on increasing operational competencies, analytic competencies, and personal effectiveness. Staff and managers working in or on FCV will be expected to participate in all relevant training.	Enhanced FCV learning curriculum effective and ready for rollout for all staff working in or on FCV settings. Management will require all staff based in FCS to participate in the full analytical and operational curriculum. The program will be recommended for all other staff working on FCV issues.	**Starting July 2020**
22. ***Provide enhanced support for staff well-being, safety, and security*** before, during, and after assignments in FCV settings, including health and psychosocial support, as well as security awareness and management training.	Enhanced e-learning course on security responsiveness, and Safe and Secure Approaches in Field Environments (SSAFE) training.	**By June 2020**
	Field Security Protocols to be in place at all Country Offices; mandatory security briefings for all CDs and CMs working in FCS; enhanced Country Clearance System.	**By June 2021**
	Deployment of multi-disciplinary Health and Safety (H&S) teams; enhancement of mental health support; rollout of H&S training; enhanced H&S software platform support.	**2020-2023** **On an ongoing basis**
23. ***Leverage World Bank staff in countries where IFC lacks on-the-ground presence*** by providing training and support to World Bank managers and staff who fulfill IFC functions in these contexts.	Train a cohort of World Bank staff in IFC strategies and processes in FCS.	**By June 2021**
	Pilot WB representation of IFC in FCS countries.	**On an ongoing basis**

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Conclusion

243. This FCV strategy builds on the WBG's experience and evolution working in FCV settings, lessons learned from international best practices, and the achievements of countries that have successfully transitioned out of fragility. The WBG is focused on providing more tailored development support to FCV-impacted countries and communities, enhancing effectiveness on the ground, and deepening partnerships with a diverse set of actors, in line with respective complementarities and comparative advantages. It approaches this task with a sense of humility, recognizing the importance of full commitment by local, national, and international actors to achieve progress.

244. The strategy recognizes that operating in FCV settings entails inherent and intractable risks and challenges, though the risks and costs of inaction are higher still. Experience in FCV confirms higher risks, including reputational and fiduciary, environmental, social, and corporate governance risks, as well as risks related to heightened political and market uncertainties and to staff security. Doing business in FCV settings points to the need to raise the WBG's risk tolerance and accept that project failures may happen.

245. The purpose of the FCV Strategy is to enhance the WBG's effectiveness to support countries in addressing the drivers and impacts of FCV and in strengthening their resilience, especially for their most vulnerable and marginalized populations. Building on operational and analytic experience in FCV settings, the strategy articulates a differentiated approach to FCV structured around a set of guiding principles and four pillars of engagement that aim to strengthen the WBG's approach and to address challenges across the full spectrum of FCV. This framework will help inform regional and country strategies and programming, and ultimately provide more effective and tailored support to governments, the private sector, and the most vulnerable populations. The strategy also articulates new approaches to tackle the challenges posed by FCV—including focusing on prevention, building human capital, closing gender gaps and empowering women and girls, engaging on security and justice issues, and promoting regional approaches to cross-border crises. It highlights the WBG's ability to support public and private sector approaches to FCV issues, as these can help create jobs, deliver services, foster social cohesion, and promote inclusive economic growth.

246. To operationalize the framework for engagement, this strategy sets out 23 specific measures aimed at supporting clients impacted by FCV more effectively. The measures are organized along the *4 P's: policies, programming, personnel, and partnerships*. They are complemented by a tailored financing toolkit to support countries impacted by FCV. Over the next five years, the full operationalization of the strategy and achievement of the 23 measures, will be the shared mission of staff and management across the World Bank, IFC, and MIGA. Progress in implementing the strategy will be monitored and reported back to the WBG's shareholders. FCV will be mainstreamed throughout analytic, operational, and technical assistance activities, including WBG regional and sectoral strategies, country programs, and projects and investments. The success of the strategy will be measured by how the WBG adapts its approach to the distinct nature of FCV settings, and by its improved effectiveness and impact on the ground by 2025.

247. Ultimately, addressing the challenges posed by FCV is critical to achieving the WBG's twin goals of ending extreme poverty and boosting shared prosperity. Given the deteriorating FCV landscape, a concerted international effort—bringing together humanitarian, development, peacebuilding, security, and private sector actors—is essential. This strategy therefore represents a critical milestone in the WBG's contributions to addressing one of the central issues of our time.

World Bank Group Strategy for Fragility, Conflict, and Violence 2020–2025

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Annex 1: Proposal for a Revised Classification of Fragility and Conflict Situations for World Bank Group Engagement

INTRODUCTION

1. **This note aims to inform strategic and operational decision-making within the World Bank Group (WBG)** by providing a disaggregated classification of low- and middle-income countries that are affected by fragility and conflict—also known as Fragility and Conflict Situations (FCS). It aims to allow for effective and context-appropriate WBG engagement by providing a simple and practical operational framework (and associated metrics) that can both help identify countries most affected by fragility- and conflict-related issues and differentiate across such situations. It is part of WBG commitments made in the context of the 18th replenishment of the International Development Association (IDA) and the Global Capital Increase for the International Bank for Reconstruction and Development (IBRD).

2. **The revised FCS classification evolves from the Harmonized List of Fragile Situations** and related work by partners, and it aims to address some of the limitations in the current systems. The outgoing Harmonized List was based on two criteria: a harmonized CPIA score below 3.2,[120] and the presence of a UN mission or a regional peacekeeping/peacebuilding mission. As such, it aggregates all dimensions of fragility and conflict into one broad category and does not sufficiently differentiate between various types of situations.

PURPOSE AND USE OF THE CLASSIFICATION

3. **The primary purpose of the proposed new classification is to ensure that the WBG's strategic and programmatic focus in countries affected by FCS-related issues is adapted and tailored to the diverse challenges faced by these countries**. It distinguishes across countries based on the nature and severity of the FCS-related issues they are facing to allow for a differentiation of approaches, policies, and instruments and to help adapt the WBG's engagement to difficult and complex situations in a manner that is tailored to relevant contexts. It aims to ensure sound prioritization, selectivity, consistency, and fitness for purpose.

4. **The classification is fully in line with the new WBG Fragility, Conflict, and Violence (FCV) Strategy, which aims to develop a differentiated approach to defining and operating in FCV-affected countries so that the WBG can strengthen its impact and operational effectiveness in these contexts**. The proposed classification would inform, and be reflected in, the FCV Strategy that will be presented to the Board of Executive Directors in early 2020.

5. **In addition, the new classification is expected to inform several areas of WBG operational policy and instruments** and their applications, based on the situation faced in each group of countries. This includes

- **Linkages with IDA and IBRD resources**. For IDA, the FCS list will be used for the monitoring of IDA country allocations. In addition, the IDA19 package creates an FCV Envelope that offers enhanced allocations, and its criteria are aligned with the FCS list. The list is also relevant for eligibility to some windows (for example, the Private Sector Window). On the IBRD side, the list is relevant for the exemptions from IBRD's pricing changes as part of the 2018 IBRD and IFC Capital Package. It is also relevant for the concessional financing for the GPG Fund, one of the policy commitments of the IBRD Capital Package: the fund offers enhanced support for GPG-related projects such as operations that address FCV spillovers.
- **Human resources**, potentially including incentive systems, career management, and compensation arrangements—in combination with other employment benefits such as Hazard and Fragility Pay, Priority Placement Premium, or Rest and Recuperation—the "tagging" of staff FCV experience, and waivers for short-term consultants (STCs) and short-term temporaries (STTs) up to 190 days.

- **Operational policies**, potentially including the application of OP 2.30 and OP 10 para. 12, as well as other applicable policies across various groups of countries.
- **Bank budget allocations**, including providing the resources necessary for effective engagement in various types of complex operational environments.
- **Corporate monitoring and reporting**, including replacing the current Harmonized List for corporate reporting—for example, portfolio monitoring and corporate scorecards—and tracking selected IDA/IBRD policy commitments that are tied to this list.

TYPOLOGY OF FCS

6. To capture the differentiated nature of fragility and conflict, the classification will be based on methodologies that will distinguish countries in the following categories:

- **Countries with high levels of institutional and social fragility**, identified based on public indicators that measure the quality of policy and institutions as well as specific manifestations of fragility.
- **Countries affected by violent conflict,** identified based on a threshold number of conflict-related deaths relative to the population. This category will distinguish two further subcategories based on the intensity of violence: (i) **countries in high-intensity conflict** and (ii) **countries in medium-intensity conflict**.

7. The focus will also include countries affected by FCV spillovers, especially those hosting large numbers of refugees. These countries may also appear in the main FCS classification as either fragile or conflict-affected.

8. The proposed classification is expected to be complemented by ongoing work to support other countries that are less severely affected by FCV, as well as to identify situations with increasing risks of fragility and conflict escalation. This would be part of wider WBG efforts to adopt a more risk-based approach to development and to support efforts aimed at mitigating FCV risks. These situations may not warrant additional allocations or specific policies or instruments, but instead management attention to allow for early action. The Global Crisis Risk Platform (GCRP) may provide a forum to identify such countries, based on a mix of qualitative and quantitative criteria, and to discuss the possible WBG responses.

METHODOLOGY

9. Countries with high institutional and social fragility include a range of countries that are facing deep institutional crises, that have very poor transparency and government accountability, or that have weak institutional capacity. These issues are sometimes compounded by threats posed by climate change (for example, for some small Pacific Islands states). To more sharply focus on the countries where deep institutional fragility poses the greatest development challenges, the threshold related to CPIA has been lowered from 3.2 to 3.0.

- Fragile countries are defined as
  - (i) those with one or more of the following: (a) the weakest institutional and policy environment, based on a revised, harmonized CPIA score[121] for IDA countries (for which CPIA scores are disclosed)[122] that is below 3.0; or (b) the presence of a UN peacekeeping operation because this reflects a decision by the international community that a significant investment is needed to maintain peace and stability there; or (c) flight across borders of 2,000 or more per 100,000 population, who are internationally regarded as refugees in need of international protection,[123] as this signals a major political or security crisis; and
  - (ii) those that are not in medium- or high-intensity conflict (see methodology below), as such countries have gone beyond fragility.

Sources of data for the CPIA are the World Bank, the African Development Bank, and the Asian Development Bank;[124] the UN Department of Peace Operations for the presence of peacekeeping missions;[125] and the UN High Commissioner for Refugees (UNHCR) for numbers of refugees.[126]

10. Countries in conflict are identified based on the number of conflict deaths in absolute terms and relative to their population.

- **Countries in high-intensity conflict** are defined as those with (i) an absolute number of conflict deaths above 250 according to ACLED *and* 150 according to UCDP; **and** (ii) a number of conflict deaths relative to the population above 10 per 100,000 according to both ACLED *and* UCDP, reflecting widespread and intense violence across many parts of the country.
- **Countries in medium-intensity conflict** are defined as (i) countries with lower intensity conflict, as measured by (a) an absolute number of conflict deaths above 250 according to ACLED *and* 150 according to UCDP; and (b) between 2 and 10 per 100,000 population according to ACLED *and* between 1 and 10 according to UCDP; **or** (ii) countries with a rapid deterioration of the security situation, as measured by (a) a lower number of conflict deaths relative to the population between 1 and 2 (ACLED) *and* 0.5 and 1 (UCDP) and (b) more than a doubling of the number of casualties in the last year.

The sources of data for conflict deaths are the Armed Conflict Location & Event Data Project (ACLED) and the Uppsala Conflict Data Project (UCDP).[127] To maximize the robustness of the classification, a country will be included in a certain category only if it meets threshold criteria in both databases.

GOVERNANCE

11. The FCS classification and associated list of countries is to be updated annually by the WBG's FCV Group, in consultation with key World Bank business units: Operations Policy & Country Services (OPCS), Development Finance (DFI), and Regions. The update is to be circulated by July 1 each year (after CPIAs are finalized).

12. The classification is publicly disclosed and the list is available here: https://www.worldbank.org/en/topic/fragilityconflictviolence/brief/harmonized-list-of-fragile-situations

Indicative Strategic and Operational Implications of Country Groupings

Country grouping	Indicative strategic focus	Illustrative / possible operational and financial implications[128]
Countries in high-intensity conflict	Engage as part of an international stabilization effort, which is a prerequisite for poverty reduction and sustainable development: (1) Support the peace process as needed, within limits of WBG's mandate (including through analytics, convening power, and so on) and build partnerships with political and security actors as appropriate. (2) Complement humanitarian relief with development activities that can help mitigate the impact on the crisis (based on the WBG's comparative advantage). (3) Help maintain key institutions and human capital that will be critical for the country's eventual recovery and stability. (4) Prepare for and support economic and social recovery efforts, including institutional strengthening, jobs and economic opportunities, and service delivery.	Financing: • These countries may be eligible to access the IDA Remaining Engaged in Conflict Allocation or Turn Around Allocation, if they meet the respective criteria. • Possible access to the IDA Private Sector Window. • For refugee-hosting countries, possible access to IDA Window for Host Communities and Refugees (low-income) and GCFF (middle-income). • Possible access to IBRD GPG Fund. • Possible exemptions from IBRD's pricing changes as part of 2018 Capital Package. Other: • Operations systematically "high risk." • Enhanced operational flexibility, with close fiduciary and safeguards oversight. Possible use of third-party execution and/or third-party monitoring and/or geo-mapping.

Countries in medium-intensity conflict	Engage in support of a government-led stabilization or peacebuilding effort, which is a prerequisite for poverty reduction and sustainable development: (1) Engage in dialogue with the government on the priority steps to take as part of peacebuilding and conflict mitigation. (2) Focus the country program on addressing drivers of fragility and strengthening factors of resilience—with a focus on social inclusion and medium-term support to institutional development; economic opportunities, private sector-led growth, and jobs; and service delivery. (3) Provide specific area-based support to at-risk areas; to at-risk groups (for example, youth); and/or in sectors that are critical for governance (for example, extractive industries). (4) Support peace processes as needed, within limits of WBG's mandate (including through analytics, convening, etc.) and build partnerships with political and security actors as appropriate. (5) Prepare for and support economic and social recovery efforts, when the opportunity arises. (6) Active monitoring of conflict and risk trends.	Financing: • These countries may be eligible to access the IDA Prevention and Resilience Allocation or Turn Around Allocation, if they meet the respective criteria. • Possible access to the IDA Private Sector Window. • For refugee-hosting countries, possible access to IDA Window for Host Communities and Refugees (low-income) and GCFF (middle-income). • Possible exemptions from IBRD's pricing changes as part of 2018 Capital Package. Other: • Operations likely "high risk," especially in "high-risk areas." • Enhanced operational flexibility, with close fiduciary and safeguards oversight, especially in "high-risk areas." • Possible use of third-party execution and/or third-party monitoring, and/or geomapping, especially in "high-risk areas."
Countries with high institutional and social fragility	Support a broad effort to enhance governance and address key drivers of fragility, which is a prerequisite for poverty reduction and sustainable development: (1) Focus the country program on addressing drivers of fragility and strengthening factors of resilience, as well as dynamics that keep countries in fragility traps—with a focus on government accountability and performance as well as social inclusion. (2) Provide specific area-based support to at-risk areas; to at-risk groups (for example, youth); and/or in sectors that are critical for governance (for example, extractive industries). (3) Prepare for and support economic and social recovery efforts, when the opportunity arises.	Financing: • These countries may be eligible to access the Turn Around Allocation, if they meet its criteria. • Possible access to the IDA Private Sector Window. • For refugee-hosting countries, possible access to IDA Window for Host Communities and Refugees (low-income) and GCFF (middle-income). • Possible exemptions from IBRD's pricing changes as part of the 2018 Capital Package. Other: • Operations likely "high risk," especially in sensitive sectors or geographic areas. • Close fiduciary and safeguards oversight, especially in sensitive sectors / geographic areas. • Possible use of third-party monitoring, and/or geomapping, especially in sensitive sectors / geographic areas.
Other FCV-affected countries (not on the list)	Support a government-led poverty reduction / sustainable development agenda, with particular attention to issues of fragility, conflict, and violence: (1) Focus the country program on addressing development challenges the country is facing. (2) Explore opportunities to address drivers of FCV, such as social inclusion or specific area-based support to at-risk areas; and/or to at-risk groups (for example, youth). (3) Provide additional support, as needed and as possible, in regions affected by subnational conflict; or on issues related to interpersonal violence or to institutional and social risks; or in support of refugees and host communities.	Financing: • For refugee-hosting countries, possible access to IDA Window for Host Communities and Refugees (low-income) and GCFF (middle-income). • Countries with high levels of interpersonal violence may be eligible to access the IDA Prevention and Resilience Allocation or Turn Around Allocation, if they meet the respective criteria. Other: • Operations likely "high risk," especially in sensitive sectors and geographic areas. • Non-disclosure of relevant countries.

Annex 2: Key Lessons Learned about FCV

Three major reports—the *2011 World Development Report* on conflict, security, and development; the *2017 WDR* on justice and the law; and the *Pathways for Peace* report—provide examples of countries that have successfully exited a state of fragility, conflict, and violence. Each country must forge its own path to peace, but some shared lessons have begun to emerge from countries that have made significant progress. Above all, it is necessary to accept the long-term nature of entering and exiting fragility and the critical importance of sustaining efforts well beyond just restoring growth or securing functional governments.

- **Countries and subregions typically fall into FCV over a long period, hence patience and steadfast commitment are required to help them exit.** In this process, countries often follow a path-dependent trajectory strongly influenced by their history or geography, or their social, economic, and power structures—all elements that are difficult to change. Grievances about marginalization and exclusion, and perceived inequalities among groups, are factors that can lead to violent conflict, but they can also manifest as significant subregional inequalities.[129] Addressing deep-seated grievances, improving institutions' inclusiveness and accountability, and building trust among social groups is a delicate process that usually takes decades. Declaring prematurely that nation a has succeeded in exiting FCV and returning to business as usual is a major reason why FCV country relapse.
- The international community too often sees crisis as a failure from which to withdraw, when in most cases it is not only a normal occurrence along the road out of fragility, but a learning opportunity. Indeed, some crises create opportunities. For instance, in Aceh, Indonesia, the 2004 tsunami provided a window of opportunity to reach an agreement: the humanitarian crisis incentivized rebels to come to the negotiating table.[130] Likewise, the 2015 earthquake in Nepal expedited the adoption of a new constitution, which had been stalled for years.[131]
- **The magnitude of the global FCV challenge requires working across the humanitarian-development-peace nexus.** The countries that have successfully exited fragility and violent conflict worked concurrently on numerous issues. They followed a trial-and-error approach, experimenting iteratively with various reforms spanning security, justice, the rule of law, macroeconomic adjustment, and political inclusiveness, then adjusting as they moved ahead. The common thread among their varied approaches is the need to sustain service delivery, avoid having lost generations, and incentivize and implement more simultaneous, collaborative, comprehensive, and complementary humanitarian, development, and peace actions.
- **Macroeconomic stability is key to strengthening resilience and managing FCV risks.** It is impacted by conflict and crisis, often resulting in a rapid accumulation of public debt, capital flight, high and rising inflation, exchange rate volatility, and other dislocations. Macroeconomic shocks tend to weaken the factors of resilience for entire economies and societies. Building sufficient fiscal space and managing monetary policy is a precondition for effective government service delivery, private sector development, and ensuring resilience to shocks. In Ethiopia, for instance, after authorities implemented an ambitious development program—with measures ranging from price and trade liberalization and tax reforms, to reforms to the interest rate structure and investment and labor codes—growth per capita accelerated to slightly more than 6 percent annually from 2000 to 2017.[132] However, in polarized environments, it is especially critical to implement reform programs with the right sequencing, so that these measures are not seen as unfairly affecting some socioeconomic groups while shielding others.
- **Efforts to include and empower broad segments of society can help address and prevent FCV.** Recent evidence has shown the importance of addressing specific vulnerabilities faced by different groups, as well as undertaking development responses that take into account the relationship between gender, fragility, and resilience.[133] Similarly, young people are not homogenous; an appreciation of their diversity must inform all efforts that seek to address their

exclusion.[134] Development responses should aim to systematically address the barriers to empowerment and equality. Investments in gender equality must strive to enhance women's participation at all levels of governance, including in peace- and state-building processes. It is essential to give youth hope by signaling to them that they have an important role to play in society, and that their country is on a positive trajectory.

- **Leaders play a decisive role in this process, either negatively—by mobilizing groups toward violence—or positively, by managing short-term incentives while pursuing a long-term vision of peaceful transformation.** Destructive leadership can further politicize grievances that are, at the outset, usually social or economic and that tend to push groups toward violent behaviors, including those that serve the interest of ruling elites. Once violence starts, a variety of interests are typically mobilized to increase its intensity or prolong its duration, including the emergence of war economies, which become deeply embedded within societies. Experiences of humiliation and human rights violations are among the strongest motivating factors for engaging in violence.[135]

  Conversely, successful leaders have often pursued difficult or unpopular measures on such issues as security sector reform, land reform and other reallocations of investments across the territory, and devolution—all of them measures that create winners and losers in the short term. Constructive leadership is critical because tensions tend to build in specific arenas where risks are high; the appetite of leaders to proactively acknowledge and address these tensions is pivotal. One example of how leaders can use their power to shift trajectories is Burundi's former president, who, by demonstrating his willingness to build an inclusive government, helped bring about the Arusha Accords in 2000.[136] Development actors are most effective in preventing or addressing fragility when they are part of a coalition that can strongly support these national efforts.

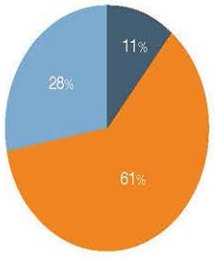
- **Private sector development is critical to addressing FCV challenges.** Private companies are central to generating income opportunities that help provide stability. Inclusive job opportunities and services that enlist women and youth and support a broad range of local and regional companies—including SMEs that know how to engage in difficult investment environments—can increase the range of participants in the economy. Private sector support and market creation in FCV situations requires extensive project development, regulatory reform, and capacity building, as well as efforts to address environmental and social issues and support pioneering firms.

Annex 3: Key Characteristics of the World Bank Group's FCS Portfolio

Based on standard reports and IEG data, the Operational Policy and Country Services (OPCS) unit conducted an FCS portfolio review in 2018.[137] This, coupled with additional DFI and BWI[138] data, allowed the FCV group to analyze the WBG's FCS portfolio as compared to its non-FCS portfolio since inception of the FCS Harmonized List in 2006. This analysis identified the characteristics, project performance, opportunities for leverage, and specific challenges to tackle within the portfolio.[139] The portfolio has a unique structure, including both IDA and IBRD countries; it cuts across all regions and can change rapidly as individual country portfolios fall on and off the FCS Harmonized List. Trends have been uneven and sporadic over time, with major variations across countries, practice groups, and lending instruments—creating operational fragmentation.

Since the inception of the FCS list in FY2006, the World Bank portfolio[140] has committed a total of $583 billion,[141] of which $58 billion[142] was committed to FCS countries (about 10 percent of the overall portfolio). The largest contributor to FCS has been IDA, with $35 billion (61 percent), followed by trust funds,[143] with $16 billion (28 percent), and IBRD, with $6.6 billion (11 percent). During this period—FY2006 to FY2019—the Africa and South Asia regions have received the highest share of Bank commitments to FCS—42 and 26 percent, respectively.[144]

Total World Bank Commitments to FCS

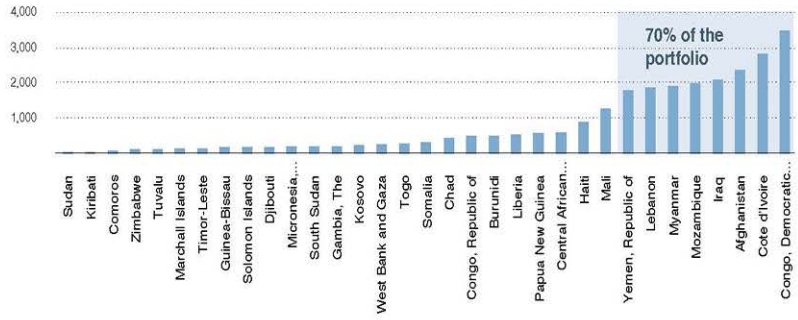


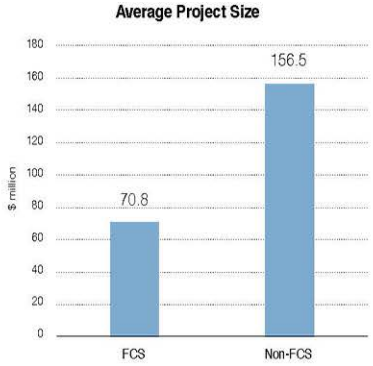
FY2006–FY2019

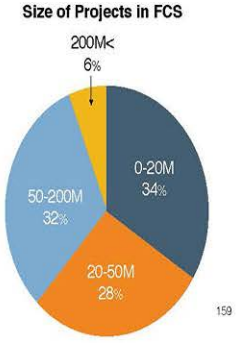
The top-five countries by share of FCS commitments are Afghanistan, with a total of $13.2 billion[145] (of which 74 percent is financed through trust funds and 26 percent through IDA);[146] the Democratic Republic of Congo, $5.8 billion; Iraq, $5.8 billion; Côte d'Ivoire, $4.3 billion; and Yemen, $3 billion.[147] IDA provides the majority share of commitments to all of these except Iraq, for which funding is from IBRD. Over this period, the Compounded Annual Growth Rate (CAGR) for IDA in commitments to FCS is 11.59 percent, and 19.87 percent for projects financed by trust funds.[148]

Active portfolio project makeup: The current, active FCS portfolio consists of 361 projects in 33 countries that total $26 billion; with 69 new projects approved in

Net Commitment Amount *(US$M, by country)*







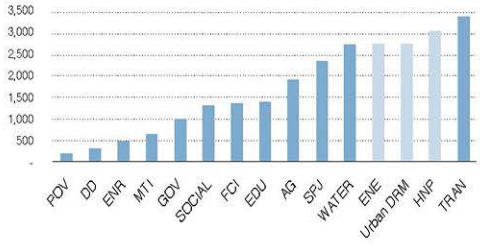
FY19. For comparison, the non-FCS portfolio contains 1,325 projects in 97 countries, totaling $210 billion, with 224 new projects approved in FY19.[149]

Between FY06 and FY19, the number of countries on the Harmonized List ranged between 32 and 36,[150] with 19 countries on it continuously since its inception.[151] Since FY06, the Africa region has consistently held the largest number of FCS projects;[152] it continues to hold the largest share of FCS lending in the current, active portfolio.[153] However, 70 percent of this portfolio (by volume) is dominated by eight countries,[154] making the overall FCV portfolio heavily contingent on the performance of this small set of countries.[155]

Portfolio characteristics: The FCS portfolio amounts to $26 billion. More than 60 percent of projects in this portfolio are smaller than $50 million;[156] the average size is 55 percent below non-FCS projects.[157] Of the countries with FCS projects, 39 percent have a portfolio of $200 million or less, and 18 percent have fewer than five projects. These projects need more supervision through third-party monitoring and are under implementation over a shorter time period—implying greater project turnover.[158] This can partly be explained by the high proportion of smaller countries on the FCS country list; however, the make-up of the FCS portfolio subsequently results in operational fragmentation.

Sectoral distribution: At the end of FY19, the World Bank's Transport (TRAN) Global Practice (GP) had the largest portfolio by volume in FCS countries. Combined with four other GPs—Health, Urban Development, Energy & Extractives, and Water—the top five GPs accounted for more than half of the portfolio in FCS. Some sectors have significantly less investment in FCS compared to non-FCS countries. For example, the Macroeconomic, Trade, and Investment

By Commitment Size Distribution across WB Global Practices



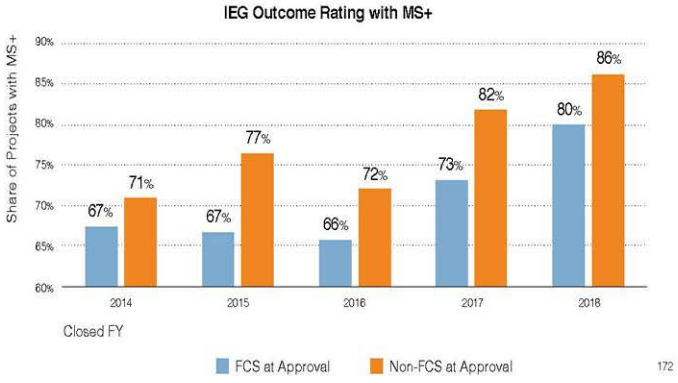
(MTI) GP has the largest percentage difference in volume, as budget support is comparatively small and uncommon in fragility and conflict-affected countries.[160]

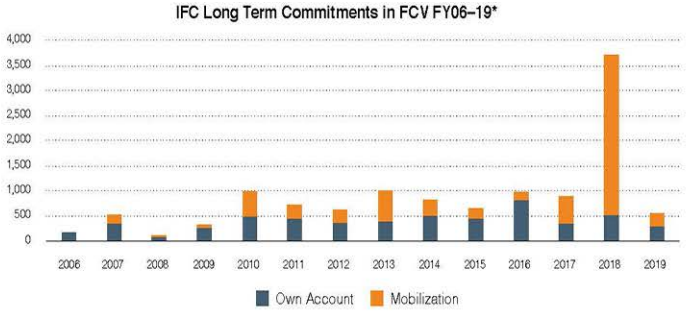
Project performance: FCS operations have demonstrated steady improvement on project outcome ratings in recent years. Increased support on administrative budgets, and staffing in FCS country offices, have contributed to the trend. However, while lending to FCS has more than tripled over this period,[161] the performance of FCS operations has lagged that of non-FCS countries,[162] coupled with higher risk ratings.[163] Weaker capacity, higher uncertainty, and greater security risks pose challenges to effective engagement and supervision.[164] Additionally, although WBG country strategy outcomes are above their historic average across all regions,[165] FCS country strategy performance and development outcome ratings have fallen short compared to those in non-FCS countries by 20-30 percent over the last decade.[166]

With eight countries dominating the active portfolio, overall FCS portfolio performance is heavily contingent on the performance of this small set of countries. Both Afghanistan and Yemen are in this group and provide a good illustration of how strongly overall FCS portfolio performance can become skewed: the recent overall downward trend is largely due to negative project performance in these two countries, which were in active conflict during the period. Excluding Afghanistan and Yemen from the analysis would show a marginal increase in ratings for the remaining IDA FCS countries.[167]

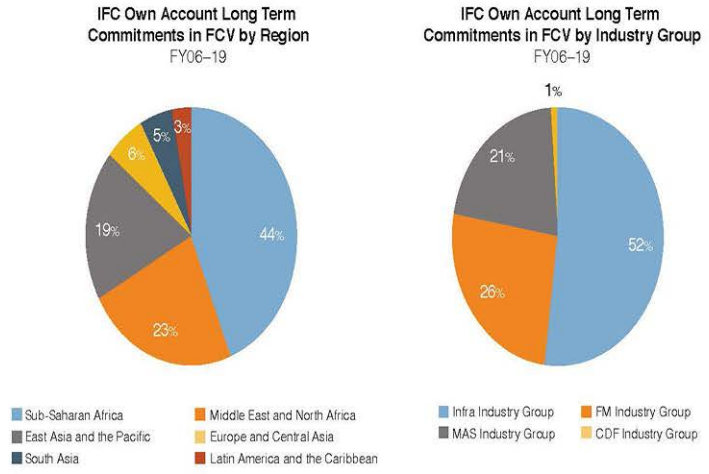
FCS projects predominantly use investment project financing (IPF)—currently at 94 percent (by volume), which is 17 percent higher than non-FCS usage.[168] Development policy loan (DPL) operations in FCS contexts disburse the fastest, significantly faster than DPLs in non-FCS contexts. However, their use in FCS has been declining rapidly—from 34 to just 6 percent over the FY17-18 period.[169] While overall performance ratings lag at project closure, the active FCS projects are performing marginally higher than non-FCS projects on Implementation Progress (IP) and on Development Objective (DO) ratings.[170] Notably, countries with the largest portfolios perform better than average on DO and slightly worse on IP. The Democratic Republic of Congo—the largest portfolio among the FCS—and Côte d'Ivoire are consistently below average. FCS projects typically make extensive use of the flexibility provided by additional financing.[171]

Opportunities to leverage: On average, FCS projects have a significantly shorter preparation time than non-FCS projects. They start disbursing earlier, are implemented faster, exhibit a lower share of problem projects, and introduce proactive measures more quickly. Preparation time for FCS projects is about two months shorter than for non-FCS, and the first disbursement happens more than one month earlier.[173] The average number of months in problem status is also slightly shorter for FCS projects, with 5 percent more actions taken proactively. Teams





*FY06 mobilization data is not available, as IFC started systematically tracking mobilization starting from FY07



working on FCS projects have a faster reaction time to complications when they occur, with projects maintaining a "problem" status for a substantially shorter time,[174] indicating that operational flexibility has paid off to an extent.

Challenges to address: Despite several efficiencies of the FCS portfolio, work still needs to be done to reduce variations within it and improve overall performance. The performance and distribution of the portfolio underscore the need to adopt a holistic approach to consolidating projects, having fewer but more effective and larger multisectoral programs. This approach allows a focus on key drivers of FCV and can enhance project supervision, implementation support, and risk management.[175] Because accelerated project approval and implementation can come with risks and tradeoffs, particularly in FCV settings, TTLs' understanding of these is critical to FCV project performance. Tools such as retroactive financing, deferral of safeguard instruments, and fiduciary arrangements exist but remain underutilized.

IFC FCS PORTFOLIO

Increasing support for private sector development through IFC's investment and advisory services operations, as well as MIGA guarantees, has been a critical element of the WBG's approach to FCV. IFC builds on a long history of working in FCV markets, including early engagements in Indonesia in the 1960s and Bosnia and Herzegovina in the 1990s. IFC's

focus has continued to evolve by ensuring dedicated funding for advisory services and staff in FCS via the Conflict-Affected States in Africa (CASA) initiative—launched in 2008—and FCS Africa, established in 2014; by adding FCS to strategic priorities in 2010; and by introducing FCS and LIC-IDA targets as part of the 2018 Capital Increase. Additional advisory funding for FCS has recently become available through the Creating Markets Advisory Window (CMAW), while investment growth in FCS is supported by recent growth in blended finance funds that target IDA and FCS countries, including the IDA Private Sector Window (PSW).

IFC's long-term financing commitments[176] in FCS have constituted roughly 4-5 percent of its total commitments, growing in line with corporate commitments. While FCS investments make up a small share of IFC's overall portfolio, IFC Advisory Services have been heavily weighted toward FCS countries, representing about 20 percent of total advisory spending. FCS countries in Sub-Saharan Africa, MENA, and the East Asia and Pacific region have received the largest commitments from IFC, with a mix of investments in infrastructure, financial markets, and the manufacturing, agribusiness, and service sectors. IFC has also had significant short-term trade finance in FCS.

Over the last 10 years, IFC's development results and profitability in FCS have lagged those in non-FCS countries. Development outcomes in IFC's FCS portfolio have been lower than in its non-FCS portfolio by about 15 percentage points.[177] The FCS results have been somewhat lower in Africa and MENA compared to other regions, but there has been relatively more success in the financial sector and infrastructure. Evaluations of IFC's FCS investments found that many of the underperforming projects suffered from external shocks such as declines in commodity prices and currencies, the global financial crisis, health crises, and impacts from regional conflicts.

Other factors that affect project success included regulatory issues such as changes or delays in banking regulations and delays in opening markets, higher operating costs, limited in-country infrastructure, and inadequate sponsor capacity related to project operations, risk management, or environmental and social programs.

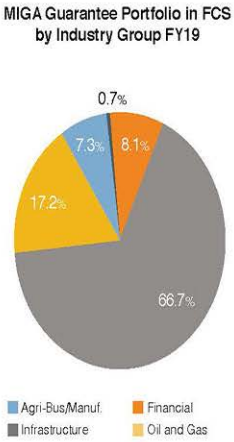
Many problems were at least partly related to the FCV environment—for example, conflict dynamics, regulatory uncertainty, sponsor and government capacity and resilience, and infrastructure issues. IFC's profitability in FCS countries during this time, as measured by Risk-Adjusted Return on Capital (RAROC), was mostly low or negative. A detailed review of IFC's FCS portfolio shows generally sound project and loan performance, as measured by the level of nonperforming loans and write-offs. However, overall IFC profitability is affected by high expenses per dollar invested, primarily because of smaller project size.

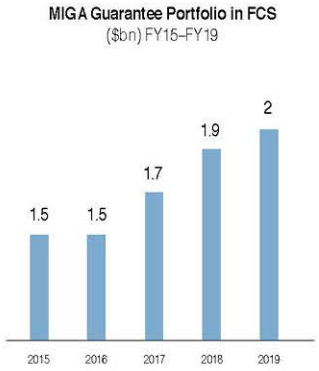
MIGA FCS PORTFOLIO

MIGA has provided guarantees in many sectors and in many FCS. MIGA's portfolio in FCS has grown steadily over the last 10 years and now stands at $2 billion, which is 9 percent of the total portfolio. This is despite an overall decline of foreign direct investment into FCS over the period. MIGA's market share of foreign investment covered by political risk insurance is heavily tilted toward IDA and FCS countries, reflecting the important role that MIGA plays in the most challenging environments. FCS countries in Sub-Saharan Africa, MENA, and the East Asia and Pacific region have received the largest share, with a mix of guarantees in infrastructure, financial markets, and the manufacturing, agribusiness and service sectors.

Development results for MIGA's portfolio in FCS have mirrored those of its total portfolio. Development outcome in the FCS portfolio has been similar to that of the total portfolio of evaluated projects: 64 percent vs. 63 percent over 2010-2017 respectively.[178] MIGA's ex-ante development impact system ('IMPACT'), which was piloted in FY19, shows a similar pattern. The mean score for projects presented to the Board in FCS during FY19 was 65, versus 67 for all projects. Claims and pre-claims are higher in FCS. Of the 12 claims that MIGA has thus far paid out, seven have been in countries on the FCS Harmonized List of Fragile Situations, all of them for War and Civil Disturbance risk. This risk is of particular concern to MIGA because the Agency can do little to avert it through early intervention, and no recoveries are assumed. Internal analysis also shows that pre-claims are significantly higher in FCS—as might be expected.

MIGA Guarantee Portfolio





Evidence over recent years shows that MIGA projects in FCS are more expensive to underwrite and monitor than other projects, and also take significantly longer to process.

IFC and MIGA Lessons on Reputational and Financial Risk in FCV

Experience over the past decade has shown that working with the private sector in FCV is far from business as usual, with heightened risks and costs because of unique challenges on the ground. These include (i) a limited existing private sector—often largely informal and with poor capabilities—and a lack of access to finance; (ii) underdeveloped market structures characterized by a prevalence of state-owned enterprises or otherwise imperfect or incomplete markets; (iii) poor infrastructure and supply chains; and (iv) a weak legal and regulatory environment, with low government capacity and weak institutions. Supporting viable private investments in FCV countries often requires long-term, extensive work related to project development and client capacity building. For example, developing private infrastructure projects in FCV contexts may take 3-6 years or longer, including work on the regulatory regime, sector policies, feasibility studies, and government capacity. Similarly, after commitment, projects in FCS countries require significant assistance to realize their potential. Supply chains need to be developed, local community interactions initiated, and land and other environmental and social issues need to be addressed.

For IFC and MIGA, working in FCV contexts means encountering significant reputational and financial risks. Reputational risks include (i) issues related to sponsor (lead investor) integrity, such as previous illegal activities or corruption; (ii) conflict-related risks; and (iii) environmental, social, and governance (ESG) risks such as impacts from pollution or problems with resettlement. Financial risks can be related to returns that are inadequate to cover or compensate for the associated FCV-environment risks—such as conflict or regulatory issues or poorly developed markets—or for the higher operating costs associated with security issues, longer project gestation, and the frequently smaller size of projects. Meeting ambitious goals for private sector growth in FCS countries will require significant changes in IFC's approaches, including strengthening upstream project development, developing ways to address conflict risks, improving the incentives for staff to work in FCV environments, finding ways to mitigate and tolerate risk, and collaborating more with partners.

Annex 4: Select Examples from WBG Engagement in FCV Settings

Throughout the strategy development process, examples of select WBG engagement under each of the four pillars of engagement were captured. The examples are presented here with the aim of systematizing good practice and enhancing effectiveness on the ground. They range from mainstreaming gender to tailored regional engagements and include innovative financing or dedicated tools and mechanisms under implementation. These illustrations cut across the World Bank, IFC, and MIGA.

Disarmament, Demobilization, and Reintegration

Disarmament, demobilization, and reintegration (DDR) activities have been a significant area of the World Bank's engagement on FCV. Over the last 30 years, the Bank has provided financial and technical assistance to more than 27 such projects in 23 countries.

This involvement with DDR programs began in 1992 with the Uganda Veterans Assistance Program and focused primarily on demobilization and reintegration, given mandate limits on engaging in disarmament issues. During the first decade of programming, the Bank focused on statutory and insurgent armies who were signatories to the peace accords and financed 10 reintegration projects (totaling $287 million). The next decade witnessed the largest DDR program in Bank history—the Multi-Country Demobilization and Reintegration Program (MDRP). This program aimed to support demobilization and reintegration of ex-combatants in the Great Lakes Region of Africa[179] and provided $450 million in donor and IDA financing to assist more than 300,000 ex-combatants, including child soldiers and children affected by conflict. It was followed by the Transitional Demobilization and Reintegration Program (TDRP, 2009-17) and the Global Program on Reintegration Support (since 2018) for continued support to ex-combatants and DDR activities amid a changing global landscape.[180]

These efforts, as well as analytical work on the social and economic re-integration of adults and children after conflict, yield valuable lessons. Chief among them is the Bank's invaluable role in mobilizing resources and facilitating partnerships in affected regions. For example, through MDRP, the Bank coordinated financing with 14 donor organizations and partnered on implementation with 21 regional bodies, NGOs, and UN agencies. The Bank has also been crucial in shaping global policy and building technical capacity across regions. It not only is a member of the UN-chaired Inter Agency Working Group on DDR to revise and validate the Integrated DDR Standards first issued in 2006, but has also provided support for strengthening the African Union's early-warning methodologies through a human rights-based approach.[181] The Bank's DDR experience highlights the importance of national ownership, together with a clear understanding of local conflict dynamics and the capacities of local institutions to generate and sustain impact.

World Bank Engagement in the Sahel

As the security situation worsens in the Sahel, the World Bank's engagement is following a multi-prong approach aimed at addressing both short- and long-term drivers of instability in the region.

In the shorter term, the Bank is committed to applying a spatial approach to target hotspots of fragility through integrated multi-sectoral interventions, in close coordination with other donors. The objective is to quickly restore basic services such as health, education, energy, and state administration, especially in conflict areas, thus helping to rebuild the populations' confidence in the state and recover some minimum standard of living. In close partnership with Sahel Alliance members, flagship operations have been launched in several areas where the G5 Sahel joint forces are operating. These include the Hodhs zone in Mauritania, the Konna and central region in Mali, the North Tillabery in Niger, and the Lake Chad region.

In the medium to longer term, the Bank seeks to increase access to economic opportunities, particularly through agriculture and basic education, while ensuring greater resilience and inclusion for the most vulnerable populations. By helping to diversify the rural economy, broaden access to markets, promote women's empowerment and youth inclusion, further expand and strengthen critical infrastructure, and provide basic school education and professional training, the Bank has also been seeking to unleash untapped potential for jobs and additional incomes.

To complement financing, the Bank is aiming to (i) enhance collective understanding of drivers of fragility in the Sahel, notably through a subregional Risk and Resilience Assessment (RRA) that identifies commonalities and cross-border factors; (ii) strengthen its collaboration with Sahel Alliance partners, the G5-Sahel, the MINUSMA, local and international NGOs, and other key stakeholders; and (iii) deploy new monitoring and implementation mechanisms that feature new technologies, actors, and modalities and allow greater agility and flexibility, lower cost, and remote capability—all to better fit the difficult region's operating environment. These measures include Geo-Enabling for Monitoring and Supervision (GEMS), Iterative Beneficiary Monitoring (IBM), and delegated third-party monitoring.

The Bank is the largest project financier in the Sahel. IDA's total financing capacity to support the G5-Sahel countries—a total of the IDA18 financing envelopes of all five countries—amounts to $9 billion. With close to $7 billion, the Bank is also **contributing the largest share of the Sahel Alliance program**, representing well over 60 percent of the total financing commitments, which amount to $11 billion (or 570 projects).

Sustained Reconstruction Support: Afghanistan Reconstruction Trust Fund

After decades of conflict, Afghanistan's reconstruction efforts pose a unique set of challenges that have provoked an unprecedented response from the international community, both in terms of funding and donor coordination.

