

**Committee:** Special Conference on Conflict Resolution in a Changing World (SPECON)

**Issue:** Reviewing the role of International Bank on Reconstruction and Development partnerships in conflict resolution

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## INTRODUCTION

In a world that is full of conflicts and of things that cannot be reconciled, the International Bank on Reconstruction and Development (IBRD), the largest development bank in the world, supports the development and reconstruction of middle-income and creditworthy low-income post-conflict countries. The IBRD, in conjunction with the International Development Agency (IDA), forms the World Bank, which provides funds and financing for governments which are involved in Public-Private Partnerships (PPPs or P3s). Even though PPP's are opposed by many as it is believed that they constitute privatization, there is no doubt that the IBRD has contributed immensely to dispute resolution.

The main purpose of the IBRD is to finance developing countries' infrastructure, as well as funds needed following natural disasters and conflict. They provide advisory and informational services to qualifying nations, inciting private investments, as well as providing loans, guarantees, and risk management products. The difference between the IDA and the IBRD is that the IDA works with the poorest of countries, and the interest is close to nothing, and the terms in which money is bestowed is ex-gratia. On the contrary, IBRD loans are in requirement of 0.5% total loan charges, and their grace period is half of that of the IDA.

Although support for the IBRD is popular, especially within the Middle East, India, China, and the Balkans, there are some critics of its role, such as the Canadian Union of Public Employees, disapproving of its involvement with PPPs, and describing it as "privatisation by stealth<sup>1</sup>". Furthermore, the G-24 secretariat has mentioned how they do not believe there is a "clear goal for

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<sup>1</sup> CUPE, 1998 (as cited in Loxley, 2013)

<https://mspace.lib.umanitoba.ca/bitstream/handle/1993/34146/Dissertation%20%28Taslim%2C%202019%29%20Final.pdf?sequence=1>

this institution at this point in time<sup>2</sup>". Most Western European countries tend to steer clear of the agency, as their interest rates are higher than those of developing nations.

The system in which the IBRD handles conflict resolution involves the launching of a Judicial Conflict Resolution Improvement Project, which sets a definitive objective, along with a budget and a set percentage of which sectors the funds go to. Some countries that have been subject to these projects include Colombia, South Sudan, Palestine, Israel, Lebanon, and Somalia. The projects are evaluated by a third party; however, they do not seem to be praised amongst the IBRD, as their usage is minimal.

## DEFINITION OF KEY TERMS

### International Bank on Reconstruction and Development (IBRD)

A subsidiary of the World Bank. It is a global development cooperative owned by 189 member countries. As the largest development bank in the world, it supports the World Bank Group's mission by providing loans, guarantees, risk management products, and advisory services to middle-income and creditworthy low-income countries, as well as by coordinating responses to regional and global challenges<sup>3</sup>.

### Conflict Resolution

International conflict resolution consists of procedures of eliminating pressures between states or maintaining them at levels consistent with continued peaceful pursuit by states of their goals (individual or collective).

### World Bank Group

The WBG is an initiative which consists of 5 institutions: IBRD, IDA (which is part of the World Bank), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes (ICSID). These aforementioned institutions collaborate to find and enforce sustainable solutions to eradicating poverty, and to "build shared prosperity in developing countries". Their goals are the following:

- "Reduce the share of the global population that lives in extreme poverty to 3% by 2030.
- Increase the incomes of the poorest 40% of people in every country."

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<sup>2</sup> Schneider, Howard. "In a Globalized World, What Role for the World Bank?" *The Washington Post*, WP Company, 19 Mar. 2012, [www.washingtonpost.com/business/economy/in-a-globalized-world-what-role-for-the-world-bank/2012/03/19/gIQARUhyNS\\_story.html](http://www.washingtonpost.com/business/economy/in-a-globalized-world-what-role-for-the-world-bank/2012/03/19/gIQARUhyNS_story.html).

<sup>3</sup> "International Bank for Reconstruction and Development." *World Bank*, [www.worldbank.org/en/who-we-are/ibrd](http://www.worldbank.org/en/who-we-are/ibrd).

### **Post Conflict Reconstruction**

Post-conflict reconstruction (PCR) is an intricate procedure that consolidates concurrent short, medium, and long-haul projects to keep disputes from being amplified, to maintain a strategic distance from recurrences, and to manufacture sustainable peace. PCR endeavours progress through three expansive stages: the crisis stage, the transition stage and the advancement stage.

Notwithstanding, the comprehension that these stages are not absolute and do not have distinctly characterised limits is significant.

