Approach Paper

World Bank Group Activities in Situations of Conflict and Violence: An IEG Evaluation

November 6, 2014

Introduction

1. **Fragility, conflict, and violence are at the heart of the World Bank Group strategy to attain the twin goals of ending poverty and promoting shared prosperity.** Establishment of fragility, conflict, and violence (FCV) as one of the cross-cutting solution areas under the Global Practice Vice Presidency reflects the high level of priority attached to this theme. The FCV cross-cutting solution area is expected to enhance a systematic and coordinated approach across the Bank Group. The Independent Evaluation Group (IEG) of the World Bank Group contributed to this effort by undertaking an evaluation, "*World Bank Group Assistance to Low-Income Fragile and Conflict-Affected States: An Independent Evaluation*" (IEG 2014). This report focused on assessing Bank Group activities in low-income countries classified as fragile and conflict-affected.

2. **It is against this background that the Committee on Development Effectiveness (CODE) of the World Bank's Board of Executive Directors agreed that there would be a follow-up evaluation to focus on Bank Group activities in countries not classified as fragile and conflict-affected.** Recognizing the significant implications of conflict and violence to the attainment of the Bank Group's strategic goals the CODE agreed that the follow-up evaluation would capture the different nature of fragility and manifestations of violence in countries not on the World Bank Group list of fragile and conflict-affected situations. The CODE noted that such forms of fragility and violence could include IBRD and blend countries, small island states, fragility due to organized crime and violence, and fragility due to ethnic tensions. The proposed evaluation is intended to respond to this demand and to broaden the Bank Group's perspectives on addressing the development challenges arising from conflict and violence.[1]

Context

3. **Conflict and violence are known to have significant adverse impacts on economic development and poverty reduction.** The World Development Report 2011 (WDR 2011), Conflict, Security, and Development (World Bank 2011b) shows that on average, a country that experienced major violence over the period from 1981 to 2005 has a poverty rate 21 percentage points higher than a country that saw no violence. Collier (1999) examined the

[1] This evaluation will not cover the issues related to small island states as IEG plans to prepare a separate evaluation on small states in FY2016.

costs of civil war and found that during civil conflict, the annual growth rate is reduced by 2.2 percent. The economic impact of violence containment to the world economy has been estimated to amount to $9.4 trillion per annum, or almost 11 percent of World GDP (Institute for Economics and Peace, 2014). Significant multiplier effects of conflict, crime, and violence on the economy through depressed savings, investments, earnings, productivity, labor market participation, international trade, tourism, and overall growth have also been reported.

4. **Among development institutions, fragility, conflict, and violence have long been associated with the lack of development progress in the country.** For example, low-income country status was a pre-condition to be classified under Low Income Country Under Stress (LICUS)—the first classification of fragility by the World Bank. The current system of classifying countries as fragile and conflict situations (FCS) relies heavily on the Country Policy and Institutional Assessment (CPIA) and excludes IBRD-only countries for which the CPIA scores are not disclosed.[2]

5. **However, significant levels of conflict and violence exist even in parts of the more affluent countries, presenting cases which test the link between fragility, conflict, violence, and low-income status.** Conflict and violence are indeed prevalent in some parts of vibrant middle income countries and even in highly developed countries, which are not on the World Bank's FCS list (see Attachment 1 on reported incidences in middle-income countries).

6. **Many of these violent incidences create localized pockets of insecurity in parts of these countries and pose considerable challenges for poverty reduction and shared prosperity.** These incidences often do not present an immediate threat to the overall stability of the country, but have non-trivial development consequences. Conflict and violence harms agriculture, livestock, enterprises, and other local industries creating structural barriers to achieving shared prosperity. Conflict and violence also have direct human costs resulting in loss of life, disability, and displacement. For example, Parks, Colletta, and Oppenheim (2013) note that subnational conflict is the most deadly form of conflict in Asia—at least 1.35 million people have been killed in Asian subnational conflicts since 1946. Armed violence was a key driver of internal displacement in Colombia, which continues to affect up to 5 million people or about 10 percent of the population (World Bank Group 2014).

7. **Conflict and violence in countries not classified as FCS have been under the radar screen of the international development community until recently, and the Bank Group is beginning to make systematic efforts to address the associated challenges.** The WDR 2011 is the first major analysis by the Bank Group that highlighted fragility and

[2] In addition to the CPIA rating, the presence of a United Nations and/or regional peace-keeping or peace-building mission is used to designate a country as FCS. Based on this criteria, four IBRD only countries—Bosnia and Herzegovina, Iraq, Libya, and Syria—are classified as FCS.

conflict as a situation that could exist in parts of countries that, as a whole, are not classified as, or considered to be, fragile. This analysis expanded the prevailing concept which used to limit fragility as an attribute of entire countries classified as fragile and conflict-affected states. (See Attachment 2 for the evolution of Bank Group support to fragile and conflict states).

8. **The proposed evaluation is motivated by the growing need to better understand how the Bank Group can play a role and be effective in situations affected by conflict and violence in countries not classified as FCS.** These cases occur and are sustained in relatively affluent and stable countries with a functioning system of government. Thus they pose a question to the widely accepted assumption that associates lack of development progress with conflict and violence, and also to the activities developed, designed, and implemented based on such an assumption. The Bank Group and the development community as a whole are aware of this emerging challenge, but are still at the nascent stage of taking a systematic approach to address it. Focused analysis on the cases of conflict and violence in otherwise stable countries would help increase the robustness of the Bank Group strategies and approaches toward fragility, conflict, and violence in general.

9. **The proposed report differs from the previous IEG repot (IEG 2014) on FCS in the following three key aspects.**

- ***Drivers of conflict and violence:*** The evaluation focuses on situations that go beyond the conventional assumption of low-income status and poverty as being the primary driver of conflict and violence. The drivers of conflict and violence could be subnational dispute, ethnic or religious tension, or insecurity due to organized crime or urban crime and violence. In addition to income poverty and state institutional capacity that the earlier report touched on, the new report will try to examine the Bank Group's role in addressing such issues as actual or perceived social exclusion as well as relative (rather than absolute) deprivation that exist in pockets of insecurity.
- ***Localized situations:*** Many of the conflict and violent incidences in these countries are confined within certain parts of the territory. An important aspect of the proposed evaluation will be to review how the Bank Group helped countries tailor their measures to address the underlying causes to the local context. The earlier report (IEG 2014), on the other hand, focused on countries where measures directed to achieve broad based improvement across the country are still the primary focus of Bank Group support.
- ***Country engagement:*** While the previous report focused on IDA only countries, the proposed evaluation will include reviews of activities in IBRD and blend countries. The nature and modality of Bank Group's engagement with these countries are different from those in IDA countries. The proposed evaluation will touch on the opportunities and challenges involved in policy dialogue and country program implementation in these countries.

10. The following sections include more specific discussions on the purpose, objective, scope, and the framework of this evaluation.

Purpose, Objectives, and Audience

11. **This evaluation seeks to identify lessons from past experinces that will inform the Bank Group's future activities in coping with conflict and violent situations in countries not on the FCS list.** These forms of conflict and violence have existed for a sustained period of time, affecting the lives of a substantial number of people. As these cases are often observed in countries with relatively higher per capita income and a better functioning governance system, they point to limitation in the widely-accepted assumption that links conflict and violence with lack of development progress. The proposed evaluation aims to help broaden the perspectives on the drivers of conflict and violence, and help the Bank Group increase the robustness of its strategy and approaches toward fragile, conflict, and violent situations by undertaking systematic analysis of Bank Group experiences.