The Afghanistan Reconstruction Trust Fund (ARTF), established in 2002 to address reconstruction efforts, is now the WBG's largest multi-donor trust fund. With 34 donors administered through the WBG, it was set up to provide a coordinated financing mechanism for the budget and national priority projects of the government, allowing it to continuously provide key public services throughout the country.

Historically, Afghanistan has received the largest proportion of the Bank's FCS commitments: During FY2006-2019, it amounted to 23 percent of all WB commitments to FCS ($13.2 billion), 74 percent of it from trust funds ($9.8 billion).[182] Most of this financing has been channeled through the ARTF.

The ARTF finances nearly 40 percent of the civilian budget and half of all development expenditures, and is the vehicle of choice for pooled funding. It is the largest source of non-budget financing for Afghanistan's development, delivering results in education, health, urban and rural development, infrastructure, agriculture, and governance. All funds are channeled through government systems, with ministries and government agencies responsible for implementing all projects. The fund's structure helps ensure predictability of aid within a robust fiduciary and monitoring framework. ARTF partners, the government, and the World Bank jointly decide on a financing program (recurrent budget support and investment projects) that is aligned with government priorities, both at strategic and programmatic levels. This also strengthens coordination and provides a platform for policy dialogue on key reforms.

In the 17 years since its inception, the ARTF has directly benefitted 19 million people across all sectors.[183] To date, about $96 million in grants have been disbursed to various communities for nearly 6,000 projects.[184] The ARTF demonstrates the capacity to adapt to an evolving context and offer the government a predictable source of funding.

Implementing Private Sector Projects in FCV Contexts: Mali Shi and Sierra Rutile

Mali Shi: In June 2019, IFC and the Global Agriculture and Food Security Program (GAFSP) committed a loan for a greenfield company called Mali Shi, which will help Mali develop an industry capable of producing and exporting shea butter. The project will support a key sector and involve about 1 million women in rural areas. GAFSP's concessional funding support helped mitigate the high risks associated with investing in the country's first shea nut processing plant in more than 35 years. An IFC advisory program is helping i) create an efficient supply chain; ii) comply with international standards; and iii) provide an efficient energy plan. This includes i) providing support to obtain the required HACCP and ISO 22000 certifications; ii) implementing a solid Environmental and Social Management System; iii) improving the financial capacities of women shea collectors; and iv) establishing renewable self-supply energy options that maximize efficiency, reduce waste, and minimize the plant's exposure to the national grid.

Given Mali's FCV context, it is challenging to attract international investors, especially in agribusiness. With more than 10 years' success in the sector, Mali Shi's sponsors have identified market opportunities but lack experience meeting international standards for food safety, complying with environmental and safety (E&S) standards, and working with smallholder farmers. IFC's comprehensive advisory package has helped fill the gaps, reduce operational risks, and support a project that has needed time to materialize.

Sierra Rutile 2: Sierra Leone's mining sector is crucial to its economy, accounting for 90 percent of exports, 20 percent of GDP, and over 400,000 direct and indirect jobs. If developed in a responsible way, it could be a key driver of sustainable economic growth. In 2016, Iluka, an Australian mining company, purchased Sierra Rutile Limited (SRL), a mining firm with a 50-year operating history that holds the world's largest deposit of natural rutile, and is the largest taxpayer, private employer, and foreign exchange earner in Sierra Leone. Iluka plans to expand existing operations and develop a new nearby mine.

With the purchase, Iluka inherited project risks linked to the FCV context, including E&S issues. Given the scale, complexity, and urgency of the issues faced by SRL, Iluka was keen for IFC's investment and early engagement as a partner, leveraging IFC's global E&S expertise and sustainable infrastructure advisory services for its first venture outside OECD countries. The project could lead to an 8.4 percent increase in Sierra Leone's GDP, $575 million in royalties and corporate taxes over 2019-2034, and about 15,000 new indirect and induced jobs in its conflict-affected economy.

BoViMa: Implementing the Cascade/MFD Approach in Madagascar

Madagascar's BoViMa project illustrates the successful use of the Cascade approach in an FCV setting. With the country emerging from a period of fragility, three-quarters of its people live in extreme poverty and 80 percent are dependent on agriculture. Agricultural development is key to the economic revitalization needed for inclusive growth. Although Madagascar has excellent conditions for cattle and goat production, it needs long-term help to develop significant foreign exchange earnings from livestock exports.

With World Bank support, the government is helping rural herders and farmers improve their incomes by expanding veterinary services, raising sanitary standards, developing new road infrastructure, addressing agriculture value chain policy and governance, and building related technical capacity. At the sector level, the Bank provided two IDA loans to address these constraints. In 2014, the first technical assistance project used a $50 million IDA credit to help the government promote sustainable agribusiness development. A subsequent $53 million project, which began in 2017, is helping further address the agriculture value chain, build technical capacity, and improve land tenure, food safety, and farmers' access to veterinary services and transportation. This project is also bolstering quality assurance by training veterinary staff and funding the purchase of laboratory equipment for certification processes.

IFC is complementing Bank activities with support for a local agribusiness company, Bonne Viande de Madagascar (BoViMa), which is developing the country's first modern feedlot and abattoir. With support from the Global Agriculture and Food Security Program (GAFSP), IFC advisory services are helping BoViMa improve animal husbandry and strengthen its supply chain for breeders and local farmers producing animal feed. IFC and GAFSP are also providing a $7 million subordinated debt investment to make the project viable and crowd in other investors. The project is expected to create a $300 million meat export market and support the livelihoods of more than 20,000 local herders and farmers, potentially making BoViMa the largest employer in the impoverished southern region, and providing many citizens with their first formal jobs.

This project illustrates how a comprehensive and sequenced approach involving advice to government and suppliers, development institution financing, private sector sponsorship, and donor-funded concessional co-investment can help create markets. BoViMa needed extensive effort to develop but it has the potential to be transformational. Not only could it revive the country's beef and goat meat export market, it may also transform Madagascar's agricultural sector, creating the kind of growth that is indispensable for a vibrant and inclusive economy.

IFC: Kakuma as a Marketplace Study

In remote northwest Kenya, a sprawl of tents and shelters made of mud bricks and cement blocks forms the Kakuma refugee camp. It was established in 1992 for refugees fleeing the conflict in Sudan and is one of the largest and longest-standing refugee camps in the world. Set on the border of the town of Kakuma, home to Kenya's Turkana people, the camp is a melting pot of more than 160,000 refugees and displaced people from Burundi, Ethiopia, the Democratic Republic of Congo, Somalia, South Sudan, and Sudan.

IFC, in collaboration with UNHCR, undertook a first-of-a-kind study of the Kakuma camp to better understand it as a potential market with business opportunities and challenges for the private sector. The study identified three types of players that might benefit from its findings: commercial firms (banks, microfinance institutions, telecommunications companies, and SMEs from other sectors); social enterprises (companies that look to achieve and maximize financial, social, and environmental impacts); and local entrepreneurs (from the refugee and host communities). By collecting empirical data on revenues, consumption patterns, consumer preferences, and financial transactions within the camp and neighboring areas, the study provides market information that private sector players will need in order to start or scale up operations in the Kakuma area.

Recovery Through Private Sector Support in Afghanistan

The Rikweda Raisin project is an example of WBG engagement to promote recovery and build markets. The WBG is supporting transformation in Afghanistan's raisin sector to recapture its former status as a world-class producer and exporter. The project was made possible through extensive client and upstream engagement, leveraging the WBG to catalyze private sector participation in challenging sectors and to facilitate long-term market sustainability. Using the Cascade approach, efforts began by providing support to farmers to establish modern raisin-drying houses, along with technical assistance under a $190 million IDA National Horticulture and Livestock Project. IFC and MIGA collaborated with $3 million in financing and $7.5 million in guarantees, respectively, to catalyze private sector investments in the Rikweda Fruit Process Company that support a modern, greenfield raisin-processing operation. The investments, advisory interventions, and guarantees aim to double the country's raisin-processing capacity and improve its quality by implementing modern processing technology and food safety practices. Local farmers will gain access to global export markets, which will support sustainable livelihoods for thousands of rural smallholder farmers.

Stabilization Through a Country-specific Project: LONDO

The Central African Republic faces a tremendous challenge to stabilize itself while investing in early recovery and lasting peacebuilding efforts. To help, the World Bank is supporting this stabilization effort to break the cycle of violence and maintain confidence in the fragile transition. The support focuses on addressing primary conflict drivers and building confidence in public sector institutions. Through the LONDO project, the World Bank is providing temporary employment to vulnerable people through national labor-intensive public works programs. LONDO is now the largest cash-for-work program in the country, with more than a million person-days of work across all parts of the country (including 59 of 71 subprefectures). To date, 29,500 beneficiaries—36 percent of them women—have repaired more than 1,850 kilometers of roads to reconnect their communities to essential markets and services. The project has been able to deploy in rebel-controlled areas, thereby setting an example for how to partner with peacekeeping forces and the humanitarian community.

GBV Prevention in the Transport Sector

To address gender-based violence, the WBG has recently scaled up its engagement with the transport sector. Globally, women feel more vulnerable to violence and harassment on public transportation, and the sector needs to innovate. The Quito Metro Line One Project in Ecuador, for instance, employs a participatory approach to identifying critical interventions that enhance women's security. These include well-lit platforms, stations, and surrounding areas, along with gangways that link cars to enhance visibility and redistribute passengers. Similar approaches are being followed in Colombia's Support to the Bogota Metro Line 1 Section 1 Project. In Pakistan, the Khyber Pass Economic Corridor Project seeks to mitigate risk factors for violence[185] and promote gender equality through strategic measures including gender-sensitive transportation, workplace infrastructure—such as separate prayer rooms, toilet facilities, and child care centers—and harassment-free work environments. Given the widespread phenomenon of harassment of women and girls in public transportation, these projects should serve as reference operations to better mainstream GBV prevention into the sector.

The Jobs Challenge and Economic Migration

The total number of migrants worldwide was estimated at 266 million in 2018, with 240 million of them considered economic migrants. Accelerating the growth of better jobs for an expanding and young global workforce is a central goal of the WBG, and a focus of IDA19. The WBG will continue to support the growth of markets and work to connect firms to them to help raise the demand for labor. It also supports building workforce capabilities through human capital investments and training that prepare workers for better jobs. This will improve job opportunities for millions of youth whose human capital potential is not being fully utilized and who lack access to the capital or technology they need to become more productive.

In parallel, the WBG will continue to support the strengthening of safe, legal migration channels that protect migrants from exploitation and that direct migratory flows toward areas that are mutually beneficial to both the sending and the receiving economies. The WBG will also work to leverage the financial flows produced by migrants to accelerate job growth in their countries of origin. Migrant remittances already outstrip either FDI or ODA. The WBG will continue to support efforts to reduce the cost of remittance transfers and promote diaspora bonds, in addition to efforts that reduce the recruitment costs paid by migrant workers.

Community-Driven Development in FCV Contexts

In the **Horn of Africa region**, the Development Response to Displacement Impacts Project (DRDIP) is taking a community-driven development (CDD) approach to the challenge of forced displacement. Launched in 2016 and implemented in four countries—Djibouti, Ethiopia, Kenya, and Uganda—DRDIP helps both refugees and host communities improve access to basic social services, expand economic opportunities, and enhance environmental management. In Ethiopia, an intensive community mobilization and consultation process included the preparation of village development plans and their integration with Woreda (district), regional, and federal plans. This was followed by the funding of priority interventions. Led by local government and centered on communities, the regional program aims to reach 2.5 million host community beneficiaries and 110,000 refugees, create 11 million labor workdays, and provide livelihoods support to 75,000 households. Across the country, the project has reached over 218,000 beneficiaries, half of whom are women. About 12,100 children have benefited from better access to primary schools, 20,200 people from better access to health centers, and 76,000 people from better access to safe water. Similar approaches have been used in Cameroon, Sudan, and other countries to foster a "whole of community" response to displacement.

From 2003 to 2015, despite intense civil conflict, the government of **Afghanistan** succeeded in using its National Solidarity Program (NSP) to deliver services to 33,000 remote communities and provide small-scale infrastructure. It was the only government program to reach all 34 provinces, and the democratically-elected Community Development Councils (CDCs) established as part of it became an effective platform for representing the multiple interests of communities and important avenues for community participation. By the program's end, 96 percent of sampled communities reported recognizing their CDCs as the legitimate representative of decision making and development of their communities. CDCs also enabled female community members to participate in decision making, including selecting subprojects in an estimated 79 percent of sampled communities. The program financed 81,000 rural infrastructure subprojects that helped raise school attendance, improved the quality of education for girls, and supported a 15 percent increase in the use of protected water sources, as well as a 26 percent increase in electricity usage. The NSP was followed by the Citizen's Charter program, which supported the re-election of 12,000 councils in rural and urban areas, reaching over 8 million people with average participation rates of 77 percent, including women, internally displaced persons (IDPs), returnees, and persons with disabilities. Currently, approximately 7,000 small-scale infrastructure subprojects are under way, with citizen engagement and cross-sectoral initiatives supported through health and education scorecards.

Famine Action Mechanism: Partnering to Address Complex Crises

Multi-hazard crises like severe food insecurity remain a persistent global challenge. Today, 113 million people experience crisis levels of food insecurity, driven by complex intersections of conflict, poverty, extreme weather, a changing climate, and food price shocks.[186] There are also intergenerational impacts resulting from elevated rates of child mortality, stunting, and other factors. These long-lasting impacts, some of them irreparable, reduce human capital and keep affected countries from breaking the vicious cycle of recurring crises and chronic suffering.[187]

In early 2017, there were famine or near-famine conditions in four countries. The WBG mobilized more than $2 billion to scale up immediate responses and medium-term resilience efforts. The resources supported several critical interventions, including the use of productive safety nets to avert widespread increases in malnutrition rates, support for health facilities to mitigate the spread of life-threatening diseases, and agricultural interventions to protect productive assets such as crops and livestock. New partnerships were also formed—including with the International Committee of the Red Cross and Red Crescent (ICRC)—to reach areas not accessible to other international partners.

The World Bank is building on these efforts, partnering closely with humanitarian and development actors as part of the Famine Action Mechanism (FAM).[188] The FAM provides a framework for sharing information on food insecurity situations and mobilizing anticipatory action before major food security crises develop. History shows that reliable early warnings often precede such devastating crises, yet funding and subsequent programming are not scaled up until after the crisis has fully materialized. This tendency to "wait and see" can miss the opportunity to apply the well-documented benefits of preventive approaches, which can save more lives and significantly reduce the costs of response.

The FAM has catalyzed extensive collaboration between the Bank, donors, UN agencies, international NGOs, academics, and private sector firms at the global and country levels. In Somalia, the Bank is collaborating with the UN Office for the Coordination of Humanitarian Affairs (UN OCHA), the government, and other partners to identify elements of an anticipatory approach to food insecurity. This effort complements the Bank's $65 million Somalia Shock Response Safety Net for Human Capital Project, which was approved by the Board in August 2019. The project leverages partnerships with the World Food Program and the UN Children's Fund (UNICEF) to reach about 200,000 impoverished and vulnerable households across Somalia—about 1.2 million people—with nutrition-linked cash transfers.

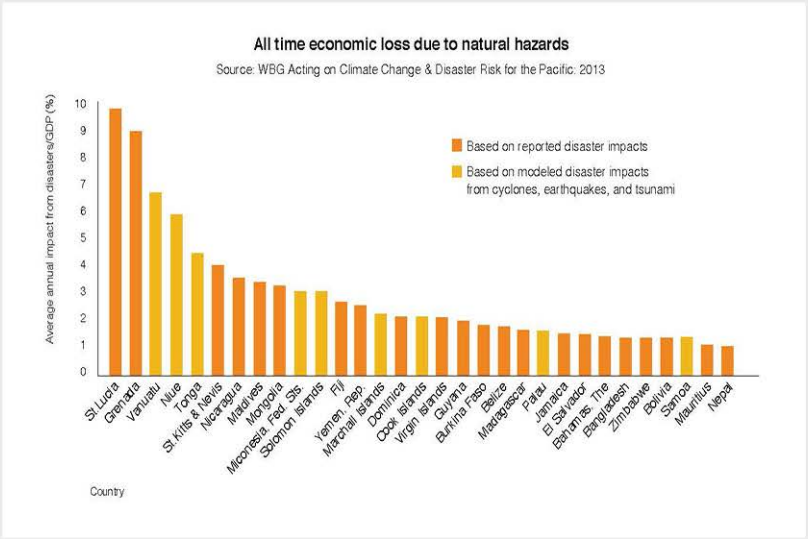
The importance of early response to food insecurity is also evident in reforms to the Crisis Response Window under IDA19. The CRW will provide early support in response to slow-onset crises related to food insecurity and disease outbreaks. This complements efforts to develop a common framework for financing anticipatory action on food insecurity across the humanitarian-development nexus. Pilots are planned in Afghanistan, Chad, Somalia, South Sudan, and Yemen.

Pacific Islands: How Climate Change and Geography Affect Fragility

Climate change, weather variability, and a steady rise in natural disasters are significantly affecting the world's FCV countries: 80 percent of people who are affected by natural disasters already live in fragile and conflict-affected situations. Between 2004 and 2014, 58 percent of deaths from disasters occurred in the 30 most fragile states; and over the last decade, countries on the FCS List accounted for more than 420,000 disaster-related fatalities. Almost 500 disaster events in these countries affected more than 71 million people and caused damage worth over $16 billion. The rising frequency and seriousness of natural disasters is linked in large part to the effects of climate change.

The nexus between climate change, geographic isolation, and fragility is most pronounced in the Pacific, where half of the 12 member states—Kiribati, the Marshall Islands, the Federated States of Micronesia, Papua New Guinea (PNG), the Solomon Islands, and Tuvalu—are classified as fragile situations. These states already suffer from severe fragility because of their small size, weak infrastructure and capacity, limited economic opportunities and high youth unemployment (notably in PNG and the Solomon Islands), as well as repeated natural disasters.

Climate change impacts are wreaking havoc in this region, causing rising sea levels and more frequent cyclones, typhoons, and tsunamis that have led to massive economic loss. To lay the strategic basis for the IDA18 scale-up, the WBG in 2017 issued a flagship report, *Pacific Possible*, which helped identify the best opportunities to generate sustainable economic growth and shared prosperity in the region.[169] The WBG is working with partners to translate these priorities into operational engagements, including support for policy and institutional reforms to improve economic management in the Pacific Island countries. The Bank's engagement in climate change and disaster risk reduction includes $130 million invested in improving early-warning systems and preparedness for natural disasters, community resilience, coastal protection, and the upgrading of key public facilities such as schools and hospitals. An additional $300 million is supporting disaster and climate resilience in the aviation, shipping, and ICT sectors in Fiji, Kiribati, the Marshall Islands, Micronesia, Tonga, and Tuvalu. The Bank is also providing support for fisheries in the Marshall Islands, Micronesia, Samoa, the Solomon Islands, Tonga, and Tuvalu.

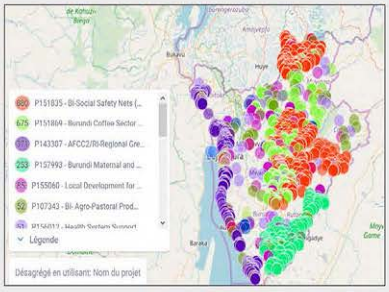


Somalia: Using Digital Transformation to Tackle Drivers of Fragility

Experience in Somalia demonstrates how the Bank can add value in FCV contexts through the ICT sector. Activities in mobile money have helped bridge the humanitarian-development divide by enhancing emergency response, while building local capacity and supporting government-owned systems. This work highlights how technology can be leveraged in fragile and challenging operational contexts. Areas include

- **Supporting state-building through ICT sector regulation and connectivity**
  Regulatory support has laid the groundwork for formalizing the telecommunications sector and helped set a precedent for governance in Somalia. This will help the government raise critical revenue, for example, through licensing and spectrum fees, and significantly contribute to the national treasury. By spurring more competition, regulation also aims to bring down the price of ICT services for the most vulnerable. And by interconnecting key government agencies in Mogadishu through a dedicated fiber backbone network, the Bank has helped bring government online to enhance service delivery.
- **Analyzing the scope for leveraging mobile money and communications in service delivery**
  Dedicated research has informed operations to provide cash-based emergency assistance after a prolonged drought left half of Somalia's population in need. Research has also helped inform an operational program that is piloting direct government-to-person mobile payments via the Central Bank. This will deliver cash payments to food-insecure households, as identified in collaboration with humanitarian agencies. The pilot will support government-administered e-payment solutions as a means of expanding service delivery.
- **Supporting a foundational digital ID system to expand opportunities and access to services**
  The ICT project has also laid the groundwork for a foundational identification (ID) system. An estimated 8 to 12 million Somalis lack a proof of identity. Without a robust, comprehensive, and widely recognized ID system, many government-related functions—from elections to the provision of social services—cannot be administered effectively. It is also essential for the delivery of humanitarian assistance and for efforts to restore peace and security.

Geo-Enabling for Monitoring and Supervision (GEMS)



The GEMS initiative was launched to support project implementation in FCS: it helps the WBG have eyes on the ground when it cannot always have boots on the ground. GEMS aims to create a public good by systematically building client capacity in the use of ICT for digital data collection, M&E, supervision, and portfolio mapping. As of April 2019, more than 500 client staff have been trained, and about 115 projects in 11 IDA FCS have access to field-ready ICT tools to enhance their operational effectiveness.

GEMS can be useful at any stage of the project cycle. For instance, in Niger GEMS informed a baseline study on host communities in the planning of a displacement project. In Nigeria and Uganda, it is the backbone of project M&E systems. In Mali and South Sudan, it is used to remotely supervise the implementation of health, education, and social protection projects in insecure areas. A growing number of FCS country teams— including in Burundi, the Central African Republic, the Democratic Republic of Congo, the Republic of Congo, Mali, and Niger—are using GEMS to remotely supervise and map their project portfolios. More than 10,000 subprojects have been mapped in less than a year (see the excerpt of the Burundi portfolio, above). WBG teams, the Board, and clients alike have highlighted the importance of GEMS to building capacity and supporting local ownership of projects for sustainable impact. Clients too have found GEMS useful in a variety of ways. For instance, in the Democratic Republic of Congo, it was instrumental in enabling the Ministry of Education to collect detailed data and map all secondary schools in the country in a few months. This has given it structured, real-time insights into the status of the country's schools, for the first time ever.

Third-Party Monitoring: Key Lessons Learned

To date, the World Bank has entered into 16 third-party monitoring (TPM) contracts for a total of nearly $55 million in seven FCV-impacted countries: Afghanistan, Cameroon, Iraq, Pakistan, Somalia, South Sudan, and Yemen. Among the lessons learned:

- **TPM is taking place in environments where extra due diligence is warranted.** The use of TPM does not fully mitigate project risks, and continued attention is needed, including due diligence about TPM itself. While TPM involves a transfer of physical risk to a contracted party, the Bank retains the ultimate responsibility for project supervision findings.
- **Effective TPM requires a well-defined verification strategy.** This should cover (i) a plan for site visits with well-defined priorities and impact; (ii) emergency procedures for reporting deviations from project standards—social, fiduciary, procurement, and so on; (iii) incident reporting, especially when related to security forces deployed in project areas; and (iv) detailed data and reporting formats. TPM should devote special attention to fraud and corruption.
- **TPM providers should possess a diverse mix of skills.** Depending on the results they are hired to track, monitors should possess qualifications ranging from engineering knowledge to cultural and gender sensitivities that may be necessary in interacting with beneficiaries. This is especially relevant when interacting with vulnerable groups that may be targeted for gender-based violence.
- **Systematic coordination between the Bank, the government, TPM agents, and other donors is critical to success.** Internally, Bank teams can organize into a cross-practice of working groups with clear administrative responsibilities, a division of labor among task team leaders, and explicit reporting lines. The government and the Bank should set up regular meetings to discuss the findings of TPM and ensure that problems are quickly addressed.
- **TPM is most effective when combined with ICT solutions.** Cost-effective geospatial technology and remote-sensing tools now allow Bank teams to obtain a more complete geographic representation of project and subproject sites.
- **TPM is expensive, hence resources should be mobilized early.** Given the high risks of operating in insecure environments, TPM can cost as much as $2 million for a three-year contract. Pooling resources from multiple projects, and combining them with trust funds for portfolio-wide monitoring, could help lower costs.

The Bank is exploring options for further scale-up, especially portfolio-wide approaches—for example, in Afghanistan and Iraq—through which TPM agents can extend their coverage of Bank-financed projects.

GPG Fund: IBRD Fund for Innovative Global Public Goods Solutions

The IBRD-IFC Capital Package provides financial resources for the WBG to enhance its leadership on global issues, such as crisis management and FCV, climate change, gender, knowledge and convening, and regional integration, as highlighted in the WBG's "Forward Look" document, *Forward Look: A Vision for the World Bank Group in 2030*.[190] Notably, the Capital Increase Package in 2018 proposed that a portion of IBRD surplus resources be used to provide concessional support to finance operations that support global public goods (GPGs). Responding to this commitment, a paper outlining a proposal for an IBRD Fund for Innovative Global Public Goods Solutions was approved by the Board in June 2019 (with a recommendation for authorizing the transfer of $45 million from surplus to the GPG Fund submitted to Board of Governors for approval). The GPG Fund, which is to be directed toward proposals that can credibly show that they are promoting innovation in addressing GPG challenges, will complement the existing financing architecture on concessional financing for GPG provision in IBRD countries. The GPG Fund is being launched with an initial three-year pilot, starting in FY20. This phase will be used to test the design principles, governance arrangements, and financial structure, as well as the criteria for selecting the operations the fund will support. Initially, selected operations will focus on two GPG areas: (i) climate change mitigation and adaptation and (ii) spillover effects of FCV situations.

Recovery and Peacebuilding Assessments (RPBAs)

Recovery and Peacebuilding Assessments are a joint approach to identifying and addressing immediate and medium-term prevention, recovery, and peacebuilding requirements, while laying the foundations for a longer-term strategy in countries facing conflict or transitioning out of a conflict-related crisis. RPBAs are conducted under the Joint Declaration on Post-Crisis Assessments and Recovery Planning that was signed by the WBG, the UN, and the EU in 2008. RPBAs are nationally-led exercises, with the support of the three multilateral institutions and other partners.

The main objectives of RPBAs are to support governments in identifying, prioritizing, and sequencing their needs in responding to a crisis; to help ensure that this response has been consulted on in a way that helps build trust and prevent future conflict; and to build international coordination mechanisms that can align support to identified priorities and ensure coherence in the response. RPBAs have been used diversely—for instance, to support post-conflict transition in the Central African Republic, and political transition in Zimbabwe; in the context of a subnational conflict in Ukraine, and a peace agreement in Mali; and for prevention efforts in Cameroon.

While the RPBA methodology is modular and can be adapted to the context of each country, its core components include shared analysis of the impact, context, and causes of the crisis; an evidence-based assessment of recovery and peacebuilding needs; the prioritization, costing, sequencing, and validation of these needs; the development of specific mechanisms to improve coordination across the humanitarian-development-peace (HDP) nexus and align the respective instruments and plans; the identification of implementation and financing mechanisms and strategies for operationalization; and the design of institutional responses to improve implementation and promote peace.

RPBAs are increasingly used to support an incremental process of multilateral support to governments. This approach ensures that joint support does not stop when the assessment is completed but is maintained into the implementation phase to ensure continued support and alignment, as well as address implementation bottlenecks. RPBAs are the only multilateral strategic planning tool across the HDP nexus, and they enable the WBG to play a key role in a broader international effort to achieve peace and stability, where the WBG's convening power and analytical expertise complement the comparative advantages of other partners. RPBAs can be used to identify and build preventive measures and to break cycles of violence through the creation of a strong development track that ensures sustained engagement and the identification of priorities at different stages.

State and Peacebuilding Trust Fund

Established in 2008, the State and Peacebuilding Trust Fund (SPF) is the WBG's largest global multi-donor trust fund, providing flexible, innovative, and rapid engagement in countries affected by a wide range of FCV issues. The SPF operates in 57 IDA and IBRD countries, across regions, and globally, and can address multiple forms of FCV. Since its establishment, it has grown into a fund of over $342 million in net value, and has supported more than 200 interventions in FCV contexts worldwide. It is the Bank's key emergency vehicle to deliver on a broad range of country services—including technical assistance, cutting-edge analytics, data and evidence collection, advisory services, piloting of innovative operations, and seed funding to multi-donor trust funds that focus on an individual country.

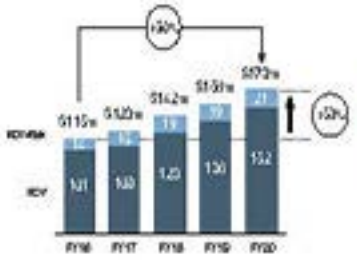
In Iraq, the SPF supported a Conflict Damage & Needs Assessment to evaluate the impact of crises on the country. It also supported the preparation of a $400 million additional financing (IBRD) to the Iraq Emergency Operation for Development Project (approved in FY15).

In Jordan, the SPF supported the Emergency Services and Social Resilience Program in FY14 to provide basic services to municipalities and host communities, benefitting more than 2 million people, of whom at least 45 percent were women and 250,000 were Syrian refugees. In Ukraine, in collaboration with the UN and the EU, the SPF supports the Bank's development of an RPBA framework to coordinate reengagement in countries or regions emerging from conflict or political crisis.

Annex 5:
Budget Context for FCV

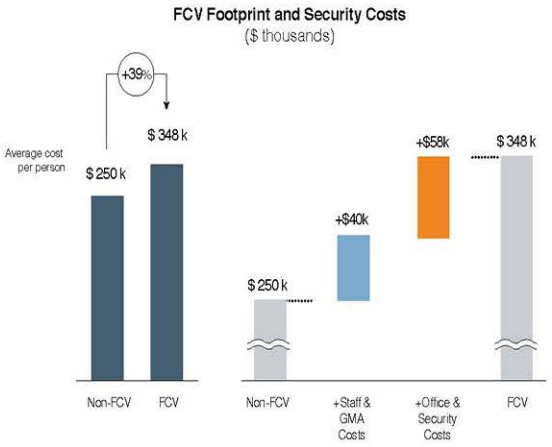
Budget allocations for FCV-effected countries have increased, confirming the sustained focus on advancing the World Bank's engagement and impact in these countries. Overall spending in the FCV thematic areas has also been increasing year-on-year, with a Bank Budget/External Funds ratio of approximately 60/40, reflecting the Bank's priority focus.[48] Actual spend with respect to the broader categories of spending has increased by 20 percent since FY17 (or 28 percent for Bank funds).[49] To support the FCV footprint, other expenditure has also seen an increase—for example, on security—at an average of 18 percent over the last two years. In addition, the FCV Country Engagement (CE) budget allocation has been on an upward trend, with FY20 FCV CE allocations increasing by 50 percent since FY16.[50]

Country Engagement Bank Budget Allocations for FCV & FCV at Risk Countries FY16–20 (US$ million)



FCV Thematic Spend* (US$ millions)

As the World Bank expands its footprint into FCS countries, where operations are riskier and more complex, increased resource pressures arise, mainly because of related assignment benefits for staff decentralized to the field, as well as rising facilities and security needs. The average cost of putting one staff member in a fragile country is almost $350,000 annually, almost 40 percent higher than in non-FCV settings. Also, the deteriorating global security environment and the Bank's expanding footprint in higher -threat locations result in additional budget pressures for security spending worldwide. Security costs in fragile locations are particularly high. The tilt toward FCS will continue as scaled-up IDA 18 lending in low-income countries flows into the IDA portfolio, and as the Bank continues to increase its focus and engagement in these countries.



Annex 6:
Strengthening the WBG Approach to Staff Health, Safety, and Security

Because the WBG's core mission is focusing increasingly on the FCV agenda, it is essential to further strengthen its approach to health, safety, and security. To operate with the flexibility and appropriate risk tolerance required in FCV environments—including for local staff and STCs—the WBG is focusing on the following:

(i) ***Duty of care for borrower/borrower-engaged implementation agents.*** The WBG needs to draw a clear line between, on the one hand, its life safety duty of care for its staff (including consultants) and, on the other hand, that of borrower personnel or borrower-engaged implementation entities, for whom security and safety management is an employer obligation.

(ii) ***Staff travel.*** The WBG is working to improve travel tracking and feedback on security events. WBG travelers are tracked through their itineraries, directly accessed through the World Bank's internal travel portal. While this captures the vast majority of cross-border travel, tracking travel within countries is done inconsistently across Country Offices and needs to be improved. An improved Travel Clearance System will be established to capture travel within countries. The Staff Tracking and Accounting Coordinator program will strengthen mission tracking in high-volume destinations, focusing on providing data-driven security advice to the Head of Office. Reporting of security incidents when staff conclude their SOE will also allow for more systematic reporting and analysis of such events so that the institution can better respond.

(iii) ***Occupational health and safety (OHS).*** An OHS risk management framework is now required and mandated across the UN system, as specified in the UN Common System Occupational Safety and Health Framework (CEB/2015/HLCM/7/Rev2 31 March 2015) and the aligned WBG Directive for Occupational Health and Safety.

(iv) ***Training and awareness.*** The WBG will deliver *Mandatory Health, Safety, and Security Awareness and Management* to CD/CMs, Practice Managers, and TTLs/Investment Officers. Corporate Security is engaged in training CD/CMs and TTLs/Investment Officers for work in FCV through pre-assignment briefings and FCV on-boarding courses. But it is vital that health, safety, and security training components become mandatory to ensure that those in accountable positions are systematically reached; this would include Regional and GP management. In parallel, Corporate Security personnel will undertake training on WBG Operations to become more familiar with the project cycle, understand the priorities and imperatives facing TTLs and investment officers, and be ready to facilitate the delivery of development outcomes. Going forward, upstream collaboration between HSD, Corporate Security, and project planning teams will be critical as staff face greater exposure to these risks. Early collaboration in the planning cycle, especially when teams consider the scope of implementation support that projects will need, will build a shared perspective on the modalities and extent of staff access to project sites.

Annex 7: Global Consultation Process to Develop the WBG Strategy for FCV

The World Bank Group Strategy for Fragility, Conflict and Violence (FCV) was informed by a global consultations process that took place over two phases and engaged 2,144 external stakeholders from 95 countries and territories between April 2019 and January 2020. The stakeholders included representatives of client and donor country governments; key multilateral partners including UN agencies, the EU, regional development banks, and other international organizations; civil society organizations working at the global, national, and local levels; bilateral development partners; private sector representatives; and academic institutions, think tanks and foundations.

The consultations aimed to ensure a broad and fully inclusive process so that the strategy could integrate feedback from all key stakeholders, reflecting lessons learned and best practices from partners' collective experience in addressing FCV. These external inputs added a dimension of richness to the views and perspectives provided by World Bank Group staff in a series of internal consultations and working groups.

A dedicated website (http://www.worldbank.org/fcvconsultations) served as a platform for all interested parties to access relevant consultation materials in English, Arabic, French and Spanish, and to provide feedback. All stakeholders were able to engage through a range of channels—including face-to-face meetings, an online questionnaire, e-mailed submissions, and social media—and many chose to engage using more than one method.

The external consultations took place in two phases:

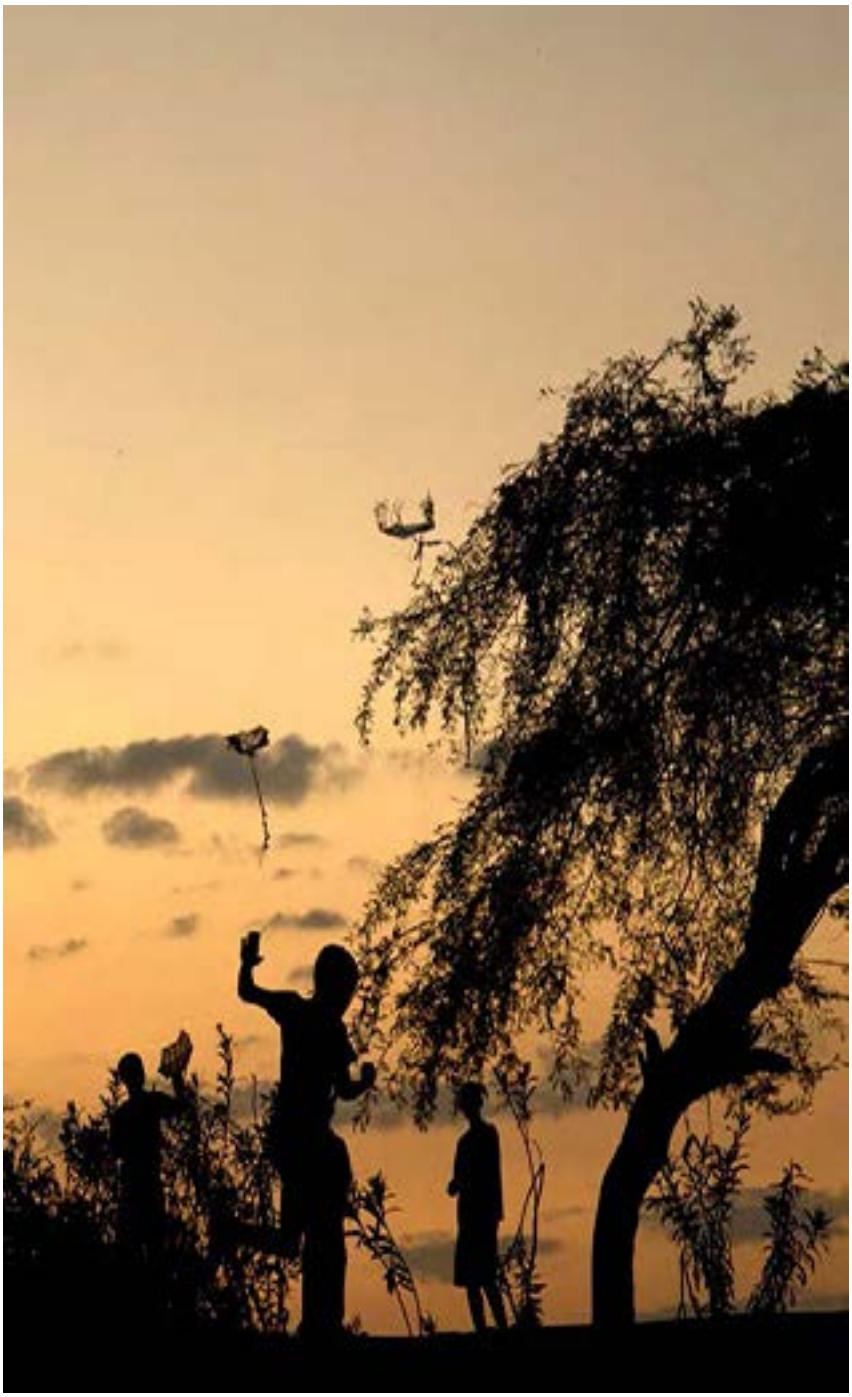
Phase 1 (April to July 2019): Feedback was solicited very early in the process, using as a starting point the FCV Strategy concept note, which laid out the broad proposed directions of the strategy. Inputs were received from 1,721 individual stakeholders in 88 countries and territories.

Building upon this, face-to face meetings were then held in 37 client and donor countries with stakeholders representing governments, international organizations, local civil society and the private sector. Representatives from IFC and MIGA joined the World Bank at many of the consultation meetings, which were organized by WBG country offices. IFC also held separate meetings in several countries for more focused discussions about the private sector. Each meeting consisted of a presentation on the FCV Strategy concept, after which participants were invited to share their views. A summary of each meeting is available on the consultations website.

Online consultations to complement the in-person meetings were designed to ensure as inclusive a process as possible. A questionnaire posted on the consultation website helped structure respondents' feedback around the framework provided in the concept note, and inputs could also be directly emailed to a dedicated email account. A social media campaign aimed both to raise awareness about the ongoing consultations and open up the process further. Monthly summaries of the feedback received were posted on the consultations website. This process ultimately resulted in a draft FCV Strategy.

Phase 2 (December 2019 to January 2020): The draft FCV Strategy benefited greatly from the early and thorough Phase 1 feedback process, which informed the thinking and language of the draft in both its conceptual and operational dimensions.

The full draft strategy was posted on the consultation website in December 2019 for six weeks to solicit detailed written feedback on each section. These were carefully reviewed and incorporated, as appropriate, into the final strategy paper. Summaries of feedback received in each phase of consultation, as well as meeting summaries and written submissions, can be found on the FCV strategy consultations website http://www.worldbank.org/fcvconsultations.



Endnotes

1 The "FCV" concept groups three issues that are often related: (i) deep governance issues and state institutional weakness; (ii) situations of active conflict; and (iii) high levels of interpersonal and/or gang violence.

2 United Nations and World Bank, *Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict* (Washington, DC: The World Bank Group, 2018), xvii and 12, https://openknowledge.worldbank.org/handle/10986/28337. (Based on 2016 data.)

3 The UN High Commissioner for Refugees, *Global Trends: Forced Displacement in 2018* (Geneva: UNHCR, 2019), 13, https://www.unhcr.org/en-us/statistics/unhcrstats/5d08d7ee7/unhcr-global-trends-2018.html.

4 Several different indexes are used to classify countries that experience FCV. The WBG's List of Fragile Situations is included in annex 1. It comprises 36 countries, mostly LICs and LMICs, and one territory.

5 The IDA19 cycle begins in July 2020 and concludes in June 2023.

6 World Bank estimate, 2019.

7 UN and World Bank, *Pathways*, xvii and 12. (Based on 2016 data.)

8 UNHCR, *Global Trends*, 13.

9 FCV issues are integrated throughout the 2030 Agenda. SDG16 promotes peace, justice, and strong institutions, and recognizes the centrality of security and justice in achieving the SDGs as well as inclusion (with SDG16+) in order to achieve multiple other goals related to gender, education, economic growth, inequality, and sustainable cities. See Pathfinders for Peaceful, Just and Inclusive Societies, *The Roadmap for Peaceful, Just, and Inclusive Societies: A Call to Action to Change our World*, (New York: Center on International Cooperation, 2019), http://www.sdg16.plu.

10 World Bank estimate based on the FY19 Harmonized List of Fragile Situations. For details, see World Bank, *Fragile States: On the Frontlines of the Fight Against Poverty* (Washington, DC: The World Bank Group, forthcoming).

11 Drawing on the new methodology to identify and classify FCS, the WBG has conducted a historical analysis to identify the poverty patterns of countries if they have been classified as FCS in the past. In particular, the analysis has looked at countries that have (i) chronically been on the FCS list since 2000; (ii) entered FCS during this period and remained there; (iii) recurrently appeared on the FCS list and moved in and out of the list at least twice; (iv) escaped out of the FCS list; (vi) appeared on the FCS at most twice; or (vi) never been on the FCS list.

12 In August 2019, the G7 Declaration highlighted the importance of aligning the diplomatic, security, and stabilization dimensions of humanitarian, peace, and development approaches to tackle the drivers of fragility; it provided full support to the WBG in the development of this FCV Strategy. The European Union's Global Strategy recognizes the significance of building resilience and ensuring an integrated approach to conflicts and crises. Bilateral development actors have also made important strides to meet the pledge to "leave no one behind," including adopting the OECD's Development Assistance Committee (DAC) Recommendation on the Humanitarian-Development-Peace Nexus.

13 Fragile situations are characterized by "the combination of exposure to risks and insufficient coping capacity of the state, system, and/or communities to manage, absorb, or mitigate those risks." Organization for Economic Co-operation and Development, *States of Fragility 2016: Understanding Violence* (Paris: OECD, 2016), 20, http://dx.doi.org/10.1787/9789264267213-en.

14 ACLED, *While Overall Violence Has Declined in 2018, Conflict Is Spreading*, online press release (December 21, 2018), accessed February 12, 2020. https://www.acleddata.com/2018/12/21/press-release-while-overall-violence-has-declined-in-2018-conflict-is-spreading.

15 OECD, *States of Fragility 2018* (Paris: OECD, 2018), box 1.1, Chronically Fragile Contexts, https://doi.org/10.1787/9789264302075-en.

16 Claire McEvoy and Gergely Hideg, *Global Violent Deaths 2017: Time to Decide* (Geneva: Small Arms survey, 2017), http://www.smallarmssurvey.org/about-us/highlights/2017/highlight-gvd-report.html.

17 Small Arms Survey Report, 2017: Global Violent Deaths: McEvoy and http://www.smallarmssurvey.org/fileadmin/docs/U-Reports/SAS-Report-GVD2017.pdf

18 UNHCR, *Global Trends*, 2019.

19 Kanta K. Rigaud et al., *Groundswell: Preparing for Internal Climate Migration (Vol. 2)*, main report (Washington, DC: World Bank Group, 2018), https://openknowledge.worldbank.org/handle/10986/29461.