PCR systems have five aspects which are require simultaneous and collective programming to construct peace and stability:

- 1) security,
- 2) political transition, governance and participation,
- 3) socio-economic development,
- 4) human rights, justice and reconciliation, and,
- 5) coordination, management and resource mobilisation.

### **Short-term Budget**

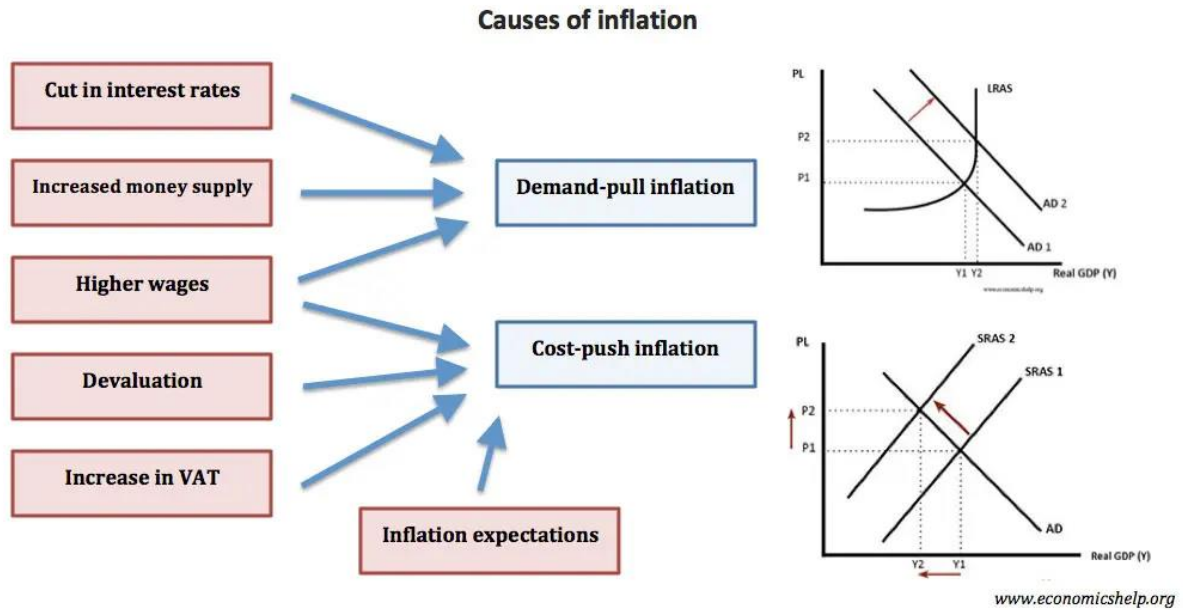
A limit of spending intended for a period of time less than a year. It is intended for immediate/short-term implementation and is adaptable for use (holds a practical value).

### **Deficit**

An excess of expenditure in which the total cost bypasses the total revenue, or liabilities over income or resources in a given period of time.

### **Inflation**

Inflation is the rate at which the general level of prices for goods and services is rising and, consequently, the purchasing power of currency is reduced. Inflation takes place everywhere, and there are many different types caused by a variety of factors. Firstly, there is demand-pull inflation, where the aggregate demand (AD), which is the total amount of demand for finished services and goods generated in a country's economy at a specific time, is increasing at a higher rate than the supply, which results in an increase in prices, leading to inflation. Cost-push inflation is fuelled by a plethora of bases, but the one that specifically targets countries in conflict is the increase of raw material prices, particularly oil.



### Macroeconomic policies

Policies that affect a country or a region as a whole. They deal with the monetary, fiscal, commercial, and exchange rate regime, as well as economic growth, inflation, and national employment and unemployment rates<sup>4</sup>.

## BACKGROUND INFORMATION

### Origins

The IBRD, along with the International Monetary Fund (IMF), was inaugurated at the United Nations Monetary and Financial Conference, a convocation of 730 delegates from 44 nations, in 1944. However, it remained stagnant until 1946, when Chile sought financial help from the IBRD due to skyrocketing inflation. Consequently, the nation was dependent on foreign loans, which resulted in debt. From thereon out, Chile was the first of many developing countries to seek aid from the IBRD.

However, in 1989, some policy changes were made as a result of criticism that the IBRD faced from many groups regarding their failure to consider the environmental impacts of their projects. This resulted in the assimilation of NGOs and environmental groups in the contribution of the bank, geared towards the mitigation of failed projects in the past, such as the Polonoeste road-building

<sup>4</sup> "Macroeconomic Policy." *Glossary: Macro Policy*, 1 Apr. 2020, [www.greenfacts.org/glossary/mno/macro-policy.htm](http://www.greenfacts.org/glossary/mno/macro-policy.htm).

project in Brazil (from 1981-1985) which set a significant amount of the Amazon rainforest on fire. Bank projects are now obligated to include green concerns.