12. **This report is closely linked with the objectives in the IEG's results framework.** It is particularly relevant to the goal to find out "what works" through deepening evidence about the results of Bank Group programs and activities–and their effectiveness for accelerating growth, inclusiveness, and sustainability–to contribute to the Bank Group's interim target of 9 percent poverty reduction and progress on shared prosperity by 2020. Given the evolving nature of the Bank Group's programs on fragile, conflict, and violent situations, this evaluation is also related to the other IEG objective on real time learning. This evaluation will help generate evidence on the early implementation experiences of the Bank Group strategy to enable mid-course corrections, and promote a stronger internal culture for results, accountability, and learning.

13. **The objectives of this evaluation are two-fold.** First, it assesses and reports on the quality and results of Bank Group programs and operations planned and implemented under situations affected by localized conflict and violence. The assessment will be based on three key areas of results and quality: relevance, effectiveness, and responsiveness. The assessment will cover the Bank Group strategies and assistance programs, including lending, and trust-funded operations, and analytical and advisory activities. Second, it will aim to provide an analysis of the factors that lead to success or failure of Bank Group engagement in these environments. Systematic efforts by the Bank Group to analyze activities in conflict and violent situations in countries not classified as FCS started relatively recently. This report aims to provide analyses that would facilitate Bank Group's learning in this area. Also, lessons will be drawn from the experiences reviewed in this evaluation to inform the design of future strategies and assistance programs, and partnerships with relevant institutions in similar environments.

14. **There are a number of key internal audiences for this evaluation.** The primary audience comprises Bank Group's shareholders, the Board of Executive Directors, senior staff in the Regional and Country Management Units addressing the challenges caused by conflict and violence as well as in the new cross-cutting solutions area on fragility, conflict, and violence. The findings will also be useful for many of the Global Practices such as Governance as well as Urban, Rural and Social Development.

15. **There is a high level of commitment in the Bank Group to this topic, given the significant attention paid to fragility and conflict in the Bank Group strategy.** The Fragile and Conflict-Affected Situations Unit in OPCS and the FCS Coordination Unit in IFC functioned as the corporate level champion prior to July 1, 2014. With the establishment of the Fragility, Conflict, and Violence cross cutting solutions area, it is likely that champions will emerge within different Global Practices and regions. In addition, there is a strong network of professionals who have been working on the related challenges for sustained period of time exists across a wide variety of sectors. A high level of interest among CODE/Board members about this subject has also been expressed in past discussions. As a result, there seems to be a robust institutional vehicle and constituencies that can implement the findings of this evaluation.

Scope, Results Chain, and Evaluation Framework

16. This section discusses the overall evaluation approach. The discussion includes the scope of the evaluation—the forms of conflict and violence expected to be relevant in the proposed evaluation. The section then discusses the construct of a results chain of Bank Group operations in addressing localized conflict and violence derived from existing literature and related analyses. The descriptions of the evaluation framework, particularly on the approaches for case study selection, will follow.

EVALUATION SCOPE

17. **Conflict and violence are often the manifestation of institutional fragility.** The WDR 2011 defines fragility as situations when states or institutions lack the capacity, accountability, or legitimacy to mediate relations between citizen groups and between citizens and the state, making them vulnerable to violence. The report also reinforces the close link between institutional fragility and the risk of conflict. Conflicts and violent incidences can further enhance fragile situations, creating a vicious cycle of fragility, conflict, and violence.

18. **As this is an evaluation of Bank Group activities, the extent of real and potential links with the Bank Group's mandate and programs is an important factor defining its scope.** There are several organizations and databases that categorize the types of conflict and incidences of violence (see Box 1). For the purpose of this evaluation, we classified the conflict and incidences of violence into two broad types: cross-border and in-country. Given the limited role that the Bank Group can play, the first type of conflict—contestation across national borders over territory and regional influence—will not be covered in this evaluation.

Box 1. Categorizing Conflict and Violent Incidences

There are several approaches to categorize the types of conflict and violent incidences. Conflict intensity is a typical way to classify the nature of these incidences. Various databases measure the intensity of conflict using such indicators as the number of reported casualties and the presence of violent means in resolving the dispute.

The Uppsala Armed Conflict Dataset defines three types of organized violence based on the nature of participating parties and use of force. They include armed conflict, one-sided violence, and non-state conflict. The Heidelberg Conflict Barometer presents the types of conflict items—materials or immaterial goods pursued by conflict actors—as one of the concepts to classify conflict. These items include: system/ideology, national power, autonomy, secession, decolonization, subnational predominance, resources, territory, and international power. The references to types of violence in WDR 2011 include civil, criminal, cross-border, sub-national, and ideological.

Source: IEG

19. **The forms of conflict and violence covered in this report are those that occur within a country.** The issues underlying these conflicts cover a wide range of areas and include contestations over the political system, subnational conflict, and the sharing of resource benefits (e.g. minerals, water, oil/gas, fish stock). Urban violence and organized crime are also prevalent in some of these countries. These conflicts are manifestations of contests over a variety of issues such as defiance of the central authority, real or perceived inequities in resource sharing, gender-based violence, and gang rivalry. However, there may also be similarities in the underlying socio-economic drivers such as social exclusion and economic opportunities. This evaluation will review Bank Group experiences in different types of conflict and violent situations and examine similarities and differences in how these situations can be addressed effectively.

20. **The report will focus on Bank Group actions to assess what are the effective approaches it can take toward its twin goals within its mandate.** This report does not aim to undertake its own analysis to define the nature, drivers, and political economy of conflict and violence. The focus of this report is to draw lessons from Bank Group operations, strategies, and policy dialogue in addressing these situations. Among the potential case studies, the Bank Group has limited role in a situation where active and open conflict is spread widely across the country (e.g. Syria). Thus, the cases in countries with widespread active conflict zones will not be reviewed in this evaluation. The forms of conflict and violence expected to be relevant in this evaluation are summarized in Table 1 below.

Table 1. Forms of Conflict and Violence Relevant to the Proposed Evaluation

Major Contestants	Conflict Item/Type	Covered by the Evaluation (Y/N)
In-country	Political system and authority to govern the nation	Y, if localized conflict and violence N, if conflict zones are spread widely
	Subnational issues (secession, autonomy, and control over a subnational territory)	Y
	Sharing of resource benefits	Y
	Crime and Violence	Y
Cross-border	Territory	N
	Regional influence	N

Source: IEG Staff

RESULTS CHAIN

21. **The results chain that guides this evaluation reflects the unique challenges associated with the issues in conflict and violent situations.** The framework developed for this evaluation is shown in Figure 1 below. The following sections provide more specific descriptions of the each segment of the results framework.

Figure 1. Results Chain of Activities to Address Pockets of Insecurity

Source: IEG Staff

LONG-TERM GOALS

22. **The twin goals of ending poverty and promoting shared prosperity call for the Bank Group to strive for progress in economic development and living standards for all citizens.** Several factors including poverty, inequality, and scarcity of resources can lead to conflict and violence. The WDR 2011 argues that the risks of violence increase when internal and external stresses combine with weak institutions. The types of stresses are diverse including those caused by threats to security at the personal or community level, economic well-being (unemployment, price shocks), and just and fair treatment of citizens. It suggests that there is a need for confidence building measures and interventions to transform institutions that provide citizen security, justice, and jobs.

23. High levels of inequality or increases in poverty are often associated with crime and violence, while highly unequal societies may have a low propensity to invest in costly crime deterrence measures (Bourguignon 1999). Competing claims over the benefits from natural resources create tension among different groups in the area. There have also been concerns that climate change may increase risks of violent conflict over increasingly scarce resources such as freshwater and arable land, although considerable uncertainty exists in predicting the scenarios that link environmental change and conflicts (Raleigh and Urdal 2007).

