



Memorandum

World Bank and IMF Spring Meetings Side Event: Addressing Nexus Challenges in the World Bank's Approach to Fragile, Conflict-Affected, and Vulnerable Settings April 23, 2025

Earlier this month, thousands of delegates traveled to Washington for the annual World Bank and IMF Spring Meetings. In the face of significant financial and political uncertainty from the World Bank Group's (WBG) largest shareholder, the United States, WBG leadership pressed ahead with a weeklong agenda focused on job creation and poverty reduction. Climate-focused events were less prominent on the official schedule, with discussions instead emphasizing the cascading effects of the energy transition, job creation, emerging markets, strategic investments in health and nutrition, and technology innovations.

Despite this topline shift, civil society leaders continued to discuss the need for climate action and sustainable investments by the WBG, particularly for the most vulnerable and fragile contexts. After the International Development Association (IDA), one of the leading funds for work in fragile, conflict-affected and vulnerable (FCV) settings, received a major plus-up in December, the focus has now turned to the next iteration of the FCV Strategy – the approach that will define the WBG's work in these contexts through 2030.

Alongside these discussions, the Nexus²⁵ project (Center for Climate and Security and Istituto Affari Internazionali) and Center for Strategic and International Studies (CSIS) hosted a high-level discussion on April 23rd centered around a future-fit FCV approach. This conversation was informed by a [discussion paper](#) that offered a few initial areas of focus for the draft strategy:

- *Prioritizing areas of broad 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.*

Attendees included former US government officials from the US Department of Defense, the US Department of State, and USAID; civil society actors; think tanks; and humanitarian organizations working on climate security, humanitarian assistance, food security, and international climate finance. Beyond the group-wide recognition that the WBG and European leaders must fill the leadership void left by the United States, major themes from the discussion included:

- *Ensuring continuity in data and analysis to support a common operating picture:* In the absence of the United States, a major cause for concern among participants was "who fills

the space?” Key data sets and sources of analysis – [including](#) the Famine Early Warning Systems Network (FEWSNET) and global demographic surveys – have been disrupted by force reductions and cuts in funding, leaving government partners and local NGOs operating in FCV settings without the information they need to distribute resources effectively. Therefore, attendees discussed how funders or international organizations could pick up these data sets and continue without leadership from the United States.

- *Leveraging areas of consensus – while recognizing that the World Bank Group and others will need to learn how to do “less with less”:* Ultimately, the current funding situation in the United States, combined with rollbacks in foreign aid in Europe and broader economic downturns, will continue to strain budgets for FCV settings and other development work in the years to come. Therefore, attendees discussed how institutions must adapt to this new context, potentially prioritizing the most impactful investments over the most severe crises, working to interrupt cycles of fragility, and maximizing the number of lives saved wherever possible. This will likely require some tough choices for funders, particularly those beholden to shareholders like the WBG.
- *Exploring untapped areas of opportunity for anticipatory action via remittances and diaspora communities:* Attendees noted that in such a challenging and fractured environment, development leaders must explore previously untapped or uncoordinated sources of funding. One emerging area of opportunity raised was remittances: transfers of cash or goods from one country to another, often from immigrants or migrants to their own countries. The impact of these payments is immense, representing 15+% of GDP for 25 countries, including key FCV settings like Haiti, Lebanon, Somalia, and Yemen. Given the impact and reach of these funds, innovations in this space include better formalizing remittance networks and [exploring how to use these payments as a form of anticipatory action during natural disasters or other crises](#).
- *Lowering barriers for partnering with the World Bank, both at the local and subnational levels:* Attendees discussed the need to bring the private sector in wherever possible while being realistic about their limited FCV background and risk perception in these contexts. Therefore, tools to reduce or mitigate risks like blended finance or guarantees can be leveraged to incentivize investments in FCV settings. More broadly, attendees discussed the well-known bureaucratic challenges of partnering with the WBG, and that the institutions must continue to lower these hurdles wherever possible.
- *Maintaining subject matter expertise where possible – particularly in the World Bank and other multilateral institutions’ FCV teams:* Multiple participants noted how valuable this expertise was in building effective and sustainable projects, understanding the local contexts, and bridging the gap between international financial institutions (IFIs) and local actors during their time in government. As the dismantling of USAID reverberates outward into job losses for subject matter experts in the field, maintaining staff with deep connections will become even more critical for the World Bank. Attendees discussed the need to absorb this expertise within the WBG or other multilateral institutions, ensuring that experts don’t turn away from the sector altogether.

Overall, the discussion cemented that in the current context, the work of the WBG is more critical than ever. Their continued investments in FCV settings – and overall FCV strategy – will likely be a key (if not sole) source of support over the next few years. Therefore, the next

strategy must be as future-fit as possible, adjusting previous approaches to work with more non-traditional governments, 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. These ideas and other off-the-record inputs will be consolidated into future discussion papers and reports centered on the food-climate-migration-security nexus for World Bank Group officials.



Nexus²⁵ 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 event readout was prepared by Siena Cicarelli.

For additional information please visit <https://www.nexus25.org> or contact the Nexus²⁵ team at info@nexus25.org.