



Draft WBG FCV Strategy - Swiss position -

Switzerland welcomes the Draft FCV Strategy circulated in November 2019 and thanks the World Bank for the extensive consultations carried out to date. Since the beginning of this process, Switzerland has repeatedly provided inputs, together with other countries. These days, a joint position note is going to be shared with the Bank on the draft FCV Strategy. **The present note reinforces this joint position, highlighting some specific concerns of the Swiss government on the Draft FCV Strategy.**

1. Operationalization

The proposed FCV Strategy marks a major step forward in the way the WBG intends to operate in fragile contexts. With this strategy, the WBG agrees that projects in fragile settings need more resources to prepare and accompany (human, financial, time), need more qualified staff posted for longer periods in the field, require new and innovative partnerships, involve greater risks to manage (financial, security, etc.), and require a new measure of effectiveness (societal change and social contract). Welcoming this new vision on WBG's engagement in fragile contexts, Switzerland stresses that the challenge will be its effective operationalization.

The strategy sets the way to reform country strategic and programmatic frameworks to be more effective in FCS. While the direction is clearly set, Switzerland believes that the documents could go a **step further in operationalising this vision**. Concerning the mentioned update of **OP 2.30**, the "policy bedrock for the Bank's FCV engagements", we understand and welcome that its revision will be discussed with and approved by the Board in spring. Concerning the **23 measures**, the Strategy should go further in clarifying actionable deliverables, respective responsibilities, and timelines for how these measures are operationalized, and how country teams will be supported and assessed against them.

2. Partnership

Switzerland welcomes that **partnership is a key pillar of engagement** of the Strategy, but see room for clearer and firmer commitments in the document. Working with partners based on a shared understanding and joint outcomes is critical in FCS. We expect a firm commitment to systematically carry out **joint analyses and diagnostics, including RRAs, with humanitarian, peacebuilding and development partners**, particularly the UN and MDBs. There should also be a clear demand to country offices to assume a **more active and stronger role in existing aid coordination platforms** at country level, that the Bank will help evolve from information exchange meetings to effective strategic collaboration and coordination platforms.

Concerning the possibility of **financing directly partner organisations** (UN and other international and national organisations), we acknowledge the merit that this modality can have in many FCAS, but we would like the document to be more explicit on how the WBG will ensure that such activities will remain time-bound, limited to the Bank's mandate and aimed at building national and local institutions.

While welcoming the Bank's recognition of the importance of **engaging with authorities, civil society and private sector at the local level**, Switzerland would like the Strategy to spell out some clearer commitments to work and support the local / sub-national level as a conducive entry point in countries affected by fragility.

3. Monitoring and Incentive Structures

Once the Strategy will be launched, tracking its progress and effectiveness will require systematic monitoring and learning. The approach must be grounded in country-based monitoring and assessment that link back into global policies and tools. The strategy acknowledges that the measure of performance in FCS will have to evolve. **We need further information on how IFC will operationalize adequate incentive structures and ensure the right staff profiles/knowledge for efficient work in FCS.** The Strategy should give more indications as to how the incentive system will be adapted, in particular how a fragility lens in the AIMM intends to change staff behavior (move from a commitment mentality to sourcing difficult deals). As the Draft is largely silent on this, Switzerland would welcome an additional chapter to be added clarifying how the effective implementation of the strategy will be monitored and measured at all levels and reported to the board. Similarly, the measurement of the **personnel's performance** and workload in country offices will also have to evolve. Switzerland would like more clear commitments and indications from the Bank on this major performance appraisal shift as evidence for a more nuanced career progression system which takes into account the constraints of working in FCV contexts.

4. Classification of FCS

We note the proposal for a revised classification of FCS. Pivoting to prevention requires capturing countries before rising conflict and fragility risks spiral into violence. We are concerned that the proposed classification is not fit for this purpose, capturing countries only when they have already slipped into medium-intensity conflict or below a CPIA of 3.0, which will often be past the entry point for effective prevention. Given the mirroring of the classification criteria in the eligibility criteria for the FCV Envelope under IDA19, this also has financial implications. It is important that conflict lenses and peace filters are more systematically applied in all prevention-relevant contexts, and that the Strategy provides clarity on how this is ensured. As part of the monitoring and reporting on the FCV Strategy, we expect information on the use of these instruments across client countries, and information on how and to what degree regular PBA programming is shifting to addressing root causes of FCV in prevention contexts not included on the list.

Finally, while engaging more in FCV, it is important to keep **IFC's underlying idea of commercial viable business** and creating markets valid. Therefore, IFC should continue addressing MICs and Global Public Goods as a priority.