

IEG reports increase in funds to fragile states

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“Engaging with Fragile States: an IEG Review of Low-Income Countries Under Stress,” finds that the Bank’s performance in this field has been mixed, and highlights a number of serious challenges facing the Bank in its post-conflict work. These include: the failure to internalize political understanding in the design of country strategies; the inadequacy of internal Bank structures to support LICUS work; insufficient emphasis on innovative approaches to capacity-building (a traditional area of weakness for the Bank) and the lack of follow-through beyond policy agreements during the immediate post-war phase.

While the IEG applauds the Bank and the international community for their willingness to support “high-risk” countries, some observers are concerned that the Bank is reengaging too quickly in countries still unable to effectively absorb foreign aid. Observers also question whether the IEG’s assessment looks closely enough at the root causes of conflict and what role the Bank’s own operations and policy prescriptions may play in contributing to social instability.

Critics also point out that the World Bank wields too much leverage in fragile states, particularly those emerging from conflict. For example, the Bank has committed over \$2 billion in loans to the Democratic Republic of Congo since 2001, drawing criticism for its role in the revisions of mining and logging laws to stimulate foreign investment – particularly since the struggle for control of natural resources was among the chief drivers of the country’s conflict.

Resources

- [Fragile states receive \\$4.1bn World Bank facilities](#) by Emma Ujah, Vanguard Newspaper, October 3, 2006 (Vanguard website)
- [Engaging with Fragile States](#), Independent Evaluation Group (World Bank website)
- [World Bank, IMF: Helping peace or creating conditions for war?](#), Bretton Woods Project, April 5, 2004 (BWP website)