24. **An important channel that links violence—sometimes the fear of violence—with slow development progress is incentives faced by businesses.** Local entrepreneurs and businesses face enormous challenges in dealing with conflict and violence. They face various risks including those of: (i) being excluded from economic activities because of coercion and provision of access to cheap (at times illicit) inputs to become the exclusive provider of services; (ii) higher costs due to the need for increased security investments; (iii) losing investments or business opportunities due to uncertain and negative image over medium term outlook in the region; (iv) being affected by supply chain interruptions caused by violent obstructions; and (v) losing talent through increased number of skilled workers emigrating out of the region (Goldberg, Kim, and Ariano 2014). Violence can also affect the behavior of families and incentives to invest in human capital. The fear of violence may inhibit families sending children to schools or visit health care centers to receive basic services such as vaccination.

25. An analysis of 730 business ventures in Colombia over 1997 to 2001 found that with higher levels of violence, new ventures were less likely to survive (Hiatt and Sine, 2012). Incentives for long-term investments and employment would suffer with escalation in the scope and coverage of violence, resulting in slower economic and productivity growth.

26. **A critical long term goal in addressing pockets of insecurity is to break this recurrent cycle of conflict and violence.** This would help countries and local communities create an enabling environment for progress towards the other goals of economic development and improvement in ending poverty and achieving shared prosperity. As discussed above, the WDR 2011 suggest that this requires addressing a broad set of stress factors that increase the risks of conflict and violence. In addition, establishing confidence in

the state, and strengthening institutions to meet people's needs, particularly for citizen security, justice, and jobs, are key.

Outcomes, Outputs, and Inputs

27. **Meeting these challenges in generally stable and often economically successful countries poses a number of unique challenges.** The expected role of international financial institutions like the World Bank Group in these situations is likely different from that in countries categorized as FCS. A standard response to strengthen the functioning of state in LICUS and FCSs may not be relevant for some of these countries which have established strong state institutions. Also, causes and actions associated with conflicts are often political in nature. The willingness to engage with external parties like the World Bank on such issues is often scarce. The challenge to engage in substantive dialogue with these countries is compounded by the fact that many such countries have greater access to international capital markets and large economies. The leverage that can be exercised by external development institutions is typically limited as the volume of financial assistance tends to be marginal compared to other sources of finance.

28. **Second, the cases of localized, but sustained, conflict and violent situations in these countries indicate the need to go beyond the assumption that links low per capita income with conflict and violence situation, and to examine the underlying drivers.** Underlying the notion to link the low-income status and fragility is an assumption that poverty and weak state institutions are the dominant drivers of fragility. However, the presence of collective violence and localized conflicts in relatively rich countries with established institutions suggests that the conflict and violence is more complicated and is not always fueled by impoverishment. Further sophistication in diagnosis of the causes of conflicts and violence is required to address the needs in these areas. In particular, restoration of confidence and trust in the government's ability to maintain the rules of law and security as well as legitimacy to govern in these areas become central.

29. **Parks, Colletta, and Oppenheim (2013) reviewed subnational conflicts in Asia and found that most aid programs in these areas are not focused on core conflict drivers in their design, implementation and monitoring.** Many of the conflicts reviewed in the report take place in dynamic middle-income countries. It found that in almost every case, subnational conflict areas have lower income levels than the national average. However, in a few cases, poverty rates in conflict areas are found to be lower than the national average. Moreover, several key development indicators including infant mortality rate and literacy rates show a remarkable degree of parity with the national average.

30. **Given these findings, the report calls for aid agencies to rethink their assumptions and work differently.** The implicit assumptions often seen in aid programs include: i) violence is a consequence of weak state capacity; ii) economic growth will reduce violent conflict; and iii) improved levels of development and service delivery will address the underlying causes of conflict. The role of these underlying assumptions and how they are linked with the corporate processes and policies would be an important topic of exploration in the proposed evaluation.

31. **There is also an increasing interest among scholars and practitioners on the governance structure and institutional incentives that enable collective action against violence.** WDR 2011 recommends *best-fit* institutions and *inclusive-enough coalitions*, cautioning against the excessive drive towards conversion into the Western institutions and adherence to *all-inclusive* processes. Keefer (2013) points out the importance of organizational arrangements that allow leaders to sanction free-riding behavior by members and allow members to replace leaders if they shirk. North et al (2013) sees elite bargains as the persistent core of developing societies: it presents a collection of cases analyzed through a conceptual framework that emphasizes the manipulation of economic interests by political system to create rents so that power groups and individuals find it in their interest to refrain from using violence. Fukuyama (2011) argues that rule of law that restrains the most powerful individuals and subordinates the state is a key component of political stability.

32. As some of these findings are conceptual in nature, it might be difficult to apply them directly as yardsticks to assess the relevance and effectiveness of individual operations on the ground. However, they could potentially provide interesting perspectives when developing the framework for conflict sensitive design as well as implementation and monitoring arrangements of Bank Group supported activities in the future. In particular, considerable discussions that have taken place on operationalization of the WDR 2011 since the Development Committee paper on this subject (World Bank 2011a) could provide insights into this assessment.

33. **These analyses and a body of literature point to a number of short-term and medium term factors that help achieve the long term goal of ending the recurrent cycle of conflict and violence.** The enabling factors relevant to address pockets of insecurity include:

- Robust institutional and governance frameworks to analyze and deal with complex and difficult issues involved in conflict and violence
- Equitable access to rule of law, justice, public goods and services
- Private investment and employment opportunities
- Different social groups cooperate more with each other and with the government and participate in public sector and non-state programs

34. **The central question for this evaluation is whether and how the Bank Group contributed to creating these enabling factors or not.** The vital underpinnings for those outcomes are:

- Inclusive decision making processes that increases legitimacy of the governing body
- Strong capacity within government agencies and society to effectively provide and demand critical public goods including security, rule of law, and justice as well as enabling environment for investment and innovation
- Program designed based on detailed knowledge on the drivers of conflict and violence.

35. **There is a wide range of tools through which the Bank Group can affect the outcomes in these areas.** These inputs include country and program sector strategies, lending operations, non-lending work including analytical work and technical assistance, various activities funded by trust funds, and partnerships with relevant institutions at global, regional, and country levels. The contributions of Bank Group work can be direct or indirect as well as positive or negative.

EVALUATION FRAMEWORK AND CASE SELECTION

36. **The framework of this evaluation is driven by the results chain that emerges from past analyses on enabling factors that reduce the risks of conflict and violence.** A critical question to start off this evaluation is whether and how the Bank Group assessed the potential and real drivers of conflict and violence, and incorporated appropriate measures in the design and implementation of its activities. It is important for external agents like the Bank Group to gauge the risk of exacerbating the situation by their interventions as there could be unintended negative consequences on vulnerable groups in the community such as women and poor households. The evaluation will also include analyses on how effectively the Bank Group responded to evolving needs on the ground and demands from the client government authorities—high-quality analysis of the causes of conflict and violence is vital for this aspect as well.

37. **Achieving the ultimate goal of breaking the recurrent cycle of conflict and violence requires a long timeframe and contributions from multiple actors.** In fact, the Bank Group is often not the major player in these efforts. Therefore, this evaluation will focus its attention on the contributions of Bank Group activities at the outcome level—the relevance and effectiveness of activities in creating the enabling environment toward the long term goal.

38. **A key output of the proposed evaluation is the set of case studies of Bank Group activities in selected countries, complemented by cross-cutting background studies.** There will be two types of case studies: in-depth analyses including country visits, and desk-based review of operational documents and analytical work. It is expected that about 10-15 cases will be covered by the analysis. Findings from case studies will be complemented by background papers on selected cross cutting issues. These papers will primarily be based on surveys of existing literature and relevant analyses. Possible topics for background papers include: (i) a review of political economy analyses undertaken in countries affected by conflict and violent situations and how they helped design and identify interventions in such an environment; (ii) Bank Group's policies and guidelines related to its involvement in strengthening client countries' law enforcement capability; (iii) experiences in community driven development approach in conflict and violent situations—an instrument often used in these situations; and (iv) successful experiences in ending conflicts and violence—lessons learned.