### **Functions of the IBRD**

- To provide development aid and reduce poverty in middle income and creditworthy low-income countries,
- To assist in the reconstruction of its member states,
- To promote private foreign investment (boost privatisation),
- To promote balanced growth of international trade,
- To bolster member countries into an easy transition from a war time economy to a peacetime economy.

### **Role in Conflict Resolution**

The IBRD focuses on the economies of developing and underdeveloped nations which, for the most part, experience the ill effects of conflict, offers opportunities to the impoverished and more fragile classes of the general public to fortify national positions, and sets up exchange among banks and monetary organizations of nations at war/crisis.

### **Types of IBRD Partnerships**

- **Public-Private Partnerships (PPPs)**

A corporation consisting of the affiliation of a public sector entity (sponsoring authority) and a private sector entity (a legal entity wherein 51% or greater of equity sides with the private partner/s) for the establishment and/or administration of infrastructure for public purpose for a predefined time frame (called a concession period) on mercantile terms, and in which the private partner has been acquired through a clear-cut and unambiguous procurement system.

- **Fragility Conflict and Violence (FCV)**

FCV challenges set explicit, complex approaches tailor-made to the particular topography, history, and conflict prompts of each setting, which also incorporate the use of CPFs. All nations confronting FCV dangers— including those encountering domestic conflict, forceful attacks causing displacement, or elevated levels of communal violence — are at the centre of this system too and are the focal point of its operationalization.

- **Multilateral Engagement**

Multilateral engagement is when a third-party institution is involved in financial foreign aid, so instead of the donor country giving directly to the recipient, which is called bilateral relations, the donor country gives to a multilateral institution, which then gathers funds from various nations and allocates aid to recipients. The World Bank is an example of multilateral institution.

Multilateral engagement removes some of the risks that come with bilateralism, such as corrupt governments not using the funds for what they were intended for. With institutions such as the World Bank, it is ensured that all these funds go to their allocated recipients.

- **Civil Society**

Civil society refers to a wide range of organizations, which include:

- community groups,
- non-governmental organizations [NGOs],
- labour unions,
- indigenous groups,
- charitable organizations,
- faith-based organizations,
- professional associations, and
- foundations.

In itself, civil society is regarded as the third sector of society, separate from governance and business. Examples of Civil Society Organisations (CSOs) are Amnesty International, the International Trade Union Confederation (ITUC), and the World Wide Fund for Nature (WWF). As referred to in the World Bank website: “The Bank Group cooperates with CSOs worldwide through partnerships and outreach, advocacy and campaigns, policy dialogue and consultations, operational collaboration, and information sharing, as well as grant mechanisms such as the Global Partnership for Social Accountability<sup>5</sup>”.

- **Parliamentarians**

The World Bank collaborates with legislators for two purposes: aid in development and implementation of progressive macroeconomic policies, and the Parliamentary Network, a platform

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<sup>5</sup> “Strengthening Our Impact through Partnerships.” *World Bank*, 2019, [www.worldbank.org/en/about/annual-report/mobilizing-partnerships](http://www.worldbank.org/en/about/annual-report/mobilizing-partnerships).

in which parliamentarians can ponder and campaign for holding accountability, as well as broadcasting political support on development.