20 Global Initiative, *Organized Crime: A Cross-Cutting Threat to Sustainable Development*, research report (Geneva:

Global Initiative Against Transnational Organized Crime, 2015), 4, https://globalinitiative.net/wp-content/uploads/2015/01/global-initiative-organized-crime-as-a-cross-cutting-threat-to-development-january-2015.pdf.

[21] World Bank, *Global Investment Competitiveness Report 2017-2018: Foreign Investor Perspectives and Policy Implications* (Washington, DC: World Bank Group, 2017) http://documents.worldbank.org/curated/en/169531510741671962/Global-investment-competitiveness-report-2017-2018-foreign-investor-perspectives-and-policy-implications.

[22] Several of these lessons draw from Independent Evaluation Group (IEG) evaluations, including *World Bank Group Assistance to Low-Income Fragile and Conflict-Affected States: An Independent Evaluation* (2015); *World Bank Group Engagement in Situations of Fragility, Conflict, and Violence: An Independent Evaluation* (2016); *World Bank Group Country Engagement: An Early-Stage Assessment of the Systematic Country Diagnostic and Country Partnership Framework Process and Implementation* (2017); *Recent World Bank Experience with RRAs & Operational Programming in FCV Countries: Stocktaking of Implementation of Recommendations from IEG Evaluations of Fragility, Conflict and Violence* (2018); and *Learning from IDA Experience: Lessons from IEG Evaluations, with a Focus on IDA Special Themes and Development Effectiveness* (2019).

[23] See annex 5 for an overview of budget allocations in FCV settings.

[24] In this context, the World Bank recognizes the relevance of international legal norms pertaining to conflict, such as those derived from international humanitarian law.

[25] See box on the Regional Risk and Resilience Assessment under way in the Sahel, covering Burkina Faso, Chad, Mali, Mauritania, and Niger, in annex 4.

[26] While Bank policies do not explicitly refer to the "do no harm" principle, the Environmental and Social Framework Vision states (in paragraph 6, p. 2): "The Bank's vision goes beyond 'do no harm' to maximizing development gains."

[27] COP24 is the informal name for the 24th Conference of the Parties to the United Nations Framework Convention on Climate Change, held in December 2018. During COP24, the Action Plan was launched and then fully adopted in January 2019, following the WBG's 2025 Targets to Step Up Climate Action.

[28] The most vulnerable and excluded groups include persons in vulnerable situations, persons with disabilities, and members of excluded and minority groups (notably ethnic, religious, sexual, linguistic, or indigenous peoples).

[29] Pablo Fajnzylber, Lederman, Daniel, and Loayza, Norman, "Inequality and Violent Crime," *The Journal of Law and Economics* 45, no. 1 (April 2002): 1-39 https://doi.org/10.1086/338347.

[30] Labor market outcomes that do not reflect educational attainment create frustration and can lead to violence. *See e.g.* Kartika Bhatia and Ghanem, H., *How Do Education and Unemployment Affect Support for Violent Extremism? Evidence from Eight Arab Countries*, Global Economy & Development Working Paper 102 (Washington, DC: Brookings Institution, March 2017), https://www.brookings.edu/wp-content/uploads/2017/03/global_20170322_violent-extremism.pdf.

[31] UN Security Council Resolution 2250 is the cornerstone of the Youth, Peace, and Security Agenda.

[32] World Bank, *World Bank Group Gender Strategy (FY16-23): Gender Equality, Poverty Reduction, and Inclusive Growth* (Washington, DC: The World Bank Group, 2015), http://documents.worldbank.org/curated/en/820851467992505410/World-Bank-Group-gender-strategy-FY16-23-gender-equality-poverty-reduction-and-inclusive-growth.

[33] UN Security Council Resolution 1325—the cornerstone of the Women, Peace, and Security Agenda—has since been reinforced with an additional nine resolutions bolstered by a number of related normative frameworks. See https://www.unwomen.org/en/what-we-do/peace-and-security.

[34] "Institutional legitimacy is the key to stability. When state institutions do not adequately protect citizens, guard against corruption, or provide access to justice; when markets do not provide job opportunities; or when communities have lost social cohesion—the likelihood of violent conflict is much higher." World Bank, *World Development Report 2011: Conflict, Security, and Development* (Washington, DC : World Bank Group) http://documents.worldbank.org/curated/en/966731468161352341/World-development-report-2011-conflict-security-and-development.

[35] UN and WBG, *Pathways for Peace*.

[36] See the World Bank's strategic gender objectives in *World Bank Group Gender Strategy (FY16-23): Gender Equality, Poverty Reduction and Inclusive Growth* (Washington, DC: The World Bank Group, 2015), http://documents.worldbank.org/curated/en/820851467992505410/World-Bank-Group-gender-strategy-FY16-23-gender-equality-poverty-reduction-and-inclusive-growth.

[37] Reported global fatalities from violent extremism climbed from just over 5,000 in 1995 to peak at more than 45,000 in 2014 before dropping by 48 percent to 22,980 in 2018. In 2018 more than half of all deaths from violent

extremism-related attacks took place in Afghanistan (43 percent) and Nigeria (11 percent) (National Consortium for the Study of Terrorism and Responses to Terrorism, *Global Terrorism Database*, 2019), http://www.start.umd.edu/gtd).

38 Countries with recent human rights violations are far more likely to experience conflict than countries with a strong history of respect for human rights (WDR, 2011).

39 Women's meaningful participation in all aspects of peace and security is critical to effectiveness, including in peace processes, where it has been shown to have a direct impact on the sustainability of agreements reached. See UN and WBG, *Pathways for Peace*.

40 The World Bank's interpersonal violence prevention agenda builds on lessons learned from regional organizations such as the Inter-American Development Bank, which is already actively engaged in the sector.

41 The WBG initiated a mainstreaming process in urban development in the mid-2000s to take the link between violence and urban planning into account. It first did so in the Honduras Barrio Ciudad and Jamaica Inner City Basic Services for the Poor projects, both of which have been completed and evaluated and offer relevant lessons.

42 Inclusive education is one of the WBG's commitments on disability inclusive development. See https://www.worldbank.org/en/topic/socialdevelopment/brief/world-bank-group-commitments-on-disabilityinclusion-development.

43 Taies Nezam, and Marc, Alexandre, *Disarmament, Demobilization, and Reintegration*, Social Development Department Working Paper 119 (Washington, DC: World Bank, 2009), http://documents.worldbank.org/curated/en/776831468324547527/Disarmament-demobilization-and-reintegration. See annex 4 for additional information.

44 Coordination between humanitarian, development, and peace partners would benefit from an overarching strategic framework that identifies priorities for development efforts and their relationship to humanitarian and peace efforts. See United Nations, *Strengthening Collaboration Across the Humanitarian, Development and Peace Nexus in Yemen*, 2019.

45 *World Bank Operations in Active Conflict, Operational Experiences in Yemen between 2015 to 2019. A Preliminary Lessons Learned Study*. World Bank Group 2019 (unpublished).

46 The WB policy framework already foresees that, in certain exceptional circumstances, UN agencies and/or international non-governmental organizations may be funded directly, including when the World Bank determines that there is "no government in power" under OP 2.30 (or its successor); when there is a de-facto regime that the World Bank is unable to deal with under OP 7.30; or in grave and catastrophic humanitarian crises and emergencies where government capacity is crippled or affected.

47 See Section 3 of this document, for financing examples in IDA and IBRD countries.

48 Between 2008 and 2018, new forced displacements from disasters have been larger than from conflict and violence every year by at least 60 percent, and over the full 11 years by three times as much (see Internal Displacement Monitoring Centre (IDMC), *Global Report on Internal Displacement*, 2019, https://www.internal-displacement.org/sites/default/files/publications/documents/2019-IDMC-GRID.pdf). Between 2004 and 2014, 58 percent of deaths from disasters occurred in FCS countries; 500 disaster events in these countries affected more than 71 million people and caused damage worth more than $16 billion.

49 UN and WBG, *Pathways for Peace*.

50 See box on digital payments in Somalia in annex 4.

51 See annex 4 for more details on RPBA.

52 See World Bank, *Building for Peace* (Washington, DC: The World Bank Group, forthcoming). Moving beyond the notion of simply rebuilding what was destroyed, the report advocates a people-centered approach when engaging in crisis or active conflict that highlights the importance of understanding actors, their motivations and incentives, and institutions through time. With its more bottom-up approach aimed at mending the social fabric, addressing grievances, and producing greater social cohesion, this report complements earlier thinking on reconstruction that centered on physical damage and central government institutions.

53 Violence impedes the healthy development of infants, children, and young people and generates long-term trauma, disabilities, and other negative multiplier effects for individuals, communities and societies (Buvinic, Morrison, and Shifter 1999). It also perpetuates the intergenerational transmission of violence (Cunningham et al., 2008; Naudeau et al., 2008; Shouldman and Makisaka, 2010; WHO 2002).

54 For example, women who, as young girls, saw their fathers beating their mothers have 2.5 times greater risk of experiencing intimate partner violence (IPV) as adults compared with women who did not witness IPV as children. Rates of child marriage, a form of gender-based violence, are often high in FCV settings (see Lucia C. Hanmer et al., *Voice and Agency: Empowering Women and Girls for Shared Prosperity* (Washington, DC : World Bank Group, 2014) http://documents.worldbank.org/curated/en/586221468335982164/Voice-and-agency-empowering-women-and-girls-for-shared-prosperity.)

55 Girls who marry under the age of 18 may be disempowered in ways that deprive them of their basic rights to health, education, and safety. Lack of access to education often severely limits their employment opportunities later in life.

56 See World Bank, *World Development Report 2007: Development and the Next Generation* (Washington, DC: World Bank Group, 2006) http://documents.worldbank.org/curated/en/556251468128407787/World-development-report-2007-development-and-the-next-generation.

57 UN High Commissioner for Refugees (UNHCR), *Report of the United Nations High Commissioner for Refugees: Global Compact on Refugees*, https://www.unhcr.org/gcr/GCR_English.pdf.

58 World Bank, *Forced Displacement and Development*, Development Committee Paper prepared for April 2016 Development Committee meeting (Washington, DC: March 25, 2016) http://pubdocs.worldbank.org/en/749591485963737472/DC2016-0002-FDD-Development-Committee-Paper-Forced-Displacement-and-Development.pdf.

59 World Bank, *Forcibly Displaced: Toward a Development Approach Supporting Refugees, the Internally Displaced, and Their Hosts* (Washington, DC: World Bank Group, 2017) http://documents.worldbank.org/curated/en/104161500277314152/Forcibly-displaced-toward-a-development-approach-supporting-refugees-the-internally-displaced-and-their-hosts.

60 As of August 2019, 19 projects had been approved in 10 countries using IDA18 Sub-Window for Refugees and Host Communities financing ($927 million), and more than 20 operations were in the pipeline. The Global Concessional Financing Facility approved more than $500 million in grants, unlocking more than $2.5 billion in concessional financing in Jordan, Lebanon, and Colombia.

61 See box on Kakuma, in annex 4.

62 As of December 2018, there were 905,831 refugees and 2,332,936 IDPs in Ethiopia (UNHCR; IOM-DTM).

63 Stephen Devereux, ed. *The New Famines: Why Famines Persist in an Era of Globalization* (Abingdon: Routledge, 2006), 23. See also annex 2.

64 Frederick C. Cuny and Richard B. Hill, *Famine, Conflict, and Response: A Basic Guide* (Hartford, CT: Kumarian Press, 1999), 3.

65 Cuny and Hill, *Famine*, 4; Devereux, *The New Famines*, 8.

66 Ravallion, *Famines and Economics*, 5; De Waal, "A Re-Assessment of Entitlement Theory." http://documents.worldbank.org/curated/en/131461468739459836/127527322_20041117152101/additional/multi-page.pdf ; De Waal: https://www.amazon.com/Mass-Starvation-History-Future-Famine/dp/1509524673

67 De Waal, *Mass Starvation*.

68 See annex 4.

69 Between 2004 and 2014, 58 percent of deaths from disasters occurred in the 30 most fragile states (Katie Peters and Marianna Budimir, *When Disasters and Conflict Collide: Facts and Figures* (London: Overseas Development Institute, 2016) https://www.odi.org/sites/odi.org.uk/files/resource-documents/10537.pdf. "From 2005 to 2009 alone, more than 50 percent of the population affected by natural disasters (including drought, floods, hurricanes, and earthquakes) lived in fragile contexts" (Harris, Keen, and Mitchell 2013, K. Harris, D. Keen, and T. Mitchell, *When Disasters and Conflicts Collide: Improving the Links between Disaster Resilience and Conflict Prevention* (London: Overseas Development Institute, 2013), quoted in World Bank, *Turbulent Waters: Pursuing Water Security in Fragile Contexts*, (Washington, DC: World Bank Group, 2017) http://documents.worldbank.org/curated/en/885171489432062054/Turbulent-waters-pursuing-water-security-in-fragile-contexts.

70 Marshall Burke, Solomon M. Hsiang, Edward Miguel, "Climate and Conflict," *Annual Review of Economics* 7, (August 2015):577–617 https://doi.org/10.1146/annurev-economics-080614-115430.

71 Rigaud et al., *Groundswell*.

72 See annex 4 for additional information.

73 This is in full alignment with the IDA19 policy commitment, which states: "At least 20 IDA FCS country portfolios will support improvements in social sector service delivery (i.e., health, education, and social protection), with a focus on addressing the differential constraints faced by men and women, boys and girls, and by people with disabilities." *Report from the Executive Directors of the International Development Association to the Board of Governors: Additions to IDA Resources: Nineteenth Replenishment – Ten Years to 2030: Growth, People, Resilience*. World Bank, 2020.

74 In 2017, 420 million children were living near conflict, of whom 142 million lived in high-intensity conflict zones (1 in 4 children in the Middle East, 1 in 5 in Africa). Source: George Graham et al., *Stop the War on Children: Protecting Children in 21st Century Conflict* (London: Save the Children, 2019).

75 In emergency situations, specific IMF facilities that provide for rapid disbursements in the event of a shock

without the need for a full program are equally helpful in these contexts of severe budgetary constraints (e.g., the Rapid Credit Facility recently used by Mozambique).

[76] Vulnerable employment is defined as "contributing family workers and own-account workers as a percentage of total employment." *World Development Indicators (WDI).* It often refers to lack of formal work arrangements, decent working conditions, adequate social security and "voice" through effective representation by trade unions and similar organizations.

[77] Nikolas Myint and Corey Pattison, *Operationalizing the Pathways for Peace Study in Community-Driven Development Operations: Guidance Note* (Washington DC: World Bank, 2018).

[78] For a review of the evidence from the global body of CDD literature, see, for example, Susan Wong and Scott Guggenheim, *Community-Driven Development: Myths and Realities*, Policy Research Working Paper No. WPS 8435 (Washington, DC: World Bank Group, 2018) https://openknowledge.worldbank.org/handle/10986/29841.

[79] The contribution of water-related disasters to fragility is increasing and depends largely on the preparedness, and response, of government institutions following a disaster. The 2010 and 2011 floods in Pakistan, Cyclone Nargis in Myanmar in 2008, and the 2012 drought in northern Mali demonstrate how water-related disasters contribute to the vicious cycle of water insecurity and fragility.

[80] As an example, in response to a request from the government of Pakistan for assistance with reconstruction efforts after record floods in 2010, the World Bank restructured an existing project to provide additional funds for the import of fuel oil for rescue operations carried out by the military. To ensure that the fuel acquired was used only for the intended purpose, the government agreed to provide documentary evidence that the funds withdrawn were not being employed for military or paramilitary purposes.

[81] The Cameroon Army Corps of Engineers were contracted by the implementing ministry through an output-based designated force account contract. This activity required extensive due diligence and appraisal and is the subject of specific legal and operational arrangements to ensure that any social, safeguard, fiduciary, operational, legal, and reputational risks are appropriately mitigated.

[82] Some of these measures are included as policy commitments under the FCV Special Theme for the IDA19 replenishment.

[83] OP 2.30 is the policy bedrock for engagement in situations of conflict. Based largely on the 1997 post-conflict reconstruction strategy, the policy was adopted by IDA and IBRD's executive directors in early 2001. It outlines a set of basic policies and principles for the Bank's work in conflict-affected countries. OP 2.30 has served as the basic framework for the Bank's engagements, including notably in Afghanistan, Iraq, Somalia, Libya, South Sudan, and Yemen. However, World Bank engagement in FCV contexts has evolved in recent years, requiring an update to OP 2.30.

[84] Astrid Manroth et al., *Strategic Framework for Mainstreaming Citizen Engagement in World Bank Group Operations: Engaging with Citizens for Improved Results* (Washington, DC: World Bank Group, 2014) http://documents.worldbank.org/curated/en/266371468124780089/Strategic-framework-for-mainstreaming-citizen-engagement-in-World-Bank-Group-operations-engaging-with-citizens-for-improved-results.

[85] The "reasonable period of time" that is agreed upon with each client depends on a mix of considerations: the size of the gap between their current operations and the Performance Standards, the risks associated with that gap, the difficulty of the context in which they are currently operating, and the degree of their own capacity.

[86] Johannes Hoogeveen and Utz Pape, eds., *Data Collection in Fragile States: Innovations from Africa and Beyond*, (Cham, Switzerland: Palgrave Macmillan, 2020) © World Bank https://openknowledge.worldbank.org/handle/10986/32576. The report discusses a variety of approaches and methodologies that can be deployed in fragile situations.

[87] The World Bank will draw from the national-level FCV indicators of RRAs and determine whether they can be integrated into CPFs to monitor the evolution of FCV dimensions in countries. These indicators would not be integrated into the CPF-results matrix because they are not attributable to WBG projects.

[88] In Azerbaijan, the GEMS method has been used to create an interactive citizen engagement and grievance redress tool. A freely accessible project web map showcases the exact locations and intended impacts of development activities throughout the country, while allowing the population to provide structured feedback or to report issues directly to the implementing agencies. Similar platforms are being established in Niger, Burundi, and other countries, taking into account local capacity and connectivity constraints.

[89] See annex 2 for lessons learned from a review of TPM contracts.

[90] This fully aligns with the proposed IDA19 policy commitment, which states: "All CPFs, Country Engagement Notes (CENs), and PLRs in IDA FCS will outline how the WBG program, in collaboration with relevant partners, addresses FCV drivers and

sources of resilience, based on diagnostics such as Risk and Resilience Assessments (RRAs) or other FCV assessments. Each RRA/fragility assessment will analyze FCV drivers and sources of resilience and contain operationally relevant recommendations."

91 For instance, the Sahel RRA is under the aegis of the Sahel Alliance, and key contributors include UNDP, France's Agence Française de Développement (the French Development Agency or AFD), Germany's KfW development bank, and the United Kingdom's Department for International Development (DFID).

92 The Myanmar Inclusion and Peace Lens consists of (i) an analytical overview of key exclusion and conflict dynamics in Myanmar that task teams should be aware of; and (ii) a list of questions that examine, among other things, exclusion dynamics, beneficiary targeting, access to benefits, and the mitigation of risks.

93 The IFC's Anticipated Impact Measurement and Monitoring (AIMM) System tracks the development impact of IFC projects. Project outcomes are assessed first at the project level in terms of impacts on stakeholders (including employees, customers, and the community), the economy and society overall, and the environment. Second, outcomes are assessed at the market level, the ability of a project to catalyze systemic changes that go beyond the effects brought about by the project itself.

94 MIGA's Impact Measurement and Project Assessment Comparison Tool (IMPACT) provides a systematic framework for assessing and articulating the expected development impact of proposed MIGA projects.

95 This fully aligns with the proposed IDA19 policy commitment, which states: "Develop and implement at least three regional programs (including in the Sahel, the Lake Chad region, and the Horn of Africa), which are informed by regional RRAs and focus on mitigating key fragility and security risks to promote engagement at the security-development nexus." *Report from the Executive Directors of the International Development Association to the Board of Governors: Additions to IDA Resources: Nineteenth Replenishment – Ten Years to 2030: Growth, People, Resilience.* World Bank, 2020. World Bank, 2020.

96 This fully aligns with the proposed IDA19 policy commitment, which states: "Support at least 95 percent of IDA FCSs (with active portfolios) to establish and/or strengthen core government functions to address FCV drivers." Under IDA19, core governance functions refer to (i) public revenue and expenditure management, (ii) decentralization and service delivery, (iii) government employment and public administration, and (iv) the rule of law. *Report from the Executive Directors of the International Development Association to the Board of Governors: Additions to IDA Resources: Nineteenth Replenishment – Ten Years to 2030: Growth, People, Resilience.* World Bank, 2020. World Bank, 2020.

97 In line with SDG17 on partnerships for the goals—*revitalize the global partnership for sustainable development.*

98 In line with the G7+'s *New Deal for Engagement in Fragile States*, as well as the *New Way of Working* agreed upon at the 2016 World Humanitarian Summit, the FCV Strategy builds on the growing international consensus on the importance of collaborative approaches on the ground between humanitarian, peace, development and other relevant actors to support nationally owned development plans and contribute to greater aid effectiveness.

99 Neelam Verjee, *Regional Economic Communities in Conflict Prevention and Management* (Washington, DC: World Bank Group, 2017) Background Paper for UN–World Bank, *Pathways for Peace* (2018), cited in Cesar Calderon et al., *Africa's Pulse: An Analysis of Issues Shaping Africa's Economic Future*, No. 19 (Washington, DC: World Bank Group, April 2019) https://openknowledge.worldbank.org/handle/10986/31499.

100 This Platform brings together the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, the Islamic Development Bank, and the World Bank.

101 For the purposes of this Strategy, the term civil society organizations (CSOs) includes the full spectrum of civil society stakeholders, encompassing international NGOs, national and local civil society organizations, faith-based organizations, community groups, and other entities.

102 In 2018, the G20 Eminent Person Group Report, "Making the Global Finance System Work for All" was released and recommended that "MDBs should, as a system, leverage on MIGA as a global risk insurer in development finance."

103 In 2019, IFC organized—in collaboration with Oxford University and the United Kingdom's CDC Group—the first DFI Forum on Private Investment in FCV, which attracted 27 DFIs. It is intended as an annual event focused on sharing experiences, engendering collaboration, and identifying common solutions.

104 See box on RPBA in annex 4.

105 Joint training is already conducted with bilateral actors such as Agence Française de Développement or the Folke Bernadotte Academy, the Swedish government agency for peace, security, and development.

106 These cadres of staff are not exhaustive, nor are they indicative of any official WBG title, grade level, or qualification/recognition, but rather provide a useful

typology to help conceptualize the various profiles of staff working in or on FCV within the WBG.

[107] To date, FCV advisors have been deployed to the Democratic Republic of Congo, Ethiopia, Kenya, Lebanon, Mali, Myanmar, Niger, and Zimbabwe.

[108] Staff with a performance rating of 3 and above.

[109] Current learning offerings include the FCV Core Course, SSAFE Course (Safe and Secure Approaches in Field Environments), Human Resources/Operations Policy & Country Services offerings, and the IFC Credit Course for FCV/LICs.

[110] HSD's current outdated system is being replaced through a cooperative arrangement with the UN Division of Healthcare Management and Occupational Safety & Health, which will allow access to the UN's EarthMed EMR system. This will enable automated travel health risk management capabilities and seamless integration with the medical records of the UN clinics that provide crucial health services to WBG staff in many FCS locations. The system will be active by June 2020.

[111] See World Bank, *Sustainable Financing for Sustainable Development: World Bank Group Capital Package Proposal*, paper prepared for the Development Committee meeting on April 21, 2018, DC2018-0002/2; and "Proposal for an IBRD Fund for Innovative Global Public Goods Solutions," May 2019, R2019-0139.

[112] See box on the GPG Fund in annex 4.

[113] According to the IEG in a report evaluating the World Bank's role in natural disasters since 1984, the Bank has reallocated more than $3 billion under existing projects in response to natural disasters. *See* Ronald Steven Parker, Hazards of Nature, Risks to Development: An *IEG* Evaluation of World Bank Assistance for Natural Disasters (Washington, DC: The World Bank Group, 2006) http://documents.worldbank.org/curated/en/396321468161661084/Hazards-of-nature-risks-to-development-an-IEG-evaluation-of-World-Bank-assistance-for-natural-disasters.

[114] Since its establishment, the Ebola Recovery and Reconstruction Trust Fund has played a crucial role in the fight against Ebola, disbursing $50.8 million and benefitting 12.5 million people in the West Africa region through 19 different projects. Approximately $19 million (9 projects) was dedicated to economic recovery, $19.1 million (4 projects) strengthened the health sector, and $12.7 million (6 projects) helped improve social recovery.

[115] See box on the SPF, in annex 4.

[116] The Systematic Operations Risk-rating Tool (SORT) was introduced in 2014 and is the source of aggregate information on development-outcome risks in World Bank operations.

[117] The SORT ratings will be reviewed and calibrated to inform a formal Board discussion of risk appetite and risk tolerance in Bank operations.

[118] The stringency of IFC's credit standards for evaluating prospective investments is key to maintaining the institution's AAA credit rating and financial sustainability.

[119] IFC is committed to increasing the share of investment commitments in IDA and FCS to 40 percent by FY2030, with 15-20 percent in low-income IDA and IDA FCS countries.

[120] The CPIA (Country Policy and Institutional Assessment) provides a rating of countries against a set of 16 criteria grouped into four clusters: economic management, structural policies, policies for social inclusion and equity, and public sector management and institutions. The Harmonized CPIA is calculated as the average of the World Bank CPIA and the African Development Bank or Asian Development Bank CPIA (as may apply to a given country).

[121] The list will use the lowest score (rather than the average) of CPIAs from the World Bank, the African Development Bank, and the Asian Development Bank.

[122] See footnote 1.

[123] People internationally regarded as refugees in need of international protection include refugees, people in refugee-like situations, and Venezuelans displaced abroad.

[124] The most recent year for which CPIA score data are available is 2018.

[125] This is updated continuously at https://peacekeeping.un.org/en/where-we-operate.

[126] The latest year for which UNHCR refugee data are available is 2018.

[127] Both ACLED and UCDP aim to record, report, and map conflict-related fatalities (stemming from state-based, non-state, and one-sided violence), and are considered by practitioners, researchers, and governments as reliable sources of such data. The use of two sets of data is necessary to even out discrepancies. Latest year for which they are available is 2018.

[128] Countries on the FCS list will retain their IDA/IBRD status. Middle-income FCS countries can potentially access IBRD financing, and low-income FCS countries can potentially access IDA financing.

[129] UN and WBG, *Pathways for Peace*.

[130] Cesar Calderon et al., *Africa's Pulse* No. 19 (April 2019):59 which is available at https://openknowledge.worldbank.org/handle/10986/31499.

[131] UN and WBG, *Pathways for Peace*, 185.

[132] Cesar Calderon et al., *Africa's Pulse* No. 19 (April 2019):59.

[133] UN and WBG, *Pathways for Peace*.

[134] Graeme Simpson, *The Missing Peace: Independent Progress Study on Youth, Peace and Security*, (UNFPA and PBSO, 2018), 60 https://www.youth4peace.info/system/files/2018-10/youth-web-english.pdf.

[135] See, for example, cross-country study by Mercy Corps 2015; Hafez 2003. https://books.google.com/books/about/Why_Muslims_Rebel.html?id=Ech1t_HBKMIC; https://www.mercycorps.org/sites/default/files/2020-01/MercyCorps_YouthConsequencesReport_2015.pdf

[136] UN and World Bank, *Pathways for Peace*, 189.

[137] This review examined the FCS portfolio between FY2012-2018.

[138] Business Warehouse historical data managed by Operations Policy & Country Services (OPCS).

[139] Using the FY2018 OPCS FCS portfolio review as a basis, the FCV Group conducted a detailed analysis with BWI and Standard Report data.

[140] Comprises IDA, IBRD and IBRD/IDA Trust Funds.

[141] FY2006-2019: This US$583 billion includes IDA, IBRD and TF commitments: DFI Trust Funds Team analysis, 2019.

[142] This US$58 billion includes IDA, IBRD and TF commitments: DFI Trust Funds Team analysis, 2019.

[143] Trust Funds refer to IBRD/IDA Trust Funds, in which the World Bank acts as an implementing agency to financial intermediary funds (FIFs). It excludes IFC Trust Funds.

[144] Africa: US$24.4 billion (42%), and South Asia: US$15 billion (26%) during FY2006-2019 (DFI Trust Funds Team analysis, 2019).

[145] Afghanistan received 23 percent of the total share of FCS commitments during FY2006-2019 (DFI Trust Funds Team analysis, 2019).

[146] Afghanistan Commitments FY2006-2019: Trust funds: US$9.8 billion and IDA: US$3.4 billion (DFI Trust Funds Team analysis, 2019).

[147] FY2006-2019: Democratic Republic of Congo with US$5.8 billion (10%), Iraq with US$4.8 billion (8%), Côte d'Ivoire with US$4.3 billion (7%), and Yemen with US$3 billion (5%) (DFI Trust Funds Team analysis, 2019).

[148] DFI Trust Funds Team analysis, 2019.

[149] FCV Group's analysis with the Standard Report's active portfolio data as of end-FY19. Operations under review included all IBRD- and IDA-financed operations, as well as specific trust fund financed stand-alone projects (Montreal Protocol, Recipient-Executed projects, GEF, and Special Financing operations), except that those less than $5 million are not included.

[150] The list is revised annually; countries can fall on and off the list if country factors influence their ability to fit its criteria. The smallest and largest number of countries ever on the FCS Harmonized list was 32 countries in FY11 and FY12, and 36 countries in FY10, FY14, FY18, and FY19.

[151] The 19 economies that have been on the list continuously since its inception are Afghanistan, Burundi, the Central African Republic, Chad, Comoros, Côte d'Ivoire, the Democratic Republic of Congo, Eritrea, Guinea-Bissau, Haiti, Kosovo, Liberia, Myanmar, Solomon Islands, Somalia, Sudan, Togo, Zimbabwe, and West Bank and Gaza.

[152] With the exception of FY216- FY18, when MNA had the largest share.

[153] All information and figures based off the FY19 Active Portfolio were generated through FCV Group analysis and included all countries on the FY19 Harmonized List and data from the WB's Standard Reports, with the exclusion of small RE projects (those under $5million).

[154] By distribution of volume, the eight countries that dominate 70 percent of the portfolio are the Democratic Republic of Congo (14%), Côte d'Ivoire (11%), Afghanistan (9%), Iraq (8%), Mozambique (8%), Myanmar (7%), Lebanon (7%), and Yemen (7%). On the other hand, by total number of projects, 70 percent of the portfolio is dominated by wing 15 economies: Afghanistan, the Democratic Republic of Congo, Mozambique, Mali, Côte d'Ivoire, Haiti, West Bank and Gaza, Central African Republic, Lebanon, Myanmar, Liberia, Chad, Djibouti, the Republic of Congo, and Togo. FCV Group analysis: Standard Report Data, FY19.

[155] These eight countries are the Democratic Republic of Congo (14%), Côte d'Ivoire (11%), Afghanistan (9%), Iraq (8%), Mozambique (8%), Myanmar (7%), Lebanon (7%), and Yemen (7%). FCV Group analysis: Standard Report Data, FY19.

[156] This share remains roughly the same even after excluding small states.

[157] FCV Group analysis: Standard Report Data, FY19.

[158] The average duration of projects over the course of implementation for FCS is roughly 3.1 years, as compared to 3.6 years in non-FCV: OPCS FY18 FCV Portfolio Review.

[159] Figures based on the FY19 Active Portfolio were generated through FCV Group analysis.

[160] X-axis abbreviations are the WB's Global Practices: POV: Poverty and Equity, DD: Digital Development, ENR: Environment and Natural Resources, MTI: Macroeconomic, Trade and Investment, GOV: Governance, Social: Social Development, FCI: Finance, Competitiveness and Innovation, EDU: Education, AG: Agriculture, SPG: Social Protection, Labor and Jobs, Water, ENE: Energy and Extractives, Urban DRM: Urban Disaster Risk Management, Resilience and Land, HNP: Health, Nutrition and Population, TRAN: Transport.

[161] IBRD and IDA lending to FCV increased 334% over the period FY06- FY19, per World Bank Institute (WBI) data. Lending across all regions has continued to increase, with the exception of Europe and Central Asia (ECA). This can be explained by the fact that there are only a few ECA countries in the FCV portfolio (Tajikistan, Uzbekistan, and Georgia fell on and off the list up until FY11, and Bosnia and Herzegovina exited in FY16, leaving Kosovo as the only ECA country in the portfolio).

[162] This is true for ratings across the board. The following is a snapshot of the FY12-FY17 period by number of projects rated MS+ (moderately satisfactory and above): (i) **Lower WB Project Outcome ratings:** FCV FY12- FY14: 68%, FY15- FY17: 65% versus non-FCV: FCV FY12- FY14: 69%, FY15- FY17 79%; (ii) **Lower WB Quality at Entry ratings:** FCV FY12- FY14: 57%, FY15- FY17: 56% versus non-FCV: FCV FY12- FY14: 60%, FY15- FY17: 67%; (iii) **Lower WB Performance ratings:** FCV FY12- FY14: 70%, FY15- FY17: 65% versus non FCV: FCV FY12- FY14: 70%, FY15- FY17: 79%, and (iv) **Lower IEG ratings**. Source: IEG RAP 2019 and OPCS FY18 FCV Portfolio Review.

[163] The FCS portfolio has a higher share of projects rated "High" and "Substantial" on SORT, as of FY18 Active Portfolio (the active portfolio is determined based on the current FY's harmonized list of FCS, here FY18 was utilized).

[164] IEG RAP 2018.

[165] IEG RAP 2019.

[166] Snapshot of FY07- FY18 time-period, as per Completion and Learning Review (CLR) Review: Country Strategy WBG Performance Ratings: (FCV: 44) (non-FCV: 64). Country Strategy Development Outcome Ratings: (FCV: 52) (non-FCV: 71): (Source: IEG RAP 2019.)

[167] IEG RAP 2018, pg. 3: "If project results relating to both of these countries [Afghanistan and Yemen] are excluded, ratings for the remaining IDA FCS show a marginal improvement over the period."

[168] A consistently steady increase from 87 percent to 94 percent over a one-year time span.

[169] OPCS FY18 FCS Portfolio Review.

[170] As per their most recent Implementation Status and Results Report (ISR) ratings.

[171] On average, 24 percent of FCS operations have required one or more additional financings, as compared to 16 percent of non-FCS, as per the FCS Group analysis: FY19 FCS Active Portfolio.

[172] World Bank Group Open Finances (**https://finances.worldbank.org**) summarizes all World Bank project assessments carried out by the Independent Evaluation Group (IEG) as of October 15, 2019. Projects are classified as "FCS projects" if the country was on the FCS Harmonized List during the approval process.

[173] Figures based off the FY19 Active Portfolio were generated through FCV Group analysis.

[174] FCV, on average, has projects in problem status for 1 month, as compared to 1.8 months in non-FCV projects (FCV Group Analysis, FY19 FCV Active Portfolio).

[175] See Section 3.

[176] Long-term finance excludes trade finance and is generally more than a year in maturity.

[177] Based on IFC's Development Outcome Tracking System (DOTS) results.

[178] Based on IEG Ratings of Excellent or Satisfactory for Development Outcome.

[179] MDRP covered Angola, Burundi, Central African Republic, Democratic Republic of Congo, Republic of Congo, Rwanda, and Uganda.

[180] Africa Social Development Knowledge Brief Disarmament, Demobilization and Reintegration Programs (DDR); Economic and Social Reintegration of Ex-combatants.

[181] The AU Continental Early Warning System (CEWS) is supported by the WB Nordic Trust Fund (NTF) and UN Office of the High Commissioner for Human Rights (OHCHR); Africa Social Development Knowledge Brief DDR; Economic and Social Reintegration of Ex-combatants.

[182] DFI: Trust Funds Team Analysis: 2019.

[183] As of December 2018.

184 As outlined in the 2018 Trust Fund Annual Report (TFAR)'s review of the Afghanistan Reconstruction Trust Fund.

185 Referred to in the Program Appraisal Document (PAD)as "drivers of fragility" as identified in the Pakistan Post-Crisis Needs Assessment (PCNA) 2010. These drivers include high unemployment rates among young men, inadequate livelihoods, and absence of sufficient employment opportunities.

186 The Food Security Information Network (FSIN), *2019 Global Report on Food Crises: Joint Analysis for Better Decisions* (Rome, Italy and Washington, DC: Food and Agriculture Organization (FAO), World Food Programme (WFP), and International Food Policy Research Institute (IFPRI), 2019) http://fsinplatform.org.

187 It is estimated that IDA has provided about $22 billion in financing for food insecurity interventions over the last decade. It is also estimated that the WBG has provided more than $60 billion in financing for food security since the 1980s, making it one of the largest sources of development assistance in this space.

188 The FAM initiative was made possible by generous support from the State and Peacebuilding Fund (SPF), the InsuResilience Multi Donor Trust Fund, and the Global Risk Financing Facility (GRiF).

189 World Bank, *Pacific Possible: Long-Term Economic Opportunities and Challenges for Pacific Island Countries* (Washington, DC: World Bank Group, 2017) http://documents.worldbank.org/curated/en/168951503668157320/Pacific-Possible-long-term-economic-opportunities-and-challenges-for-Pacific-Island-Countries.

190 World Bank, *Forward Look: A Vision for the World Bank Group in 2030* (Washington, DC: World Bank Group, 2017).

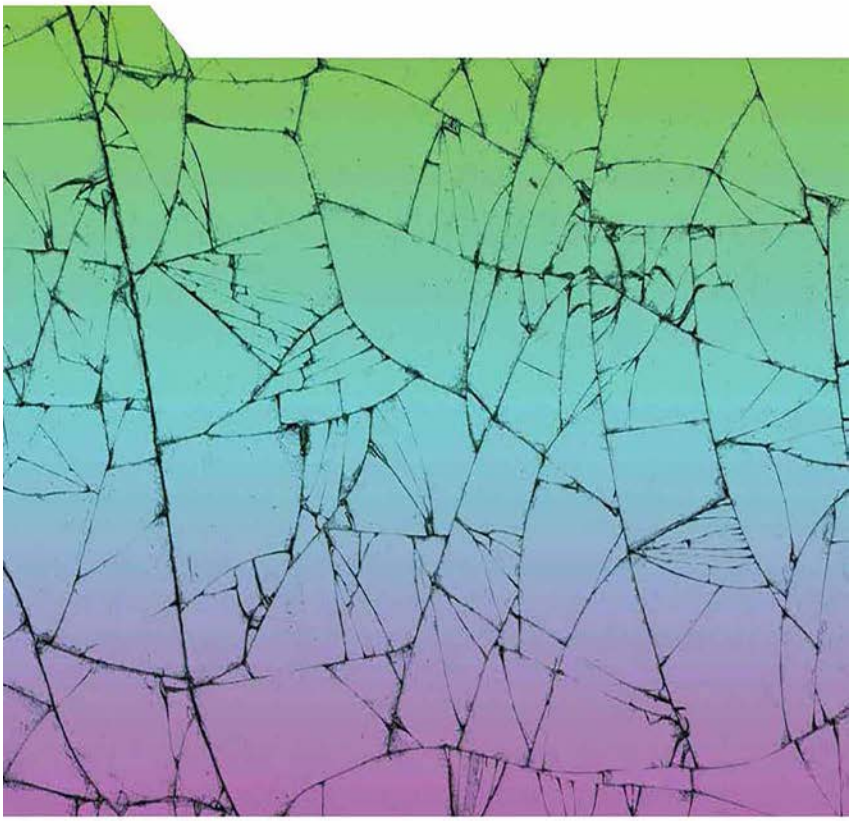
191 Excerpt from World Bank, *Strategy and Business Outlook Update FY20-FY22* (Washington, DC: World Bank Group, 2019) 35, fig. 3.1: *Expenditures in Selected Corporate Priorities*. FCV spending identified through costs attributable to the country, and thematic unit for all budget classes (Country Engagement, CE; Global Engagement, GE; Program and Practice Management, PPM); also includes indirect costs of Institutional, Governance and Administrative (IG&A) units. http://documents.worldbank.org/curated/en/793471537214192071/pdf/FY19-World-Bank-Budget-for-Public-Disclosure-FINAL-vF-09112018.pdf; http://documents.worldbank.org/curated/en/703751569031298844/FY20-World-Bank-Budget

192 This analysis comprises costs from all budget classes (CE, GE, PPM) using FCV country codes. It includes project costs, GTFDR unit costs, third-party monitoring costs, FCV-related corporate and office security/security allowances, field benefits in FCV, and associated indirect costs for IG&A units. http://documents.worldbank.org/curated/en/793471537214192071/pdf/FY19-World-Bank-Budget-for-Public-Disclosure-FINAL-vF-09112018.pdf; http://documents.worldbank.org/curated/en/703751569031298844/FY20-World-Bank-Budget

193 FY19 World Bank Budget report, p. 38, figure 4.8 (R2018-0111), and FY20 World Bank Budget document (R2019-0132), p. 44, figure 4.7; FCV-risk countries include Guinea, Nepal, Niger, and Tajikistan. http://documents.worldbank.org/curated/en/793471537214192071/pdf/FY19-World-Bank-Budget-for-Public-Disclosure-FINAL-vF-09112018.pdf; http://documents.worldbank.org/curated/en/703751569031298844/FY20-World-Bank-Budget

States of Fragility 2018

HIGHLIGHTS



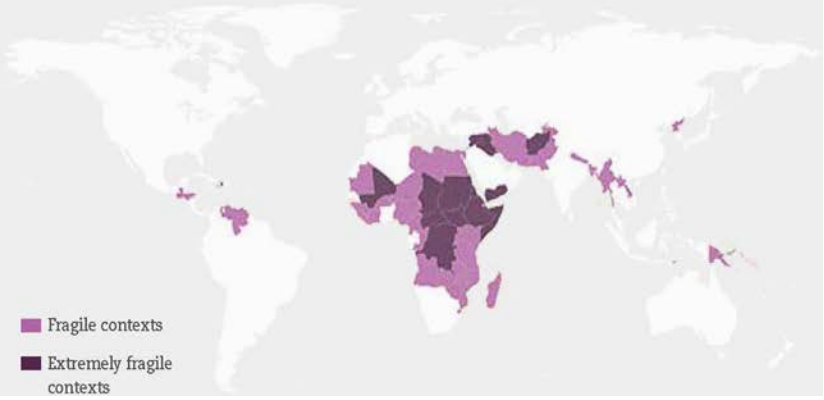
OECD

States of Fragility 2018

HIGHLIGHTS

The OECD Development Co-operation Directorate (DCD) has produced reports on fragility since 2005. These reports explore trends and financial resource flows in fragile and conflict-affected countries and economies. Several years ago, the OECD moved on from using the fragile states moniker in acknowledgement that a broader conceptualisation and label of fragility – one that recognised fragility's many shades or states – was more in line with the universality of the post-2015 world. Likewise, in 2016, the OECD introduced its multidimensional fragility framework that captures the relationship between risks and coping capacities across five different dimensions.

The OECDs work on fragility responds to increasing concerns about the implications of fragility for stability and development, especially in the context of Agenda 2030 and the international promise to "leave no one behind". The purpose of this series is to provide compelling evidence that can inform donor policies and underpin international debates. By doing so, the reports seek to ensure that issues driving fragility remain high on the international development agenda while also supporting better policy to drive better results where they count most – on the ground.



Editorial

Fragility poses a major global threat to the implementation of the 2030 Agenda for Sustainable Development. In 2016, more countries experienced some form of violent conflict than at any time in the past 30 years. Close to 26 000 people died from terrorist attacks and 560 000 people lost their lives because of violence. The number of displaced people in the world is the highest since the end of the Second World War. Last year, the world faced four concurrent famines.

At the heart of this catalogue of human suffering is fragility. Each crippling number demonstrates how critically important it is that the international community strive even harder to better understand, anticipate and respond to both the drivers and consequences of fragility.

This report shows that, without action, more than 80% of the world's poorest will be living in fragile contexts by 2030. This means that development actors across many sectors will need to better grasp the unique challenges of development in fragile contexts if the ambitions of the Sustainable Development Goals are to be met. Moreover, just 2% of total gross official development assistance (ODA) went to conflict prevention and associated activities in 2016. We know that conflict can reverse decades of development progress, at the same time reinforcing those very dynamics that led to conflict in the first place.

We also know that development co-operation can have a positive impact, not only by building resilience to fragility but also by improving the lives of the girls, boys, women and men who live in fragile environments. In order to change course, we have to do better. ODA is a powerful tool in addressing fragility and it is one of the few financial flows that fragile contexts can depend upon.