39. **Each case study will be based on multiple sources of data.** These sources include: project documents, reports and research work from various sources, key informant interviews (i.e. staff from the government, Bank Group, other donors, non-governmental organizations

operating in the contested areas, and researchers), focus group discussions, and geographic information of project interventions and beneficiaries (as available). As the analysis will try to draw lessons from experience, the conflict and violent situations that existed in the past and have been stabilized will also be reviewed as needed.

40. **The similarities and differences between the findings of case studies will be analyzed to draw lessons.** The analysis will have special emphasis on identifying the common features that lead to success and shortcomings in contributing to the creation of enabling environment for the long term goal to break the cycle of conflict and violence. Thus the composition of cases should include countries with differing characteristics in some areas considered to be relevant in addressing conflict and violence, for example, institutional capacity and the quality of government services at the national level.

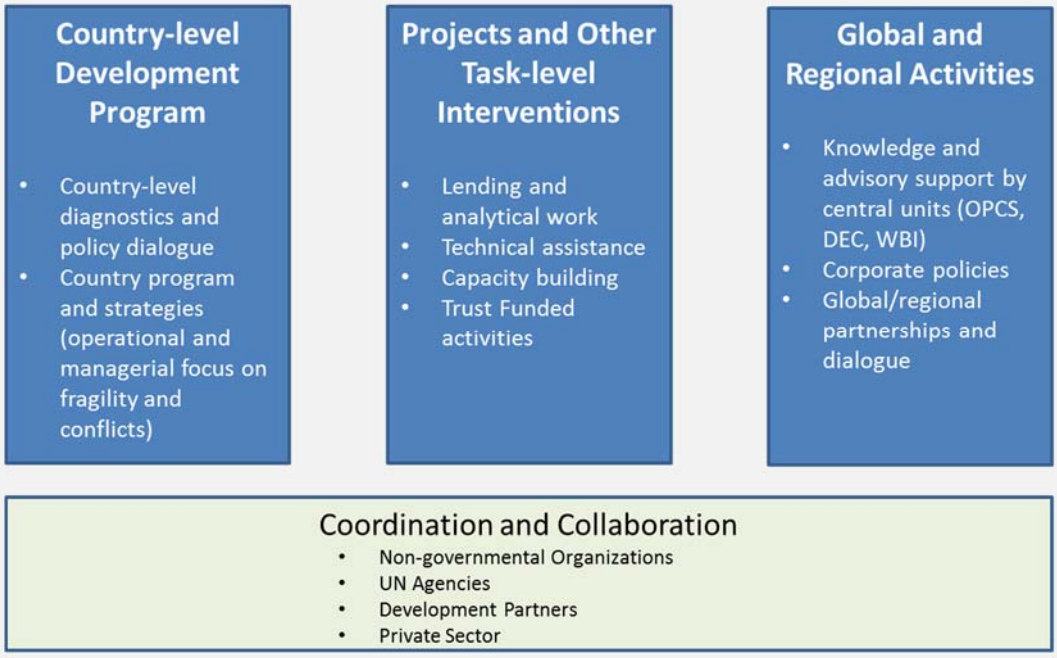
41. **As vibrant and dynamic private sector activities are crucial to establish robust foundation for sustained peace, IFC and MIGA activities are important elements of the review.** IFC support for local entrepreneurs through investment and creation of enabling business environment is of considerable relevance to this evaluation. MIGA guarantees could also play a vital role in encouraging foreign direct investment to help countries and communities break the cycle of conflict and violence. Case studies will ask whether and how Bank Group's private sector support operations helped entrepreneurs cope with these difficulties effectively.

42. **Case studies will be informed by analyses of three interlinked building blocks of Bank Group operations.** These blocks include:

- Assessments of country assistance strategies, country-level knowledge services, and country program management to examine whether and how the Bank Group addressed fragility, conflict, and violence at the country program level;
- Reviews of individual operations (Bank, IFC, and MIGA), technical assistance, and capacity building activities (including those funded by trust funds) with direct or indirect relevance to issues arising from conflict and violence; and
- Analyses of the knowledge services and advisory support by the central units (including OPCS and DEC), corporate policies (Bank Group-wide and Regional VPU level), and contributions to global dialogues and partnerships with substantial implications to activities in case study countries.

43. A key theme that cuts across these multiple levels is coordination and collaboration with development partners and multilateral agencies, particularly in areas where the Bank Group does not have a mandate or expertise. The evaluation will focus on reviewing Bank Group activities in the past ten years, starting from FY2004 to FY2014. The building blocks of this evaluation are described below (Figure 2).

Figure 2. Evaluation Building Blocks



Source: IEG staff

44. **Given that the evaluation assesses Bank Group activities, the scope and nature of Bank Group operations in and around these situations will be a critical factor for the selection the cases for review.** However, the task is not entirely straightforward. The analysis will focus on how the Bank Group and the country have dealt with development challenges arising from localized conflict and violence in the policy dialogue, analytical work, and country strategy formulation and implementation. Some Country Partnership Strategies include enhancing security, bringing peace and stability, and reducing violence as a key pillar or objective. For example:

- The Country Assistance Strategy for El Salvador in 2005 (FY05-FY08) includes Enhancing Security and Reducing Vulnerability as one of the three strategic pillars. One of the areas of focus for the Honduras Country Partnership Strategy (FY12-FY15) is improving citizen security.
- The Country Assistance Strategy for the Philippines in 2009 (FY10-FY12) has Stability and Peace as one of the Results Areas: the activities linked to this results area aimed to pursue fragility and conflict specific outcomes including: (i) enhanced impact and conflict-sensitivity of development programs implemented in communities in Mindanao affected by armed or violent conflict; and (ii) scaled-up provision of basic services and livelihood support through community-driven development in communities affected by armed or violent conflict.
- The Country Partnership Strategy for Pakistan in 2010 (FY10-FY13) includes Improving Security and Reducing the Threat of Conflict as one of the four outcome

pillars which aim to achieve: (i) increased employment and livelihood opportunities in conflict affected areas; and (ii) increased responsiveness and effectiveness of the state through improving service delivery and governance in areas affected by conflict.

45. **Explicit discussion of conflict and violence in the country strategies remains relatively rare.** Moreover, there is no comprehensive list of countries faced with localized conflict and violent situations. The list of fragile and conflict situation countries are mostly IDA-eligible countries, affected by the fact that CPIA score is not disclosed for IBRD-only countries. There are three non-IDA eligible countries which, as a whole, are classified under fragile and conflict situation in this list—Iraq, Libya, and Syria—because of the presence of a United Nations and/or regional peace-keeping operation in the last three years, and Zimbabwe.

46. **A similar identification challenge exists for selection of individual activities for review.** The Bank Group has a theme code, Conflict Prevention and Post-Conflict Reconstruction, to tag the activities to help minimize internal and trans-boundary conflicts, undertake post-conflict reconstruction, and address conflicts as part of the country's overall poverty reduction program. These operations will provide the initial set of activities to be reviewed in this evaluation.

47. **However, the impact of conflict and violence can also be found in activities which do not directly focus on conflict prevention and post-conflict reconstruction.** Examples of such activities include the programs for social safety nets, conditional cash transfers, health care systems, and infrastructure networks that cover the entire countries including the areas affected by conflict and violence. Hence the first step for the project-level evaluation will be to identify the Bank Group operations relevant to this evaluation. Many such operations have also been supported by trust funds including the State- and Peace-Building Fund—these activities will be important parts of this review. See Box 2 for the planned approach to identify the operations relevant to this evaluation.