- **Human Capital Project**

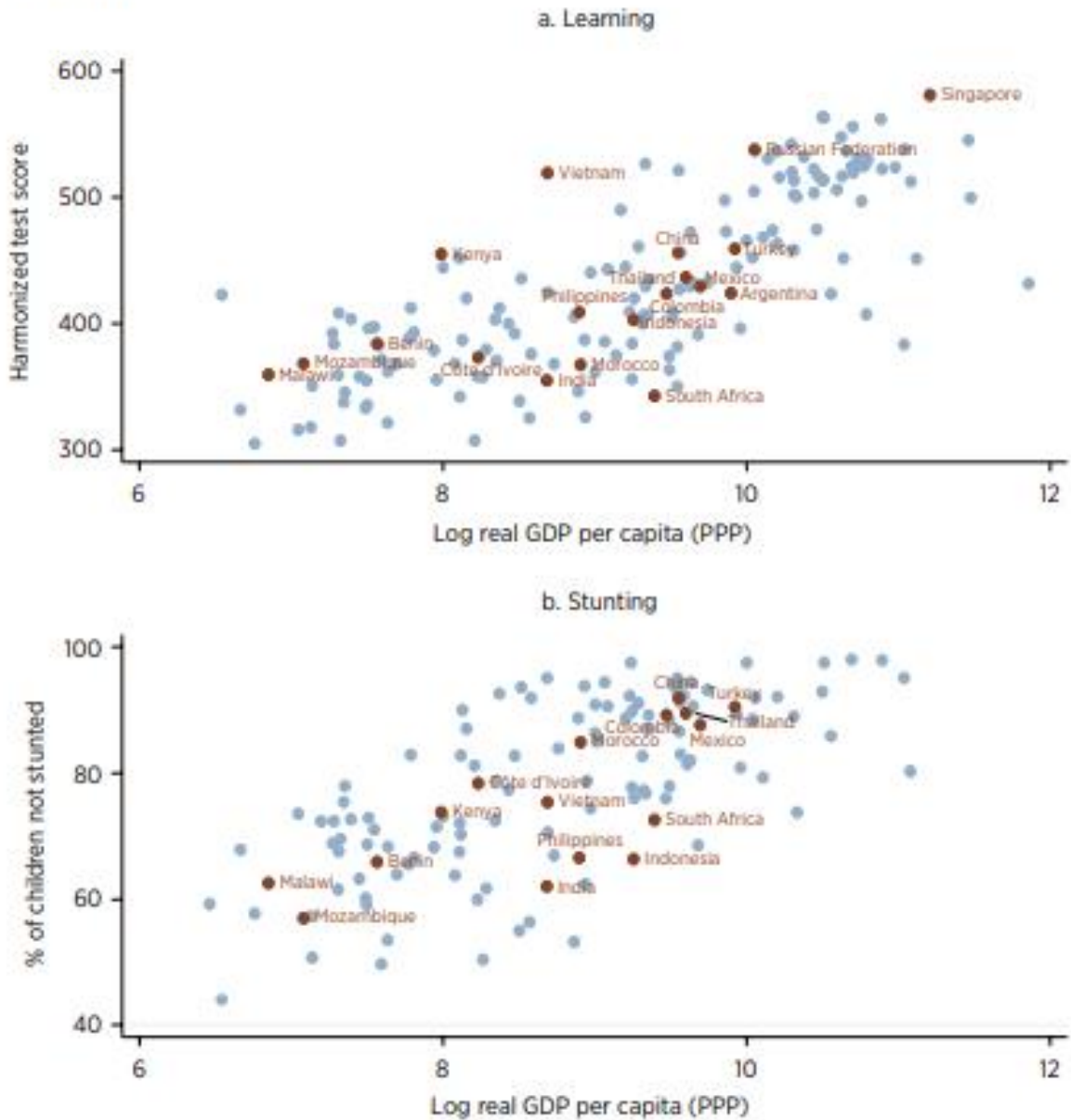
The improvement of human capital is key in the post-conflict reconstruction of a nation. Human capital refers to the knowledge, skills, and experience that is built up throughout people's lives, which is encompassed in their will and ability to do labour, contribute innovative ideas, and in general be an active and forward member of society. A higher human capital mirrors a stable, growing economy, with better living conditions as a result.

The HCP aims to build human capital in countries where it is lacking (LEDCs). It includes campaigns for awareness, as well as analytical work, which will be used to develop ideas for intervention. The three "pillars" of this project are:

- The Human Capital Index
- Measurement and Research Programme
- Country Engagement Programme

The complete Human Capital Project:

**FIGURE 2 Learning and stunting are two components of the Human Capital Index**



Sources: Harmonized test scores are drawn from Patrinos and Angrist (2018); stunting data are from the UNICEF–WHO–World Bank Joint Child Malnutrition Estimates database, supplemented with data provided by World Bank country teams.

Note: GDP = gross domestic product; PPP = purchasing power parity.