How development actors choose to allocate their funds can make a difference. ODA is still too concentrated in a handful of places and is not always well-aligned to the unique and multidimensional needs of fragile contexts. There is also room for improvement when it comes to co-ordinating different financial flows in fragile contexts and to combining humanitarian assistance with long-term development finance and private capital, to maximise their value and impact.

This report explores these and other issues related to the state of fragility in the world today, the state of the financing now available for fragile contexts and what these findings mean for how we can more effectively address fragility in all of its complexity. Following on the breakthrough *States of Fragility* report of 2016, *States of Fragility* 2018

continues to evolve the innovative concept of multidimensional fragility, exemplified in the OECD fragility framework that captures risks and coping capacities across five dimensions.

People living in fragile contexts are already at risk of being left behind, in an era where we all promised that no-one would be. If the member countries of the Development Assistance Committee are to keep their promise, fragility must remain a focus of development policies and practice until 2030 and beyond. The OECD will provide the policy-relevant data and analysis to support the entire development community in its efforts to sustain peace and support sustainable development.

Charlotte Petri Gornitzka, OECD
Development Assistance Committee (DAC)

Jorge Moreira da Silva, OECD
Director, Development Co-operation Directorate (DCD)

Ambitions

States of Fragility 2018 demonstrates the need to invest in more ambitious results. The report is published at a time when the collective ambitions of Agenda 2030 – a call to action for people, planet, prosperity and peace – are three years into delivery. Yet delivery of results is already in jeopardy. Overall, the intention of this report, then, is to provide the evidence needed to inspire a correspondingly ambitious and proactive response that will deliver better results in fragile contexts.

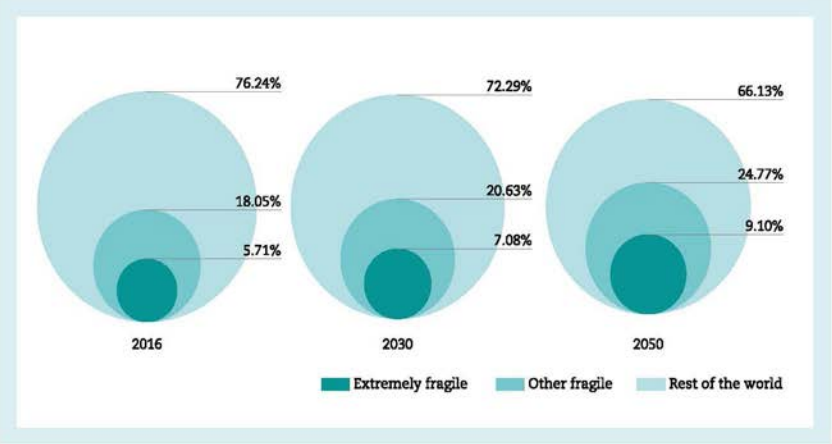
These seven key messages therefore aim to ensure that our collective ambition – that of governments in fragile contexts, regional organisations, bilateral and multilateral actors, civil society, and the private sector – is broad enough to overcome fragility. This is in recognition that fragility is one of the most profound challenges of the 21st century.

1 We must recognise fragility if we want a better world

The increasingly interlinked nature of today's world means that suffering is no longer confined by national borders. Most of the distressing developments dominating headlines everywhere – conflict, terrorism, homicides, the threat of pandemics, forced displacement, disasters, famine and more – have fragility at their core. These issues affect large amounts of people. Currently, about 1.8 billion people live in fragile contexts, but this figure is projected to grow to 2.3 billion by 2030. Poverty, too, is increasingly concentrated in fragile contexts; upwards of 620 million people, or 80% of the world's poorest, could be living in these contexts by 2030. Gender inequality is even more difficult to tackle in fragile contexts, some of which have the most unequal education systems in the world.

In 2017, 30.6 million people, the equivalent of 80 000 people each day, were forced to flee their homes because of violence, conflict and disasters.* The burden of forced displacement falls disproportionately on fragile contexts, which generate the largest numbers of refugees and also host the largest shares of refugee populations and internally displaced. All of these perils exact unacceptable levels of human suffering. All of them are incompatible with the vision for a better world embodied in Agenda 2030.

GLOBAL POPULATION TRENDS PROJECTION



* Internal Displacement Monitoring Centre (2018), *Grid 2018: Global Report on Internal Displacement*, Internal Displacement Monitoring Centre (IDMC), www.internal-displacement.org/sites/default/files/publications/documents/2018-GRID.pdf (accessed on 24 May 2018)

KEY CHARACTERISTICS OF FRAGILE CONTEXTS

In 2016, 1.8 billion people or **24% of the world's population,** were living in fragile contexts. This figure is projected to grow to 2.3 billion people by 2030 and 3.3 billion by 2050, representing 28% and 34%, respectively, of the total world population.

Based on UN DESA World Populations Prospects 2017

The majority of fragile contexts are situated in sub-Saharan Africa (35), followed by the Middle East and North Africa (9), Asia & Oceania (10) and Latin America and the Caribbean (4).

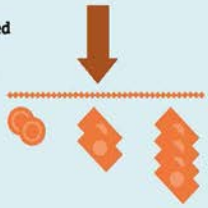
In fragile contexts, **the average median population age is 20 years** as compared to about 33 years in the rest of the world.

Based on UN DESA World Populations Prospects 2017

In 2015, **fragile contexts were home to 513.6 million people living in extreme poverty** (defined as USD 1.90/day). By 2030 this could rise to 620 million people, or, more than 80% of the world's poorest.

World Bank and International Futures model

The majority of fragile contexts (30) are classified as middle-income (6 upper middle-income and 24 lower middle-income) against 28 low-income countries.



Based on World Bank data

In 2015, **life expectancy in fragile contexts ranged between 50 years (Sierra Leone) and 76 years (Iran).**

Human Development Index 2016

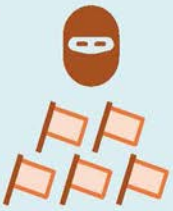
In 2016, **20 of all fragile contexts (58) were considered natural resource rich.** Of these, 6 are extremely fragile: Democratic Republic of the Congo, Iraq, Sudan, South Sudan, Chad and Yemen.

Based on World Bank data

According to the EIUs Democracy Index, **most fragile contexts (31) are classified as authoritarian regimes.**

The Economist Intelligence Unit (EIU)

In 2016, **the top 5 countries most impacted by terrorism were fragile contexts**: Iraq, Afghanistan, Nigeria, Syria and Pakistan.



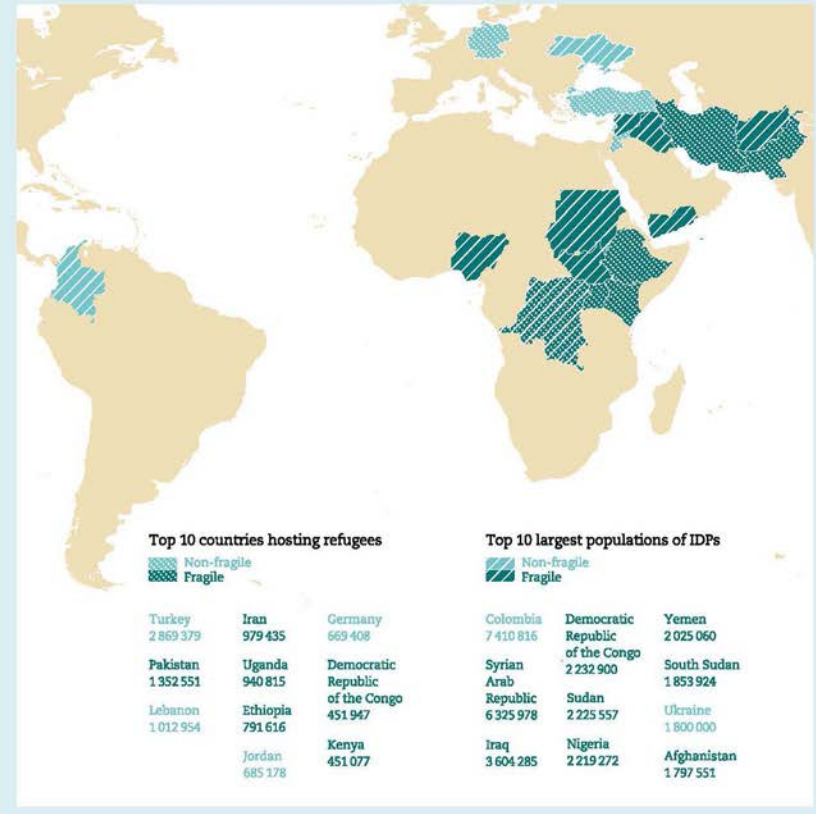
Global Terrorism Index 2017

Of the 15 countries considered extremely fragile in this report, **9 countries were in active armed conflict in 2016**: Afghanistan, Central African Republic, Democratic Republic of the Congo, Iraq, Mali, Somalia, South Sudan, Syria and Yemen.

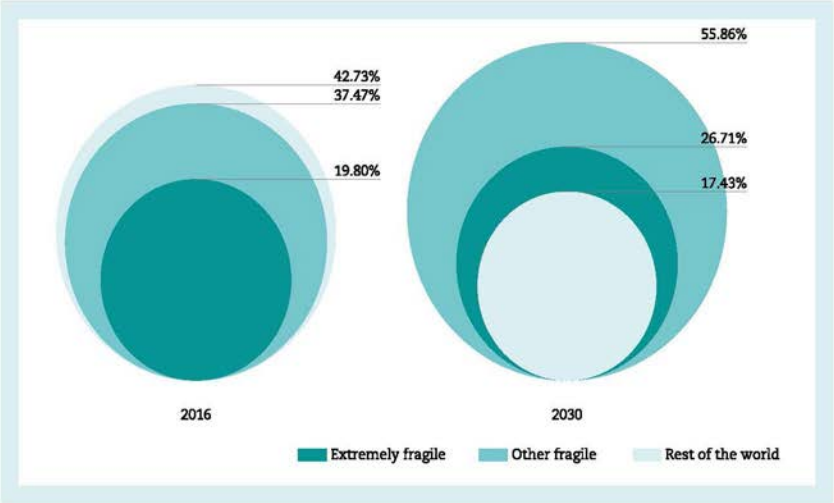
Based on UCDP data

Fragility impedes development and human potential, making it possibly the single biggest spoiler to achievement of the Sustainable Development Goals (SDGs) and the sustaining peace agenda. The success of both of these international agendas thus hinges on whether fragility's multiple drivers and manifestations can be addressed more proactively. Fragility does not matter only for people living in fragile contexts or for those who have been left behind. It is time to recognise that fragility matters for everyone.

GLOBAL IMPACT OF FORCED DISPLACEMENT, 2016



EXTREME POVERTY PROJECTIONS

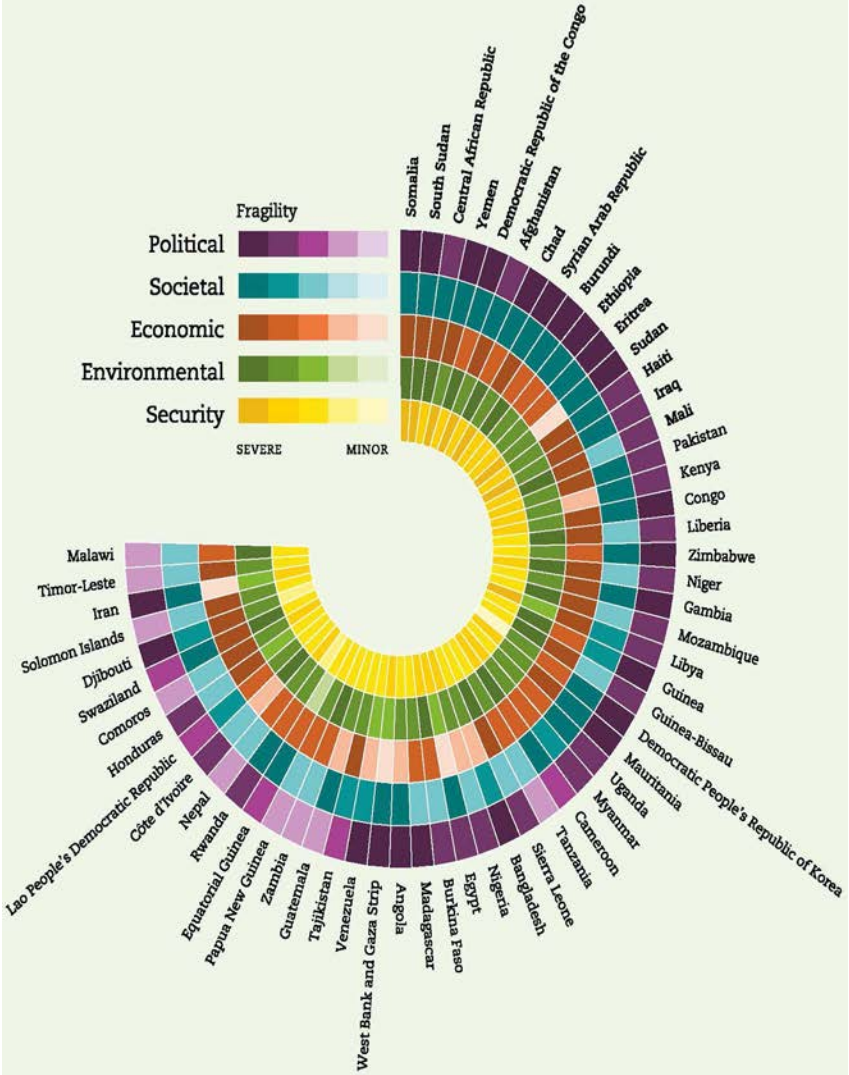


2 *We will accept complexity and address all dimensions of fragility*

Fragility is not simple. As a multidimensional phenomenon, it occurs over a spectrum of intensity, with all countries and societies exhibiting fragility at some point and to some extent. The OECD multidimensional framework attempts to capture fragility's intrinsic complexity while still providing useful guidance. The framework represents a major shift in how fragility is conceptualised in that it frames fragility as a combination of risks and coping capacities in economic, environmental, political, security and societal dimensions. It thus offers the advantage of a more comprehensive and universally relevant perspective because it takes into consideration that each context is experiencing its own unique combinations of risks and coping capacities.

Addressing fragility will require greater acceptance of this complexity through tailoring differentiated approaches to fragile contexts and working across the full spectrum of issues, some of which are inherently difficult and sensitive. Fragility is complex. However, not all aspects of delivering programmes to address fragility need to be complicated, provided fragility is well understood at country level. Systemic change is unlikely if approaches to fragile contexts attempt to

OECD FRAGILITY FRAMEWORK 2018



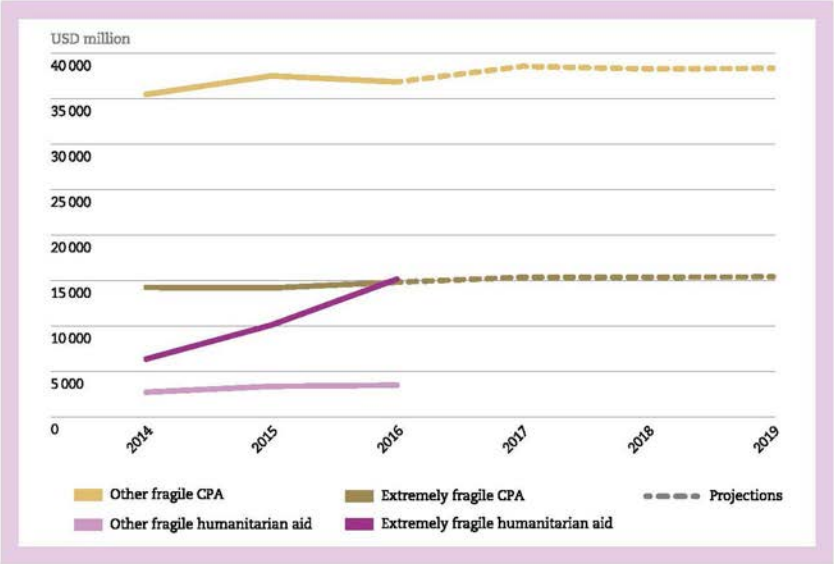
isolate and target only specific drivers or dynamics or if interventions are narrowly projectised. *States of Fragility 2018* therefore emphasises a greater focus on systems thinking and systems analysis, which can help a range of actors understand the causality, multidimensionality and impacts of fragility. Most importantly, the implications of leaving certain risks unaddressed must also be highlighted and acknowledged by all actors engaged on fragility or working in fragile contexts.

3 *We will invest in more and smarter aid in fragile contexts*

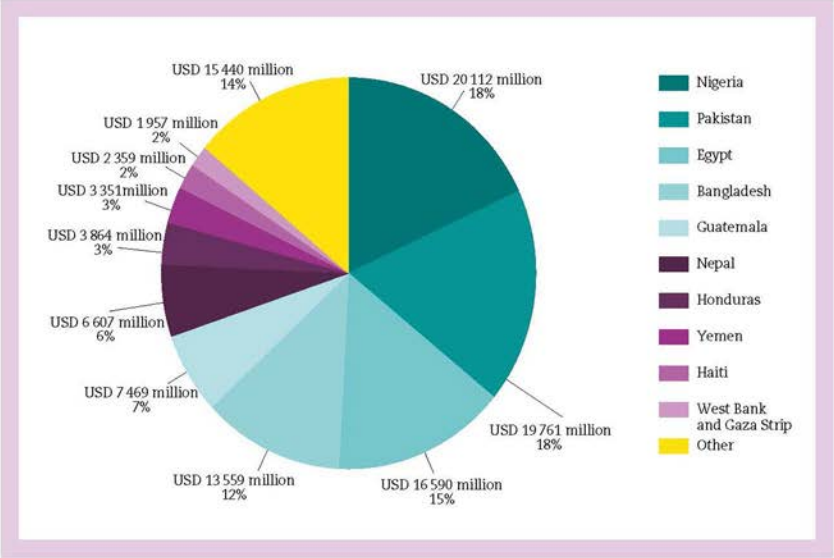
Official development assistance (ODA) matters immensely in fragile contexts. In 2016, USD 68.2 billion, or 65% of total earmarked funding, went to the 58 contexts on the OECD fragility framework. ODA to fragile contexts has been on the rise since the end of the global financial crisis, growing by 26% in real terms from 2009 to 2016. However, this growth is mainly due to the surge in humanitarian assistance, which increased by 144% in the same period. Humanitarian aid represents about one-fourth of total ODA to all fragile contexts but makes up half of all ODA in the 15 extremely fragile contexts. The humanitarian needs in extremely fragile contexts are undeniable. Nonetheless, the trend of aid increasingly being used for stopgap "firefighting" that ultimately extends to prolonged humanitarian purposes, rather than for longer-term development that actually addresses the drivers of fragility, is worryingly inconsistent with visions for sustaining peace and sustainable development.

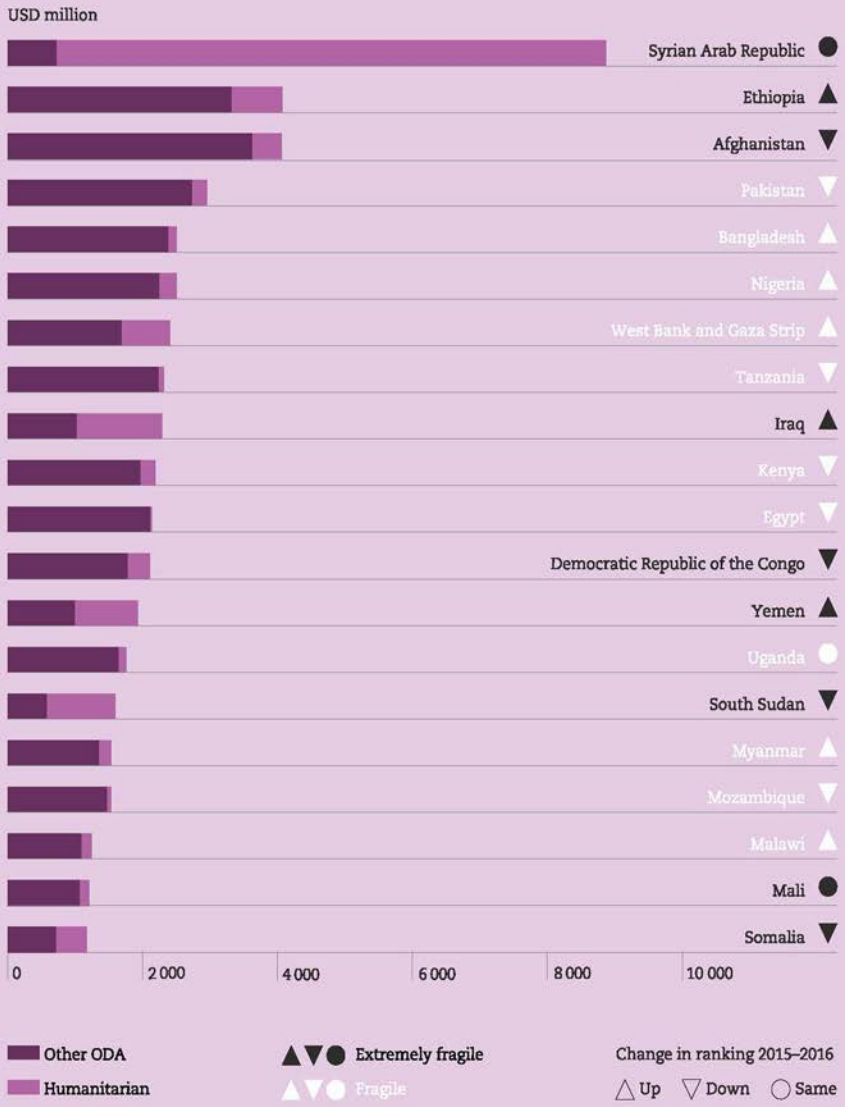
Aid is the only financial flow that directly invests in the foundations for peaceful and stable societies, which is an investment that invites more inclusive growth and sustainable development. Aid will remain critical for the foreseeable future, as it will take many years for most fragile contexts to have a diversity of financing options at their disposal. *States of Fragility 2018* demonstrates this clearly. It shows that remittances and foreign direct investment (FDI) benefit relatively few fragile contexts, with 70% of remittances going to just five contexts while less than 10% of FDI going to ODA-eligible countries reaches fragile contexts. Additionally, fragile contexts still struggle with generating enough, and the right mixture of, domestic resources. Therefore, aid that goes to fragile places must be carefully allocated and considered – specifically with each fragile context's risks and coping capacities, and trajectories towards resilience, in mind.

COUNTRY PROGRAMMABLE AID VS. HUMANITARIAN AID

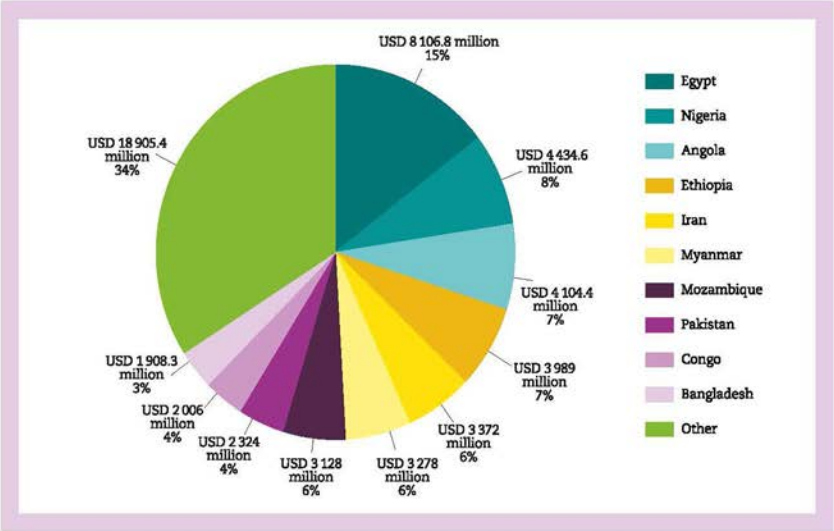


TOP 10 FRAGILE RECIPIENTS OF REMITTANCES, 2016

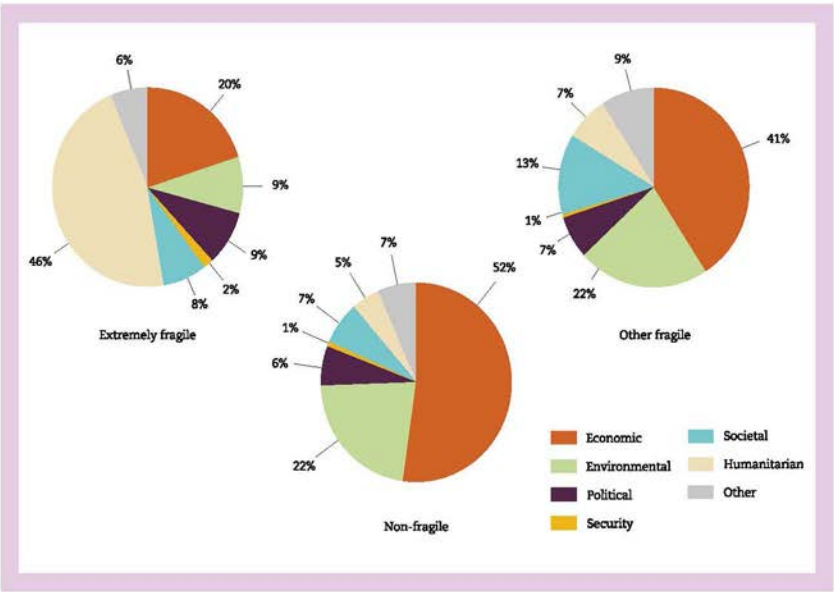



TOP 20 ODA RECIPIENTS AMONG FRAGILE CONTEXTS, 2016
USD million
Syrian Arab Republic
Ethiopia
Afghanistan
Pakistan
Bangladesh
Nigeria
West Bank and Gaza Strip
Tanzania
Iraq
Kenya
Egypt
Democratic Republic of the Congo
Yemen
Uganda
South Sudan
Myanmar
Mozambique
Malawi
Mali
Somalia
0
2 000
4 000
6 000
8 000
10 000
Other ODA
Humanitarian
Extremely fragile
Fragile
Change in ranking 2015–2016
Up
Down
Same

TOP 10 FRAGILE RECIPIENTS OF FDI, 2016



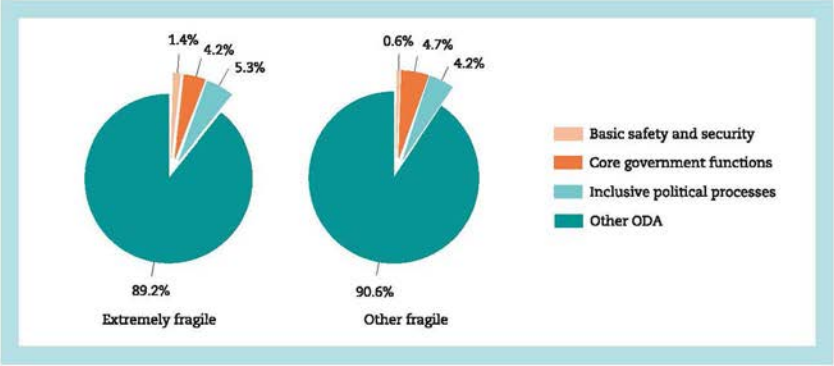
MULTIDIMENSIONAL ODA TO FRAGILE AND NON-FRAGILE CONTEXTS, 2016



4 We will step up our efforts on prevention, peace and security

From the highest echelons of the international community, there are now calls to give priority to confronting persistent vulnerabilities in countries and regions prone to fragility, violence and conflict in order to prevent their further unconscionable human and financial costs. But these ambitious calls will not advance beyond rhetoric without equally ambitious international efforts and financial commitments to support them. Peace is not a direct or inevitable outcome of development assistance. It takes targeted and intentional support. Likewise, addressing fragility, preventing violent conflict, and building and sustaining peace are not easy or short-term endeavours. They require consistent commitment at both the policy and programmatic level. At the same time, they are not necessarily expensive endeavours, especially compared to peacekeeping and other forms of crisis response.

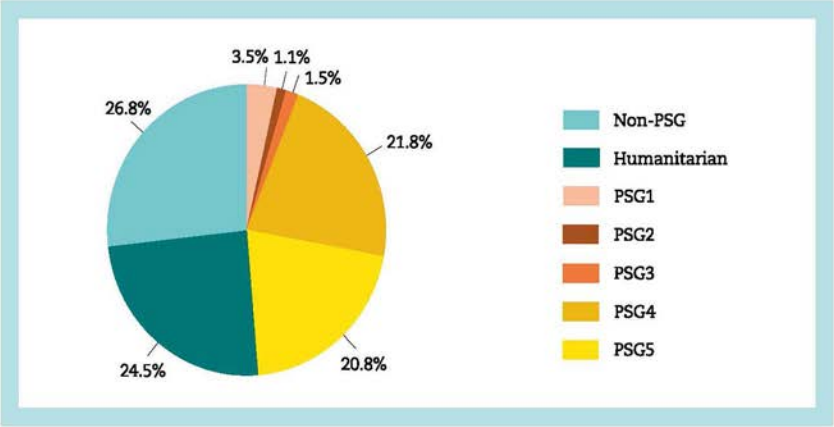
PEACEBUILDING EXPENDITURES AS COMPARISON OF TOTAL ODA, 2016



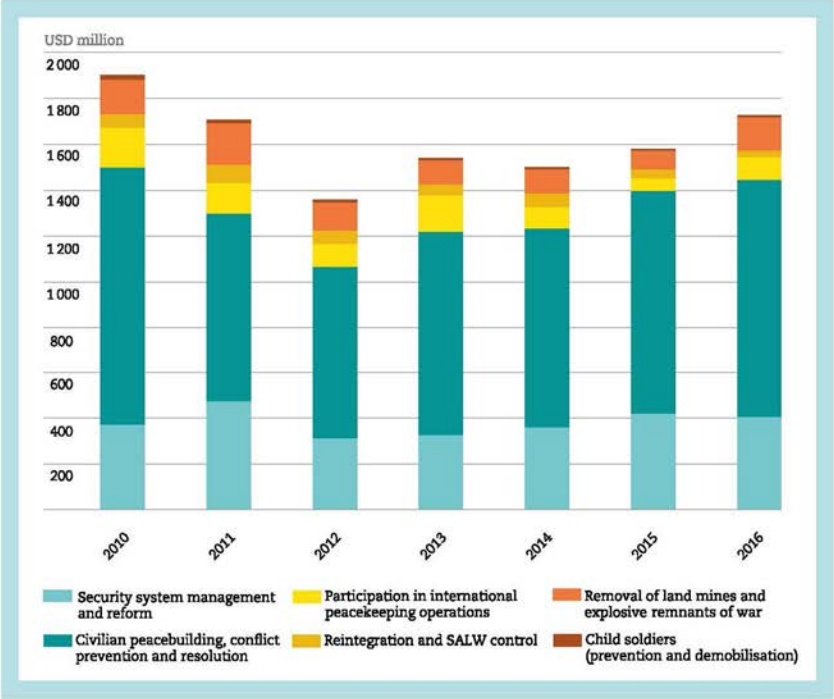
Despite the attention, however, it is clear that the amount of funding channelled towards issues such as prevention and peacebuilding has been inadequate, especially when compared to the USD 233 billion spent over the past ten years on crisis response.* After reaching a high point in 2010, financial commitments to conflict prevention and peacebuilding have levelled off and have yet to regain popularity. Indeed, in 2016, only 2% of total ODA to fragile contexts went to conflict prevention. Only 10% went to peacebuilding. The international community must now demonstrate that its financial commitments to the prevention and sustaining peace agendas match its rhetoric. If these agendas are to retain their legitimacy and sincerity, they must be given the chance to succeed.

* This figure includes the amount spent by the international community on humanitarian response, peacekeeping and hosting refugees. See www.un.org/press/en/2018/sgsm18923.doc.htm.

ODA TO PEACEBUILDING AND STATEBUILDING GOALS, 2016



ODA TO CONFLICT, PEACE AND SECURITY ACTIVITIES, 2016



5 *We will invest in the data to better understand, anticipate and respond to multiple states of fragility*

Knowledge and understanding of fragility have grown impressively in the past decade, but the data have not kept up. Gaps persist in our ability to capture subnational and regional dynamics and the pace of change within societies. Factors such as social and cultural capital and societal cohesion also affect the way that societies experience and deal with fragility. Yet gaps persist here, as well. While various forms of inequality can be measured, it is still very difficult to quantitatively and fully capture the myriad, interwoven influences and systems that determine how well, or how poorly, societies function.

Moreover, it is difficult to gather information about informal systems such as networks, institutions, processes and economies, despite the fact these are often impossible to separate from either the risks the society faces or its inherent coping capacities. In addition, and despite growing recognition that people's perceptions matter to overall fragility, this type of data on perceptions is hard to collect and even harder to integrate into programming. Without greater investment in data, accurate measurement of progress – or lack of progress – towards achieving the SDGs in fragile contexts will be elusive, as will be our ability to better anticipate and respond to fragility.

6 *We will support the capacity of governments to deliver inclusive solutions to their own states of fragility*

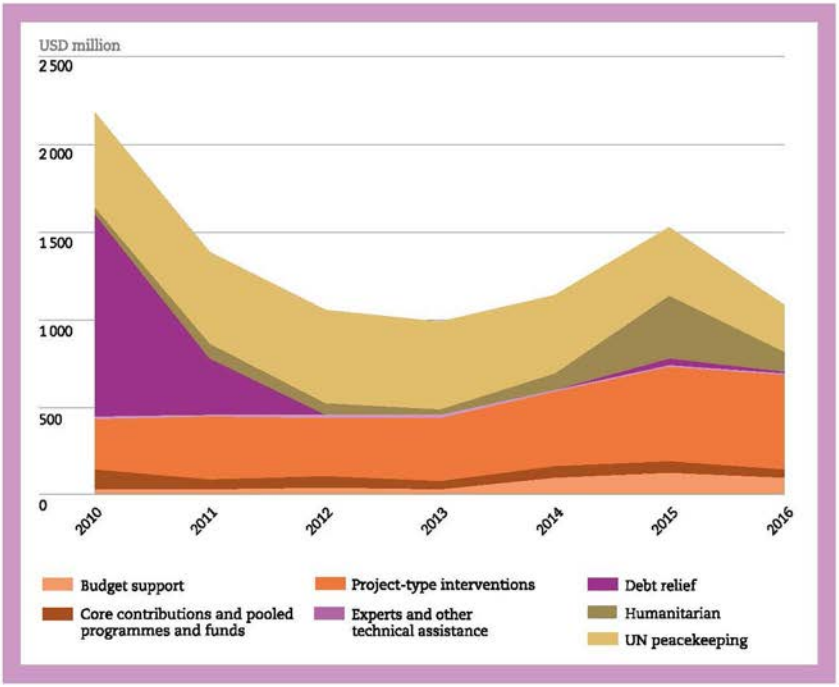
Governments in fragile contexts must chart their own exit strategies from fragility. Domestic resource mobilisation is one widely recognised means for them to be able to do so. However, fragile contexts lag far behind other developing countries in their revenue raising capability. Donors should therefore invest in targeted technical assistance; strengthened capacity for domestic resource mobilisation; economic diversification, budget execution, and decentralisation; small and medium-sized enterprise development; and, where relevant, natural resource management. At the same time, fiscal decisions – pushing high levels of taxes on weak economies too quickly, for example, or budget allocations – can have knock-on effects that must also be anticipated and mitigated against.* Continued support will be needed to

* Long, C. and Miller, M. (2017), "Shaping policy for development taxation and the Sustainable Development Goals: Do good things come to those who tax more?" Briefing Paper, Overseas Development Institute, www.odi.org/sites/odi.org.uk/files/resource-documents/11695.pdf

ensure that efforts to strengthen domestic resource mobilisation are accompanied by greater transparency, as well as civil society empowerment and capacity building. These will promote greater civil society engagement in oversight and monitoring of fiscal accountability.

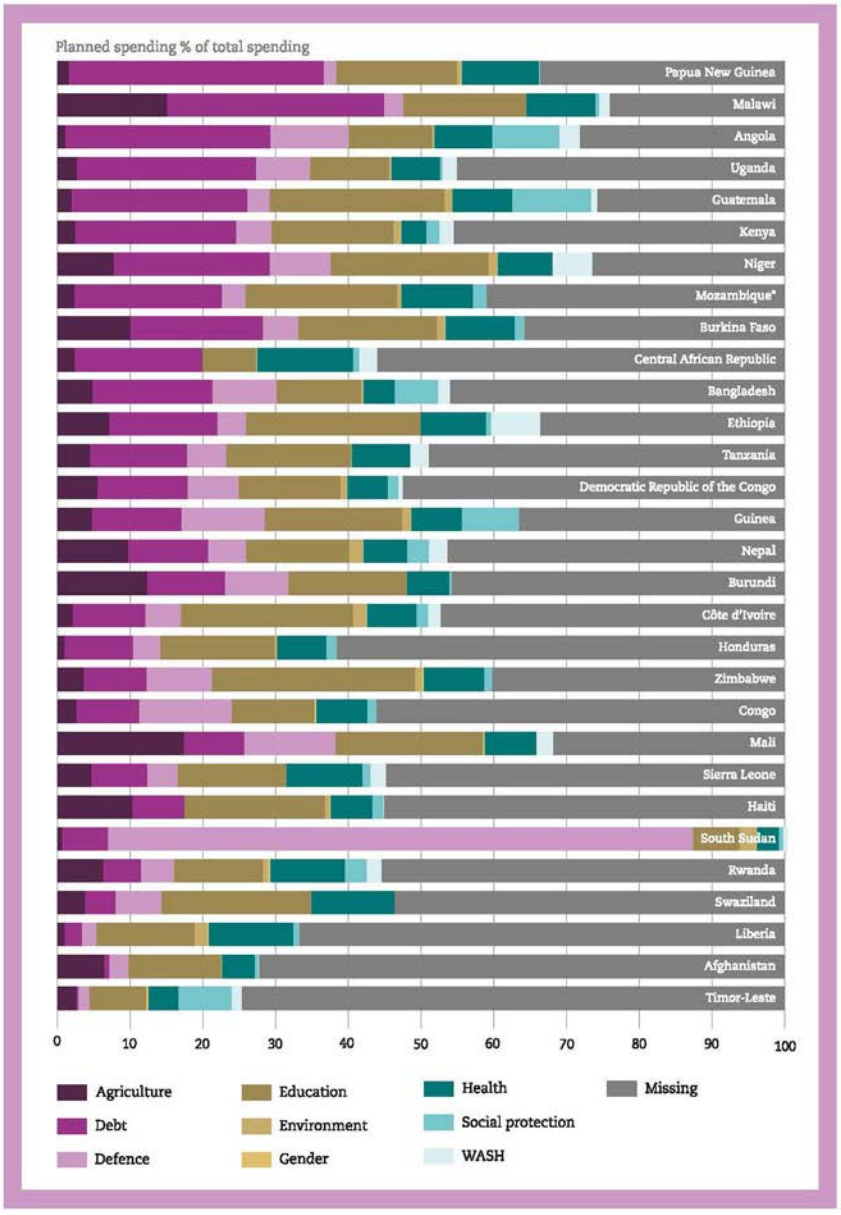
In fragile contexts, the amount of resources matters. But it matters, just as much, how and on what resources are spent. Governments in fragile contexts and their development partners must invest in developing peaceful, prosperous and inclusive societies. To realise this longer-term vision, they will need to make choices based on what is appropriate for each context and be prepared to resist those options that are based solely on shorter-term political considerations. Mutual accountability frameworks can play an important role – to ensure, first, that all actors are working towards coherent results on nationally defined priorities and, second, that everyone is living up to their commitments in a manner that discourages fragmentation and volatility.

CHANGES IN TYPES OF AID: LIBERIA, 2010–2016

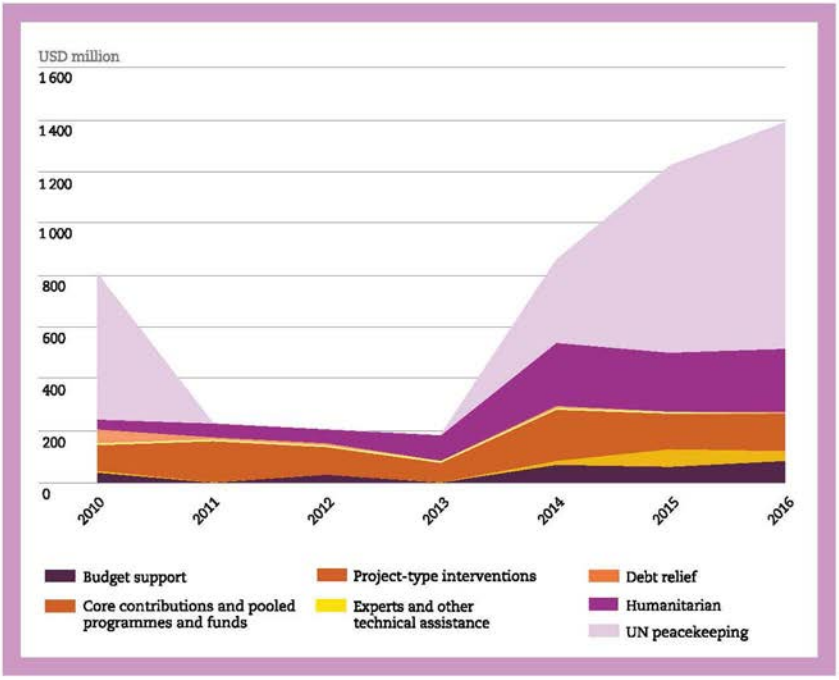


TAX REVENUES % OF GDP, 2010 & 2015
Timor-Leste
Solomon Islands
Zimbabwe
Tajikistan
Mozambique
Venezuela
Honduras
Djibouti
Kenya
Liberia
Côte d'Ivoire
Guinea
Niger
Nepal
Rwanda
Cameroon
Chad (2012)
Gambia (2014)
Mauritania
Lao People's Democratic Republic
Swaziland
Malawi
Papua New Guinea
Average 49 fragile
Burkina Faso
Mali
Haiti
Zambia
Ethiopia
Egypt
Uganda
Angola
Guatemala
Congo (2014)
Comoros
Pakistan
Tanzania
Democratic Republic of the Congo
Equatorial Guinea
Madagascar
Guinea-Bissau
Central African Republic (2012)
Sierra Leone
Bangladesh
Myanmar
Afghanistan
Sudan
Somalia
Iraq
Libya (2012)
Average OECD
0
5
10
15
20
25
30
35
40
2010

PLANNED GOVERNMENT SPENDING BY SECTOR, 2016



CHANGES IN TYPES OF AID: CENTRAL AFRICAN REPUBLIC, 2010–2016



We will never lose sight of the end goal of delivering hope and better lives for all people in fragile contexts

There has been a deficit of development to deliver hope to people living in fragile contexts. Successful results must be about more than just keeping people alive during crises or ticking boxes on an evaluation form to say a certain activity was delivered. Attempts to find technical, surface solutions will overlook deeper feelings and perceptions of dissatisfaction, inequality and injustice, and they will undermine sustainability. A focus on well-being is not only about the satisfaction of objective needs and wants, but also about the quality of life that people experience. Far from being an altruistic approach, this also can tangibly affect progress because development that is not people-centred risks alienating populations when programmes fail to meet their expectations. Therefore, success must also be about demonstrably supporting

people in building a better future for themselves and their families and about honouring people's hope for a future that can accommodate their dreams and aspirations.

