Nexus 25
Shaping Multilateralism

Building a Sustainable World Bank Group Strategy for Fragility, Conflict, and Violence

At the end of 2025, the World Bank Group's (WBG) current Strategy for Fragility, Conflict, and Violence (FCV) is set to expire. Since 2020, this strategy has structured the WBG's FCV work under four key pillars: preventing violent conflict and interpersonal violence by addressing the drivers of fragility and immediate to long-term risks; remaining engaged during conflict and crisis situations; helping countries transition out of fragility; and mitigating the spillovers of FCV.

As highlighted by the WBG's most recent internal review, the current strategy has made critical contributions to stability in some of the most challenging geographies, including Afghanistan, the Democratic Republic of Congo, Myanmar, the Sahel region, and Yemen. The progress made in these non-traditional development contexts contributes to the global Sustainable Development Goals. These FCV settings, which have become more common in the WBG's work since 2020, house the majority of the world's poor, experience slower economic development, and often create spillover effects like refugee crises, forced displacement, terrorism, and cross-border conflicts.

However, in the last few months, major US policy shifts, such as the rollback of Biden-era climate promises, the return of a more transactional and unilateral foreign policy, and the withdrawal from key international institutions, have shifted the FCV operating environment. Some of these changes mirrored the first Trump Administration and were expected by the international community. However, other major disruptions, like the dismantling of the US Agency for International Development (USAID), an escalating and unpredictable global trade war, and development cuts from donors like the United Kingdom and the Netherlands, were less foreseen.

Despite an uncertain and fractured geopolitical environment, the upcoming Spring Meetings offer both an immediate opportunity to take stock of sustainable multilateralism writ large and work on tangible strategic outputs. For the FCV strategy in particular, this update is a moment to close some of the gaps in the existing approach and make the WBG's work in these contexts more future-fit. Therefore, as the WBG consults with its in-house experts, civil society, private sector, and local partners on the next iteration of the FCV strategy in particular, a stronger emphasis must be placed on:

- prioritizing areas of agreement like global food security;
- navigating non-traditional governance structures via partnerships;
- lowering bureaucratic barriers and hidden costs of partnering with IFIs;
- improving anticipatory action; and
- making the case for continued and flexible development finance.

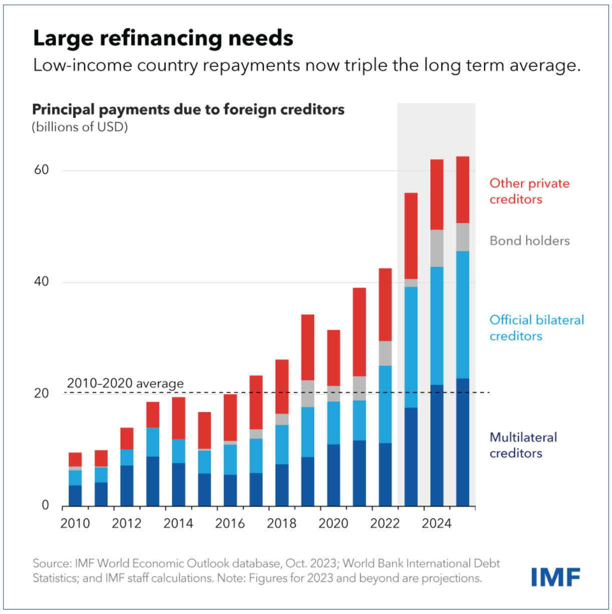
Current Challenges for the WBG in FCV Settings

Historically, the World Bank has faced several key challenges while operating and investing in FCV contexts. Many of these mirror the broader barriers facing multilateral organizations and international financial institutions (IFIs), but a few are particularly prominent in FCV settings. Examples include:

Navigating Complex and Ever-Changing Country Partners: In recent years, the number of FCV settings has increased, now spanning more than 35 countries that exemplify the nexus between security, climate, food, governance, and migration challenges. However, each setting is unique, and the current FCV strategy acknowledges that there is no one-size-fits-all approach. Historically, developing bespoke country strategies has been a challenge for a massive multilateral organization with layers of procedure and bureaucracy. Effectively navigating these settings often requires an agile approach and a deep understanding of the local and regional context – as well as connections with partners on the ground. From the policy side, Risk and Resilience Assessments (RRAs) have increased the FCV sensitivity in country engagements and enhanced buy-in from partners, but reviews of the RRAs indicate that they could be better deployed and leveraged with both internal and external stakeholders to ensure that programming is conflict- and context-sensitive.