Box 2. Planned Approach to Identify Individual Operations

The first step to identify the operational activities relevant for this evaluation will be to collect project level data from Bank Group databases. These sources include: World Bank Business Warehouse Database, IFC projects database, World Bank Partnership and Trust Funds operations database, and MIGA portfolio. The data will be collated with key attributions such as project names, commitment amount, product line, sector board/Global Practice affiliation, income level of the country, available socio-economic data (e.g. poverty incidences, gender disaggregated data—if available by regions), sector/thematic codes, and project locations. IEG databases will also be used to collect data on projects reviewed by IEG.

The analyses of documents, reports, and evaluations of these activities will be summarized and coded based on such attributes as the types of assessment undertaken to analyze the causes of conflict and violence, measures taken to address the challenges, and involved parties.

External databases on conflict and violent cases, for example, Uppsala Conflict Data Program, Heidelberg Institute for International Conflict Research Conflict Barometer, and others will be used to develop a list of reliable data sources and inventory of existing data points on such items as countries, territories, nature of the conflict, participants, and duration of the violent events. The team will also explore the possibilities for conducting spatial analysis by overlaying the locations of conflict and violent situations with those of Bank Group supported projects. This will depend on the availability of geocoded data.

Source: IEG Staff

48. **The IEG team will use several criteria and means to identify the country cases and individual operations to be reviewed in this evaluation.** The criteria applied in determining the cases include the following.

- ***Severity of FCV effects:*** The presence of conflict and violent situations relevant to this evaluation (as indicted in Table 1)—countries affected by conflict and violence over a sustained period of time with significant level of human fatalities and costs to development progress;
- ***Bank Group activities:*** The presence of Bank Group activities (strategies, programs, projects, investments, guarantees, analytical works, technical assistance including trust funded activities) on issues related to conflict and violent situations in the country;
- ***Types of cases:*** Inclusion of three types of cases—subnational conflict, political transition as well as crime and violence—to identify commonalities and differences in addressing the underlying drivers of these events
- ***Types of countries and regional distribution:*** Coverage of countries with different characteristics such as varying levels of institutional strength and income (IBRD-

only, blend, and IDA-only countries); effort will be made to ensure as much regional representation as possible.

49. **The final list of 12-15 case countries for desk and in-depth review will be determined after undertaking detailed analysis of Bank Group portfolio.** The cases for in-country conflicts and crime and violence will be selected based on diverse information sources including the Heidelberg Conflict Barometer, the World Bank Group LICUS/FCS list[3], and the data of projects with Conflict Prevention and Post-Conflict Reconstruction code. Several additional databases of conflicts, including the Uppsala Armed Conflict Dataset, the Failed States Index published by the Fund for Peace, the Correlates of War dataset, the UNODC Homicide Statistics, and the Worldwide Governance Indicators will be consulted for such analyses. The data on internally displaced persons and refugees across national borders will also be referenced to gauge the severity of conflict and violent situations. This evaluation intends to review the Bank Group activities in countries which have never been included in the LICUS/FCS list in the past. However, the team intends to consider including Nigeria even though it has been classified as LICUS in FY06 and 08. This is because there have been episodes of major conflict and violence in recent years, after it was dropped from the list.

50. The final list will likely include more cases from the Latin America and Caribbean Region given the high rates of criminal incidences and sustained efforts by the governments, the Bank Group, and other development partners in addressing the crime and violence agenda in the region. With regard to the Middle East and North Africa Region, a preliminary analysis conducted by the IEG team suggests that there are relatively few operations with the Conflict Prevention and Post-Conflict Reconstruction code in the region, which could lead to an under-representation of the cases from the region. To ensure a balanced regional representation and in light of significant events that took place in the region recently, the team will explore ways to appropriately cover Middle East and North Africa countries in this evaluation. The IEG team will also draw on the assessment in the recently completed country program evaluation for Tunisia.

Evaluation Approach and Questions

51. **A key objective of the proposed evaluation is to assess and report on the quality and results of Bank Group programs and operations planned and implemented under situations affected by localized conflict and violence.** The assessment will cover the Bank Group strategies, programs, lending, non-lending and trust-funded activities in selected case countries. It will also examine knowledge services for global or regional audiences, corporate policies and partnerships with some bearings on the activities in the selected countries.

[3] LICUS list for FY06-09 and FCS list for FY10-15 were used for this purpose.

52. **The evaluation will be guided by assessment on three areas of results and quality: relevance, effectiveness, and responsiveness**. To maintain consistency of assessment across the cases, a common set of evaluation instruments will be developed.

53. **The first step of analysis in each case study is to define the nature of challenges and opportunities of the conflict and violent situation.** For this exercise, this evaluation will use the framework used in WDR 2011—situation-specific challenge and opportunities—with slight modification (Table 2). A review of the nature and scope of negotiation and bargaining between involved parties based on a review of existing political economy analyses was added to the five factors considered in the WDR 2011 framework. The political economy analyses to be reviewed in this exercise will include those undertaken by the Bank Group and other institutions. The types of violence are also modified from the original form to suit the focus of this evaluation.

Table 2. Defining the challenges and opportunities

Types and description of violence:	Subnational, criminal or other characteristics of the nature of conflict and incidences of violence such as ethnic, religious, involvement by international actors
Transition opportunity:	Opportunities can be gradual and limited, or can present more immediate or major space for change.
Key stresses:	Situations pose different mixtures of internal versus external stresses; high versus low levels of division between groups
Key stakeholders:	Stakeholder balances include internal versus external stakeholders, state versus non-state stakeholders, low-income versus middle- or high-income stakeholders.
Institutional challenges:	Degrees and mixtures of capacity, accountability, and inclusion constraints in state and non-state institutions affect strategy.
Nature and scope of ongoing and potential negotiation and bargaining between parties:	The possibility for negotiated settlement through political decision can affect the course of conflict and violence in short term.

Source: World Bank 2011b and IEG staff

54. **The challenges and opportunities defined for each case will guide the assessment on the relevance of Bank Group activities to the specific situations on the ground.** The findings will suggest the types of enabling environment needed toward the long term goal of breaking the cycle of conflict and violence. A critical question to ask is whether and how the Bank Group assessed the potential and real drivers of conflict and violence, and incorporated appropriate measures in the design and implementation of its activities. It will then examine how relevant these analyses and measures were in relation to the challenges and opportunities defined. The specific questions on the relevance criteria include the following.

Relevance: To what extent have Bank Group country programs, and lending and non-lending operations been relevant to the needs on the ground to create an enabling environment for the long term goal of breaking the cycle of conflict and violence?

- Did the Bank Group assess the significance and risks of conflict and violence on the development prospects of the country?
- Did the Bank Group examine the potential and real drivers of conflict and violence relevant to the case?
- How did the Bank Group incorporate the measures to address these drivers in the country assistance strategy?
- How did the Bank Group incorporate the measures to address these drivers in the program design and implementation plan for its activities?
- Were the existing knowledge and analyses of conflict and violence used effectively?
- How relevant were the analyses and measures related to the drivers of conflict and violence to the opportunities and challenges on the ground and why?

55. **The effectiveness of Bank Group operations within the case study will be assessed against contributions to short and medium term measures to create an enabling environment toward the long term goal.** As indicated in the results framework in Figure 2, the types of environment which appear to help achieve the long term goal include robust institutions and governance frameworks capable of analyzing and dealing with complex and difficult issues involved in localized conflict and violence, availability of vital public goods, environment and incentives for long-term investment and employment, and enabling environment for exercising collective actions at the community level. It will also examine how the results from the nationwide program may differ in areas affected by conflict and violence from the rest of the country, and whether any differentiated approaches were needed. This evaluation will also assess the gender implications of Bank Group strategies, operations, and analytical work following the findings in IEG (2014) that insufficient attention has been paid to conflict-related violence against women and economic empowerment of women in low-income fragile and conflict-affected states. The specific evaluation questions on the effectiveness criteria include the following.