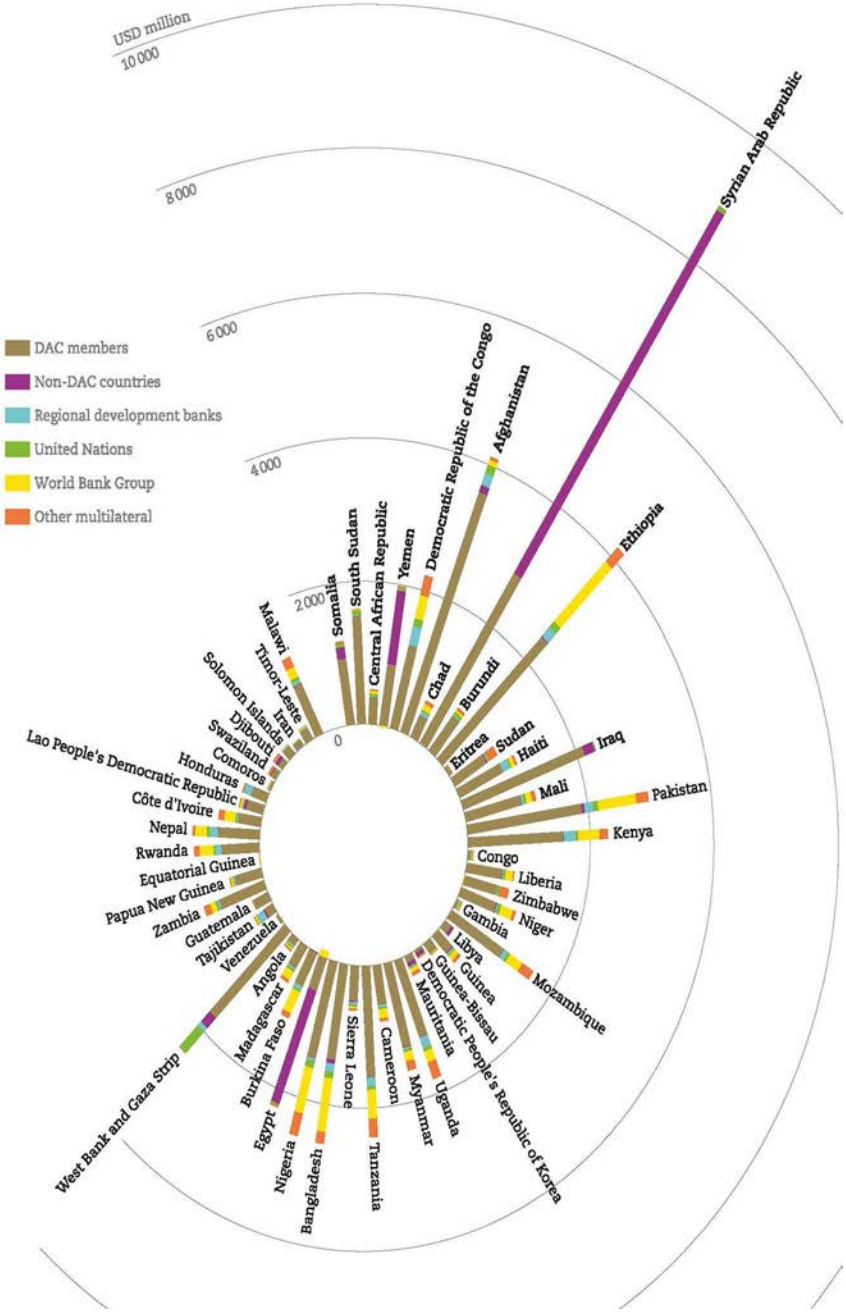
Delivering better lives is central to the values of aid, sustainable development and sustaining peace. This ambition must guide all engagements in fragile contexts, even where aid is under pressure. Development never was and never will be a panacea. Nevertheless, development should itself aspire to meet people's aspirations and, at the very least, understand that neglecting to do so may well negatively affect the very dynamics that development sees itself as an answer to.

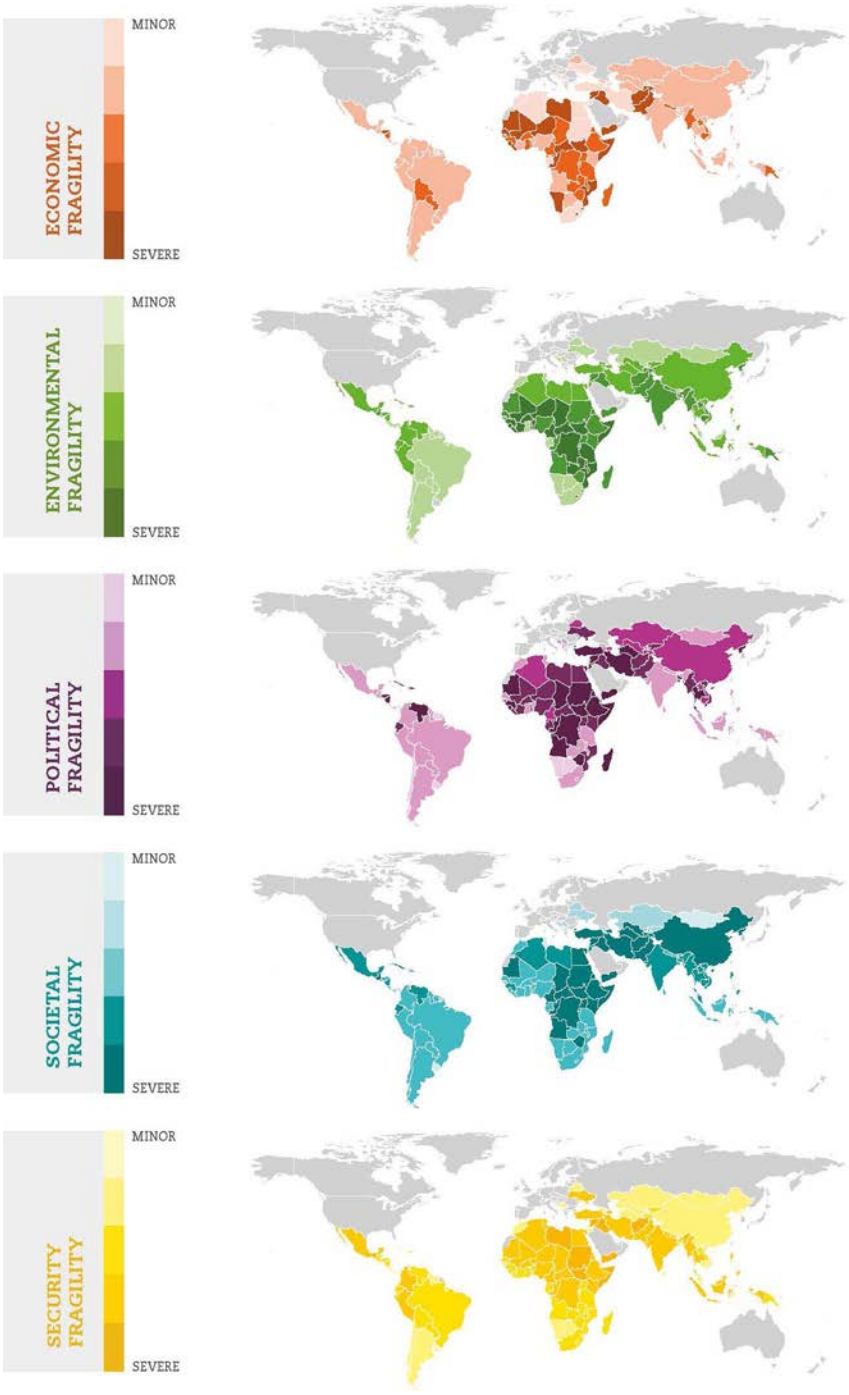
History indeed will judge the development community on how it manages or fails to improve the state of fragility, given that it is widely considered the "new development frontier".* The verdict is not yet in. But, as *States of Fragility 2018* confirms, it is abundantly clear now that effectiveness and progress on fragility will have to be accelerated to bring about essential, imperative transformational change in most of the 58 fragile contexts featured in the 2018 fragility framework. Change cannot wait until 2029. It cannot wait for many more years of red alerts and high-level warnings. It must be planned, programmed for and financed now.** Investment in the future – by all actors – must begin today and benefit all people.

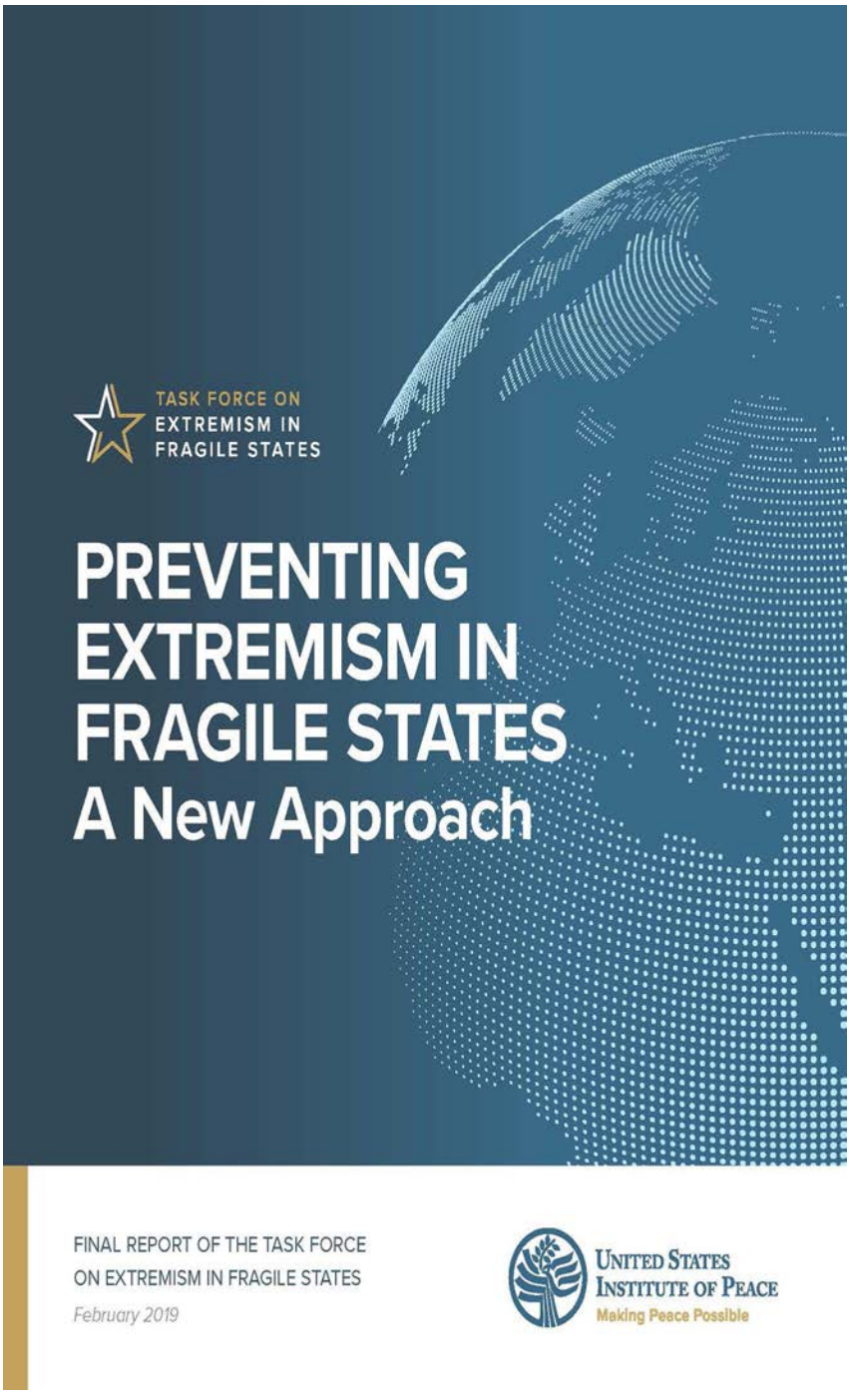
* Kharas, H. and Rogerson, A. (2 October 2017), "Back to the future: 5 lenses on the future of global development", Future Development, The Brookings Institution, https://www.brookings.edu/blog/future-development/2017/10/02/back-to-the-future-5-lenses-on-the-future-of-global-development/ (accessed on 15 May 2018).

** Eliasson, J. (2018), "Time to get serious about peace & development", Inter Press Service, www.ipsnews.net/2018/05/time-get-serious-peace-development/.

ODA TO FRAGILE CONTEXTS BY DONOR TYPE, 2016




ECONOMIC FRAGILITY
MINOR
SEVERE
ENVIRONMENTAL FRAGILITY
MINOR
SEVERE
POLITICAL FRAGILITY
MINOR
SEVERE
SOCIETAL FRAGILITY
MINOR
SEVERE
SECURITY FRAGILITY
MINOR
SEVERE


TASK FORCE ON
EXTREMISM IN
FRAGILE STATES
PREVENTING
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FRAGILE STATES
A New Approach
FINAL REPORT OF THE TASK FORCE
ON EXTREMISM IN FRAGILE STATES
February 2019
United States
Institute of Peace
Making Peace Possible

Members of the Task Force on Extremism in Fragile States

Cochairs

Governor Thomas Kean
Former Governor of New Jersey; former 9/11 Commission Chair

Representative Lee Hamilton
Former Congressman from Indiana; former 9/11 Commission Chair

Task Force Members

Secretary Madeleine Albright
Chair, Albright Stonebridge Group; former U.S. Secretary of State

Senator Kelly Ayotte
Board of Directors, BAE Systems, Inc.; former U.S. Senator from New Hampshire

Ambassador William Burns
President, Carnegie Endowment for International Peace; former Deputy Secretary of State

Ambassador Johnnie Carson
Senior Advisor to the President, United States Institute of Peace; former U.S. Assistant Secretary of State for African Affairs

Ambassador Paula Dobriansky
Senior Fellow, The Future of Diplomacy Project, Harvard University; former Under Secretary of State for Global Affairs

Ambassador Karl Eikenberry
Director of the U.S.-Asia Security Initiative, Stanford University; former U.S. Ambassador to Afghanistan

Dr. John Gannon
Adjunct Professor at the Center for Security Studies, Georgetown University; former Chairman, National Intelligence Council

The Honorable Stephen Hadley
Chair of the Board of Directors, United States Institute of Peace; former U.S. National Security Advisor

Mr. Farooq Kathwari
Chairman, President and CEO, Ethan Allen Interiors Inc.

The Honorable Nancy Lindborg
President, United States Institute of Peace

The Honorable Dina Powell
Nonresident Senior Fellow, The Future of Diplomacy Project, Harvard University; former U.S. Deputy National Security Advisor for Strategy

The Honorable Rajiv Shah
President, The Rockefeller Foundation; former Administrator, U.S. Agency for International Development

Mr. Michael Singh
Senior Fellow and Managing Director, The Washington Institute; former Senior Director for Middle East Affairs, National Security Council

Senior Advisors

Ambassador Reuben E. Brigety II
Adjunct Senior Fellow, Council on Foreign Relations

Mr. Eric Brown
Senior Fellow, Hudson Institute

Dr. Susanna Campbell
Assistant Professor, School of International Service, American University

Ms. Leanne Erdberg
Director of Countering Violent Extremism, United States Institute of Peace

Mr. Steven Feldstein
Nonresident Fellow, Carnegie Endowment for International Peace; Frank and Bethine Church Chair, Boise State University

Dr. Hillel Fradkin
Senior Fellow, Hudson Institute

Ms. Alice Friend
Senior Fellow, International Security Program, Center for Strategic and International Studies

Dr. George Ingram
Senior Fellow, Global Economy and Development, Brookings Institution

Dr. Seth G. Jones
Director of the Transnational Threats Project and Senior Advisor to the International Security Program, Center for Strategic and International Studies

Dr. Mara Karlin
Associate Professor of the Practice of Strategic Studies, Johns Hopkins School of Advanced International Studies

Dr. Homi Kharas
Interim Vice President and Director of the Global Economy and Development Program, Brookings Institution

Mr. Adnan Kifayat
Senior Fellow, German Marshall Fund and Head of Global Security Ventures, Gen Next Foundation

Dr. Rachel Kleinfeld
Senior Fellow, Carnegie Endowment for International Peace

Mr. Christopher A. Kojm
Visiting Professor of the Practice of International Affairs, George Washington University

Mr. Michael Lumpkin
Vice President of Human Performance and Behavioral Health, Leidos Health

Mr. Robert Malley
CEO, International Crisis Group

Dr. Bridget Moix
Senior U.S. Representative and Head of Advocacy, Peace Direct

Mr. Jonathan Papoulidis
Executive Advisor on Fragile States, World Vision

Ms. Susan Reichle
CEO and President, International Youth Foundation

Mr. Tommy Ross
Senior Associate, International Security Program, Center for Strategic and International Studies

Dr. Lawrence Rubin
Associate Professor, Sam Nunn School of International Affairs, Georgia Institute of Technology

Mr. Andrew Snow
Senior Fellow, United States Institute of Peace

Dr. Paul Stares
Senior Fellow for Conflict Prevention and Director of the Center for Preventive Action, Council on Foreign Relations

Ms. Susan Stigant
Director of Africa Programs, United States Institute of Peace

Dr. Lauren Van Metre
Senior Advisor, National Democratic Institute

Ms. Anne Witkowsky
Former Deputy Assistant Secretary of Defense for Stability and Humanitarian Affairs, U.S. Department of Defense

Ms. Mona Yacoubian
Senior Advisor for Syria, Middle East, and North Africa, United States Institute of Peace

Project Staff

Mr. Blaise Misztal
Executive Director

Mr. Michael Hurley
Advisor to the Cochairs

Dr. Corinne Graff
USIP Senior Advisor for Conflict Prevention

Dr. Daniel Calingaert
Lead Writer

Dr. Nathaniel Allen
Policy Advisor

Dr. Michael Marcusa
Policy Advisor

Mr. Philip McDaniel
Policy Advisor

Ms. Alyssa Jackson
Program Manager

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Disclaimer

This report represents the consensus of a bipartisan Task Force with diverse expertise and affiliations. No member may be satisfied with every formulation and argument in isolation.

The findings of this report are solely those of the Task Force. They do not necessarily represent the views of the United States Institute of Peace or the Senior Advisors.

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Letter from the Cochairs

Since September 11, 2001, the courage and skill of our military, intelligence, and law enforcement professionals have prevented another mass-casualty terrorist attack on U.S. soil. American diplomats and development professionals have also dedicated great effort to improving conditions in the dangerous places that give rise to terrorism. Yet all of us recognize that challenges remain. Our success in defeating terrorists has not been matched by success in ending the spread of terrorism.

It is to address this shortcoming that Congress tasked the United States Institute of Peace to "develop a comprehensive plan to prevent the underlying causes of extremism in fragile states." We have been honored to lead this effort—working with a bipartisan Task Force comprising thirteen of America's most talented foreign policy professionals. Each of us on the Task Force understands the importance of the problem as well as the difficulty of finding a solution. We have endeavored to learn from previous administrations that have wrestled with this challenge.

Our principal recommendation is both simple and daunting: Prevention should be our policy. Preventing the underlying causes of extremism is possible but requires us to adopt a new way of thinking about, structuring, and executing U.S. foreign policy.

The challenge is not that we lack the tools for prevention. Rather, our prevention efforts are fractured. The relevant capabilities and expertise are spread across the U.S. government, with no shared criteria for when to use them, no policy guidance for how to use them, and no mechanism for coordinating them. When tried, prevention efforts have been disjointed, piecemeal, and intermittent.

What we need is a sense of urgency. We need a high-level political commitment to undertake prevention. We need a coherent, coordinated, and committed focus to prevent the underlying causes of extremism in fragile states. This will require all U.S. departments and agencies with national security responsibilities to adopt a shared understanding of how to stop the spread of extremism. It will require the Congress to grant U.S. diplomacy, development, and defense professionals greater flexibility in the field, while faithfully executing its oversight role. Most important, it will require the United States to convince other international actors to join and support prevention efforts.

We recognize that this is no easy task. It will take time. It will not succeed everywhere. There will be failures. We will have to make adjustments along the way based on lessons learned. But if we can do it right—engaging the energy, creativity, and resourcefulness of our foreign service, development, and military professionals—our policy will be more affordable and more sustainable. We also believe that this policy will save lives in the years ahead.

This is the right moment for a new approach. After 9/11, U.S. officials rightly focused on imminent threats to the homeland. There was little understanding of how to go about preventing violent extremism. We have learned much since. The weakening of the Islamic State in Iraq and Syria creates an opportunity to focus on prevention. The threat that it could reestablish itself in another fragile state underscores prevention's importance. Many international actors share our view; we should harness this emerging consensus.

A preventive strategy is neither passive nor naive. The United States always reserves the right to use force and should do so to confront imminent terrorist threats. The broader challenge before us is to prevent future threats from emerging. We want to foster resilient societies in the Middle East, the Horn of Africa, and the Sahel that are capable of resisting the spread of extremism. We want not only to defeat today's terrorists but also to alleviate the conditions that spawn tomorrow's.

We urge Congress and the administration to take up the recommendations in this report, and we look forward to working to implement them.

Governor Tom H. Kean

Representative Lee H. Hamilton

I. Executive Summary

We need a new strategy to prevent the spread of extremism, which threatens our homeland, our strategic interests, and our values. Our current focus on counterterrorism is necessary, but neither sufficient nor cost-effective. Congress has charged this Task Force with developing a new approach, one that will get ahead of the problem.

We need a new strategy because, despite our success protecting the homeland, terrorism is spreading. Worldwide, annual terrorist attacks have increased fivefold since 2001. The number of self-professed Salafi-jihadist fighters has more than tripled and they are now present in nineteen countries in the Sahel, the Horn of Africa, and the Near East.

We need a new strategy because the costs of our current approach are unsustainable. Over the last eighteen years, ten thousand Americans have lost their lives and fifty thousand have been wounded fighting this threat, at an estimated cost of $5.9 trillion to U.S. taxpayers.[1]

We need a new strategy because terrorism is not the only threat we face. Terrorism is a symptom, but extremism—an ideology calling for the imposition of a totalitarian order intent on destroying free societies like ours—is the disease. Extremism both preys on fragile states and contributes to chaos, conflict, and coercion that kills innocents, drains U.S. resources, forecloses future market opportunities, weakens our allies, and provides openings for our competitors.

To reduce our expenditure of blood and treasure, protect against future threats, and preserve American leadership and values in contested parts of the world, we must not only respond to terrorism but also strive to prevent extremism from taking root in the first place. This does not mean seeking to stop all violence or to rebuild nations in vulnerable regions of the world. Instead, it means recognizing that even modest preventive investments—if they are strategic, coordinated, and well-timed—can reduce the risk that extremists will exploit fragile states. The objective of a preventive approach should be to strengthen societies that are vulnerable to extremism so they can become self-reliant, better able to resist this scourge, and protect their hard-earned economic and security gains.

This imperative for prevention is not new. Back in 2004, the 9/11 Commission argued that counterterrorism and homeland security must be coupled with "a preventive strategy that is as much, or more, political as it is military."[2] That call has not been answered. And so the threat continues to rise, the costs mount, and the need for a preventive strategy grows more compelling.

Progress has undoubtedly been made since 9/11. The U.S. government has a better understanding of what works. There is bipartisan agreement in Congress that a new approach is needed. However, the United States cannot—nor should it—carry this burden alone. U.S. leadership is needed to catalyze international donors to support preventing extremism. And the international community—both donor countries and multilateral organizations, such as the World Bank—are increasingly willing to engage these problems with us, including through the Global Coalition to Defeat the Islamic State of Iraq and Syria.

But challenges persist. There is still insufficient prioritization, coordination, or agreement on what to do, both within the U.S. government and across the international community.

Our Task Force offers three recommendations to build on emerging opportunities and overcome persistent hurdles to preventing extremism effectively (see figure 1, "Summary of Task Force Recommendations").

First, there must be a new effort to unite around a joint strategy aimed at preventing the underlying causes of extremism. **The United States should adopt a shared framework for strategic prevention that recognizes that extremism is a political and ideological problem. The framework should also identify building partnerships with leaders, civil society, and private sector actors in fragile states who are committed to governing accountably as the best approach to preventing extremism.** Extremists' attempts to, in the Middle East and Africa, establish an absolutist state ruled by a rigid, twisted, and false interpretation of Islam resonate only in societies where the existing state has failed its people. The antidote to extremist ideology, therefore, must be political. But inclusive institutions, accountable governments, and civic participation cannot be imposed from the outside. What the United States can do is identify, encourage, and **build partnerships** with leaders in fragile states including nationally and locally, in government and civil society with women, youth, and the private sector who are committed to rebuilding trust in their states and societies. However, bitter experience teaches that where such leaders are lacking, the United States stands little chance of furthering its long-term interests. In such cases, it must seek to **seize opportunities** where possible and always **mitigate the risk** that its engagement, or that of other actors, could do more harm than good.

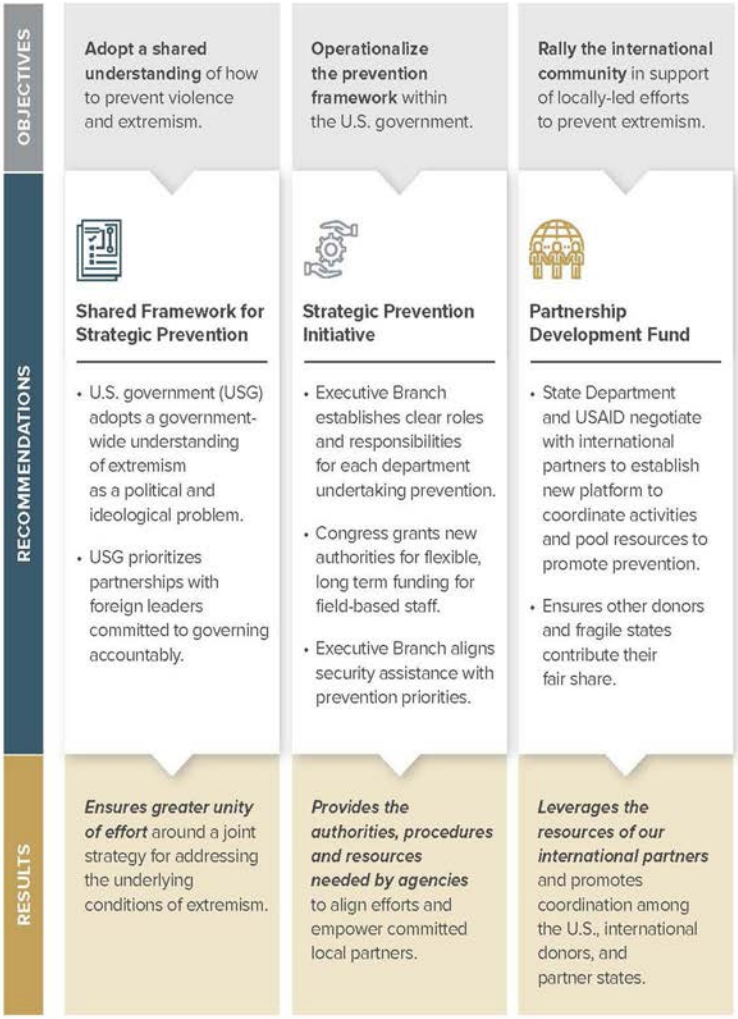
Second, to ensure that agencies have the resources, processes, and authorities they need to operationalize this shared framework, the **Congress and the Executive Branch should launch a Strategic Prevention Initiative to align all U.S. policy instruments, from bilateral assistance to diplomatic engagement, in support of prevention.** The Initiative should set out the roles and responsibilities of each department for undertaking prevention. Its principal objective should be to promote long-term coordination between agencies in fragile states. It should grant policymakers new authorities to implement a preventive strategy. In particular, because local conditions and needs differ widely, it is important that U.S. diplomats and development professionals on the ground in fragile states be given direct responsibility, flexibility, and funding to experiment with and develop effective and tailored solutions.

However, the United States neither can nor should prevent extremism by itself. It is not the only country with a vested interest in doing so and can build more effective partnerships with fragile states if other countries cooperate. Thus, our Task Force calls on the United States to **establish a Partnership Development Fund, a new international platform for donors and the private sector to pool their resources and coordinate their activities in support of prevention.** This would ensure that the work being done by the United States as part of the Strategic Prevention Initiative is matched by other international donors working jointly toward the same goals. It would create a mechanism for other countries to share the burden and incentivize an enterprise-driven approach. A single, unified source of assistance might also entice fragile states that would otherwise look elsewhere for help.

A preventive strategy will not stop every terrorist attack. It will take time to produce results. It will require us to recognize the limits of our influence and work hard to leverage our resources more effectively. And it is not something that we can implement alone—our international partners should do their fair share. But it offers our best hope. Neither open-ended military operations, nor indefinite foreign assistance, nor retrenchment offers a better alternative.

Through targeted, evidence-based, strategic investments where the risks are the highest, our interests the greatest, and our partners the most willing, prevention provides a cost-effective means to slow, contain, and eventually roll back the spread of extremism. The United States needs to enable fragile states and societies to take the lead in averting future extremist threats. If we succeed, our children and grandchildren will live in a more peaceful world.

Figure 1. Summary of Task Force Recommendations

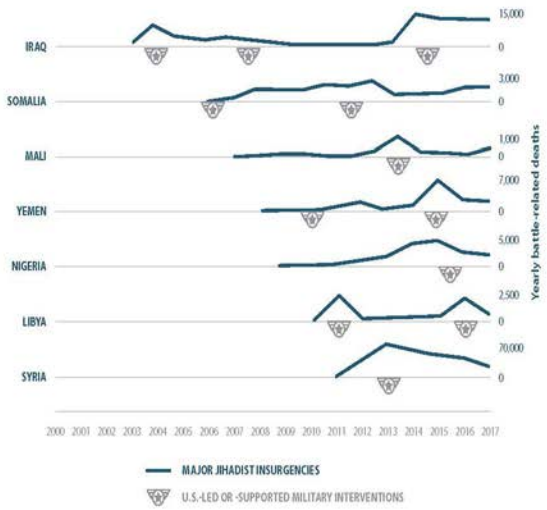


II. The Imperative of Prevention

On September 11, 2001, nineteen young men from the Salafi-jihadist network of al-Qaeda perpetrated the worst terrorist attack on American soil since Pearl Harbor. The attacks on the World Trade Center and the Pentagon, which claimed the lives of nearly three thousand people, have defined the course of U.S. national security policy for the better part of a generation.

That policy has focused on disrupting, degrading, dismantling, and decimating terrorist networks overseas through a variety of means, but primarily militarily. Yet, despite U.S. success on the battlefield, extremist groups, exploiting exclusionary governance, political instability, and local conflicts, not merely persist but thrive. Since 9/11, jihadist groups have participated in major insurgencies in Iraq, Syria, Somalia, Libya, Yemen, Nigeria, and Mali (see figure 2, "The Cycle of Crisis Response: Jihadist Insurgencies and U.S.-Supported Interventions"). In none of these conflicts has the United States and its partners been able to completely contain or mitigate the threat. Instead, after each supposed defeat, extremist groups return having grown increasingly ambitious, innovative, and deadly.

Figure 2. The Cycle of Crisis Response: Jihadist Insurgencies and U.S.-Supported Interventions



This figure displays the conflict trajectories of major jihadist insurgencies where U.S.-led or supported interventions have occurred. Major jihadist insurgencies are conflicts with the participation of an ISIS or al-Qaeda affiliated group with at least ten thousand battle deaths (as in the cases of Iraq, Syria, Nigeria, Somalia, and Yemen), or where such groups have seized control of major population centers (as in Mali and Libya). U.S.-led military interventions are those where the United States intervened with ground forces, air strikes, drone strikes, or special forces during a conflict (as in Iraq, Syria, Libya, Somalia, and Yemen). U.S.-supported interventions are those where the United States provided military equipment, training, intelligence, or logistical support to major combatants in confronting jihadist groups. Source on conflict-related deaths: UCDP / PRIO Armed Conflict Dataset: http://ucdp.uu.se/downloads/#d8, Therése Pettersson and Kristen Eck, "Organized Violence," Journal of Peace Research 55, no.4 (2018), (accessed January 10, 2019). Data on U.S.-led or supported interventions compiled from secondary sources.

Winning the Battles, Losing the Peace: The Case of Mosul, Iraq

Nine months, one hundred thousand troops, and some of the toughest urban combat since World War II is what it took to capture Mosul in July 2017.[a] It was the third time in the past fifteen years that the United States and its partners had "liberated" the city, Iraq's second largest.

The first time the United States swept into Mosul was in April 2003. However, after the United States overthrew Saddam Hussein's regime, and a Shia-dominated government took power in Baghdad, the predominantly Sunni Arab city resisted. In 2004, insurgents in Mosul declared their allegiance to al-Qaeda and began attacking U.S. forces.

In 2008, the U.S. and Iraqi militaries launched another offensive into Mosul, this time against these al-Qaeda linked groups. This "surge" of two thousand U.S. troops and twenty thousand Iraqi soldiers,[b] succeeded in temporarily bringing calm.[c] But the U.S. military departed Iraq in 2011, leaving behind largely the same conditions that had sparked the first insurgency. The Sunni population remained disenfranchised as Prime Minister Nouri al-Maliki, a Shia, violently crushed peaceful protests and stopped paying the salaries of Sunni tribal militias that had helped push back al-Qaeda.[d]

When, in June 2014, eight hundred ISIS insurgents marched on Mosul, the thirty thousand soldiers of the U.S.-trained Iraqi army turned and ran. Worse, some of the city's inhabitants were willing to consider that their lives might be better under the extremists than under the Iraqi government.[e] Mosul became the political and economic center of the caliphate of the Islamic State of Iraq and Syria for nearly three years. American forces returned, for a third time, to assist Iraqi troops in dislodging the extremists.

Already conditions are ripe for extremists to return to Mosul. One year after its liberation from ISIS, much of the city still remained in ruins[f] and 80 percent of the youth population was unemployed.[g] As it has been since the U.S. invasion of Iraq in 2003, a Shia-dominated government in Baghdad remains in charge of the country and is conducting a disturbing campaign of revenge against the region's Sunni population.[h] By the end of 2018, ISIS militants in Mosul had staged a comeback, detonating a series of car bombs.[i]

Notes

[a] Rupert Jones, "Major General: Battle for Mosul is 'Toughest since WWII'," *BBC News*, June 26, 2017, https://www.bbc.com/news/av/world-40409046/major-general-battle-for-mosul-is-toughest-since-wwii.

[b] Drew Brown, "U.S. Troops Settling Down Roots in Mosul," *Stars and Stripes*, February 23, 2008, https://www.stripes.com/news/u-s-troops-settling-down-roots-in-mosul-1.75370.

[c] Sam Dagher, "Fractures in Iraq City as Kurds and Baghdad Vie," *New York Times*, October 27, 2008, https://www.nytimes.com/2008/10/28/world/middleeast/28mosul.html?mtrref=www.google.com.

[d] Anna Louise Strachan, "Factors behind the Fall of Mosul to ISIL (Daesh) in 2014," *K4D*, January 17, 2017, https://assets.publishing.service.gov.uk/media/59808750e5274a170700002c/K4D_HDR_Factors_behind_the_fall_of_Mosul_in_2014.pdf.

[e] Martin Chulov, Fazel Hawramy, and Spencer Ackerman, "Iraq Army Capitulates to ISIS Militants in Four Cities," *Guardian*, June 11, 2014, https://www.theguardian.com/world/2014/jun/11/mosul-isis-gunmen-middle-east-states.

[f] Mahmoud Al-Najjar, Gilgamech Nabell and Jacob Wirtschafter, "Smell of Death Fills Mosul Near a Year after Iraqi City Freed from ISIS," *USA Today*, May 2, 2018, https://www.usatoday.com/story/news/world/2018/05/02/mosul-iraq-smell-death-isis-islamic-state/543030002/.

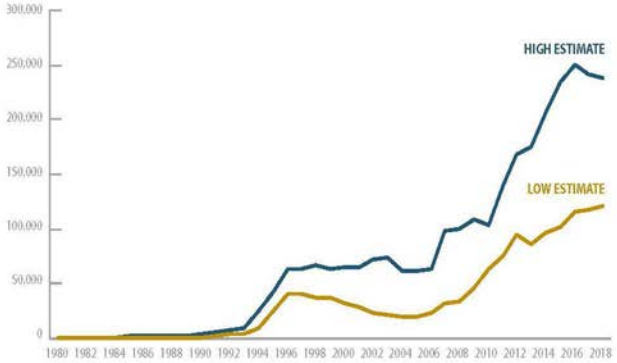
[g] "Mosul Still a Pile of Rubble One Year On," *Norwegian Refugee Council*, July 5, 2018, https://www.nrc.no/news/2018/july/mosul-still-a-pile-of-rubble-one-year-on/.

[h] Ben Taub, "Iraq's Post-ISIS Campaign of Revenge," *New Yorker*, December 24, 2018, https://www.newyorker.com/magazine/2018/12/24/iraqs-post-isis-campaign-of-revenge.

[i] Salih Ellas, John Davison and Kirsten Donovan, "Car Bomb Kills Several People in Iraq's Mosul—Medical, Security Sources," *Reuters*, November 8, 2018, https://www.cnbc.com/2018/11/08/reuters-america-car-bomb-kills-several-people-in-iraqs-mosul--medical-security-sources.html.

As a result, extremist groups continue to grow in number, size, lethality, and geographic reach. Since 9/11, the number of people killed annually in terrorist attacks has increased fivefold.[3] ISIS, al-Qaeda, and affiliated groups boast more than thirty thousand foreign fighters from more than one hundred countries, four times the number they had in 2001 (see figure 3, "Estimated Number of Salafi-jihadist Fighters, 1980-2018").[4] There are more than twice as many Salafi-jihadist groups as there were in 2001.[5] Across the Sahel, the Horn of Africa, and the Near East, they have established a presence in nineteen countries and are actively seeking to expand.[6]

Figure 3. Estimated Number of Salafi-jihadist Fighters, 1980–2018



Source: Seth Jones et al., *The Evolution of the Salafi-jihadist Threat* (Washington, DC: Center for Strategic and International Studies, 2018), 9, https://csis-prod.s3.amazonaws.com/s3fs-public/publication/181221_EvolvingTerroristThreat.pdf.

A new approach is needed. The current approach is unsustainable and ineffective. But withdrawal from the fight against extremism is not an option. At a time of global political struggle between freedom and its adversaries, the United States faces real threats, not just of terrorism against the homeland, but from the conflict, chaos, and coercive governance that extremists spread in fragile states.

A new focus on strategic prevention, recommended by this Task Force, would shift the paradigm from reaction to prevention, from just stopping terrorist attacks to also addressing the conditions that have led to the growth of extremism, from focusing only on immediate threats to building long-term partnerships.

It is to address this challenge of extremism that Congress has charged the United States Institute of Peace and this Task Force. Section 7080 of the Consolidated Appropriations Act of 2017 (Public Law 115-31), signed into law on May 5, 2017, calls for a "comprehensive plan to prevent the underlying causes of extremism in fragile states in the Sahel, Horn of Africa and the Near East."

The Task Force finds that the United States should turn to a third option **by seeking to act early to prevent the dangers of extremism.** A new focus on strategic prevention, recommended by this Task Force, would shift the paradigm from reaction to prevention, from just stopping terrorist attacks to also addressing the conditions that have led to the growth of extremism, from focusing only on immediate threats to building long-term partnerships.

The Unsustainable Costs of the Cycle of Crisis Response

In the immediate aftermath of the 9/11 attacks, U.S. policymakers rightfully focused on making sure that terrorists would never again strike America. In this respect, the strategy of dismantling terrorist networks has been effective: there has been no mass-casualty terrorist attack against the United States since 2001. If this were still the sole metric for success, the current approach might suffice.

But extremism persists, despite U.S. offensives, because it adapts. Since 9/11, groups such as al-Qaeda and ISIS have recognized that overseas wars of attrition are more likely than attacks against the American homeland to precipitate U.S. withdrawal from Muslim lands; that the existing political order in many Muslim-majority states is already weak; and that, therefore, inflaming already volatile societies, latching onto existing conflicts, and instigating new ones is the best strategy against an adversary such as the United States.

Even when extremists threaten to seize territory, the U.S. response tends to be reactive, and focused only on short-term objectives directly related to the immediate threat of violence.

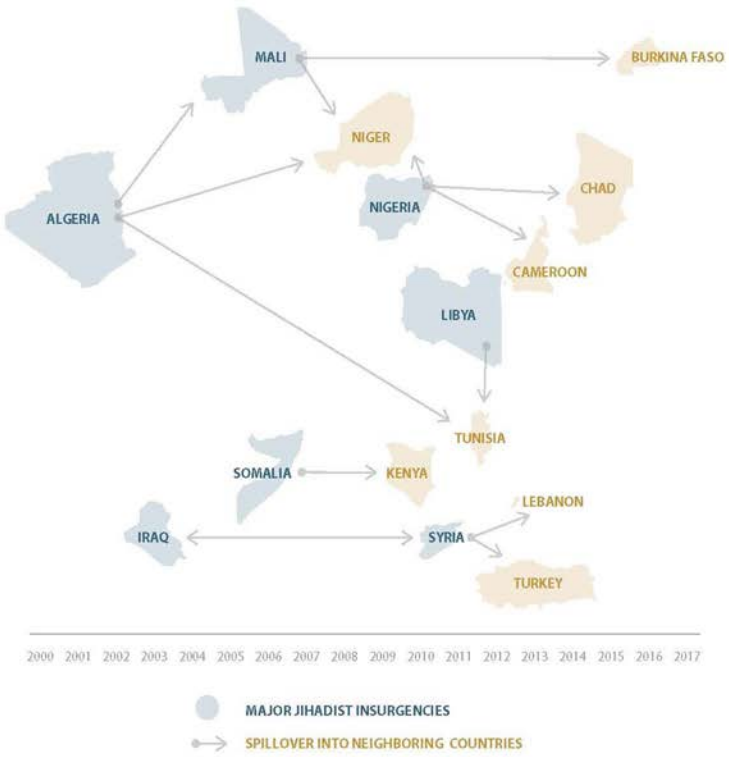
Yet, even when extremists threaten to seize territory, the U.S. response tends to be reactive, and focused only on short-term objectives directly related to the immediate threat of violence. Nearly all U.S. policy tools, both hard and soft, aim to dismantle terrorist networks, thwart attacks, or stop individual radicalization. U.S. air strikes and special operations are used to evict jihadist groups from the territory they seize; security partners in fragile states, supported by U.S. military assistance, do much of the fighting. And even nonmilitary programs that aim to "counter violent extremism" (CVE) focus primarily on "efforts by violent extremists to radicalize, recruit, and mobilize followers to violence"—efforts that are typically the immediate precursor of terrorist attacks.[7]

These responses, even when successful, do little to prevent, and at times even lay the groundwork for, further extremist eruptions.

These responses, even when successful, do little to prevent, and at times even lay the groundwork for, further extremist eruptions. The U.S. military interventions in Iraq and Libya, for example, contributed to political vacuums that extremists were able to fill. Substantial U.S. security cooperation with regimes in Mali and Yemen may have inadvertently contributed to systematic neglect and exclusion that extremists exploited to gain support for their cause. Too often, U.S.-supplied weapons are diverted to, or U.S.-trained fighters defect to, extremists.

With every major jihadist insurgency whose causes remain unaddressed, extremists seize opportunities to move into neighboring countries. Al-Qaeda in the Islamic Maghreb, which has established an ongoing presence in Mali, Niger, Burkina Faso, and Tunisia, was born from the bitter fruits of a civil war that began in Algeria in 1991. After a decade of intermittent insurgency in Iraq, extremists inserted themselves into the Syrian Civil War, leading to the rise of ISIS in both countries (see figure 4, "Spillover from Major Jihadist Insurgencies, 2000–2017").

Figure 4. Spillover from Major Jihadist Insurgencies, 2000–2017



The above chart depicts instances where jihadists have used their presence in countries with major insurgencies to "spill over," establish themselves, and launch terrorist attacks in neighboring countries for a period of at least two years continuing through the end of 2017. Countries are placed along the chart according to the year of the first terrorist attack or the start date of the major insurgency with the exception of Algeria, whose insurgency against Islamist militant groups started in the 1990s. Source used for establishing the start date and whether or not terrorist campaign was ongoing: Global Terrorism Database at the website of the National Consortium for the Study of Terrorism and Responses to Terrorism, https://www.start.umd.edu/gtd/ (accessed January 10, 2019). Start date of major insurgencies derived from figure 2, which used the following source to chart the course of major jihadist insurgencies: UCDP / PRIO Armed Conflict Dataset: http://ucdp.uu.se/downloads/#d8, Therése Patterson and Kristen Eck, "Organized Violence," Journal of Peace Research 55, no.4 (2018), (accessed January 10, 2019).

The United States thus finds itself trapped in a seemingly endless cycle of crisis response. Since 2001, the fight against terrorism is estimated to have cost the United States between $2.8 and $5.9 trillion dollars and sixty thousand killed or injured,[8] with no end in sight. In the words of former National Security Advisor and Task Force member Stephen Hadley: "When you have a series of crises and all you end up doing is crisis management, all you're going to get is more crises."[9]

Yet, the United States can ill afford to be consumed by terrorist crises. The strategic environment has grown more challenging and complicated in recent years. The United States confronts, according to the 2017 National Security Strategy, "rivals [that] compete across political, economic, and military arenas . . . to shift regional balances of power in their favor. These are fundamentally political contests between those who favor repressive systems and those who favor free societies."[10] Yet, the continuous cycle of counterterrorist crisis response is likely to impede any attempt to pivot U.S. foreign policy to address these new strategic realities.