Furthermore, as highlighted by the International Committee of the Red Cross (ICRC) in a February 2024 non-paper, "nearly 50 per cent of people in countries classified by the World Bank as fragile and conflict-affected situations (FCS) live in contexts where donors are 'politically estranged' owing to factors such as sanctions or unconstitutional changes of government." Along those lines, approximately 195 million people are "living under the full or partial control of non-state armed groups." These conditions can limit access to international finance, further exacerbating some of the fragility drivers and creating operational challenges for IFIs. As noted by the WBG mid-term review, this requires more flexibility in the Bank's funding and programming, given that for International Development Association (IDA) funds in particular, inflexible financing models risk leaving populations living under non-traditional governance structures like de facto authorities without access to essential services.

Influence of Domestic and Geo-Politics: Much like other multilateral institutions, the World Bank's funding and partnership structure leaves it highly vulnerable to political shifts. Last year's Spring Meetings highlighted these trends, with broader geopolitical tensions heavily influencing debates about IFI reform and scaling up finance. Most importantly, as the largest shareholder, the United States has a strong influence over the World Bank's agenda and is the only shareholder with veto power on changes to its structure. At the country level, geopolitical considerations and high levels of risk aversion from major stakeholders often trickle down to limit funding and service delivery in particularly uncertain or unstable contexts. In a constrained funding environment, the WBG may face pressure to deprioritize FCV settings in protracted conflict or without perceived geopolitical value.



Managing Limited Funding in the Face of Growing Debt Burdens: In the wake of the global pandemic, interest costs on government lending have soared to record highs, crushing low and middle-income government partners. Developing countries spent $1.4 trillion to service their foreign debt in 2023, with many allocating more than 10 per cent of government revenue to interest payments. This pattern is particularly unsustainable for emerging and active FCV settings.

As climate change and the need for public spending accelerate, governments experiencing or emerging from conflict may be trapped by their debt burdens, with little financial space to invest or deliver services – or make the reforms needed to attract additional sources of government revenue. In the face of this debt and shrinking Official Development Assistance (ODA), IDA funds have been left to fill investment gaps in FCV settings. However, as noted by the International Rescue Committee (IRC), "investments are lagging due to low-risk thresholds and a government-first delivery model that can't always reach marginalized populations."

Focus Areas for a More Resilient FCV Strategy

While the world has shifted significantly since the last Spring Meetings, there are still opportunities to make progress toward sustainable security in 2025. Along those lines, potential areas of focus for FCV strategy discussions include:

Prioritizing Areas of Agreement like Global Food Security: Food security has historically enjoyed widespread support from policymakers across the political spectrum in the United States and abroad, a rare area of relative consensus in a polarized political and funding environment. Beyond economic development, more sustainable and available food has widespread cascading impacts that align with both domestic and national security priorities, including reduced GHG emissions, better health outcomes (particularly for women and children), lower likelihood of hunger-driven instability, and even fewer pathways to recruitment by extremist and non-state armed groups. Despite this, funding for sustainable agri-food systems remains low, with only 2.5 per cent of climate finance targeting food systems despite an estimated $500 billion needed annually. In October, the World Bank recognized food's critical role in economic development and stability, committing to "doubling its agri-finance and agribusiness commitments to $9 billion annually by 2030." This is an essential first step, particularly in light of recent studies indicating that hunger and famine are likely to rise by 2030. As the Bank assesses its priority areas and approach to FCV settings, food security must remain at the forefront of their investments – and could serve as the entry point in places where the WBG has previously had limited success.