Effectiveness: How effective has implementation of the Bank Group's assistance programs and projects in contributing to the creation of enabling environment for the long term goal of breaking the cycle of conflict and violence?

- How effective has the Bank Group’s analytical work and policy dialogue been in raising awareness of the effects of conflict and violence on the development potential of the country and Bank Group-assisted programs?
- How effective has the Bank Group’s assistance been in creating the enabling environment (robust institution and governance framework, availability of public goods, incentives for long-term investment and employment, environment for exercising collective actions at the community level) to address conflict and violence in the country?
- What have been the gender implications of Bank Group activities in situations affected by localized conflict and violence?
- How effective has the Bank Group been in working with multilateral and bilateral development partners in addressing conflict, violence and rule of law?

- Have national (or provincial) programs designed to include areas affected by conflict and violence been equally effective in those situations? Did the national (or provincial) programs need special implementation arrangements for the fragile situations? Did the results in fragile situations significantly affect the outcomes of the program(s) as a whole?

56. The responsiveness criterion is used to assess the agility and flexibility of Bank Group activities in meeting specific needs on the ground. The focus will be on how the monitoring of progress has been done and how it affected the decision on mid-course correction and adjustments. The specific evaluation questions include the following.

Responsiveness: How responsive has the Bank Group been in tailoring its support to the evolving needs in countries/regions affected by conflict and violence?

- To what extent did the Bank Group customize its approach to address the identified fragility and conflict drivers identified in the country?
- How did the Bank Group task team collect conflict-sensitive data, monitor risks and progress achieved, and make mid-course adjustments in the strategy or assistance program?
- How did the Bank Group task team respond to unanticipated changes on the ground?

57. **Lessons will be drawn from the analysis on Bank Group's experience in addressing localized conflict and violent situations.** These lessons are expected to help increase the Bank Group's understanding of and engagement in fragile, conflict, and violent situations. This effort will ask the following questions. The evaluations questions are summarized in Attachment 3.

- What were the drivers of success and failure?
- Which of those drivers were under the control of the Bank Group?
- Were there any corporate policies and rules which prevented the Bank Group from taking certain actions or getting involved in certain topics?

LINKS WITH OTHER IEG EVALUATIONS

58. **Lessons and findings identified in previous IEG evaluations and efforts made for future reports will form an important part of this evaluation.** The recent evaluation on fragile and conflict states, "World Bank Group Assistance to Low-Income Fragile and Conflict-Affected States" (IEG 2014), provides a useful analytical base for the proposed evaluation. The report found that the portfolio performance of Bank operations in low-income fragile and conflict states has improved since 2001 compared to low-income countries that are not fragile. However, it also points out the need to clarify the Bank Group's role on citizen security, justice and jobs—three areas identified by the WDR 2011 as crucial to break the cycles of violence. Furthermore, the report suggests that there is room to use the insights and lessons from considerable efforts made on fragility and conflict analyses in Bank Group operations.

59. **A number of country program evaluations also offer insights into the relevance and realism of the Bank Group's assistance program in environments affected by conflict and violence.** A series of evaluations of countries affected by fragile and conflict situations such as Timor-Leste (2011a), West Bank and Gaza (2011b), Afghanistan (2012a), and Liberia (2012b) include findings that are likely relevant to the proposed evaluation. A key message that cuts across these evaluations is that sustained support for core government functions, delivery of public goods and services, and citizen engagement can yield results for peacebuilding, statebuilding, and promoting legitimacy of the state. The evaluations identified programmatic approaches, including budget support for reforms and sectorwide approaches, as well as partnerships with donors and civil society, as vital for effective delivery of services. Security risks and restrictions have had significant bearings on Bank Group support both due to risks to personnel and constraints on field supervision, as well as due to constraints on the private sector and citizen engagement. A question that remains is whether there are measures that can effectively address the need to ensure security and enhance development results at the same time.

60. **Given that the proposed evaluation will include cases in middle-income countries, some of the findings of the two recent country program evaluations—Brazil and Tunisia—will also be relevant.** Middle-income countries typically have good access to the international financial markets and well-established fiscal or quasi-fiscal tools to finance their development activities. They also have advanced institutions and a high level of human capital. A critical challenge is to combine the flexibility that allows the Bank Group to respond to demands as they emerge and the medium-term strategy that encompasses issues with limited traction from the client in the short term. The Brazil country program evaluation (IEG 2013b) shows that the Bank Group has a comparative advantage in sharing lessons from cross-country experiences to provide customized support for specific policy needs. Focusing on geographical areas that are less developed as well as on catalyzing replication of good practices in the country would also enhance overall development impact. However, a difficult balance needs to be struck through strong, candid dialogue with the relevant authorities as well as candor in self-evaluation.

61. **The Tunisia Country Program Evaluation (IEG, forthcoming) also alludes to the difficulty involved in candid dialogue with the government.** It points out that the Bank did not flag risks associated with domestic political turmoil and made public its concerns over governance issues in several years leading up to the Arab Spring. The report notes that such reticence may have been intended to keep business lines and dialogue open with a regime that had little need for Bank assistance, but at a reputational cost. Similar challenge exists in addressing conflicts and violence in parts of generally stable countries: governments often prefer to deal with the challenges without involving external parties like the World Bank.

62. **The evaluation on the World Bank's country level engagement on Governance and Anti-Corruption (IEG 2011c) found that the quality of governance and political economy analysis was better in fragile than in non-fragile countries**. However, institutional strengthening had mixed results, particularly at the country-level. Given the centrality of political economy analysis in addressing fragility, this is an important finding.

The issue of interest for the proposed evaluation would be a comparison between stable regions and conflict affected regions in the same country—whether the country program has explored the needs for differentiated approaches according to local needs within the country.

63. **A 2009 IEG evaluation assessed MIGA's approach to engagement in conflict-affected countries (IEG 2009).** It points out that MIGA's approach to underwriting guarantees in fragile and conflict states was ad-hoc. Sufficient time has passed since this evaluation while the strategic importance of the topic has grown. The proposed evaluation will review MIGA's business development and product offering catered to the needs of investments in fragile and conflict states.

64. **There are also ongoing evaluations which can provide insights.** The clustered evaluation on country programs in natural resource rich developing countries will cover the issues related to management of resource rents—an important driver of conflict and violence in some countries. All the project and activity level assessment for the Bank, IFC, and MIGA in case study countries and beyond will be a major building block for the evaluation. Several ongoing efforts to undertake in-depth evaluations of projects affected by conflict situations are particularly relevant. They include the Project Performance Assessment Reports for the Second National Fadama Development Project in Nigeria as well as Community Development and Livelihood Improvement "Gemi Diriya" Project and the North East Irrigated Agriculture Project in Sri Lanka.

65. **A useful guide for activity level assessment is the OECD-DAC guidelines for evaluation of peacebuilding activities in settings of conflict and fragility (OECD 2012) .** A key focus in activity level analysis is to examine how well the Bank Group and country counterparts understood the conflict dynamics and actors as well as the economic and political context. Assessing the robustness of the theory of change these activities are founded on would also indicate the extent of realism applied in project design. Progress monitoring and flexibility exercised to adjust to evolving needs on the ground will also be important areas for review.

66. In summary, the proposed evaluation will use the following sources of evidence to derive evaluative judgment on the relevance, effectiveness, and responsiveness of Bank Group activities in addressing the challenges arising from localized conflict and violent situations.

- **Case studies** of Bank Group operations in localized conflict and violent situations will be undertaken for 10-15 cases in countries not classified as FCS; 3-4 of which will involve country visits. The remaining cases will be examined based on desk-review. These case studies will involve reviewing the relevance, effectiveness, and responsiveness of individual activities as well as country partnership, corporate, and sector strategies to determine how the Bank Group incorporates and positions the challenges associated with conflict and violence within its strategies. The review will cover those activities with direct or indirect relevance to the issues related to conflict and violence. These activities are a subset of the entire country program in the selected case countries.