Counterterrorism taxes the national security enterprise, consuming blood, treasure, political will, and bureaucratic bandwidth, diminishing policymakers' ability to focus on more important priorities. "There is no doubt in my mind that the resource shift and focus on terrorism," former Acting Director of Central Intelligence Michael Morrell has warned, "were in part responsible for our failure to more clearly foresee some key global developments such as Russia's renewed aggressive behavior with its neighbors."[11] To compete effectively on the global stage, the United States must get ahead of the extremist threat.

Beyond the Homeland: The Evolving Threat of Extremism in Fragile States

Although the current approach is costly, failure to address the spread of extremism into fragile states would be extremely dangerous. "Prominent terrorist organizations, particularly ISIS and al-Qa'ida," observes the 2018 National Strategy for Counterterrorism, "have repeatedly demonstrated the intent and capability to attack the homeland and United States interests and continue to plot new attacks and inspire susceptible people to commit acts of violence inside the United States."[12]

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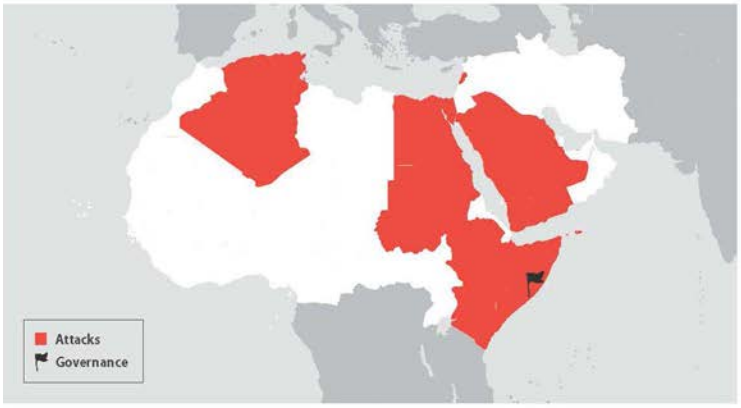
Such attacks, however, are not the only major extremist threat confronting the United States. According to the U.S. Department of Defense's 2018 National Defense Strategy, "We are facing increased global disorder, characterized by decline in the long-standing rules-based international order—creating a security environment more complex and volatile than any we have experienced in recent memory."[13] Terrorism—like the unprecedented rise in nonstate armed groups over the past two decades—is a symptom of this disorder.

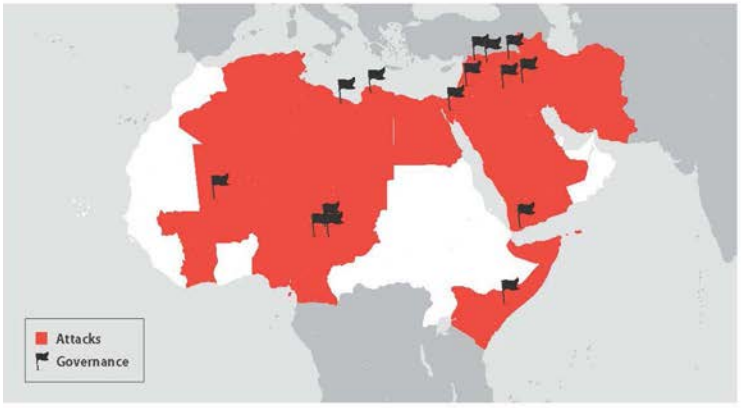
One of the pathologies driving this assault on the rules, institutions, and values critical to U.S. national security is extremism, specifically militant groups professing false Sunni and Shia Islamist teachings. They seek to displace the existing, rules-based international order and the states within it with a transnational, absolutist and totalitarian entity ruled by a rigid, twisted, and distorted interpretation of sharia law. The extremists' pursuit of this goal, and the response it provokes from governments, often generates destructive cycles of violence. The success of extremists' experiments in governance in parts of Syria, Iraq, Yemen, Libya, Mali, Nigeria, Afghanistan, pose a grave, long-term threat to U.S. interests (see figures 5 and 6, "Extremist Attacks and Extremist Governance in the Middle East, the Horn of Africa, and the Sahel").

Figure 5. Extremist Attacks and Extremist Governance in the Middle East, the Horn of Africa, and the Sahel, 1996–2001



Source: Task Force on Extremism in Fragile States, *Beyond the Homeland: Protecting America from Extremism in Fragile States* (Washington, DC: United States Institute of Peace, September 2018), https://www.usip.org/sites/default/files/Taskforce-Extremism-Fragile-States-Interim-Report.pdf.

Figure 6. Extremist Attacks and Extremist Governance in the Middle East, the Horn of Africa, and the Sahel, 2013–18



Source: Task Force on Extremism in Fragile States, *Beyond the Homeland: Protecting America from Extremism in Fragile States* (Washington, DC: United States Institute of Peace, September 2018), https://www.usip.org/sites/default/files/Taskforce-Extremism-Fragile-States-Interim-Report.pdf.

The most conducive environments for extremist attempts at statebuilding, and therefore for demonstrating the validity of the extremist ideological agenda, are fragile states. According to the National Strategy for Counterterrorism, "These groups stoke and exploit weak governance, conflict, instability, and longstanding political and religious grievances to pursue their goal."[14] It is no coincidence that 99 percent of all deaths from terrorist attacks over the

past seventeen years have occurred in countries that are in conflict.[15] Nor is it surprising that, today, 77 percent of conflicts in the Middle East, the Horn of Africa, and the Sahel have a violent extremist element, compared with 22 percent in 2001.[16]

These same fragile states and conflicts are also the front lines of regional and global competitions for power, influence, and resources. Russia, China, and Iran have preyed on the weakness of fragile states to extend their spheres of influence. Fragile states in the Horn of Africa and the Sahel are also increasingly arenas for regional rivalries, particularly between Iranian-backed Shia and the Middle East's looser Sunni bloc, but also the growing intra-Sunni contest between Saudi Arabia and United Arab Emirates, on the one side, and Turkey and Qatar, on the other.

These twin dynamics of the extremist political project and authoritarian influence set up self-sustaining conflicts, making fragile states a vital battleground in the fight against the adversaries of freedom. The more support that extremists garner for their critique of the state, the more inclined the state is to repress them harshly, which in turn alienates citizens, who look to radical alternatives. Societies trapped between fragility, predation, and extremism—with no viable alternatives for just, inclusive, and competent governance—will remain unstable, impoverished, and susceptible to conflict and foreign interference.

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Once a country is caught in this trap, there are few good options for the United States: stay out of the fray and appear powerless; side with the rulers and compromise America's democratic principles while inviting potential extremist growth; or intervene to oust the extremists and be held responsible if stability does not quickly return. The United States has tried all three options and found that each one can be ineffective and erode its standing in the region and the wider world.

As long as extremism persists and extremist beliefs persuade and inspire more people than does the hope for tolerant and inclusive governance, the United States will see its ability to shape the prospects for peace and prosperity in the twenty-first century diminished.

Changing the Paradigm: The Case for Prevention

The United States needs to adopt a different approach. To break out of the costly cycle of crisis response and push back against the growing threat of extremist political orders, U.S. policymakers need to better balance efforts to respond to terrorist threats with efforts to prevent these threats from arising in the first place. This means proactively and preemptively identifying countries and regions that are vulnerable to future extremist penetration in fragile states. It requires adopting a paradigm of prevention.

This Task Force finds that prevention should be understood as a **pro-active and inherently political endeavor that requires aligning U.S. government and international efforts—diplomatic engagement, foreign assistance, and defense—to support local and national leaders in seeking to strengthen state legitimacy.**[17]

A preventive strategy should be a complement to, not a replacement, for counterterrorism. But prevention is superior to a counterterrorism-only approach. While the 2018 National Strategy for Counterterrorism aims to eliminate threats to the United States by pursuing terrorists to their source,[18] a complementary preventive strategy should seek to avert the emergence of extremism. Thus, prevention could, over time, supplant counterterrorism as the primary policy focus in fragile states.

A preventive approach is also superior to a policy of retrenchment. Strengthening the ability of fragile states to withstand political assaults—whether from extremists or from authoritarian state adversaries and insurgents—builds strategic depth for the United States. Prevention must become an integral part of a broader strategy of political competition against the adversaries of freedom.

The goal of a preventive approach cannot and should not be to avert individual terrorist attacks; to eradicate every extremist group in the Sahel, the Horn of Africa, and the Near East; or to prevent all violent conflict. Nor should it necessarily be to establish Western-style democracies across the region. **Instead, in targeted countries where conditions are conducive and engagement can happen sufficiently early, preventive efforts should seek to reduce the likelihood that extremists will turn local conflicts into transnational jihads, hold territory, or establish governance. The success of such preventive efforts should be determined by whether national and local leaders are becoming more widely trusted within a given community or society.**

Savings from Prevention

The costs of violent conflict, military expenditure, counterterror operations, and law enforcement are extremely high. In 2017, the global economic impact of conflict was $14 trillion, two-thirds of which was spent on internal security, incarceration, and military operations. The costs of violent conflict were over $800 billion, $161 billion of which was from the economic impact of terrorism.[a] Even though the cost of fighting the wars in Iraq and Afghanistan has declined, total counterterrorism spending by the United States amounted to $175 billion in 2017, an elevenfold increase over 2001.[b]

By contrast, activities aimed at preventing violence have been shown to save money compared with the costs of responding to conflict.[c] The most pessimistic estimates place the cost-effectiveness ratio of investments geared toward prevention at two dollars saved for every dollar invested.[d] Two of the most recent estimates, conducted by the United Nations and the World Bank (2017) and the Institute for Economics and Peace (2018), put the ratio at sixteen to one.[e]

Notes

[a] Conflict deaths, refugees and IDPs, peacebuilding, peacekeeping, and "terrorism" are included in the costs of violent conflict; see Institute of Economics and Peace (IEP), *The Economic Value of Peace, 2018: Measuring the Global Economic Impact of Violence and Conflict* (Sydney: IEP, October 2018), 9, http://economicsandpeace.org/wp-content/uploads/2018/11/Economic-Value-of-Peace-2018.pdf.

[b] Stimson Center, *Counterterrorism Spending: Protecting America while Promoting Efficiencies and Accountability* (Washington, DC: Stimson Center, May 2018), 5. https://www.stimson.org/content/counterterrorism-spending-protecting-america-while-promoting-efficiencies-and-accountability.

[c] United Nations and World Bank, *Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict* (Washington, DC: World Bank, 2017), 4–5, https://openknowledge.worldbank.org/handle/10986/28337.

[d] M. Chalmers, "Spending to Save? The Cost-Effectiveness of Conflict Prevention," *Defence and Peace Economics* 18, no. 1 (2007): 2.

[e] United Nations and World Bank, Pathways for Peace, 4; IEP, *Global Peace Index, 2017*, (Sydney: IEP, June 2017), 4.

Yet a preventive approach need not be costly or ambitious; to the contrary, in the longer term it will result in considerable cost savings. According to a recent analysis by the World Bank and the United Nations, every dollar invested in efforts to prevent conflict saves sixteen dollars in spending on reconstruction, crisis management, and the military.[19]

This strategy should be undertaken humbly and with realistic expectations. There are no simple prescriptions for addressing the challenge of extremism. Prevention is a step-by-step process that happens within societies, one that plays out on a generational timeline. The United States cannot hope to fix the underlying drivers everywhere. Nor can it hope to solve other countries' problems from the outside, or by acting alone. But with a new policy paradigm—supplementing a short-term, reactive focus on terrorism with a longer-term commitment to preventing extremism, aligning all its policy tools behind a shared strategy, and leveraging its unique convening power to encourage its international partners to do their part—the United States will be able to make a difference.

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A Difficult Road: Getting to Prevention

The need for policies that do more than react to terrorist threats and instead address the root causes of the problem is hardly new. In 2004, the 9/11 Commission foresaw the possibility for extremism to spread, mutate, and reemerge. Thus, the Commission recommended a comprehensive strategy that would not only "attack terrorists and their organizations" and "protect against and prepare for terrorist attacks," but just as critically "prevent the continued growth of Islamist terrorism."[20]

Since then, the U.S. government and the international community have designed and implemented policies to prevent extremism. Progress has undoubtedly been made.[21] Yet, serious challenges persist. More often than not, the United States and its partners lose focus on prevention; fail to work with and through communities; fail to integrate development, diplomacy, and defense interventions; or fail to follow up on hard-won gains.

The Persistence of Extremism amid Failure to Consolidate Gains: Somalia

Iraq is not the only country where extremists have regrouped in the aftermath of U.S.-led or supported military operations, and where the international community has failed to follow up on hard-won gains. In Somalia, between 2009 and 2011, the al-Qaeda linked group al-Shabaab controlled most of the country, including significant portions of the capital of Mogadishu. Al-Shabaab gained power following Ethiopia's 2006 military invasion—an invasion tacitly supported by the United States—to rid Mogadishu of the Islamic Courts Union, an Islamist group of warlords. Following the Courts' removal, the group's most radical members reconstituted to become al-Shabaab and eventually seized most of the country. They were pushed out of Mogadishu yet again by U.S.-backed African Union peacekeepers between 2011 and 2013.[a] Yet al-Shabaab retains control of a substantial part of Somalia and has sought a presence or mounted major attacks in Kenya, Tanzania, and Uganda.[b]

Notes

[a] "Somalia Profile–Timeline," *BBC News*, January 4, 2018, https://www.bbc.com/news/world-africa-14094632; and "Al-Shabab in Somalia," Global Conflict Tracker, Council on Foreign Relations, (accessed January 15, 2019), https://www.cfr.org/interactives/global-conflict-tracker#!/conflict/al-shabab-in-somalia. In fact, the roots of U.S. involvement in Somalia go back even further. The regime of Siad Barre, a major patron of the United States during the Cold War, collapsed in 1991, leading to the collapse of the Somali state and close to three decades of nearly continuous conflict. The Islamic Courts Union established itself in the early 2000s in the aftermath of a failed international effort to provide humanitarian aid, which included the 1993 "Black Hawk Down" incident in which nineteen U.S. servicemembers killed and seventy-two wounded.

[b] See International Crisis Group, *Al-Shabaab Five Years After Westgate: Still a Menace in East Africa* (Brussels: International Crisis Group, 2018), https://d2071andvip0wj.cloudfront.net/265-al-shabaab-five-years-after-westgate.pdf.

This Task Force's analysis suggests that three key hurdles have hampered previous efforts and need to be overcome to render effective efforts to prevent the underlying conditions of extremism in fragile states: (1) **the lack of a shared understanding of the conditions of extremism**, which has inhibited the development of a cohesive policy framework to guide the activities of agencies in fragile states; (2) in contrast to measures taken to confront terrorists, **efforts to prevent extremism have not been a consistent, sustained priority** for policymakers, and; (3) **U.S. diplomatic, development, and defense tools are not well integrated with one another, nor are they coordinated** with those of international partners. Each of these hurdles merits elaboration.

First, policymakers for the most part still lack a shared understanding of the underlying conditions that make fragile states vulnerable to extremism and strategies for addressing those conditions. As the independent, nonpartisan Fragility Study Group convened by the Carnegie Endowment for International Peace, the Center for New American Security, and the United States Institute of Peace concluded in 2016, "across the U.S. government there is no clear or shared view of why, how, and when to engage fragile states."[22] This problem is only magnified at the international level and exacerbated by politically-motivated debates about the origins and nature of terrorism.

Yet, over the past two decades, a series of studies has contributed to a growing evidence base on the underlying causes of extremism and violence as well as the types of approaches needed to mitigate their recurrence in fragile states.[23] These insights are known in some parts of the U.S. government and increasingly across the international community. Within the U.S. government, the Stabilization Assistance Review, a new shared policy framework to guide stabilization activities, represents a step forward; it provides a shared definition of stabilization and describes agencies' respective roles. The Department of State and U.S. Agency for International Development have also launched a *Strategic Prevention Project* to respond to the need for a new approach to fragile states.[24] However, their application has been largely confined to development agencies and remains uneven, at best. But when preventing extremism, much more needs to be done to harness lessons learned from disparate fields and integrate them into a coherent and shared policy framework.

To succeed, however, prevention needs to be the primary modality and objective of U.S. and international engagement in priority countries. A new level of political commitment will be needed to elevate prevention as a strategic priority.

Second, the long-term goal of addressing the underlying conditions that enable extremism still fails to rise to the top of the list of U.S. and international strategic priorities. In general, policymakers too often fail to act on early warning analysis and to take the long-term perspective that is needed to address root causes. Short-term imperatives take precedence; donors lose focus and often fail to provide the sustained support and assistance that partners in fragile states need.

Prevention tends not to be a high priority in our bilateral relationships with fragile states. To succeed, however, prevention needs to be the primary modality and objective of U.S. and international engagement in priority countries. A new level of political commitment will be needed to elevate prevention as a strategic priority.

Third, despite some progress toward more coordinated approaches, security, development, humanitarian, and diplomatic stovepipes persist within the U.S. government and among donors. This inhibits their ability to prevent extremism through comprehensive and integrated activities that cut across governance, peacebuilding, health, and other development sectors. Across departments and agencies, U.S. activities in fragile states need to be better prioritized, more closely integrated, or even discontinued to ensure they do not work at cross-purposes. In addition, a lack of coordination among donor governments and international agencies leads to fragmented approaches within the same target country and missed opportunities to pool resources and join forces. New incentives and institutional structures are needed to create greater cohesion and drive concerted action across diplomatic, security, and development systems, both internationally and within the U.S. government.

Across departments and agencies, U.S. activities in fragile states need to be better prioritized, more closely integrated, or even discontinued to ensure they do not work at cross-purposes.

Recommendations for a New Approach

To get ahead of the threat of extremism in fragile states, this Task Force recommends that the United States adopt a shared framework for prevention as a key U.S. national security priority, and launch two new initiatives to facilitate its implementation:

Recommendation 1: Adopt a Shared Framework for Strategic Prevention

To date, the United States has lacked strategic guidance, shared across all government agencies, for engaging *preventively* to address the *underlying* conditions of extremism in fragile states. For prevention to become a key tenet of U.S. foreign policy and to better align the activities of agencies working in fragile states, the United States government must adopt a **shared framework for strategic prevention** to create a common understanding among all agencies of the conditions of extremism and how to mitigate them effectively.

Recommendation 2: Establish a Strategic Prevention Initiative

Second, to operationalize this shared framework and ensure that agencies have the resources, processes, and authorities they need, the Task Force recommends that the U.S. government establish a **Strategic Prevention Initiative** that creates and codifies the capabilities, procedures, authorities, and resources to improve and integrate U.S. efforts to prevent extremism. The Initiative's principal objective should be to promote long-term coordination between agencies in fragile states.

Recommendation 3: Launch a Partnership Development Fund

Third, the United States cannot carry the burden of addressing extremism alone. To galvanize international support for country-led efforts to promote prevention, the Task Force recommends that the United States initiate diplomatic efforts to launch a **Partnership Development Fund**, a new mechanism that can coordinate donor activities and pool donor funds in support of a shared approach to prevention.

III. A Shared Framework for Strategic Prevention

Informed by a review of research, existing programs and policies, and established best practices, this Task Force **recommends that the United States adopt a new, shared framework for strategic prevention.** Informed by lessons learned about what works, the purpose of this framework should be to create a common, government-wide understanding of: (1) the underlying conditions for extremism; (2) how to address those underlying conditions; (3) criteria for where and when the United States should engage preventively; and (4) effective approaches for engaging fragile states preventively.

The Conditions for Extremism: Political and Contextual

First, the framework for strategic prevention should reflect the emerging consensus that the conditions that enable extremism to spread across fragile states in the Sahel, the Horn of Africa, and the Near East are both political and context-specific in nature.[25]

Extremism

As used by this Task Force, "extremism" refers to a wide range of absolutist and totalitarian ideologies. "Extremists" believe in and advocate for replacing existing political institutions with a new political order governed by a doctrine that denies individual liberty and equal rights to citizens of different religious, ethnic, cultural, or economic backgrounds. "Violent extremists" espouse, encourage, and perpetrate violence as they seek to create their extremist political order. Extremism is not unique to any one culture, religion, or geographic region.

The local conditions that fuel extremism vary widely by place and over time. At the same time, despite the variance across contexts, a core pattern is evident across communities where extremism has taken hold: a community tends to become vulnerable to extremism when the compact between society and the state has broken down. When citizens blame the government for their plight and when the bonds across diverse population groups have frayed, violent extremist groups can gain a foothold by exploiting political and economic grievances, advancing a radical ideology, provoking violence, establishing a presence, and offering a viable alternative to the state.[26]

Fragile states are vulnerable to extremism precisely because a defining feature of fragility is a breakdown in the relationship between the state and society. Communities already alienated by an oppressive, corrupt, or unresponsive government are fertile ground for extremists' attempts to create alternative political orders. Boko Haram, for example, played on Nigeria's extrajudicial killings of civilians in 2011 to fan outrage into popular support for their cause: "Nobody is persecuting us like this government. . . nobody is persecuting our religion and our Prophet like it. They use their soldiers, their police, their system of unbelief. . . We are being persecuted. . ."[27]

Fragility

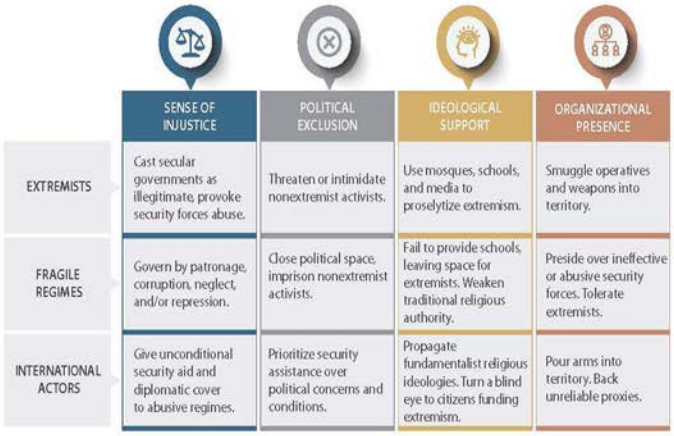
According to the Fragility Study Group, fragility can be defined as "the absence or breakdown of a social contract between people and their government." Fragile states suffer from deficits of institutional capacity and political legitimacy that increase the risk of instability and violent conflict and sap the state of its resilience to disruptive shocks.[a] Fragility also enables transnational crime, fuels humanitarian crises, and impedes trade and development.

Note

[a] William J. Burns, Michele A. Flournoy, and Nancy E. Lindborg, "U.S. Leadership and the Challenge of State Fragility" (Washington, DC: Fragility Study Group, September 2016), https://www.usip.org/sites/default/files/US-Leadership-and-the-Challenge-of-State-Fragility.pdf.

The conditions that foster extremism in fragile states can be both internal and externally-driven as well. Seeking influence or access to resources, global and regional powers sometimes intentionally exploit them. At other times, external actors—including donors themselves—unwittingly exacerbate the conditions that foster extremism. Civil wars sometimes spill over borders, affecting neighboring countries and fueling extremism. Challenging as it may be, a comprehensive preventive strategy must therefore assess, address, and, where possible, mitigate the role of external actors in exacerbating these conditions (see figure 7, "The Conditions for Extremism").

Figure 7. The Conditions for Extremism



	SENSE OF INJUSTICE	POLITICAL EXCLUSION	IDEOLOGICAL SUPPORT	ORGANIZATIONAL PRESENCE
EXTREMISTS	Cast secular governments as illegitimate, provoke security forces abuse.	Threaten or intimidate nonextremist activists.	Use mosques, schools, and media to proselytize extremism.	Smuggle operatives and weapons into territory.
FRAGILE REGIMES	Govern by patronage, corruption, neglect, and/or repression.	Close political space, imprison nonextremist activists.	Fail to provide schools, leaving space for extremists. Weaken traditional religious authority.	Preside over ineffective or abusive security forces. Tolerate extremists.
INTERNATIONAL ACTORS	Give unconditional security aid and diplomatic cover to abusive regimes.	Prioritize security assistance over political concerns and conditions.	Propagate fundamentalist religious ideologies. Turn a blind eye to citizens funding extremism.	Pour arms into territory. Back unreliable proxies.

Source: Task Force on Extremism in Fragile States, *Beyond the Homeland: Protecting America from Extremism in Fragile States* (Washington, DC: United States Institute of Peace, September 2018), https://www.usip.org/sites/default/files/Taskforce-Extremism-Fragile-States-Interim-Report.pdf.

Addressing the Conditions for Extremism: Country-Led and Inclusive Programs

Second, the framework for strategic prevention should recognize that addressing the political and contextual conditions for extremism will require adaptive programs that empower leaders to strengthen state-society relations and better respond to their citizens' needs. The success of such preventive efforts should be gauged by whether national and local leaders are becoming more widely trusted within a given community or society.

Because the conditions that undermine the legitimacy of a state or spread mistrust in a society are specific to individual contexts, a preventive strategy must be adapted to each country in which it is applied, rather than offer general prescriptions for entire regions. Rebuilding the social compact between a society and the state requires strengthening inclusive, responsive, and accountable political and economic institutions at both the local and the national levels[28] (see figure 8, "Building Resilience against Extremism").

Figure 8. Building Resilience against Extremism

Accountability is important at the local level because, in the short term, it is the timely demonstration of political will to listen and respond to citizens' needs that gives societies their best chance to withstand extremism. Over the longer term, such locally visible "quick wins" need to translate into sustained results—unfulfilled promises could serve to exacerbate grievances and alienation. More important, local accountability is not a viable long-term substitute for national reforms. Local gains can quickly be undermined by a predatory central government, whether through coopting local elites or by allowing security forces to commit abuses (see appendix 5, "Prevention Program and Policy Priorities").[29]

The impetus to repair the frayed bonds between state and society must originate from and be sustained by the citizens and leaders of fragile states themselves. Donors cannot inject the political will necessary to undertake such changes. External actors satisfying local needs while the state remains visibly unresponsive do little to alleviate, and could increase, perceptions of injustice.

A Tale of Two Cities: Extremism and Resilience in Tunisia

Sidi Bouzid and Metlaoui are alike in many respects. Both are similarly sized towns in Tunisia's interior, suffer from similar social and economic problems, have a shared tribal heritage, and are centers of political resistance and unrest.[a] Yet whereas jihadist preachers gained control of most of Sidi Bouzid's mosques and sent dozens of fighters to fight with ISIS in Syria, jihadists failed to take over a single mosque in Metlaoui and sent only one fighter.

These different experiences with extremism in otherwise similar towns appear to be due to the historic presence of labor unions in Metlaoui. These unions gave the citizens of Metlaoui an outlet for expressing their grievances and a mechanism for taking collective action to seek redress. As a result, resistance to the state has historically been nonviolent. In Sidi Bouzid, by contrast, an absence of strong unions, and of any other way to express discontent, has made grievances against the state more likely to be expressed violently, leaving the town more susceptible to extremist ideology.[b]

Unions are not the solution to extremism everywhere. But this example shows that it is the presence of avenues for people to make their concerns known and to act to address them—including through civic participation, informal institutions, and nonviolent action—that addresses the political nature of local grievances and can help prevent extremism.[c]

Notes

[a] See Aaron Zelin, "Tunisian Foreign Fighters in Iraq and Syria," Policy Note 55 Washington Institute for Near East Policy, (New York: 2018), https://www.washingtoninstitute.org/uploads/Documents/pubs/PolicyNote55-Zelin.pdf.

[b] See Michael Marcusa, "Radicalism on the Periphery: History, Collective Memory, and the Cultural Resonance of Jihadist Ideology in Tunisia," Comparative Politics 51, no. 2 (2019): 177–197.

[c] See Erica Chenoweth and Maria J. Stephan, *Why Civil Resistance Works: The Strategic Logic of Nonviolent Conflict* (New York: Columbia University Press, 2011).

Strategic Criteria for Prevention

Third, the preventive strategy should establish and follow clear strategic criteria for U.S. engagement in key vulnerable countries. Through even moderate investments in prevention that are strategic and well-timed, the United States can help keep key fragile countries on a path toward sustained stability and development.

Preventing extremism in fragile states is not a goal that can or should be pursued everywhere. Whether the United States should consider a given fragile state as a candidate for a preventive approach should be based on clear criteria, such as:

- **Scope of the threat:** The likelihood that extremist groups might attempt to gain support in a country due to, for example, proximity to other extremist-occupied territory, porous borders, ungoverned spaces, or local conflicts.
- **Strategic significance:** A country's or region's strategic significance to the United States.
- **Opportunity for impact:** The emergence of opportunities to affect positive change in conditions that make the country vulnerable to extremism, including a regime's commitment to prevention.
- **Leverage:** The amount of leverage available to push for reforms.

In line with the U.S. National Security Strategy of 2017, the United States should prioritize prevention in countries where extremist groups show signs of making headway, where the emergence of extremism would pose a larger strategic threat to U.S. interests, and in which there are opportunities to support responsible national and local leaders. Gathering the data needed to identify priority countries based on such criteria in a timely manner will require the United States to deploy its intelligence community and diplomatic missions, as well as make use of existing tools that have been developed to identify country trends and risks, to systematically monitor fragile states. Undertaking timely and sustained preventive action on the basis of such early warning analysis, will require leadership at the highest levels of the U.S. government to ensure that agencies strike a better balance between preventive action and crisis response.

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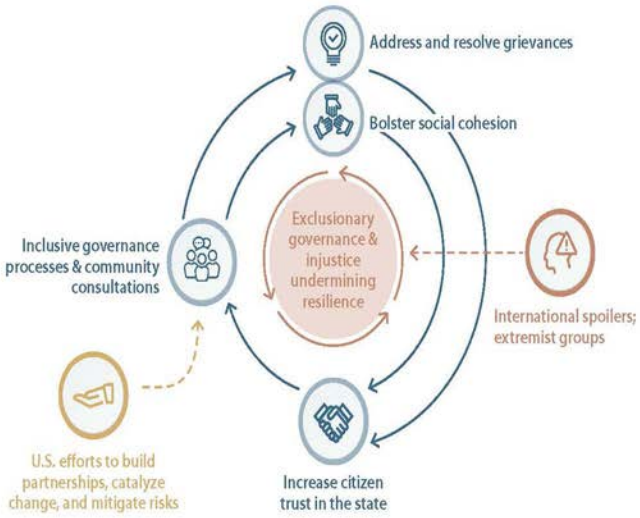
Preventive Approaches in Fragile States: Partnerships, Opportunities, Risks

Finally, the strategy should recognize that in those countries where the United States choses to prioritize prevention, sustained partnerships will be needed to affect change. More often, however, it will be necessary to seize opportunities for progress as they present themselves while recognizing the risk that its own engagement—or that of other international actors—might make the situation in fragile states worse (see figure 9, "U.S. Role in Building Resilience against Extremism").

The United States should base the decision to engage in fragile states on whether a fragile state's political environment is conducive to establishing the foundations for inclusive political and economic governance. In a select few countries, the United States may find partners at the national and local level—inside government or civil society—that are committed to preventing extremism. In such countries, comprehensive and inclusive prevention partnerships offer the best chance of reinforcing locally-led inclusive political processes. As the 2017 U.S. National Security Strategy notes, U.S. efforts have the most impact where "reformers are committed to tackling their economic and political challenges" and local actors provide input.[30]

Figure 9. U.S. Role in Building Resilience against Extremism



The compact model pioneered by the U.S. government's Millennium Challenge Corporation (MCC), which provides long-term grants to alleviate poverty in well-governed low- and middle-income countries, offers a foundation on which to build compact-based partnerships with countries that are vulnerable to extremism. Under a compact-based agreement with vulnerable countries, donors and other partners should work together to identify a package of shared goals and respective responsibilities for achieving those goals. This approach is already gaining currency.[31]

A preventive strategy should also recognize that fragile states demonstrate a broad spectrum of governance challenges. For some, the promise of long-term partnerships with the United States may help incentivize more responsible governance.

Yet, unlike the MCC, which focuses on fostering economic growth, these partnerships should address the underlying condition of extremism. Host governments and donors would be required to agree on a plan for rebuilding state-society relations. These plans would be based on genuinely inclusive consultations and set priorities widely accepted by all stakeholders, including civil society. Partnerships with fragile states need to be adaptive, to account for limited administrative capacity in partner countries, and to place greater emphasis on learning than on rigid, externally imposed benchmarks.

A preventive strategy should also recognize that fragile states demonstrate a broad spectrum of governance challenges. For some, the promise of long-term partnerships with the United States may help incentivize more responsible governance. In many places, however, opportunities for partnership will be limited and different approaches will be necessary.

Where national-level partnerships and countrywide progress are not possible, the United States and the international community should seize opportunities wherever they can. In some cases, this may mean seeking out and engaging leaders who show some commitment to addressing the underlying conditions fueling extremism, wherever and whenever such partners can be found. Engagement with provincial governments, municipalities, community leaders, business owners, civil society, and nongovernmental organizations, as well as women, youth, religious leaders, and others, should seek to empower such actors to build coalitions for reform.

In other cases, opportunities for prevention and progress may arise quickly and unexpectedly. For that reason, the United States should systematically monitor these countries. Long before such opportunities present themselves, particularly around national elections and peace agreements, the United States should have contingency plans in place to swiftly pivot to building national and international coalitions to foster commitment to strengthen resilience against extremism. Deepening our engagement with and strengthening our understanding of local communities will allow the United States to have greater impact at these critical moments.

Whenever the United States engages with fragile states, whether for the purpose of prevention or to achieve other objectives, it must be aware of the political risks and trade-offs involved across all U.S. government activities. This will require applying assessments of the political environments of fragile states to all forms of U.S. assistance, especially security cooperation.

Moreover, the risk posed by other external actors, such as those that support the spread of extremist ideology, also should be considered and addressed. Where possible, the United States should seek to cooperate with other outside actors, including its competitors, to reduce fragility and extremism.

Managing the Role of Strategic Competition in the Spread of Extremism

Despite concerns that Chinese investments are "predatory" and pose a "significant threat to U.S. national security interests,"[a] the United States and China have at times cooperated to reduce the risk of conflict or the growth of extremist capabilities that would be detrimental to both countries' interests. For instance, the two governments collaborated in Nigeria to prevent nuclear material from falling into the hands of extremist groups such as Boko Haram.[b]

Notes

[a] John Bolton, "Remarks by National Security Advisor Ambassador John R. Bolton on the Trump Administration's New Africa Strategy" (presentation at the Heritage Foundation, Washington, DC, December 13, 2018), https://www.whitehouse.gov/briefings-statements/remarks-national-security-advisor-ambassador-john-r-bolton-trump-administrations-new-africa-strategy/.

[b] Aaron Mehta, "How the US and China Collaborated to get Nuclear Material out of Nigeria—and Away from Terrorist Groups," *Defense News*, January 14, 2019, https://www.defensenews.com/news/pentagon-congress/2019/01/14/how-the-us-and-china-collaborated-to-get-nuclear-material-out-of-nigeria-and-away-from-terrorist-groups/.

IV. U.S. Strategic Prevention Initiative

Operationalizing the framework for prevention prescribed above requires a coherent U.S. government approach and adequate capabilities, procedures, and resources. If the United States has not itself prioritized prevention or aligned its own activities around a preventive strategy, it will face difficulty having direct impact on the ground or marshaling the support of other donors. Political, budgetary, and bureaucratic impediments—from fractured funding and oversight to lack of a high-level political mandate and the need to reinvigorate U.S. diplomacy and development—impede the ability of the United States to lead these efforts. These obstacles must be addressed.

Therefore, to ensure that the framework for strategic prevention is elevated to a national security priority and organize U.S. government activities around it, the Task Force recommends **Congress authorize and fund, and the Executive Branch implement, a comprehensive Strategic Prevention Initiative**, which will include the following actions:

- **Establishing clear roles and responsibilities for departments and agencies to promote long-term coordination in fragile states**
- **Providing agencies with authorities and resources needed to carry out a preventive strategy effectively**
- **Developing a plan to mitigate the political risks of providing security and foreign assistance to fragile states**

The key elements of this new Strategic Prevention Initiative should include:

- **The Congress should authorize**: the **State Department** to be the overall lead for establishing U.S. foreign policy and advancing diplomatic and political efforts; the **U.S. Agency for International Development** (USAID) to lead the implementation of civilian assistance programs; the **Treasury Department** to lead U.S. contributions to multilateral entities; and the **Department of Defense** to support these efforts as needed under a new U.S. prevention strategy. Additional departments, including the Commerce Department, the Department of Justice, and the Development Finance Corporation, should also be assigned clear roles and responsibilities. The Strategic Prevention Initiative should build on existing efforts to improve U.S. engagement with fragile states, including the Stabilization Assistance Review and the Strategic Prevention Project.
- **The Executive Branch should designate a new Deputy National Security Advisor for Strategic Prevention to coordinate the policies and activities of agencies.** The National Security Council should work with the intelligence community to establish an early warning and risk management system to identify priority prevention countries based on clear criteria and an assessment of both risks and opportunities for engagement.
- **Congress should provide new authorities for adaptive funding of prevention efforts in fragile states in exchange for greater accountability to Congress.** Congress should authorize the creation of a new account to support sustained, multiyear investments in prevention programs, based on an agreement between Congress and the Executive Branch on specific countries to be prioritized. These authorities should be flexible

enough to allow adaptive implementation of programs that are responsive to evolving conditions on the ground. The Executive Branch should closely consult with Congress throughout the program planning, implementation, and evaluation phases concerning challenges and results.

- **Congress and the Executive Branch should empower U.S. diplomats and development practitioners in the field to focus on longer-term prevention goals.** Chiefs of mission and USAID Mission Directors need the ability to plan, experiment with, and adapt innovative prevention strategies to local conditions over sufficiently long time horizons. Building on USAID's strong presence on the ground, field-based staff need the flexibility to engage widely outside of embassy compounds to reach, work with, and support the actors that know the local contexts best. Congress and the Executive Branch should give Foreign Service Officers greater leeway to take risks to test promising approaches, grant the Defense Department the authorities it needs to more effectively support U.S. civilians in the field, and undertake acquisition reforms that will allow for more rapid and flexible grant-making. Congress should work with the Executive Branch to support a strategy for recruiting, training, and retaining personnel with the skills to implement prevention strategies, including expertise in early warning and political economy analysis, provision of technical advice to partner governments, and community-led prevention activities.
- **The State Department should request, and Congress should appropriate, adequate funding for programs and capabilities that are critical to addressing the underlying conditions of extremism and violence in fragile states.** The United States has often under-resourced capabilities that have proven effective at reinforcing state-society relations (see appendix 5 for illustrative programming that might be required in a prevention country).
- **Congress should require the State and Defense Departments to develop and implement a plan to better align U.S. security cooperation with prevention priorities, and improve security sector governance, in vulnerable countries.** Building on the 2018 Quadrennial Security Sector Assistance Review's call to better tailor security assistance in fragile states, the plan should consider (a) providing all security sector assistance to fragile states through five- to ten-year compacts based on a joint strategy to improve the country's security sector and subject to oversight from civilian authorities and civil society; (b) restricting the types of security assistance available for fragile states with poor security sector governance, unless exempted by senior officials; (c) establishing a security sector reform endowment to support partner-proposed initiatives to build institutional capacity or undertake reforms; and (d) supporting and expanding existing accountability efforts by appropriately funding Defense Department assessment, monitoring, and evaluation programs (AM&E), mandating an AM&E program for State Department–managed security assistance, designating an Assistant Secretary–level official at the Defense Department to oversee the Defense Security Cooperation Agency, and designating a lead office for coordinating all State Department–managed security assistance. (See appendix 6, "Aligning Security Sector Cooperation with Prevention," for more detail.)
- **Congress should consider establishing a bipartisan, bicameral prevention Working Group composed of Members serving on relevant authorizing and appropriating committees.** Congress has a vital role to play in enabling the adaptive, multiyear, and accountable investments that are necessary to promote prevention. The Working Group could hold joint hearings, draft and cosponsor legislation, and meet to discuss issues relevant to U.S. prevention programming.

V. Partnership Development Fund

The United States cannot carry the burden of preventing the underlying conditions of extremism alone. U.S. partners and international donors are increasingly exhibiting willingness and commitment to support stabilization in the Middle East and the Sahel. But the institutional and financial framework that is needed to catalyze a coordinated approach to and concerted investments in prevention is currently lacking. A new vehicle is needed to bring donors together around a shared approach to prevention.

Innovative new pooled funds and mechanisms designed specifically for fragile states exist, but they focus overwhelmingly on short-term crisis response and are, for the most part, not designed to effect enduring change. The scope of the challenge of preventing extremism in fragile states, together with the long-term commitments and country-led solutions that are needed to accomplish that objective, require a new international coordination and financing mechanism to support long-term prevention partnerships in those countries. Furthermore, with sufficient buy-in from fragile states and the international community, such a mechanism could also be a powerful diplomatic vehicle to limit the ability of outside actors to undermine prevention efforts.

To meet these needs, this Task Force recommends that **Congress authorize, and the State Department and the USAID lead, a diplomatic effort to establish the Partnership Development Fund, an innovative international coordination and financing mechanism to align programs and activities and raise and disburse funding to country-led, inclusive programs that address the underlying conditions of extremism.** (See appendix 4, "A Global Fund for Prevention," for a more detailed proposal.) These efforts should build on the twenty-plus years of U.S. experience in leading multilateral global health and other impactful development efforts, and should leverage the unique convening power of the United States.

- **The mandate of the Fund should be to support five- to ten-year partnerships based on comprehensive country-led plans for strengthening relations between citizens and the state.** Unlike traditional development and stabilization programs, it would provide resources for country-developed and -led programs and plans to prevent extremism. Programming priorities should be based on local assessments of vulnerabilities and could include a wide range of sectoral or multisectoral activities designed to achieve this goal, from short-term stabilization initiatives to longer-term efforts to empower marginalized groups such as women and youth, to inclusive dialogues, justice sector reform, community policing, civilian security, and accountable and fair service delivery.
- **The Fund should be structured as a partnership between international donors, fragile states, affected communities in those states, civil society, nongovernmental organizations, and the private sector.** It should be supported by a small and nimble secretariat. The Fund should also be structured to optimize the potential for **public-private partnerships** that could facilitate contributions and innovations from foundations and other private actors, including for locally led proactive development.
- **The United States should contribute no more than 25 percent of the Fund's overall operating budget.** U.S. contributions to the Fund should be contingent on contributions from other major donors, the private sector, and fragile states themselves.

- **An inclusive board or steering committee should be created to oversee the Fund's policy and strategic decisions, including approving funding decisions.** The United States could seek to sit on the board as part of an equal number of developed countries and fragile states, with representation from the private sector, civil society, and nongovernmental organizations. USAID's Associate Administrator should represent the U.S. government on the board of the Fund.
- **The Fund should establish realistic eligibility criteria for candidate countries that are adapted to fragile states and based on governance, inclusivity, civic participation, and transparency metrics.**
- **Funding should be provided through long-term, adaptive, and compact-based agreements comprising shared assessments, plans, and monitoring and evaluation, all supported by a strong and country-led coordination mechanism.**
- **The Fund should foster a rigorous culture of design, monitoring, and evaluation to generate more consistent and evidence-based standards of practice that improve the impact of programs to strengthen state-society relations and prevent extremism.**

While beyond the scope of this report, there are additional steps the United States should take as part of a comprehensive prevention strategy to strengthen the capacity of existing international and regional organizations—including the United Nations, the World Bank, and other key actors—to address the underlying conditions of extremism.[32]

Demonstration Project

In addition to requesting this study, Congress has appropriated funds "to implement the Plan. . . through a demonstration project." It is the recommendation of this Task Force that those funds be used to demonstrate the viability of a Partnership Development Fund by establishing a provisional pooled fund, to be administered by an existing multilateral institution.

The immediate availability of monies to be put into a Partnership Development Fund should be a signal to other international donors, philanthropic leaders, and private sector innovators of U.S. commitment to the effort and make it more likely that they will choose to participate. In this way, the funds appropriated for this project can be used to demonstrate the viability of an internationally coordinated prevention strategy and the Fund as the mechanism for implementing that strategy. Furthermore, to test the effectiveness of the Fund's approach to prevention, this Task Force recommends that the monies it makes available to a provisional pooled fund be used to issue grants to one to three countries for pilot projects.

However, in keeping with Congress' directive that "such funds shall be made available to the maximum extent practicable on a cost-matching basis from sources other than the United States Government," funds should be disbursed only once other international donors have pledged contributions.

VI. Conclusion

A new, comprehensive strategy for reducing extremism in fragile states can bring coherence to and amplify existing U.S. and international initiatives while harnessing favorable political winds. Three dynamics point in the right direction.

First, the U.S. government has already begun to work toward more unified, interagency approaches to this long-term fight. Second, bipartisan agreement is emerging in Congress on the need to change how the United States engages in fragile states. Third, new opportunities have arisen for burden sharing and international collaboration.