Navigating Non-Traditional Governance Structures via Partnerships: It is challenging but essential for multilateral organizations to learn how to navigate non-traditional governance structures, particularly given that these groups often take on the role of de facto service providers. For the WBG, in particular, which has historically worked primarily with government actors, this will require a rethink of who they consider priority partners – or the establishment of dedicated handover pathways to the United Nations (UN) or other nongovernmental organizations (NGOs) when de facto or non-traditional governance structures are in place. While some FCV situations are unreachable given terrorist financing and safety concerns, inroads remain to ensure that vulnerable communities receive much-needed humanitarian assistance. These partnerships are essential to minimize silos, maximize the limited resources available, and maintain service delivery as governance evolves.

Lowering Bureaucratic Barriers and Hidden Costs of Partnering with IFIs: The current costs of partnering with the World Bank and International Monetary Fund (IMF) serve as a barrier for public and private sector partners alike. On the bureaucratic side, paper-heavy application processes and long lag times for project approvals limit the ability of local actors to apply for, secure, and leverage funding in their long-term planning. For the private sector, confusing processes and perceptions of unmanaged risk limit their willingness to partner and invest, particularly in FCV contexts. However, as the World Bank continues to streamline its work and improve transparency, it should incorporate lessons learned from public-private partnerships and humanitarian blended finance approaches – particularly initial indications that programs can deliver "both humanitarian impact and financial added value."

Improving Anticipatory Action: Investing before a fragile setting turns into a crisis isn't just key to preventing human suffering and loss of life – it's also more cost-efficient and effective at building resiliency than a purely reactive approach. Historically, anticipatory action has been identified as a key area of improvement for the WBG, given criticism that it's slow to respond or reform in the face of nontraditional threats like energy, climate, or food crises. In FCV settings in particular, the Bank has been challenged by the need to work outside its traditional, state-centric modes of operation and instead engage in more fluid, cooperative responses. While progress in this area was made during the current FCV strategy (2020-2025), the ever-growing set of complex crises requires continued work and reform in this area.

Making the Case for Continued and Flexible Development Finance: In the current political context, the World Bank, IMF, and other multilateral organizations need to more clearly articulate how their investments contribute to broader economic prosperity and stability. While development practitioners see the link between investing in FCV settings, economic prosperity, and national security, those arguments are less clearly communicated to non-expert audiences. Making the case for this work to policymakers and the general public will be essential to ensuring long-term government support.

Next Steps

While the time horizon for these challenges and opportunities extends beyond this year's week-long convening, the new FCV strategy offers a concrete opportunity to improve climate finance delivery and sustainable security from the World Bank. In the face of uncertainty from the United States and other global donors, World Bank stakeholders must leverage current space and continued multilateral support to future-proof their critical work. While major uncertainties and challenges remain, as the new strategy takes shape, the WBG team should consider prioritizing food security in future partnerships, adjusting their approaches in FCV settings to work with more non-traditional governments if possible, lowering bureaucratic hurdles for local organizations and the private sector, and learning to make the case for how their work connects to domestic and national security priorities.

Nexus[25] is a joint project of the Istituto Affari Internazionali (IAI) in Rome and the Center for Climate and Security (CCS) in Washington, DC. The project, led by Dr. Nathalie Tocci at IAI, Erin Sikorsky at CCS and Dr. Michael Werz at the Center for American Progress (CAP), is funded by Stiftung Mercator in Germany. This discussion paper was written as input for the Nexus[25] side event at the 2025 World Bank Spring Meetings and was prepared by Siena Cicarelli, Erin Sikorsky and Michael Werz.

For additional information please visit https://www.nexus25.org or contact the Nexus[25] team at info@nexus25.org.

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Front cover: Doun Baba Dieye, Saint Louis region. A view from above of fishermen's canoes heading out to sea from the Senegal River estuary.

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