- **Information collection from key informants and stakeholders** such as country counterparts, NGOs, development partners, journalists, private sector operators, and other agencies operating in fragile and conflict areas, Bank Group Task Team Leaders, Country Management Unit staff, and operational leaders in the field. Semi-structured interviews will be the main means for information collection from key informants and stakeholders. Focus Group discussions will be explored for key stakeholders to ensure rich qualitative information from those exposed to field operations, for example, NGOs, media, and project staff.
- **Reviews of relevant policies and corporate-level or regional analytical work** will be conducted to better understand the contributions made by global and regional wide activities and intellectual outputs. The information on the extent of Bank Group's participation in global dialogue and partnerships on relevant topics will also be collected.
- **Background papers** will be commissioned to examine the good practices in some of the cross-cutting areas indicated above as well as to clarify understanding of how relevant corporate policies are interpreted and applied.
- **Review of relevant literature, Bank Group analytical work, IEG evaluations and databases** to build on existing knowledge on success factors for operations in fragile and conflict situations.

LIMITATIONS

67. **Limited access to some of the project sites and beneficiaries due to security concerns will pose a significant challenge to the evaluation.** It is expected that the IEG team will need to rely on secondary data and analyses in some cases. The IEG team will seek to collect information and perspectives from as many sources as possible to fill this information gap at least partially.

68. **The significant diversity in the causes and nature of conflict and the limited number of cases this evaluation can review, given the time and budget constraints also raise an important challenge.** This evaluation seeks to draw a set of lessons that can be useful for future Bank Group operations. Yet the number of cases the evaluation can review may be rather limited to present a representative landscape of development activities in fragile and conflict situations. Collecting disaggregated data on poverty and other development indicators for areas affected by conflict and violence will also be challenging. This evaluation will seek to build on the existing literature and research work on broad topics and a wide variety of cases worldwide to complement the findings from case studies. The team will also explore the possibility to tap into the knowledge and databases of local research institutions, particularly for in-depth case studies.

69. **An important implication of the proposed case selection process is that the countries in which the Bank Group did not have related activities even though conflict and violent situations exist are not covered.** The nature and scope of Bank Group activities are important criteria for case selection, because the evaluation aims to draw lessons from past activities in addressing the challenges arising from conflict and violence.

However, it leaves an important gap in assessment of potential cases involving non-action by the Bank Group despite the presence of conflict and violence.

Quality Assurance Process

70. **Quality will be assured through the use of peer reviewers and the IEG's review process.** Peer reviewers for the evaluation are John Joseph Wallis (University of Maryland); Nat Colletta (University of Florida); and Michael Woolcock (Lead Social Development Specialist, DEC, World Bank). The evaluation report will be prepared under the direction of Nick York, Director, and undergo the usual IEG quality assurance process, involving review by the Extended Leadership Team and final clearance by the Director-General, Evaluation.

71. **The proposed team consists of IEG staff and external consultants.** The core team consists of Jiro Tominaga (task team leader), Dinara Akhmetova, Carla F. Chacaltana, Takatoshi Kamezawa, Xue Li, Chris Nelson, Kathryn Steingraber, Steven Webb, and Disha Zaidi. Anis Dani, the task team leader for the IEG's previous report on FCS, provided advice during preparation of this approach paper. There will be additional expertise in such areas as social development, community-driven development, social protection, and macroeconomics added to the team.

Expected Outputs and Dissemination

72. **The primary output of the evaluation will be the report to the Committee on Development Effectiveness (CODE), which will contain the main findings and recommendations of the study.** The report will also identify areas where further work is needed for development of more in-depth reform proposals. The report will be disseminated widely across the Bank Group in collaboration with the relevant departments in the Bank Group. In addition, two or three of the background papers prepared for the study are expected to be published separately as working papers. The portfolio data will be in the public domain on completion of the evaluation. Background work undertaken for the individual country case studies will be considered deliberative in nature and will therefore not be disclosed.

73. **Continuous dialogue with key stakeholders during the evaluation process will be undertaken to enhance the relevance and robustness of the evaluation.** Dialogue with Bank Group operational staff and external experts were initiated during the design phase as inputs toward preparation of the Approach Paper. This dialog will continue during the evaluation process to ensure that the IEG team has access to up-to-date information on Bank Group activities and debate in other fora.

TIMELINE

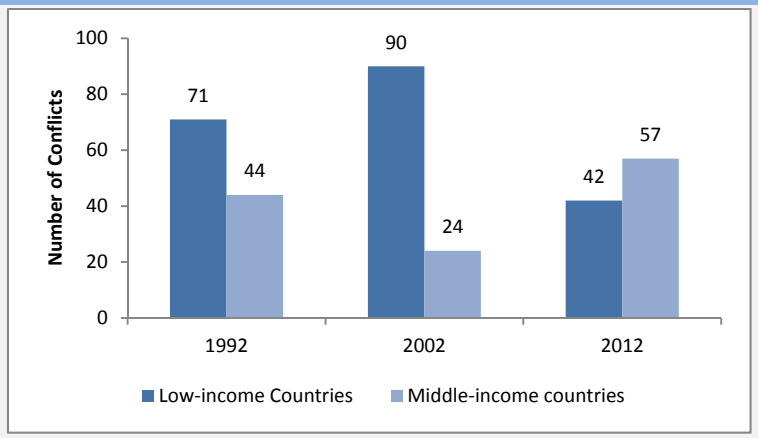
74. **The evaluation work will be undertaken in FY15.** The draft report will be submitted for IEG management review and Bank Group management comments in the first quarter of FY16. The revised evaluation report is expected to be submitted to CODE in the same quarter.

Attachment 1

Delinking Conflict and Violent Incidences from Low-Income Countries

The development community has often linked fragility and conflict with country's lack of development progress as represented by low per capita income. However, as Figure A1 shows, the incidences of conflict in middle-income countries has recently exceeded that in low-income countries, suggesting that conflict and violence are no longer primarily a low-income country problem. They have increasingly become a development problem for a broader set of countries.

Figure A1. Incidence of Conflicts in 1992, 2002, and 2012



Source: The UCDP/PRIO Armed Conflict Dataset Version 4-2013; UCDP Non-State Conflict Dataset Version 2.5-2013; UCDP One-sided Violence Dataset Version 1.4-Decemer 2-013.
Note: The income group classifications applicable in 1992 and 2002 are used for data in corresponding years. The most recent classification (FY14) is used for 2012 data.
Three types of incidences are included in the counting, including state base conflicts, non-state conflicts, and one-sided violence. If the location of a conflict is across two/three countries, the incidence is recorded for all the countries involved.

There are nine middle-income countries which have had some form of conflict and violent incidences in all three years shown in Figure 1.[4] The incidences in eight middle-income countries are recorded for two of those three years.[5] Some of these countries are also home to a growing share of the world's poor—an emerging feature of the global poverty landscape today is that a higher share of poor are living in fragile states as defined by OECD. These states are unable to meet the expectations of their population or manage changes in expectations through the political system. In 1990, one-fifths of the global poor lived in countries listed in the 2010 OECD list of fragile states; in 2011, it is estimated that about half of the poor people in the world lived in these states (Kharas and Rogerson 2012).

[4] These countries include Algeria, Colombia, India, Iraq, Nigeria, Pakistan, Philippines, Sudan, and Turkey.
[5] These countries include Angola, Azerbaijan, Ghana, Indonesia, Lebanon, Mexico, Papua New Guinea, and Senegal.