It is time to build on this progress and adopt a new paradigm for dealing with a threat that has plagued the world and impeded stability and prosperity for far too long. For a preventive strategy to succeed, it will need to outpace attempts by extremist groups to undermine fragile states. The time to put a preventive strategy in place is now.

Appendix 1

Authorizing Legislation

H.R. 244—CONSOLIDATED APPROPRIATIONS ACT, 2017
Public Law 115-31, May 4, 2017

DIVISION J—DEPARTMENT OF STATE, FOREIGN OPERATIONS, AND RELATED PROGRAMS APPROPRIATIONS ACT, 2017

FRAGILE STATES AND EXTREMISM

SEC. 7080.

(a) FUNDING.—Funds appropriated by this Act under the heading "Economic Support Fund" that are made available for assistance for Syria, Iraq, and Somalia shall be made available to carry out the purposes of this section, subject to prior consultation with, and the regular notification procedures of, the Committees on Appropriations.

(b) COMPREHENSIVE PLAN.—Funds made available pursuant to subsection (a) shall be transferred to, and merged with, funds appropriated by this Act under the heading "United States Institute of Peace" for the purposes of developing a comprehensive plan (the Plan) to prevent the underlying causes of extremism in fragile states in the Sahel, Horn of Africa, and the Near East: *Provided*, That such funds are in addition to amounts otherwise available to the United States Institute of Peace (USIP) under title I of this Act: *Provided further*, That USIP shall consult with the Committees on Appropriations prior to developing such Plan: *Provided further*, That USIP shall also consult with relevant United States Government agencies, foreign governments, and civil society, as appropriate, in developing the Plan.

(c) DEMONSTRATION PROJECT.—Funds made available by subsection (a) shall be made available to implement the Plan required by subsection (b) through a demonstration project, consistent with the requirements described in section 7073(d)(2) of S. 3117 (as introduced in the Senate on June 29, 2016): *Provided*, That such funds shall be made available to the maximum extent practicable on a cost-matching basis from sources other than the United States Government.

Appendix 2

The Conditions for Extremism

(From the Interim Report of the Task Force on Extremism in Fragile States, *Beyond the Homeland: Protecting America from Extremism in Fragile States*)

The new strategic environment demands a new U.S. strategy to reduce the ability of extremism to take root and spread in fragile states. This strategy requires a common understanding of why and how extremism emerges. Disagreements over the root causes of extremism have bedeviled U.S. and international policy; the time has come to move past them.

The Task Force has focused on the conditions that give rise to violent extremism in fragile states and the actors that reinforce and exploit these conditions. This focus conveys the importance of environmental factors in addition to individual motivations, looks beyond any single cause of extremism, and highlights the complex and dynamic interactions that make a society vulnerable to extremism.

The Local Conditions for Extremism

Extremism is most likely to emerge in fragile states when the following conditions prevail: (1) citizens experience or see injustices perpetrated by the state; (2) significant segments of society are excluded from political processes; (3) extremist ideology gains support; and (4) extremist organizations establish a presence (see figure 10, "Conditions for Extremism"). These conditions are shaped by the local context and thus vary significantly from one context to another.

Figure 10. Conditions for Extremism

Sense of Injustice

In fragile states, reasons for frustration abound: poverty, unemployment, economic inequality and exclusion, violence, and conflict can be rampant. But these conditions alone do not push individuals to join extremist movements.[33] Instead, **extremism is enabled by the belief that**

existing indignities and suffering are the direct result of poor, undemocratic, or predatory governance. This sense of injustice aligns with a core tenet of extremist political ideology: rejection of the state in favor of a new political order.

In Iraq, ISIS gained prominence by presenting itself as the defender of Sunnis marginalized by Prime Minister Nouri al-Maliki's Shi'a-dominated government.[34] Abusive security forces are a major factor contributing to extremism among youth in Africa.[35]

Political Exclusion

Even when trust in government is low, as it is throughout the Middle East and much of Africa, support for extremists remains limited.[36] **Extremism appeals less to citizens who can advocate for their interests and believe their appeals might be heeded than to citizens who believe they have no future opportunities**. Where governments extend basic services and economic opportunities (even if they are limited) to the entirety of their societies, and where citizens are free to engage in civic and political organizations, extremists struggle to attract followers.[37] In Tunisia's mining basin, labor unions helped build community resilience against extremism.[38] In Syria, ISIS struggled to penetrate regions such as Aleppo and Deraa that have traditions of vibrant civil society and political activism.[39]

When extremists provide the only viable option for change, they gain traction. Tunisian foreign fighters were more likely to come from parts of the country where labor unions were less embedded in the community. And Libya, a completely closed society under Muammar el-*Qaddafi*'s rule, easily fell prey to violent extremism.

Ideological Support

The move to extremist violence can be facilitated, or justified, by exposure to extremist ideology. **Extremist ideology, even when peaceful, can support the same objectives as violent extremist groups: rejection of the secular nation-state, hostility to Western values, and strict public morality**. Individuals in societies where (even nonviolent) extremism is prevalent are more likely to favor these objectives, particularly if people have been exposed to extremist ideology from a young age. They may also be relatively easily persuaded to pursue these objectives violently.

Egyptian foreign fighters, for example, tend to come from religious fundamentalist families.[40] Analysts have attributed Algeria's paroxysms of extremist violence in the 1990s to the influx, three decades earlier, of foreign teachers, many of whom held extreme religious views.[41]

Organizational Presence

The presence of an organizational infrastructure can make it easier for extremists to recruit, inspire, and direct followers. Oftentimes, such organizational capacity comes from outside a country's borders. Iraqi extremists penetrated eastern Syria after the outbreak of the civil war in 2011, laying the foundations for ISIS's later emergence.[42] In Yemen, the arrival of Saudi fighters in 2009 led to the formation of AQAP.[43]

In other contexts, violent extremist groups such as Boko Haram in Nigeria and al-Shabaab in Somalia emerge organically, in response to local conditions, but their leadership might draw heavily on the brand, tactics, connections, or structures of a larger international organization.[44]

Actors Reinforcing and Exploiting the Conditions for Extremism

These **conditions that fuel extremism in fragile states are reinforced and exploited by key actors: extremist groups, fragile regimes, and international actors.**

Extremist Groups

Once extremists establish a presence, they reinforce the dynamics that led to their initial emergence. Their presence highlights the state's inability to provide security, their propaganda exposes citizens to extremist ideology, and their activity provokes harsh security responses, all of which stoke perceptions of injustice.[45] Additionally, extremists resort to intimidation and violence to carve out power and influence; for instance, they may target civil society activists.[46] And once extremists have established a foothold in one community, they can more easily spread to neighboring communities, regions, and countries.

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Fragile Regimes

Predatory regimes in fragile state put their own survival and enrichment ahead of their people's needs. They cling to power through a combination of patronage, repression, and neglect.

Patronage and corruption buy off the local elites and security forces. Repression helps keep a restive population in check temporarily, but it also fuels the sense of injustice that extremists exploit, particularly among prison inmates.[47] Moreover, when states criminalize dissent, their first targets are often the moderate religious voices and opposition movements that would otherwise serve as alternatives to extremism.

Predatory regimes in fragile state put their own survival and enrichment ahead of their people's needs. They cling to power through a combination of patronage, repression, and neglect.

Fragile regimes may choose to neglect peripheral regions of the country, creating a void that extremism can fill. Where states fail to provide education, religious institutions, or a sense of shared national identity, extremists have room to spread their ideology.[48] Where the central government neglects security, extremists easily enter from abroad or emerge organically from within the neglected areas. And sometimes fragile states deliberately tolerate an extremist presence, either to counterbalance some other domestic or foreign threat or to attract international security assistance.[49] Peripheral, historically marginalized regions, such as northern Mali and Western Yemen, are particularly vulnerable to extremists seeking exploit grievances and broaden conflict.

International Actors

Whether intentionally or inadvertently, both great and regional powers can contribute to the fertile environment for extremism and facilitate those that would exploit the environment. Engaged in strategic competitions, international actors may seek to secure fragile states' support, resources, or territory by offering them aid, investment, or weapons. Even when done for legitimate reasons, such as defeating terrorist networks, unconditional assistance can perpetuate if not bolster predatory regimes. **Too often, international actors pursue their own interests with little regard for the negative impact they have on societies vulnerable to extremism.**

Regional powers can also help spread extremist ideology, either as a means of gaining influence in the societies of fragile states or to accommodate their own internal constituencies. Some Arab states have funded fundamentalist mosques, madrassas, textbooks, or media that reach fragile states. Others turn a blind eye to their own citizens' private contributions to extremist proselytizing and, at times, even to violent extremist groups.

Occasionally, outside powers will back proxies in a fragile state's civil war. This intervention can exacerbate the conflict and create space and time for extremists to enter. It can also lead to foreign weapons making their way into the hands of extremists. The most egregious cases are states that, in pursuit of their political agendas, directly arm violent extremist groups, as Iran has done across the Middle East and into Africa.

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Appendix 3

Principles for Preventing Violent Extremism

Because the drivers of violent extremism are political and context-specific, citizens and their leaders in fragile states are best-positioned to lead efforts to address fragility as an underlying condition. A U.S. preventive strategy should therefore focus on what the United States can do to identify and empower these local and national actors to address the concerns of their citizens in vulnerable communities. The preventive strategy should emphasize *how* to engage fragile states over *what* to do in each country.

Key lessons have emerged from two decades of international experience in supporting national and local actors in Afghanistan, Colombia, Iraq, and elsewhere around the world. Few of these principles are new, although their application by U.S. agencies and international actors in fragile states remains uneven at best. The following eleven principles should be integrated into a new U.S. policy framework to guide U.S. policy and foreign assistance programs and to help integrate U.S. diplomacy, development, and defense efforts into more coherent approaches at the country level in fragile states.

Intervene Early

Timely preventive engagement in fragile states, before extremist violence has spread, is more likely to have a sustained impact and is more cost-effective than downstream counterterrorism efforts. Once grievances have become widely entrenched, it becomes more difficult to find common ground and build consensus for strategies to reduce the risk of violence. Timely action requires a political commitment to prioritizing prevention. It also requires the capacity to closely monitor the specific risks of violence, and to identify responses that are adapted to the local context. Prevention efforts must be directly targeted to regions at highest risk, particularly border and periphery areas where exclusion tends to be more pronounced. An emerging international best practice for international actors and governments in fragile states is to enhance awareness among development, security, and diplomatic communities of the risks and impacts of violence in addition to providing early warning.

Preventing Violence in Niger

Niger's High Authority for the Consolidation of Peace, an early warning office that reports directly to the president, relies on a network of local and community actors who report back to the central government when signs of heightened tension arise in a particular region or community. The office facilitates early action through close coordination with ministries, including security actors. Its capacity for rapid intervention has been key to preventing violence in Niger.

Support Country-Led Solutions

Because the drivers of violent extremism are context-specific, leaders in fragile states—whether at the national or local level, inside or outside government—should take the lead on prevention efforts. Over two decades of international engagement in fragile states demonstrates a hard-earned lesson: externally imposed solutions and timelines do not lead to sustainable progress. Instead, external actors are most likely to be successful when they support the efforts of national and local leaders who are committed to prevention, and when they use their leverage to ensure that all actors adhere to fundamental checks and balances against abuses of power, including human rights violations and endemic corruption. Tools to facilitate international support for country-led solutions include country-led assessments of the risks of violent extremism; inclusively developed plans that form the basis for partnership with international actors; and compact-based agreements between donors and fragile states on the terms of their partnership.

The Funding Facility for Stability in Iraq

At the request of the Iraqi prime minister, the United Nations Development Programme (UNDP) established the Funding Facility for Stabilization in June 2015 to help prevent the resurgence of extremist violence in cities and districts liberated from ISIS. Priorities were set by the Iraqi authorities, which are directly responsible for stabilizing areas. As soon as a newly liberated area is declared safe and local authorities have identified priorities, UNDP uses fast-track procedures to bring local contractors on the ground, usually within weeks. More than 95 percent of all stabilization projects are done through the local private sector employing local labor. The impact has been significant; half of the nearly 6 million Iraqis who were displaced during the fighting have returned to their homes and started to rebuild their lives.

Source: United Nations and World Bank, *Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict*, (Washington, DC: World Bank, 2017), 259.

Promote Inclusive Political Processes and Empower Women and Youth

Numerous studies have shown that political exclusion can fuel grievances and spark conflict and extremist violence. Fostering inclusive political processes and political reforms is essential to preventing extremism. Studies have shown that women's leadership, political representation,[50] equal treatment, and physical security[51] are likewise crucial to making societies more inclusive, peaceful, and resilient in the face of violent extremism. In addition, half of the global population is under the age of twenty-four and the role of young people as engaged citizens and peacebuilders has increasingly been recognized. According to the 2015 United Nations Security Council Resolution on Youth, Peace and Security (SCR 2250), youth represent "a unique demographic dividend that can contribute to lasting peace and prosperity."

Inclusive Programs to Combat Extremism in Morocco

In Morocco, the government has trained women as "spiritual guides" to lead prayers in mosques. This training is designed to help combat extremist messages, while leveraging the sacred role of women in families and communities.

Source: United Nations and World Bank, *Pathways for Peace: Inclusive Approoches to Preventing Violent Conflict*, (Washington, DC: World Bank, 2017), https://openknowledge.worldbank.org/handle/10986/28337.

Integrate Development, Diplomacy, and Defense within a Coherent Approach

Preventing extremist violence is rarely the only objective of U.S. and international actors when they engage with fragile states. But too often, security, political, and development challenges are tackled separately instead of in relation to one another.[52] Bureaucratic impediments provide disincentives for more effective and coordinated action; government and international agencies are divided into silos and mandates and funding are allotted only for sector specific activities. These disconnected approaches inhibit the ability of actors to address violent extremism's core drivers through comprehensive approaches that integrate activities on projects such as service delivery, good governance, or security sector reform.

Interagency Coordination in Kunar Province, Afghanistan

According to the Special Inspector General for Afghanistan Reconstruction, success in reducing the level of violence in Kunar Province can be attributed in large part to "a willingness and commitment from [all] actors to work together in very close collaboration." The partnership between the military and USAID was described as "unusually close." As a result of this collaboration, USAID, in coordination with Afghan provincial and district governors, was able to plan projects prior to the operation that were implemented about ten days after clearing, with remarkable speed. USAID staff were described as "repositories of knowledge" by their military counterparts, and that knowledge enabled the U.S. commander in this region to conduct more effective stabilization operations.

Source: Special Inspector General for Afghanistan Reconstruction, "Stabilization: Lessons from the U.S. Experience in Afghanistan," (May 2018), 207, https://www.sigar.mil/pdf/lessonslearned/SIGAR-18-48-LL.pdf.

Promote an Efficient International Division of Labor

Coordination among international donors and fragile states is essential to achieving sustained results in those countries. When the United States stands united with like-minded partners in fragile states, we have far more effective leverage over our strategic competitors and over domestic actors in those countries. Coordinated engagement reduces the administrative and

coordination burden on already frail institutions. Pooling donor resources for specific fragile states under an international financing mechanism would help build strong and visible international coalitions for prevention; increase alignment among development actors leading prevention programs; improve coordination among development, humanitarian, security, and diplomacy actors; and promote comprehensive solutions at scale, rather than project-based interventions.[53]

Preventing a Recurrence of Conflict in Burundi

Following the end of the Burundian Civil War in 2005, the creation of a UN Peacebuilding Commission helped foster coordination between peacekeeping and development actors in Burundi. The Commission helped avert a return to civil war in that country despite violence following a contested presidential election in 2015.

Source: United Nations and World Bank, *Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict*, (Washington, DC: World Bank, 2017), https://openknowledge.worldbank.org/handle/10986/28337.

Work for Quick Wins. . . but Commit to Sustained, Realistic Timelines

Addressing the underlying drivers of extremism is a generational task; governance and development challenges tend to be deeply-rooted. Sustained timelines are necessary to achieve durable results that continue beyond the span of donor attention, particularly budget and policymaking processes. Our diplomats and aid workers need the flexibility to undertake longer-term approaches; inconsistent resource flows can cripple effective action but are common across donors. Instead, addressing extremism's root causes should be viewed as a step-by-step process that requires identifying realistic "quick wins" as well as longer-term reforms to strengthen state-society relations. Quick wins can create confidence in fragile states' long-term commitments, by showing citizens and donors that change is possible. Identifying fast, achievable opportunities for progress can buy time for deep-seated changes that can take decades to accomplish.[54]

Plan Colombia

Under Plan Colombia, the U.S. government offered a $10 billion aid package to Colombia that was successfully sustained over three U.S. administrations. With this continual level of support from the United States, Colombian president Alvaro Uribe had the resources and political capital he needed to launch a new "democratic security" policy that sought to reassert the state's control over large parts of the country that were held by either right-wing paramilitary

forces or left-wing guerrilla groups. This effort included creating effective police forces to hold territorial gains and providing social and economic justice to strengthen the government's legitimacy, particularly in parts of the country that had long been alienated from government authority. As the Fragility Study Group concluded in its 2016 report, "through decades of engagement, the United States created a strategic, systemic, selective, and sustained partnership with Colombia, resulting in a much more stable and prosperous country."

Source: Burns, Michele A. Flournoy, and Nancy E. Lindborg, "U.S. Leadership and the Challenge of State Fragility" (Washington, DC, Fragility Study Group, September 2016), 14, https://www.usip.org/sites/default/files/US-Leadership-and-the-Challenge-of-State-Fragility.pdf.

Be Flexible and Adaptive

Not only are the conditions of violent extremism in fragile states context-specific, but progress in tackling those conditions is rarely linear. Extremist groups are increasingly adaptable. Consequently, the United States and other international donors must prioritize and execute programs in these countries with corresponding flexibility. The specific context of each country must therefore drive the course of action for the United States and the international community, who should expect the context to change over time. This does not mean that the U.S. and the international community should abandon efforts to hold themselves accountable or achieve durable results. It does mean, however, that rigid, predetermined, or unrealistic outcomes—such as earmarked requirements—are unlikely to succeed. Simplified financial management and procurement procedures are needed to improve the speed and flexibility of aid delivery in fragile contexts.

Adaptive Management in Tunisia

USAID's Business Reform and Competitiveness Project in Tunisia, a three-year job creation program, initially sought to create jobs in Tunisia by offering pre-employment training to educated graduates who lacked common soft skills. The failure of these efforts to deliver expected results led the team to implement a more adaptive approach by re-assessing local needs, relying more on local actors to facilitate relationships with local enterprises, and integrating monitoring and evaluation teams into the program management structure. The project re-oriented toward an approach that provided technical assistance for employers to access existing market demand through job-fairs, pre-employment screening, and more carefully defined hiring needs. The program generated ten thousand new jobs, 35 percent of which were filled by women.

Source: Jim Defay, "Adaptive Management in the Context of Job Creation, Tunisian Business Reform, and Competitiveness" (case study submitted to the 2016 CLA Case Competition, Washington, DC).

Incentivize Mutual Accountability in Countries That Are Committed to Prevention

Rather than impose predetermined benchmarks and conditions on fragile states from the outside—an approach that has repeatedly failed in the past—a "mutual accountability" framework can allow donors and partners that are committed to long-term reforms to coalesce around a package of shared goals and respective responsibilities for achieving those goals. Through compact-based agreements that reflect this principle of mutual accountability, donors, recipient countries and civil society actors can hold each other accountable for delivering targeted, agreed-on components, be it sustained funding for programs, or policy reforms. This mutual accountability framework underpins Millennium Challenge Corporation compacts and has informed new partnerships with fragile states like Somalia under the 2011 New Deal for Engagement in Fragile States, a set of internationally agreed-upon best practices on how to engage effectively in these countries. To promote prevention in fragile states, a mutual accountability framework should span multiple years; be adaptable to changing circumstances on the ground; promote risk tolerance; involve an inclusive set of nongovernmental actors, including women and youth; and be premised on a preexisting political commitment to prevention, like some of the steps taken by Indonesia to reduce the risks of conflict in that country, as well as building sufficient capacity in-country to fulfill the terms of the partnership.

A National Commitment to Prevention in Indonesia

Indonesia has experienced cycles of conflict, insurgency, and terrorism over the past two decades and it continues to struggle with internal violence. To address the long-term drivers of violence, the government proactively set in motion processes of political and economic decentralization that resulted in semi-autonomy for the province of Aceh, full secession for East Timor, and that have contributed to stability and peace in the country. In parallel, Indonesia embarked on a major security sector reform effort that established parliamentary oversight over the security forces. This is credited with restoring a more adequate balance between the military and civilian branches of government and disincentivizing the use of force.

Source: United Nations and World Bank, "Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict," (Washington, DC: World Bank, 2017), 206, https://openknowledge.worldbank.org/handle/10986/28337.

Prioritize Justice and Security Sector Reform

An emerging best practice across the UN system is to prioritize security sector reforms as a key aspect of preventive action in fragile states, integrated along with other government planning and reforms and include improvements to accountability, procurement, and payment.[55] Because poor security sector governance is a key source of grievance often exploited by extremists, increasing accountability of the security sector is a crucial element of reducing support for extremism. As in other domains, reform processes in the security sector should be led by national actors with emphasis given to inclusive community dialogue, civilian oversight, merit-based recruitment and processes that integrate women, youth, and minorities into policing structures.

Supporting Security Sector Reform in Kosovo

Police reform at the community level in post-conflict Kosovo was critical to building trust among ethnic communities and enabling effective policing across the country. Minimum quotas for Kosovo-Albanians and Kosovo-Serbs were instituted, as well as a quota mandating that 20 percent of the force be made up of female officers. By 2005 the share of women in the police force exceeded that of most European forces. These reforms were enabled by sustained international support in the form of both funding and technical assistance. By 2009, public opinion polls showed the police to be more trusted than any other government institution in that country.

Source: United Nations and World Bank, "Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict," (Washington, DC: World Bank, 2017), 209, https://openknowledge.worldbank.org/handle/10986/28337.

Promote Transparency and Accountability

Adopting a more rigorous culture of design, monitoring, evaluation, and transparency is critical to learning and achieving impact in fragile states. Transparency in the delivery and use of assistance is an essential precondition for progress, especially in these countries, because it fosters confidence between people, communities, the state and international partners.[56] Delivering visible results is an effective strategy to strengthen state-society relations in fragile states. The United States and other donors also need a more robust learning agenda in fragile states. The United States should increase its capacity to capture lessons learned from past U.S. engagements to ensure that key findings inform U.S. policy and approaches.

Do No Harm

Above all else, the United States and its allies should ensure that their actions do not undermine the outcomes they seek to achieve. Too much support from too many donors seeking numerous different objectives overwhelms the ability of partner states to set and manage their own priorities. Lax financial oversight can incentivize corruption or fuel political competition, leading to a heightening of tensions and violence. Working with repressive local actors can foster grievances or fuel support for violence among marginalized members of society. Before deciding to engage in any capacity, it is imperative to carefully assess the political environment and consider the political risks of taking action. At times, more limited engagement or no engagement at all may be the best option.

Appendix 4

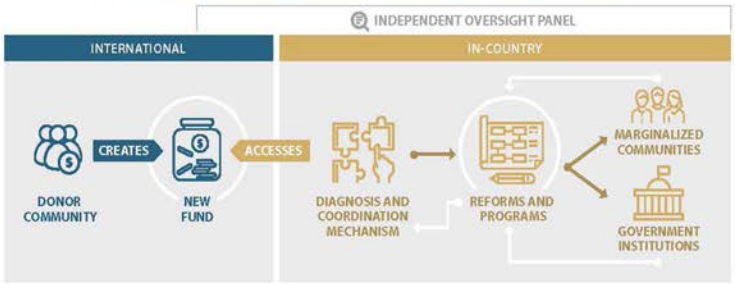
A Global Fund for Prevention

While innovative pooled funds and other international instruments to increase international coordination on conflict management in fragile states exist, most focus overwhelmingly on short-term crisis response, and are, for the most part, not designed to effect enduring change in these countries. New and more nimble financing and international coordination mechanisms—like the World Bank's State- and Peacebuilding Fund, the UNDP's Funding Facility for Stabilization in Iraq, and the United Nations' Peacebuilding Fund and Support Office—reflect lessons learned and principles of effective engagement in contexts of fragility, including the need for agility and flexibility in response to needs on the ground in these countries.[57] These tools are helping to improve the support that donors provide to countries emerging from conflict, and are delivering results.

Yet, for the most part, these tools are not designed to support preventive efforts to tackle the underlying, long-term conditions of violence, extremism and conflict. Recent exceptions include the World Bank's 2018 IDA Replenishment, which doubled the amount of financing for fragile states from $7 billion to $14 billion over a three-year period, and the Global Community Engagement and Resilience Fund, a small fund that provides seed grants to community-based organizations focused on preventing extremism at the local level. These flagship initiatives address different aspects of the challenge of prevention. The World Bank is filling an important financing gap for development in fragile states, where, by definition, the institutional and policy environment does not encourage private investment. The Global Community Engagement and Resilience Fund was specifically designed to allow resources for countering violent extremism programs to be pooled and quickly disbursed, but it has struggled to raise money, particularly from the private sector, and is focused on the manifestation of extremism, not its underlying drivers.

What is missing, still, is a mechanism to overcome the challenges of fractured and uneven investments in prevention. A new international coordination and financing vehicle for particularly vulnerable but not necessarily conflict-affected countries is needed to help coordinate international support for leaders in fragile states who are committed to addressing the underlying conditions of violence and extremism and building more resilient societies (see figure 11, "Basic Framework for Partnership Development Fund"). The international institutional and financial framework that is needed to catalyze such concerted investments is currently lacking.

Figure 11. Basic Framework for Partnership Development Fund



A new global fund for prevention could fill key gaps in the international architecture for violence and conflict prevention in several ways:

- By catalyzing sustained investments in prevention programs that have a longer time horizon than the typical short-term, one- to three-year budget cycles of most donors
- By supporting inclusive solutions led by committed national or local leaders, including possibly by allocating grants based on compact-based agreements
- By promoting comprehensive, rather than project-based, solutions to addressing fragility through a robust country coordination mechanism
- By incentivizing long-term, and adaptive programs in these countries
- By building strong and visible international coalitions for prevention, while increasing alignment across the development actors that operate in specific countries, and coordination among development, humanitarian, security and diplomacy actors[58]
- By requiring a more rigorous culture of design, monitoring, and evaluation to generate more consistent and evidence-based standards of practice that prove impact

Design and Planning Considerations

The increasing role of major international donors in fragile states, as well as the increasingly complex global strategic environment that impacts those countries, means that coordinated international efforts are more important than ever to effect positive change. The scope of the challenge of preventing extremism in fragile states, together with the long-term commitments, country-led solutions and adaptive approaches that are needed to address its root causes, require a new international financing mechanism. This instrument should be designed to support long-term, coordinated prevention partnerships in fragile states.

Key considerations for the design and structure of this new coordination and financing instrument include the following:

- The mandate could be to promote international coordination and provide grants for multi-year programs in a small number of key countries where investments in prevention could have a catalytic effect on a region or country early on.
- The new instrument could seek to add to and help coordinate and rationalize—but not duplicate—the separate prevention-related activities of bilateral donors, UN agencies, and multilateral development banks in fragile states, and could supplement the existing international security and development architecture.
- An inclusive governance structure or board comprising donors and fragile states could oversee the fund's policy and strategic decisions, with representation from the private sector, civil society, and nongovernmental organizations, as well as representatives from communities in fragile states that are particularly vulnerable to extremism, including women and youth. This structure could include a venue for the fund's voting members to meet with diplomacy, humanitarian, and security actors. For example, if applicable, representatives from defense ministries could be invited to participate in security working groups.

- The establishment of a robust, inclusive and country-led coordination platform in recipient countries could be a condition for allocating grants, and a mechanism for aligning international assistance with country-specific prevention priorities. These in-country platforms could include government ministries, local government leaders, multilateral and bilateral donors, nongovernmental organizations, academic institutions, vulnerable communities, and private sector actors.
- The coordination platforms could prioritize the analysis and dissemination of learning about effective strategies and programs.
- Grants could also be made contingent on the development of multi-year, compact-based agreements between the fund, other donors, governments in vulnerable countries, and civil society organizations. Those agreements could call for shared assessments of needs, analysis of international activities and gaps at the country level, shared plans for achieving compact objectives, and monitoring and evaluation requirements.[59]
- Such agreements could facilitate the mutually reinforcing, multiyear commitments to resources, policy changes, and projects that are required to achieve prevention outcomes.
- Compact-based agreements could include commitments to other sources of development financing, including domestic resource mobilization, debt relief, and foreign direct investment.
- Broad eligibility criteria could be established by founding members, based on aid effectiveness principles.
- Groups of candidate countries could be encouraged to submit joint proposals through the establishment of regional coordination platforms and compacts.
- The programmatic scope of the fund could be to support programs that focus on strengthening the compact between citizens and the state, ranging from short-term stabilization focused on "quick wins" to programs intended to have more durable impact, and from empowering marginalized groups such as women and youth to promoting inclusive dialogues, justice sector reform, community policing, civilian security, and accountable and fair service delivery. The fund could therefore have a mandate to provide grants for prevention programs across a wide range of sectors, as well as a variety of country and regional settings, depending on the local context and prevention priorities.
- Grant-making parameters could reflect aid effectiveness principles for fragile states, including the need to allow for adaptive implementation and iterative monitoring and evaluation that is responsive to conditions on the ground.
- Grants could be used to support the international coordination platform, as well as mechanisms for scaling effective prevention programs.
- Transparency, learning, and innovation could be high priorities across these processes.

Appendix 5

Prevention Program and Policy Priorities

Although the local conditions that fuel extremism vary widely by place and over time, a core pattern is evident across communities where extremism has taken hold: those places tend to become vulnerable where the compact between society and the state has broken down. Programs across a wide variety of sectors—from justice sector reforms to job creation and youth empowerment—that effectively empower local and national actors to strengthen state-society relations and to become more responsive to their citizens are best suited to mitigating the underlying conditions for extremism in fragile states.

The United States should ensure that the programs, capabilities and strategies that are necessary to promote prevention, including in the areas listed below, are adequately funded and consistently implemented. Although the list is by no means exhaustive, these are the kinds of programs and policies that should be supported by the Strategic Prevention Initiative or Partnership Development Fund.

Programmatic Priorities

Promote Inclusion. The U.S. government supports a wide range of programs to promote inclusion in fragile states, while also contributing to relevant multilateral instruments, like the Global Community Engagement and Resilience Fund.[60] These investments promote government accountability, civil society organizations, anticorruption, access to justice, community engagement, and civic participation. They directly strengthen local sources of resilience—for instance by facilitating community dialogues with security forces—and build relationships with political leaders that can open opportunities for deeper engagement in fragile states. These programs would benefit from more consistent funding to sustain progress with greater flexibility to better adapt to local contexts, experiment, and reorient activities as needed.

Support Locally Led Solutions to Reinforce the Social Contract. Unlike traditional development and stabilization programs, country-led programs that focus not only on development needs but simultaneously on strengthening the compact between citizens and the state, such as the National Solidarity Program in Afghanistan (NSP), should be prioritized. The key features of that program included a high level of Afghan government ownership, as well as an in-depth community engagement process, both of which took time to achieve, but produced the necessary level of buy-in to increase legitimacy and trust in government across two-thirds of the country.[61] Sierra Leone's Fambul Tok community-led reconciliation process, which received support from USAID, also succeeded in promoting intercommunity reconciliation, while building trust in government from the bottom up.

Empower Women. Women's empowerment is critical to enhance community resilience against extremist threats and to heal communities afflicted by violence. States where women serve as chief executives and are strongly represented in government are less likely to abuse their citizens than are states run largely or exclusively by men.[62] Societies where women are treated more equally and are more physically secure are less likely to suffer from internal conflict.[63] Peace agreements are more likely to endure when women are included in the peace process.[64]

The United States should promote women's participation to help reduce extremism and build more peaceful, inclusive societies. It should fully implement and fund the National Action Plan on Women, Peace, and Security[65] and the Women, Peace, and Security Act of 2017.[66] It should also incentivize fragile states to incorporate women's participation in prevention-related programs and to adopt and implement their own National Action Plans on Women, Peace, and Security in line with UN guidance.[67]

Provide Opportunities for Youth. Providing political and economic opportunities for youth is crucial for strengthening resilience against extremism. Across the Middle East and Africa, youth under the age of thirty make up nearly 70 percent of the population but represent a disproportionate share of the unemployed, economically marginalized, and politically disenfranchised.[68] Exclusion is most acute in places where extremists recruit. For example, in Kasserine, Tunisia, where there is strong support for jihadist militancy, youth unemployment reaches 50 percent, three times the national average.[69]

Youth seek opportunities to build their future, particularly to become educated, gain employment, advocate peacefully for change, and participate in the leadership of their community. Programs that provide a combination of secondary education, vocational training, opportunities for employment, civic engagement, or leadership—programs such as the National Resources Counterinsurgency Cell in Afghanistan and the Somali Youth Learners Initiative[70]—have shown promise in reducing support for extremism. Youth also have a strong role to play in peacebuilding and conflict resolution. The United States should scale up support for youth programs, particularly multidimensional programs that address the range of factors driving youth to support and join extremist organizations in vulnerable communities.

Provide Democracy and Governance Assistance. Funding levels for democracy, human rights, and governance programs have decreased substantially over the past two decades. These programs have an important role to play in advancing freedom and democracy.[71] Democratic backsliding in fragile states and around the world over recent years, the resurgence of authoritarianism, and the role that fragility can play as an underlying cause of extremism all require that the United States redouble its investments and diplomatic efforts to promote democratic governance.

Improve Security and Justice Sector Governance. U.S. security cooperation and assistance should to the extent possible be reoriented to ensure it contributes to making communities safer and security forces more responsible, to avoid exacerbating the conditions that fuel extremism. Civilian security forces tend to increase resilience against extremism when they establish trust with citizens and, conversely, make communities more vulnerable when they abuse citizens, violate human rights, or exacerbate social, religious, or ethnic divisions. The United States needs greater expertise and capacity to manage programs that reduce security force abuse and restore trust in societies marred by abuse and conflict by fostering dialogue between security actors and communities.[72]

Respond to Extremist Ideology. Building resilience to extremism's corrosive ideology may be the best that the United States can do in some places. Building resilience requires moving beyond "countering" extremist propaganda and actively working to support universal and local values, including a strong, positive sense of local and national identity. This may include measures designed to promote democracy and personal freedom as antidotes to the totalitarian, repressive orders established by extremists. It also may mean providing vulnerable communities with meaningful choices and a voice in shaping their future. The United States supports a range of programs to counter extremist ideology, particularly to curb radicalization,

elevate Islamic voices opposed to violence, promote alternative narratives, counter extremist propaganda and recruitment, and refute extremist ideas. These programs are managed by USAID and the State Department, and by international platforms such as Hedayah, Etidal, and the Sawab Center. Efforts to counter extremist ideology are insufficient but still necessary to stem the spread of extremism.

The United States also needs to stem external support for extremist ideas. U.S. pressure on Saudi Arabia and other Gulf states to stop funding radical mosques, madrassas, and media should be maintained. In addition, various types of programs may provide effective alternatives to extremist ideology. UNESCO, for instance, has published guides for teachers and policymakers on how to discuss extremism, identify signs of radicalization, and create inclusive classroom environments. To take another example, America Abroad Media brings Hollywood producers and storytellers together with visual media creators in Arab countries to produce compelling content that promotes tolerance and respect for diversity.

Strategies and Capabilities

Strive for Quick Wins. Where political leaders are committed to building legitimacy and addressing the underlying drivers of extremism, the United States should support them by pursuing "quick wins"—modest policy changes or investments that have high prospects of success to inspire confidence in the government. In Tunisia, for example, a program to clean up mosques across the country helped to build trust in the new secularist government following the 2014 parliamentary election. The United States should support such programs.

Mitigate Negative Effects of Regional and Great Power Competition. As global and regional powers expand their influence in the Middle East, the Horn of Africa, and the Sahel, they at times act in ways that increase state fragility and complicate and even undermine efforts to curb extremism. The United States and its partners need to mitigate such international spoilers—including those that support, or fail to curtail, the export of extremist ideology—by making clear that their actions will have consequences for their relationship with the United States. As discussed in the body of this report, the United States can, and should seek to, limit the potential for strategic competition to ignite or fuel conflict, and should capitalize on opportunities to work with other major powers to ensure that violent extremist groups do not become a major territorial threat or secure weapons of mass destruction. The greatest U.S. leverage, however, will come from offering positive alternatives to what such spoilers can provide fragile states. A sustained commitment both to support country-led compacts and provide investments from the U.S. private sector will make the United States a more appealing partner than its authoritarian adversaries.

Improve Political and Conflict Analysis. The United States should improve its analysis of local power dynamics in fragile states, particularly in subnational regions vulnerable to extremism, and share evaluations of program results across U.S. agencies. Similar coordination within the U.S. government would strengthen prevention-related policies and programs. The State Department, USAID, and the Defense Department should produce shared diagnostics on the constraints to resilience against extremism and coordinate the evaluations of their respective programs to identify adverse consequences from any individual intervention on other U.S. government programs.

Undertake Adaptive Programs. U.S. government-funded programs to enhance resilience against extremism should be treated as high-risk/high-payoff, and shown the same latitude afforded to programs of the U.S. Global Development Lab and the Intelligence Advanced Research Projects Activity. Rather than discourage experimentation, the U.S. government should allow programs to learn from setbacks and failures, reorient accordingly, and reallocate their budget to pursue a different approach.[73] Follow the example of the U.S. military, which rigorously monitors and evaluates its operations and produces an after-action report after each program failure. Relevant congressional staff should receive regular briefings on prevention-related programs, particularly on the risks involved, the lessons drawn from failures, and the use of these lessons in advancing innovation and improving program performance.

Enhance Monitoring and Evaluation. Monitoring and evaluation—related activities should be prioritized and fully funded.

Increase U.S. Government Learning and Knowledge Management. Despite efforts by the State Department and USAID to improve knowledge management and learning systems, institutional knowledge concerning U.S. programs and activities in fragile states not being systematically captured, and little is being shared across agencies or even bureaus. More needs to be done to harness and aggregate learning across sectors, and shared knowledge management tools should be widely adopted across agencies.

Appendix 6

Aligning Security Sector Cooperation with Prevention

The Task Force on Extremism in Fragile States consulted extensively with senior advisors, government officials, and outside experts on how to better align security sector cooperation with efforts to prevent the spread of extremism. To better improve resilience to extremism in fragile states, the United States needs to mitigate the risk that U.S. security cooperation and assistance will provoke recruitment into extremist organizations, empower repressive governments, fail to improve operational capabilities of fragile state partners, or prove destabilizing. The United States also wants to be sure that the equipment it provides does not wind up in the hands of extremists. In addition to preventing extremism, such reforms would have the added benefits of better enabling the United States to successfully execute military objectives by, with, and through its partners in fragile states.

This appendix expands on the recommendations in the main body of this report regarding the Strategic Prevention Initiative, which recommends that the State Department and the Department of Defense develop a plan to mitigate the political risks posed by security sector cooperation and assistance and to improve U.S. capabilities to foster better security sector governance in fragile states. The recommendation includes:

- five- to ten-year security cooperation and assistance compacts with fragile states, modeled on the Security Governance Initiative;
- a policy of graduated security cooperation and assistance to fragile states that restricts the type of cooperation and assistance programs available to fragile states with poor security sector governance, subject to exemption from senior officials;
- a security sector reform endowment to provide dedicated funding for partner states to propose and implement institutional capacity building and security sector reform efforts with the support of the United States; and
- an expansion of existing efforts to improve the oversight, transparency, accountability, and performance of security sector cooperation and assistance.

Security Cooperation Compacts

To mitigate the risks that U.S. security cooperation or assistance fails to improve operational capabilities of partners or undermines democratic institutions, the State and Defense Departments could enter into five- to ten-year security cooperation and assistance compacts with select fragile states. These compacts would scale up and build on lessons learned under the Security Governance Initiative, including the practice of conducting joint diagnosis and whole-of-government consultative processes.[74] Key elements of such compacts could include:

- bilateral U.S.-partner planning with senior-level consultations and joint diagnosis of the strengths and challenges of the partner's security institutions
- joint development of a bilateral security assistance and cooperation plan, including a common strategy to improve the governance and capacity of the partner's security institutions

- a predictable, transparent package of assistance, over a period of at least five or ten years, to catalyze longer-term improvements in security sector governance and institutional professionalism and
- consultations with the national parliament and civil society groups on the compact's design, as well as the compact's oversight and evaluation

Graduated Security Sector Cooperation

Activities specified in the compacts, as well as U.S. security assistance and cooperation with fragile states writ large, should be grounded in a graduated security cooperation and assistance policy. A policy of graduated assistance would involve pegging the types of security sector support and programming available for fragile states to the quality of security sector governance. Providing increasingly sophisticated and lethal capabilities and equipment could be contingent on sustained improvements in security sector governance.

A graduated scale would allow the United States to prioritize security sector cooperation and assistance where it is most likely to show results in increasing security, to reduce costs and limit spending, and to reduce the risks to the United States in situations where conditions make it more likely that its support could exacerbate the conditions of extremism and insecurity.

On the most restrictive end of the spectrum, U.S. partners would be eligible only for programs meant to introduce basic institutional professionalism, transparency, and accountability into the defense sector, such as International Military Education and Training. At the midway point on the spectrum, partners could receive training on intelligence gathering and specialized capacity building training the latter of which might involve the creation of transportation or maintenance units or the establishment of an operational coordination center. Only strong-performing partners on indices of security sector governance would be eligible to receive equipment or engage in foreign internal defense and other joint operations. Eligibility criteria would be determined on the basis of an index of publicly accessible security sector governance indicators[75] (see figure 12, "Graduated Security Cooperation"). Senior officials could be granted the authority to exempt long-standing, regionally significant, or strategically important military partners from such a requirement on national security grounds.

Figure 12. Graduated Security Cooperation

PARTNER'S SCORE ON INDEX OF SECURITY SECTOR GOVERNANCE	VERY POOR	POOR	WEAK	MID-RANGE
SECURITY SECTOR ASSISTANCE OFFERED	• Institutional professionalization • Defense institution building • Ministry of defense advisors • International military education and training • No equipment • Other educational, classroom-based training • Human rights training	Previous, plus: • Military and intelligence capabilities advising • Tailored capacity building, e.g. riot control, specialized training, mobility/resupply, maritime patrol • Nonlethal equipment necessary to training mission • Internal Defense and Development Programs (IDAD)	Previous, plus: • Nonlethal equipment • Limited joint operations, Security Forces Assistance (SFA)	Previous, plus: • Lethal equipment • Joint operations • Foreign Internal Defense (FID)

** Partners spend three years at each stage before progressing to the next level. Stagnation or backsliding on the governance index pushes partner back to previous stage.*

** Partners revert to basic stage if any of the following occur: a coup, human rights abuses, high-level corruption, U.S. weapons end up in the hands of extremists.*

Security Sector Reform Endowment

To better support our partners in fragile states, the United States could also establish a Security Reform Endowment that would have a mandate to provide additional funding for partner-led-and-managed security sector reform and institutional capacity building programs. In contrast to current capacity building efforts that are designed, initiated, and implemented by the United States, this Endowment would be designed specifically to support partner-solicited efforts or initiatives to undertake security sector reforms, improve security sector governance, or build basic, nonlethal institutional capabilities. By providing a permanent and reliable source of funding for security sector reform and institutional professionalization, the Endowment could strengthen efforts by local leaders in fragile states to undertake difficult reforms.

The Endowment could be housed at and managed by the Defense Security Cooperation Agency (DSCA) at the Department of the Defense. Partner proposals could be evaluated based on their promise in reducing human rights abuses, corruption, and other sources of citizen grievance against security forces in fragile states. Revitalizing the U.S. government's capacity to target an important source of grievances in fragile states would help mitigate the long-term risks of more tactical, counterterrorism-focused cooperation and assistance with fragile states, while improving the ability of U.S. forces to operate by, with, and through partner militaries. Congress could provide an initial appropriation and new account to fund the Endowment. Subsequently, the Endowment could be funded through a small fee to be levied on all security sector assistance disbursed by DSCA.

Improved Analysis, Transparency, and Oversight of Security Cooperation and Assistance

To more accurately assess the impacts of U.S. security sector assistance and cooperation in fragile states and to design appropriate programs, the United States could take steps to make its current approach more evidence-based, transparent, and accountable, including:

- Increase funding for assessments, monitoring, and evaluation (AM&E). The congressionally mandated implementation of AM&E for Defense Department–managed security cooperation activities shows early momentum but remains underfunded.[76] Congress should mandate similar AM&E for State Department–managed security assistance. AM&E for both departments should explicitly address risks of U.S. security assistance feeding into corruption and repressive governance.
- Create, or encourage the creation of, a new index to assess country performance on security sector governance, using indicators derived from transparently-collected, publicly available sources, to promote transparency across this sector, provide an independent rating of defense institutions, facilitate assessments of institutional challenges, and track progress and setbacks over time. This index could include indicators such as civilian oversight, military involvement in politics, human rights abuses, corruption, the military's commercial holdings, ethnic imbalances in security forces, and merit-based promotions. The index could be compiled by the U.S. government from such sources, or, if developed privately or by multilateral institutions, used by the United States to design, monitor, assess, and evaluate the impact of security sector cooperation and assistance given to fragile states.

- Improve partner forces' accountability to civilian authorities by increasing the transparency of security sector assistance to fragile states. The Defense and State Departments could be required by Congress to compile and post on a single public website the unclassified details of all equipment, materiel, and training provided to foreign security forces, as well as the unclassified congressional notifications of equipment transfers and training programs, perhaps building on the useful ForeignAssistance.gov.[77] This new website could present an integrated database of security assistance programs that are overseen by both the State and the Defense Departments. In addition, Congress could close the loophole that exempts from disclosure and evaluation requirements certain unclassified Special Operations forces engagements that are, in essence, training and capacity building missions.[78]
- Direct the Department of Defense to invest in developing a doctrine and providing training to security cooperation officers on how to assess and address institutional needs of partner countries, promote professionalism in partner military forces, and improve accountability in defense institutions.
- Create or designate a single office in the State Department with clear responsibility for policy planning and coordination of all security assistance managed through State Department appropriations and authorities. This office would have oversight of all military and nonmilitary security sector assistance provided by the State Department, and could coordinate with all bureaus with equities in or authorities over how security sector assistance is spent. In addition, this office could be empowered to lead an interagency country-level security assistance planning process, to include diagnosis, assessment, and policy development modeled on elements of the Security Governance Initiative.[79]
- Strengthen oversight of Defense Department–managed security cooperation by creating or assigning an Assistant Secretary-level position to supervise the Defense Security Cooperation Agency and adding staff to the Deputy Assistant Secretary of Defense for Security Cooperation to increase scrutiny of security cooperation programs for fragile states and its attendant risks.

Appendix 7

Consultations

The Task Force consulted with individual representatives of the following U.S. government agencies, international and regional organizations, foreign governments, nongovernmental organizations, academic institutions, and private sector entities:

U.S. Government Agencies

Millennium Challenge Corporation

National Security Council

Office of Management and Budget

U.S. Agency for International Development
- *Bureau for Democracy, Conflict and Humanitarian Assistance*
- *Bureau for Policy, Planning and Learning*
- *Bureau for Africa*
- *Office of Afghanistan and Pakistan Affairs*

U.S. Department of Defense
- *Office of the Deputy Assistant Secretary of Defense for Stability and Humanitarian Affairs*
- *Defense Security Cooperation Agency*
- *Office of the Deputy Assistant Secretary of Defense Security Cooperation*

U.S. Department of State
- *Bureau of Conflict and Stabilization Operations*
- *Office of U.S. Foreign Assistance Resources*
- *Bureau of Counterterrorism and Countering Violent Extremism*
- *Bureau of Democracy, Human Rights, and Labor*
- *Bureau of African Affairs*
- *Bureau of Near Eastern Affairs*
- *Office of the Special Representative for Afghanistan and Pakistan*
- *Office of the Special Presidential Envoy for the Global Coalition to Defeat ISIS*

Congressional Research Service

National Counterterrorism Center

Foreign Governments

Canada, Department of Global Affairs

Embassy of Burkina Faso in Washington, DC

Embassy of the Republic of Cameroon in Washington, DC

Embassy of the Federal Democratic Republic of Ethiopia in Washington, DC

Embassy of the Hashemite Kingdom of Jordan in Washington, DC

Embassy of the Republic of Mali in Washington, DC

Embassy of the Kingdom of Morocco in Washington, DC

Embassy of Norway in Washington, DC

Embassy of the Republic of Tunisia in Washington, DC

Embassy of Qatar in Washington, DC

Federal Republic of Germany, Federal Foreign Office

Federal Republic of Somalia, Senate Foreign Affairs Committee

Federal Republic of Somalia, Ministry of Foreign Affairs and International Cooperation

Norway, Special Representative to Somalia

Republic of Haiti, Office of the Prime Minister

Sierra Leone, Ministry of Planning and Economic Development

Sweden, Ministry for Foreign Affairs

U.K., Department for International Development

U.K., Foreign and Commonwealth Office

International and Regional Organizations

International Network on Conflict and Fragility Secretariat

International Dialogue on Peacebuilding and Statebuilding Secretariat

The g7+ Secretariat

United Nations Development Programme

United Nations Office for the Coordination of Humanitarian Affairs

United Nations Office of Counter-Terrorism

World Bank Group

European External Action Service

Global Community Engagement and Resilience Fund Secretariat

Nongovernmental Organizations

Alliance for Peacebuilding
America Abroad Media
American Enterprise Institute
Aspen Ministers Forum
The Atlantic
Bipartisan Policy Center
Brookings Institution
Carnegie Endowment for International Peace
Center for Global Development
Center for International Development and Conflict Management
Center for Strategic and International Studies
Center on Global Counterterrorism Cooperation
Coexist Foundation
Commission on State Fragility, Growth and Development
Council on Foreign Relations
East-West Center
Eurasia Group
Foundation for Defense of Democracies
Foundation for Inclusion
Frontier Design
German Marshall Fund of the United States
Global Engagement Center
Hudson Institute
International Alert
Institute for Global Change
International Republican Institute
Institute for the Study of War
InterAction
International Crisis Group
International Dialogue on Peacebuilding and Statebuilding
International Youth Foundation
Jewish Policy Center
Mercy Corps International
Middle East Institute
Muflehun
National Counterterrorism Center
National Democratic Institute
Norwegian Defense Research Establishment
Nuru International
ONE Campaign
Peace Direct
Prevention Project: Organizing Against Violent Extremism
Saferworld
Security Assistance Monitor
Stockholm International Peace Research Institute
Stimson Center
Tahrir Institute for Middle East Policy
Tony Blair Institute for Global Change
Washington Institute for Near East Policy
Wilson Center
World Organization for Resource Development and Education
World Peace Foundation

Academia

American University
Belfer Center for Science and International Affairs, Harvard University
Columbia University
Combating Terrorism Center, West Point
ETH Zurich
Fondation Maison des Sciences de l'Homme
Freeman Spogli Institute for International Studies, Stanford University
George Washington University
Georgetown University
Georgia Institute of Technology
Paul H. Nitze School of Advanced International Studies, Johns Hopkins University
Princeton University

Private Sector

BAE Systems, Inc.
Beacon Global Strategies, LLC
Chertoff Group
Citibank
Ethan Allen, Inc.
GE Power
MSNBC Cable L.L.C.
Team 3i LLC

Listening Session Titles and Participants

Listening Session 1: Curbing the Appeal of Extremist Ideology

- *Mr. Reuel Marc Gerecht, Senior Fellow, Foundation for the Defense of Democracies*
- *Mr. Bo Sim, Foreign Service Officer, State Department and Sawab Center*
- *Dr. Barbara Walter, Professor of Political Science, School of Global Policy and Strategy, University of California—San Diego*
- *Dr. David Pollock, Berstein Fellow, Washington Institute for Near East Policy*
- *Ms. Katherine Zimmerman, Research Fellow, American Enterprise Institute*
- *Mr. Oliver Wilcox, Deputy Director, Bureau of Counterterrorism, U.S. Department of State*
- *U.S. Intelligence Community*

Listening Session 2: What Works in Preventing Extremism in Fragile States

- *Dr. Lauren Van Metre, Senior Advisor, National Democratic Institute*
- *Dr. Stephen Watts, Senior Political Scientist and Associate Program Director, RAND Arroyo Center Program on Strategy, Doctrine, and Resources*
- *Dr. Lise Howard, Professor of Government, Georgetown University*
- *Dr. Renard Sexton, Post-doctoral Fellow, Princeton University*

Listening Session 3: Empowering Local Voices and Actors to Prevent Extremism

- *Ms. Omezzine Khélifa, Chief Executive Officer, Modbiun Tunisia*
- *Sh. Khadijah Hawajah, Chair, Plateau State Women's Peace Forum*
- *Mr. Ahmed Albibas, Chief Executive Officer, Moomken*
- *Ms. Esra El Bakoush, Project Officer, U.S. Institute of Peace Libya Office*
- *Ms. Salma Hemed, Program Officer, HAKI Africa*
- *Dr. Emad Bouzo, Syrian-American Physician, Kingswood Research Institute*

Notes

1 Neta Crawford, "United States Budgetary Costs of the Past-9/11 Wars Through FY 2019: $5.9 Trillion Spent and Obligated," (Brown University, November 18, 2018), https://watson.brown.edu/costsofwar/files/cow/imce/papers/2018/Crawford_Costs%20of%20War%20Estimates%20Through%20FY2019.pdf.

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3 "Global Terrorism Database," National Consortium for the Study of Terrorism and Responses to Terrorism (accessed August 20, 2018), https://www.start.umd.edu/gtd/; Seth Jones, et. al., "The Evolution of the Salafi-Jihadist Threat" (Center for Strategic and International Studies, November 2018), https://csis-prod.s3.amazonaws.com/s3fs-public/publication/Jones_EvolvingTerroristThreat_FULL_WEB.pdf?F4jhyhPqySTHHFUHSwwfAwq8MspjnJ4q.

4 Jones et al., "Evolution of the Salafi-Jihadist Threat."

5 Ibid.

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7 U.S. Department of State and United States Agency for International Development (USAID), "Department of State & USAID Joint Strategy on Countering Violent Extremism," May 2018, https://www.usaid.gov/sites/default/files/documents/1866/FINAL%20--%20State%20and%20USAID%20Joint%20Strategy%20on%20Countering%20Violent%20Extremism%20%28May%202016%29.pdf.

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16 Bruce Hoffman, "Al-Qaeda's Resurrection," on the Council on Foreign Relations' website (March 6, 2018), https://www.cfr.org/expert-brief/al-qaedas-resurrection.

17 This definition of prevention is informed by the Stabilization Assistance Review (SAR), which defines the stabilization of conflict-affected areas as "an inherently political endeavor that requires aligning U.S. Government efforts—diplomatic engagement, foreign assistance, and defense—toward supporting locally legitimate authorities and systems to peaceably manage conflict and prevent violence." See U.S. Department of State, USAID, and U.S. Department of Defense, "Stabilization Assistance Review: A Framework for Maximizing the Effectiveness of U.S. Government Efforts to Stabilize Conflict-Affected Areas" (Washington, DC: 2018), 1, https://www.state.gov/documents/organization/283589.pdf.

18 Office of the President of the United States, "National Strategy for Counterterrorism," 13.

19 United Nations and World Bank, *Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict* (Washington, DC: World Bank, 2017), 4, https://openknowledge.worldbank.org/handle/10986/28337.

20 National Commission on Terrorist Attacks upon the United States, Final Report of the National Commission on Terrorist Attacks upon the United States, 363.

21 Over the past two decades, the United States and its international partners have developed a deeper understanding of, and developed far more nuanced strategies and approaches to address, fragility as an underlying cause of violent extremism, see USAID, "USAID Fragile States Strategy" (Washington, DC: 2005), http://www.au.af.mil/au/awc/awcgate/usaid/2005_fragile_states_strategy.pdf; and USAID, "The Development Response to Violent Extremism and Insurgency" (Washington, DC: 2011), https://pdf.usaid.gov/pdf_docs/Pdacs400.pdf. New policy instruments, such as the UN Peacebuilding Support Office and UN Office of Counterterrorism, have been established, and bureaucratic reforms in the U.S. government have been adopted to enable a more effective response. See U.S. Department of State, "Quadrennial Diplomacy and Development Review: Enduring Leadership in a Dynamic World" (Washington, DC: 2015), https://www.state.gov/documents/organization/267396.pdf; and U.S. Department of State, "Quadrennial Diplomacy and Development Review: Leading through Civilian Power" (Washington, DC: 2010), https://www.state.gov/documents/organization/153108.pdf. And both international donors and fragile state governments have signed onto aid effectiveness principles designed to improve all donor engagement in situations of fragility, see International Dialogue for Peacebuilding and Statebuilding, "A New Deal for Engagement in Fragile States" (2011), http://www.pbsbdialogue.org/media/filer_public/07/69/07692de0-3557-494e-918e-18df00e9ef73/the_new_deal.pdf; and United Nations and World Bank, *Pathways for Peace*.

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24 Based on lessons learned, this research project is assessing how to best target and structure foreign assistance—alongside diplomatic and defense engagement—to reduce conflict and instability risks in fragile states.

25 This insight is not new. For at least a decade, development agencies have recognized the need to address the breakdown in state-society relations. Yet, few donors do this systematically. One reason they do not is that many perceive fragility as inherently political and therefore outside the ambit of development action, which traditionally has focused on outcomes in specific sectors, such as in health, agriculture or education.

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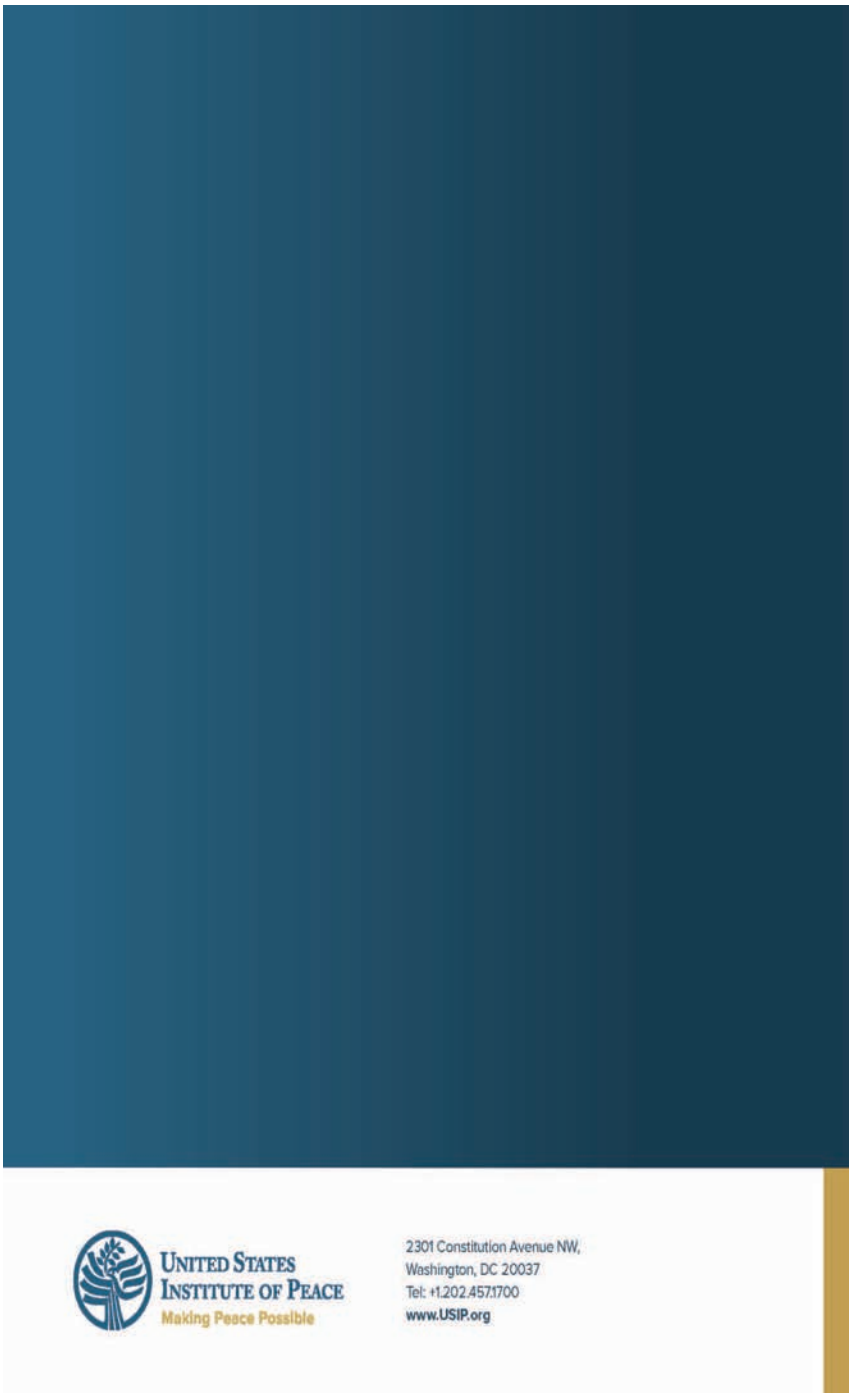

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ADDITIONAL COMMITTEE QUESTIONS

Senator GRAHAM. We will hold the record open for questions until Friday, 2:00 p.m.

[The following questions were not asked at the hearing, but were submitted to the witnesses for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO HON. DAVID HALE AND HON. MARK GREEN

QUESTIONS SUBMITTED BY SENATOR LINDSEY GRAHAM

Question 1. The current conflict in the Sahel is one in which non-state actors seek to undermine the legitimacy of states. Traditional conflict between herders and farmers is exacerbated by cooptation and manipulation by extremist elements. How important is strengthening governance to managing the conflict?

Answer. Strengthening governance in the Sahel is critical to managing conflict between herders and farmers, as well as cutting off violent extremist groups' capacity to operate in the region. The State Department's diplomatic engagement strategy for the Sahel prioritizes improving state legitimacy; our foreign assistance programs support this strategy by enhancing local leaders' ability to provide more effective government services. A rights-respecting security presence is one such critical government service. In recent years, state security forces have committed human rights abuses with impunity against the civilian populations they are charged to protect as they pursue violent extremist elements. To address this problem, our security cooperation initiatives include an emphasis on respecting human rights and engaging productively with civilian actors. We also continue to exert diplomatic pressure on Sahel governments at the highest level to hold their security services accountable for abuses. Transparent judicial processes that hold perpetrators of human rights abuses accountable are one of the most effective means of improving governance in the Sahel.

Question 2. What is the U.S. doing to prevent gender-based violence (GBV) and promote access to economic opportunities for women in the Sahel?

Answer. The State Department and U.S. Agency for International Development (USAID) coordinate across the interagency to protect women and girls from violence and enable them to increase their political and economic participation in Sahel communities. A few highlights of these efforts in 2019 and 2020 include the following:

In the Republic of Mali, USAID is strengthening the identification and reporting of GBV cases and professional provider/survivor referral systems; training paralegals on survivor-centered approaches; and building capacity among local civil-society and health institutions to advocate for, and respond to, the needs of survivors.

USAID's partners in the Republic of Niger provide safe spaces for vulnerable girls and engage religious leaders to change community attitudes to end child marriage. In the Federal Republic of Nigeria, USAID helps prevent violence against women in elections and supports referral and protective systems for GBV survivors children at-risk of sexual exploitation and abuse.

Under the White House Women's Global Development and Prosperity (W–GDP) Initiative, the U.S. Government has deployed the following tools for African women entrepreneurs:

—The Secretary's Office of Global Women's Issues committed $50 million to the World Bank's Women Entrepreneurs Finance Initiative (We-Fi) to increase access to financial services for women entrepreneurs, women-owned and women-led small and medium-sized enterprises, and women customers of financial services providers. We-Fi awarded $61.8 million of We-Fi funding to the African Development Bank for its Affirmative Finance Action for Women in Africa initiative.

—The Bureau of Educational and Cultural Affairs launched the Academy for Women Entrepreneurs in Ghana, Nigeria, Senegal, and seven other sub-Saharan countries to promote and increase stability, security, and prosperity for thousands of African women entrepreneurs to fulfill their economic potential through education, networking, and mentorships.

—The U.S. International Development Finance Corporation introduced 2X Africa, a gender-lens investment guideline to invest $350 million to mobilize $1 billion in capital to support women-owned, women-led, and women-supporting projects in sub-Saharan Africa.

—USAID's West Africa Trade Hub financed grants for female agricultural entrepreneurs and businesses that employ women, including in leadership, and to integrate more female participants into supply-chains. USAID Missions in West

Africa support women's empowerment through shea and cocoa value-chain improvement projects.

Question 3. How is the U.S. working to ensure that women and girls in the Sahel are represented in efforts to prevent and resolve conflicts in their communities?

Answer. In support of the Women, Peace, and Security Strategy and the Strategy to Support Women and Girls at Risk from Violent Extremism and Conflict, the Bureau of African Affairs and the Secretary's Office of Global Women's Issues (S/GWI) bring together women leaders from the Sahel to share best practices on countering violent extremism (CVE) and program management. This initiative will increase engagement between women and other community leaders, provide technical skills, support women's leadership in CVE, and may provide psychosocial support for trauma related to violent extremism/conflict. Additionally, AF supports other work with women and girls. In Burkina Faso, we support women as effective leaders in CVE through literacy training, community engagement, and women's empowerment. The United States also ensured that UN Security Council Resolution 2480 mandated pressure signatories to include women in the Algiers Accord peace process.

The impact of changing demographics (youth bulges), long-term development needs, and the detrimental impacts of climate change on countries in the Sahel is staggering. Niger's population alone is expected to triple to nearly 70 million by 2050.

Question 4. Is it possible to focus on long-term development needs while combating extremism in the Sahel?

Answer. Yes. Countering violent extremism in the Sahel is crucial for the stability, prosperity, and sovereignty of countries in the region. The U.S. Agency for International Development (USAID) works closely with host-country governments and communities in all sectors, and funds long-term development programming in education, water, health, livelihoods, food security, and humanitarian assistance. Continued investments in resilient development protect the gains made and help communities affected, directly or indirectly, by violent extremism. Violence and extremism flourish when governments fail to create inclusive, transparent, citizen-responsive, and effective agendas and policies that provide an alternative to radical groups that incentivize membership by paying meager wages, offering status, and providing an outlet to air grievances. Continuous, systematic, and calibrated engagement through stable aid relationships provides a conducive environment for private businesses, reduces dependence on humanitarian assistance, and paves solid pathways for self-reliance for communities, countries, and the region.

Question 5. What is the impact of climate change on stability and security in the Sahel?

Answer. The deteriorating security environment and weak rule of law present major challenges in the Sahel, in addition to recurrent natural disasters and environmental degradation. The suffering and extreme poverty confronting people in the Sahel is intensified by a combination of underlying conditions, including a pervasive lack of economic opportunity, limited energy access, population pressures, recurrent natural disasters, and environmental degradation. The State Department and USAID support long-term, multi-sector resilience programming that addresses these conditions. For example, MCC's $437 million Niger Compact is addressing two major constraints to economic growth and investment in Niger: lack of reliable access to water for agriculture and livestock and lack of access to markets. Using agriculture as a base, U.S. development assistance in the region builds sustainable local capacities to help families weather shocks and reduce the need for humanitarian assistance.

Question 6. Are U.S. programs prioritizing the need to address the youth bulge and climate change in these countries?

Answer. Harnessing the potential of Africa's tremendous youth population is one of the administration's top priorities in Africa. The creative and economic potential of West African youth could make the region a powerful engine for innovation in governance, technology, art and culture, and economic growth, but growing insecurity threatens to rob this generation of their ability to contribute.

U.S. Government efforts such as Prosper Africa, Power Africa, Feed the Future, the Young African Leaders Initiative, and other development programs focusing on West Africa's advancement in health, education, livelihoods, agriculture, and nutrition pour tremendous resources into West African youth, women, and men. Many programs also improve climate information, early warning and preparedness, and natural resource management. USAID implements these programs in the context of growing violent extremism and instability and facilitates discussion between development and humanitarian actors to address evolving challenges.

Question 7. What strategy currently guides US programs and activities in the Sahel, and which U.S. agency is in the lead?

Answer. In addition to national-level strategies, State Department's Diplomatic Engagement Framework for the Sahel, approved by Secretary Pompeo in November 2019, focuses on three primary elements: increasing state legitimacy, supporting the implementation of the Algiers Accord in Mali, and improving coordination internally and with our partners. Our activities are also informed by the 2018 interagency Stabilization Assistance Review (SAR).

As the SAR makes clear, conflict stabilization is inherently political, and therefore the Department of State retains policy leadership. The United States Agency for International Development is the lead implementer of non-security assistance, while the Department of Defense plays a supporting role. Effective implementation of U.S. strategy in the Sahel requires a coordinated and integrated approach across U.S. Government entities. The Special Envoy for the Sahel Region, who started work March 2020, will maximize coordination.

Question 8. The Global Fragility Act of 2019 was enacted into law as part of the Further Consolidated Appropriations Act, 2020 (Public Law 116–94):

How do the Department of State and USAID intend to implement the Act, and what are the costs associated with implementation?

Answer. The NSC is coordinating an interagency process to implement the Global Fragility Act of 2019 (GFA), with the goal of completing the Global Fragility Strategy by late 2020, as required by the Act.

The Department of State and USAID, alongside other relevant departments and agencieswill implement the GFA through a *Global Fragility Strategy* and associated 10-year Plans for Priority Countries and/or Regions, as required by the Act. The interagency will develop these plans through a collaborative, consultative, and evidence-based process during the Plan Development Phase, with the goal of completing the plans by late 2020, as required by the Act. The Department of State is responsible for leading the drafting and execution of the *Global Fragility Strategy,* which will emphasize the role for security assistance and diplomacy, especially preventive diplomacy, among other key aspects. As the Act makes clear, development assistance is a vital tool to address fragility, but effective action will require a whole-of-government approach. USAID will be the lead implementing agency for non-security U.S. prevention and stabilization assistance in support of the Strategy, and the soon-to-be-operational Bureau for Conflict Prevention and Stabilization (CPS) will serve as the technical lead within USAID for stabilization and prevention, in collaboration with our geographic bureaus; the Bureau for Policy, Planning, and Learning (PPL); and other technical experts.

The Department of State and USAID are currently assessing the technical and management requirements to help our posts and field missions plan for the implementation and monitoring of, and reporting on, the forthcoming *Global Fragility Strategy* and priority country and regional plans. We have not yet determined the costs of implementation.

Question 9. Which agency is in charge of developing the comprehensive, 10-year Strategy, and what is the status of its development?

Answer. The U.S. Department of State will lead the drafting of the *Global Fragility Strategy* and the associated Implementation Plans for Priority Countries and/or Regions through a collaborative, consultative, evidence-based interagency process coordinated by the National Security Council. The U.S. Agency for International Development will provide input.

Question 10. What steps have been taken to create a whole-of-government framework for the implementation of the strategy?

Answer. The Directorate for International Organizations and Alliances within the National Security Council (NSC) is coordinating the administration's implementation of the Act, with participation from the U.S. Departments of State, Defense, and Treasury and the U.S. Agency for International Development; and other departments and agencies. This coordination began in January 2020, and has included several in-person meetings to discuss the criteria for selecting Priority Countries and/or Regions, and to ensure the forthcoming Strategy will build on integrated approaches to stabilization and prevention that are already in place.

QUESTIONS SUBMITTED TO HON. DAVID HALE

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

Question 1. The Sahel poses every conceivable challenge—poverty, weak and corrupt governance, violent extremism, intense competition for scarce resources, climate change—and they are inter-connected.

If you could pick one thing we should do differently—or one thing we should focus on—to address what appears to be a steadily worsening situation in the Sahel, what would it be?

Answer. In the Sahel, we need to continue, and even expand, our focus on improving government accountability and rooting out corruption.

As noted in my testimony, corrupt, inefficient, and unaccountable governments have plagued the countries of the Sahel for decades. Citizens need to be able to rely on their governments to provide healthcare; economic infrastructure to increase job opportunities; a functional and predictable justice sector; credible elections; and the efficient delivery of education, water, and power. Unstable and unaccountable governments erode every state function and capacity. The U.S. Agency for International Development (USAID) is committed to multi-agency U.S. Government efforts to support policy-makers in the Sahel who are vested in fighting corruption. In addition, USAID recognizes that a healthy civil society and independent media are critical to holding governments accountable to their citizens.

Question 2. Given the Department's recognition of the negative consequences of not meeting our obligations, your stated support for doing so, and the fact that the Department voted in favor of the current U.N. peacekeeping assessment rates and mission budgets, why hasn't the Department requested the necessary funding to pay U.S. dues for U.N. peacekeeping, including the legislative language necessary to pay above 25 percent of total peacekeeping costs?

Answer. The administration's request reflects the expectation that the United Nations will continue to rein in the costs of U.N. peacekeeping, including through a continuing review of peacekeeping mandates. The request also reflects the expectation that other countries will assume a greater share of the financial burden of U.N. peacekeeping.

Question 3. If Congress provides the authority and resources that are necessary to pay U.S. dues for U.N. peacekeeping in full, consistent with the Department's vote in favor of the current assessment rates, will the Department pay the full amount?

Answer. The Department will continue to pay contributions for U.N. peacekeeping operations in accordance with applicable U.S. law.

QUESTIONS SUBMITTED TO HON. DAVID HALE AND HON. MARK GREEN

QUESTIONS SUBMITTED BY SENATOR RICHARD J. DURBIN

Question 1. What programs does USAID and the State Department have to assist climate refugees and to help countries in the region to address challenges wrought by climate change?

Answer. The U.S. Agency for International Development (USAID) builds resilience in a holistic way to the wide range of shocks and stressors that occur in the Sahel, including those associated with environmental degradation. USAID's investments help communities in the Sahel mitigate the factors that drive populations to move, including conflict and lack of food and livelihoods. For example, USAID's multi-sectoral Resilience in the Sahel Enhanced (RISE) program, which has operated in the Republics of Burkina Faso and Niger since 2013, reduces the chronic vulnerability of targeted populations to recurrent shocks and stress by expanding economic opportunities and livelihoods, improving agriculture practices, and facilitating better management of land and natural resources. USAID has bilateral programs in Senegal, Mali, and Nigeria that build resilience to both non-climate and climate-related shocks and stress. For example, in 2018 USAID helped more than 200,000 people in Senegal adapt to the effects of drought by using satellite data to guide pastoralists to water, which improves food security and reduces poverty.

USAID's investments strengthen early-warning and monitoring capacity in the Sahel so stakeholders can intervene before food security deteriorates. For example, USAID recently contributed an additional $7.5 million to the Permanent Interstate Committee for Drought Control in the Sahel to help improve its seasonal forecasts and crop-monitoring reports. USAID funds the Famine Early-Warning Systems Network (FEWS NET), which provides early warning and integrated analysis of market, weather, and trade conditions to allow better planning to minimize food-insecurity. USAID has worked with the U.S Geological Survey of the U.S. Department of the Interior to establish baselines to monitor re-greening efforts across the Sahel effectively.

Question 2. What is the State Department and USAID doing to help countries in the region to diversify their economies to mitigate the impact of climate change on

traditionally agricultural-based economies, including mitigating the effects of droughts on the one hand and increased flooding on the other?

Answer. Through the U.S. Government's Global Food Security Strategy, we are increasing resilience in partner country food systems, including those in the Sahel. Programs expand agricultural productivity and markets, increase natural resources related to food supply, and manage threats and risks. Expanding and diversifying livelihood and economic opportunities is key to inclusive and sustainable agricultural-led economic growth, strengthened resilience, and a well-nourished population, especially among women and children.

USAID programs improve climate information, early warning and preparedness, and natural resource management. They facilitate discussion between development and humanitarian actors to address evolving challenges of resilience and instability. Analysis found that USAID's agricultural investments in targeted value chains are lifting beneficiaries out of extreme poverty.

USAID is leveraging its partnership with NASA to improve forecasting and tools for local authorities to use in decisionmaking on natural resource management. By using free and open source satellite imagery, USAID and NASA provide accurate and timely information on surface water availability and forage conditions, which is shared through cell phone text messages and local radio broadcasts.

Question 3. The Gambia recently emerged from decades of brutal dictatorship and now has an opportunity to heal from those years and solidify its fragile democratic gains. The country has already taken the notable step of establishing a Truth and Reconciliation Commission and advanced the plight of the Rohingya as victims of crimes against humanity. Congress has provided specific funding to help Gambia's democratic transition:

What is the Department of State doing to ensure adequate and enhanced Embassy staff and facilities to address this timely opportunity?

Answer. Current staffing levels are limited by overall Department staffing and the limited office space in the current Embassy. However, post is working with the Bureau of African Affairs and the Overseas Building Office to move forward on an eventual New Embassy Compound.

Question 4. What are USAID's plans to strategically use U.S. assistance to support Gambia's democratic transition?

Answer. This response contains Sensitive But Unclassified (SBU) information, a separate response will be sent.

Question 5. Russia and China have dramatically increased their commercial, diplomatic, and propaganda activities in Africa. Notably Russia has reportedly attempted to interfere in the democratic processes of countries on the continent. What is the Department of State doing to counter these Chinese and Russian efforts?

Answer. The Department is committed to countering China, Russia, their proxies, or other actors undermine global norms and standards. The administration's Prosper Africa initiative, aimed at increasing two-way trade and investment between the United States and Africa, responds to the governance and transparency challenges resulting from exploitative economic policies employed by China and Russia. The Department is countering threats to electoral integrity throughout the continent, including supporting capacity building for civil society. The Department is countering foreign propaganda and disinformation campaigns in many ways, including by building journalists' capacity to ensure accurate and responsible coverage of elections.

Question 6. What is the administration doing to help American businesses that hope to export to Africa compete against low interest and other concessional type Chinese loans that are difficult for African nations to reject, but come with troubling governance, human rights, environmental and labor standards?

Answer. This response contains Sensitive But Unclassified (SBU) information, a separate response will be sent.

QUESTIONS SUBMITTED TO HON. DAVID HALE

QUESTIONS SUBMITTED BY SENATOR CHRISTOPHER A. COONS

Question 1. The recently released GAO report on Diversity at the State Department found that despite some efforts, State Department personnel are still not representative of the rich diversity of the American citizenry. This is particularly true at the upper echelons of the service where the proportion of women and racial and ethnic minorities remains the lowest. Similarly, the proportion of women and African Americans at the Department actually declined over the 16 years that the GAO reviewed.

What is the State Department doing to better identify and remove the barriers to diversity at State?

Answer. The Department places high value on diversity and inclusion in its workforce and is currently developing a 2020–2024 Diversity and Inclusion Strategic Plan. We are exploring ways to increase our capacity to conduct barrier analysis. As a result of the GAO report, the Department will: (1) analyze barriers to passing the Foreign Service Officer Test; (2) analyze barriers to passing the Foreign Service Oral Assessment; and (3) analyze Civil Service promotion data for women and minorities. The Department's mandated response to the GAO report, due in August 2020, will articulate these plans in detail.

In 2016, Congress passed a law (Public Law 114–323, section 404) that recognized that there are mid-career civil servants with "outstanding talents, . . . experiences, [and] . . . skills" that would be "extremely valuable" to the Foreign Service. In March 2019, a GAO report (GAO–19–220) stated that since 2008, the largest persistent Foreign Service vacancies overseas have been in the economic and political positions at posts with State's highest foreign policy priorities. According to the GAO report, these are limiting the Department's ability to make informed foreign policy decisions. For example, according to the report, the Department has faced limits on "the amount of reporting on political and economic developments that posts in Africa are able to submit back to State headquarters." Similar vacancies—in in large countries in East and South Asia—have "limited those posts' capacity to engage with host government officials on important, strategic issues for the United States, such as reducing nuclear proliferation and enhancing trade and investment relationships with the United States:"

Question 2. How does the department plan to address persistent Foreign Service vacancies?

Answer. The Department of State's plans for reducing the number of vacant Foreign Service (FS) positions are outlined in an integrated action plan that was recently finalized and will be sent to the GAO next week. Our plans are a coordinated effort among the Bureau of Global Talent Management, and regional and functional bureaus. The Department's senior management in these bureaus receive regular reports on vacant FS positions and oversee new and ongoing initiatives to reduce FS vacancies such as the Special Incentive Post assignment season implemented in 2019. The Department can make this action plan available to you after it is sent to the GAO.

The Department has addressed the need to fill urgent vacancies by processing postponements of mandatory retirements, especially in FS specialist skill codes, like medical and diplomatic security. The Department has also used a 'Recall to Service' for specific, high-level positions that require a certain level of experience and authority, and is currently running a pilot within several regional bureaus to assign Personal Service Contractors to fill IT positions in those regions.

To address persistent Foreign Service vacancies, the Department plans to hire a projected 322 Foreign Service Generalists, and up to 300 Foreign Service Specialists in fiscal year 2020. The Department has also made strategic use of limited non-career appointments (LNAs), such as consular fellows who are hired for a maximum of 5 years to fill consular adjudication positions.

Question 3. Have you considered converting some Foreign Service positions to civil service?

Answer. Yes. However, the Department does not have overseas positions which are classified as Civil Service (CS). The Department used limited non-career appointments , such as with consular fellows as noted in answer 2 , and we have not had to convert FS positions to CS. We have other programs which allow civil service officers to temporarily fill FS-designated positions, such as our Hard-to-Fill and Overseas Development programs.

Question 4. Have you considered adding additional positions for civil service slots overseas?

Answer. The Department has used limited non-career appointment hiring authority for civil service officers to temporarily fill FS-designated positions. For example, in Mexico City we have had civil servants serve as contracting officers under limited non-career appointments. As noted above, the Department does not have positions overseas classified as Civil Service. We have a variety of methods for filling vacant FS positions.

Question 5. Has the Department conducted any studies of administrative detail assignments that would support an increased number of Civil Service positions overseas?

Answer. Yes, the Department continuously assesses its ability to fill Foreign Service positions overseas, and to staff the Department, and publishes those findings in our Five Year Workforce Plan. In some cases, those studies have led to positions

that may be filled by Civil Service (CS) employees through multiple programs, including: the annual Hard-to-Fill Program, Department of State bureau-owned Developmental Positions, the Civil Service Consular Adjudicator Program, and the Overseas Development Program. There have been no formal studies conducted to determine whether there is a need to establish Civil Service positions overseas, or to increase the number of CS employees serving in Foreign Service assignments.

Some studies have led to adjustments to our priority staffing cycle which is early in our assignment season. In 2019, changes were made to the cycle formerly known as Priority Staffing Posts (PSP—Afghanistan, Iraq, Pakistan), eliminating the term PSP and selecting a wider range of posts which are part of the Special Incentive Post program. These include historically difficult to staff posts in Africa.

Our Bureau of Global Talent Management conducts regular evaluations on a range of topics relevant to the Foreign and Civil Services, but it has not conducted any studies focusing specifically on increasing the number of Civil Service serving overseas on administrative detail assignments. Civil Service employees accepting an overseas assignment temporarily fill designated Foreign Service positions. The Department does not have positions overseas classified as Civil Service.

Question 6. Can you share the results of any studies?

Answer. The Department's annually updated Five Year Workforce Plan can be found on its public facing web site. (https://www.state.gov/wp-content/uploads/2020/02/Five-Year-Workforce-Plan-FY19__FY23-Final.pdf).

Question 7. Has the Department consulted with other agencies that send personnel overseas about civil service detail assignments?

Answer. Yes. USAID has opened some President's Emergency Plan for AIDS Relief (PEPFAR) staff positions to such details. The Department is doing the same by filling PEPFAR country coordinator positions with Civil Service employees on Foreign Service Limited Non-Career Appointments, through limited non-career appointment authority, which was also the subject of an OIG report recommendation.

Question 8. Can you share the results of any consultations with other agencies?

Answer. There have not been formal consultations, but there are a variety of existing forums with other agencies, where such issues are discussed, including the Chief Human Capital Officers (CHCO) Council.

Question 9. What progress have you made on the GAO report recommendation to develop an action plan that is integrated across relevant State offices?

Answer. The Department of State has finalized an integrated action plan and will send it to the GAO, as required. The action plan describes the methodologies the Department uses to analyze vacancies, the new and continuing initiatives aimed at staffing overseas positions and monitoring progress, the tools the Department developed to monitor and project staffing requirements, and the ongoing and re-designed programs the Department uses to augment the traditional staffing of overseas FS positions. The responsible office(s) and person(s), status, and projected completion date are provided for each initiative and program.

QUESTIONS SUBMITTED TO HON. DAVID HALE

QUESTIONS SUBMITTED BY SENATOR CHRIS VAN HOLLEN

Question 1. Please provide an update on the status of negotiations with the Government of Sudan to reach a settlement agreement with the victims of the bombing of the USS Cole and the U.S. Embassies in Kenya and Tanzania: Do you expect that as part of any agreement the Department of State negotiates, Congress will need to approve immunity against future claims for the Government of Sudan?

Answer. In February, Sudan informed us that it has reached private settlement agreements that resolve claims held by victims of the 2000 attack on the *USS Cole.* The United States continues to discuss with Sudan the resolution of claims arising from the 1998 Embassy bombings. We are making good progress and hope to have important developments to share soon. We have been guided, in part, by our experience in prior claims settlements, including the 2008 Libya Claims settlement, which involved compensation paid by Libya in settlement of claims and legislation that restored immunities.

Question 2. Please provide an update on the status of negotiations with the Government of Sudan to reach a settlement agreement with the victims of the bombing of the *USS Cole* and the U.S. Embassies in Kenya and Tanzania: Do you expect that as part of any agreement the Department of State negotiates, foreign service nationals and U.S. nationals will be treated equally?

Answer. Because the U.S. Government cannot, as a matter of international law, espouse the claims of non-U.S. nationals, there must necessarily be differences in

the treatment of claims of U.S nationals and foreign nationals. However, we expect that any bilateral agreement would address the provision of compensation for non-U.S. national victims and a specific process for distribution.

Question 3. How would removing Sudan from the list of state sponsors of terrorism support democratic transition and allow for deeper U.S. engagement?

Answer. Rescission of Sudan's State Sponsor of Terrorism (SST) designation would send a powerful signal regarding U.S. support for Sudan's new civilian-led transitional government (CLTG) and Sudan's transition to democracy, bolster its credibility at a time when domestic pressures are high, and remove a deterrent to private U.S. investors, who currently find the reputational risk of investing in an SST-designated country greater than the potential return on their investment. SST rescission would encourage other international partners to support the CLTG politically and economically and would remove a barrier to Sudan being able to clear arrears and access financing from international financial institutions. SST rescission would also remove a restriction on U.S. foreign assistance to Sudan, as well as certain restrictions related to dual-use and arms exports. However, rescission requires that the United States determine that Sudan has met all relevant statutory criteria and policy conditions.

Question 4. What steps is the United States Government taking to counter Russian and Chinese influence in Sudan and how would those actions be impacted by a potential delisting?

Answer. The United States is committed to countering China, Russia, their proxies, or other actors' efforts to undermine global norms and standards. We are working with international partners to support Sudan's civilian-led transitional government in a 39-month democratic transition. Rescission of the State Sponsor of Terrorism (SST) designation would strengthen our bilateral relationship with Sudan and remove a reputational barrier to U.S. private sector investment, steering Sudan away from malign actors who do not share our interest in a democratic and stable Sudan. However, Sudan must meet all relevant statutory and policy criteria before the United States will initiate the process of SST rescission.

Question 5. The interagency plan to implement the Global Fragility Act is due on June 17, 2020. What is the status of the plan's development?

Answer. The Global Fragility Act (GFA) requires the establishment of a comprehensive, integrated, 10-year Global Fragility Strategy (GFS), with a report due to Congress by September 15, 2020 (within 270 days of enactment). The administration is committed to submitting the report to Congress by the September 15 deadline, provided the ongoing response to COVID–19 does not necessitate a change to this timeline. The White House is coordinating an interagency process on the GFA with the State Department leading GFS development in consultation with all relevant stakeholders and Congress. The GFA will build upon ongoing U.S. Government initiatives to more effectively stabilize conflict-affected areas, prevent violence, and reduce fragility globally.

Question 6. Do you expect that the Sahel will be one of the priority regions designated in the plan?

Answer. We plan to use the Global Fragility Act to build upon ongoing initiatives to improve how the U.S. Government works to stabilize conflict-affected areas, prevent violence, and reduce fragility globally. The White House is currently coordinating an interagency process on the GFA, and the State Department is leading the development of the Global Fragility Strategy. We are committed to consulting with all relevant stakeholders, including Congress, as we develop this strategy and we intend to consider the Sahel in this process. We have completed the development of a Fragility Framework in a Sahel country, Burkina Faso, that sets out an approach to stabilization that coordinates U.S. diplomatic, defense, and development actions. We are also evaluating the conditions of other Sahel countries and neighboring littoral states as we develop the Global Fragility Strategy. As we move towards implementation, we will likely seek to prioritize legitimizing and expanding state presence in areas where it is not present to include strong private sector involvement for job creation and economic opportunity.

SUBCOMMITTEE RECESS

Subcommittee stands in recess. Thank you.

[Whereupon, at 3:30 p.m., Tuesday, March 10, the subcommittee was recessed, to reconvene subject to the call of the Chair.]