Of particular significance is the transition of fragile countries to middle-income status leading to an increasing share of the world's poor in such countries. Out of 64 countries classified as low-income in 2000, 24 countries have attained middle-income country status in 2010. As some of these countries continued to have high level of inequality in income distribution and poverty, this shift resulted in a growing share of poor people living in middle income countries. One account indicates that in 2005, less than one percent of the world's poor lived in middle income countries considered fragile on the Fund for Peace's Failed States Index. By 2010, the share had grown to 17 percent (Gertz and Chandy 2011). Entry of large middle income countries such as Nigeria and Pakistan into the fragile country category since the 2006 version of this index is an important part of this shift. Although these countries have been experiencing sustained conflicts and violence, many of them have never been categorized as fragile and conflict states according to the World Bank's classification.

Attachment 2

World Bank Group Support to Fragile and Conflict States

The World Bank's work in post-conflict environments initially arose as an extension of its work on emergency recovery in response to natural disasters. Operational Directive 8.50 *Emergency Recovery Assistance*, issued in 1989, emphasized emergency recovery after natural disasters. In April 1997, the Bank issued a framework paper for post-conflict reconstruction (World Bank 1997), which was later converted into an operational policy—a revision consistent with recommendations of an evaluation by the Operations Evaluation Department (Kreimer and others 1998). A policy on *Development Cooperation and Conflict* (OP/BP 2.30) was issued in January 2001. OP 2.30 has undergone revisions in 2005, 2009, and 2013, but it remains the overarching policy that sets the overall context and defines the framework for Bank engagement in conflict-affected countries.

The Bank has also undertaken several steps to strengthen its operational framework for supporting fragile and conflict affected states in recent years. These include a revised policy framework for responding to emergencies (World Bank 2007a) and a revamped human resources approach that increases staff incentives to work in fragile and conflict states (World Bank 2007b). The WDR 2011 formulated an analytical framework for operations to address fragility, conflict, and violence. The Bank also established a Global Center on Conflict Security and Development in the Operations Policy and Country Services (OPCS) vice presidency. There was an increased attention to IDA's support to fragile and conflict states in the IDA15 and IDA16 Mid-Term Reviews.

IFC launched the Post-Conflict Countries Initiative in 2007 and has used trust funds to support advisory services in fragile and conflict states since 2008 through the Conflict-Affected States in Africa initiative. In 2009, IFC added fragile and conflict states to its first strategic pillar by including it in the definition of frontier markets (IFC 2009). In 2012, IFC designated two directors to provide strategic leadership for fragile and conflict states and created a unit to coordinate the relevant efforts within IFC, and with the World Bank, MIGA, and external parties. IFC identified advisory services operations and short-term finance products as entry points for early engagement in fragile and conflict states. IFC has committed to increasing volume of investments in FCS by 50 percent by FY16 over the FY12 level.

Support to projects in fragile and conflict-affected states has been a strategic priority for MIGA since 2005. MIGA has used special instruments to respond to demand for political risk insurance in these economies, such as Bosnia-Herzegovina, West Bank and Gaza, and Afghanistan. The FY12-14 strategy confirmed this priority (MIGA 2011). More recently, MIGA has explored the establishment of a broader, multicountry trust fund to expand insurance in certain high-risk fragile and conflict-affected states.

Attachment 3

Evaluation Design Matrix

Key Questions	Information required	Information sources	Data collection methods	Data analysis methods	Strengths and limitations
To what extent have Bank Group country programs, and lending and non-lending operations been relevant to the needs on the ground to create an enabling environment for the long term goal of breaking the cycle of conflict and violence?	• Country context in terms of the causes and scope of fragility • Analytical underpinnings of country assistance strategies and project design • Country risk profiles and risk monitoring data	• Country strategies (ISN/CAS), country evaluations (CAE/CPE), and CASCR Reviews • Project document • AAA and other assessments • Relevant research papers and databases • Relevant area experts inside and outside of the Bank Group	• Document review • Literature review • Interviews of Bank Group staff, researchers and experts; government counterparts and country stakeholders • Case studies	Examine such questions as: • Did the Bank Group examine the potential and real drivers of conflict and violence relevant to the case? • How did the Bank Group incorporate the measures to address these drivers in the country assistance strategy? • How did the Bank Group incorporate the measures to address these drivers in the program design and implementation plan for its activities? • Were the existing knowledge and analyses of conflict and violence used effectively? • How relevant were the analyses and measures related to the drivers of conflict and violence to the opportunities and challenges on the ground and why?	Relevance is examined at two levels: the country program level and the individual project level Case studies will be the core of the evaluation. It is important to review a wide variety of cases across regions.
How effective has implementation of the Bank Group's assistance programs and projects in	• Outputs and outcomes of the completed programs and projects • Emerging results from	• ICR/XPSR reviews and PPARs • Portfolio status and risks information from	• Project/program document review • Outcome ratings analysis • Literature review	Examine such questions as: • How effective has the Bank Group's analytical work and policy dialogue	As difficulty in accessing the project areas with ongoing volatility is expected, desk review of existing materials

Key Questions	Information required	Information sources	Data collection methods	Data analysis methods	Strengths and limitations
contributing to the creation of enabling environment for the long term goal of breaking the cycle of conflict and violence?	ongoing activities • The extent to which Bank Group supported activities contributed to observable results	business warehouse and implementation status report • CAE/CPE, CASCR reviews • Bank Group task teams and managers • Government officials and other country stakeholders • Research and studies of relevant activities conducted by the Bank Group and external institutions • Government statistics • External databases e.g. Uppsala Armed Conflict Dataset, Conflict Barometer, Failed States Index)	• Interviews of Bank Group staff, researchers and experts; government counterparts and country stakeholders • Case studies: site visits will be undertaken only when security is ensured.	been in analyzing and raising awareness of the effects of conflict and violence? • How effective has the Bank Group's assistance been in creating the enabling environment to address conflict and violence in the country? • How effective has the Bank Group been in working with multilateral and bilateral development partners in addressing conflict, violence and rule of law? • What have been the gender implications of Bank Group activities? • Have national (or provincial) programs designed to include areas affected by conflict and violence been equally effective in those situations? • Did the national (or provincial) programs need special implementation arrangements for the fragile situations? Did the results in fragile situations significantly affect the outcomes of the program(s) as a whole?	and interviews of stakeholders will form a crucial part of the evaluation.

Key Questions	Information required	Information sources	Data collection methods	Data analysis methods	Strengths and limitations
How responsive has the Bank Group been in tailoring its support to the evolving needs in countries/regions affected by conflict and violence?	• Evolution of program/ project design over the implementation period • Nature and content of dialogue with various stakeholders • Processes of how decisions were made when there was a need to make changes to the initial program/ project design	• ICR/XPSR and PPARs • Implementation status report and mission aide memoire • Bank Group task teams and managers • Government officials and other country stakeholders • Research and studies of relevant activities conducted by the Bank Group and external institutions	• Document review • Interviews of Bank Group staff, government counterparts and country stakeholders	Examine such questions as: • To what extent did the Bank Group customize its approach to address the identified fragility and conflict drivers identified in the country? • How did the Bank Group task team collect data, monitor progress, and make mid-course adjustments? • How did the Bank Group task team respond to unanticipated changes on the ground?	A counterfactual cannot be established; the analysis will trace whether and how mid-course changes were made to reflect the reality on the ground
What are the lessons that can be applied in ongoing or future activities in fragile, conflict and violent affected situations?	• Examples of good practices and failed attempts	• High-quality evaluations from diverse sources • Policy makers, project stuff and other stakeholders	• Interviews • Review of relevant research work and document	Draw lessons on: • What were the drivers of success and failure? • Which of those drivers were under the control of the Bank Group? • Were there any corporate policies and rules which prevented the Bank Group from taking certain actions or getting involved in certain topics?	The breadth and depth of the lessons drawn depend on the availability of good practices and failed attempts.

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