<https://openknowledge.worldbank.org/bitstream/handle/10986/30498/33252.pdf?sequence=5&isAllowed=y>



**TABLE 2 The Human Capital Index (HCI), 2018**

| Rank | Economy                | Lower bound | Value | Upper bound |
|------|------------------------|-------------|-------|-------------|
| 157  | Chad                   | 0.28        | 0.29  | 0.31        |
| 156  | South Sudan            | 0.27        | 0.30  | 0.33        |
| 155  | Niger                  | 0.30        | 0.32  | 0.33        |
| 154  | Mali                   | 0.29        | 0.32  | 0.34        |
| 153  | Liberia                | 0.37        | 0.32  | 0.33        |
| 152  | Nigeria                | 0.32        | 0.34  | 0.36        |
| 151  | Sierra Leone           | 0.33        | 0.33  | 0.37        |
| 150  | Mauritania             | 0.32        | 0.33  | 0.38        |
| 149  | Côte d'Ivoire          | 0.33        | 0.33  | 0.37        |
| 148  | Mozambique             | 0.34        | 0.36  | 0.39        |
| 147  | Angola                 | 0.33        | 0.36  | 0.39        |
| 146  | Congo, Dem. Rep.       | 0.33        | 0.37  | 0.39        |
| 145  | Yemen, Rep.            | 0.33        | 0.37  | 0.39        |
| 144  | Burkina Faso           | 0.33        | 0.37  | 0.39        |
| 143  | Lesotho                | 0.33        | 0.37  | 0.39        |
| 142  | Rwanda                 | 0.36        | 0.37  | 0.39        |
| 141  | Guinea                 | 0.33        | 0.37  | 0.39        |
| 140  | Madagascar             | 0.33        | 0.37  | 0.39        |
| 139  | Sudan                  | 0.37        | 0.38  | 0.39        |
| 138  | Burundi                | 0.36        | 0.38  | 0.40        |
| 137  | Uganda                 | 0.37        | 0.38  | 0.39        |
| 136  | Papua New Guinea       | 0.36        | 0.38  | 0.40        |
| 135  | Ethiopia               | 0.37        | 0.38  | 0.40        |
| 134  | Pakistan               | 0.37        | 0.39  | 0.40        |
| 133  | Afghanistan            | 0.38        | 0.39  | 0.40        |
| 132  | Cameroon               | 0.37        | 0.39  | 0.42        |
| 131  | Zambia                 | 0.37        | 0.40  | 0.42        |
| 130  | Gambia, The            | 0.37        | 0.40  | 0.42        |
| 129  | Iraq                   | 0.38        | 0.40  | 0.41        |
| 128  | Tanzania               | 0.39        | 0.40  | 0.41        |
| 127  | Benin                  | 0.38        | 0.41  | 0.43        |
| 126  | South Africa           | 0.40        | 0.41  | 0.42        |
| 125  | Malawi                 | 0.39        | 0.41  | 0.42        |
| 124  | eSwazini               | 0.38        | 0.41  | 0.43        |
| 123  | Comoros                | 0.38        | 0.41  | 0.44        |
| 122  | Togo                   | 0.39        | 0.41  | 0.43        |
| 121  | Senegal                | 0.40        | 0.42  | 0.43        |
| 120  | Congo, Rep.            | 0.39        | 0.42  | 0.44        |
| 119  | Botswana               | 0.40        | 0.42  | 0.44        |
| 118  | Timor-Leste            | 0.41        | 0.43  | 0.45        |
| 117  | Namibia                | 0.41        | 0.43  | 0.45        |
| 116  | Ghana                  | 0.42        | 0.44  | 0.45        |
| 115  | India                  | 0.43        | 0.44  | 0.45        |
| 114  | Zimbabwe               | 0.42        | 0.44  | 0.46        |
| 113  | Solomon Islands        | 0.43        | 0.44  | 0.45        |
| 112  | Haiti                  | 0.42        | 0.45  | 0.47        |
| 111  | Laos PDR               | 0.43        | 0.45  | 0.47        |
| 110  | Gabon                  | 0.43        | 0.45  | 0.48        |
| 109  | Guatemala              | 0.44        | 0.46  | 0.47        |
| 108  | Vanuatu                | 0.43        | 0.47  | 0.48        |
| 107  | Myanmar                | 0.46        | 0.47  | 0.49        |
| 106  | Bangladesh             | 0.47        | 0.48  | 0.49        |
| 105  | Kiribati               | 0.45        | 0.48  | 0.50        |
| 104  | Egypt, Arab Rep.       | 0.47        | 0.49  | 0.50        |
| 103  | Honduras               | 0.47        | 0.49  | 0.50        |
| 102  | Nepal                  | 0.48        | 0.49  | 0.50        |
| 101  | Dominican Republic     | 0.48        | 0.49  | 0.51        |
| 100  | Cambodia               | 0.47        | 0.49  | 0.51        |
| 99   | Guyana                 | 0.48        | 0.49  | 0.51        |
| 98   | Morocco                | 0.49        | 0.50  | 0.51        |
| 97   | El Salvador            | 0.49        | 0.50  | 0.51        |
| 96   | Tunisia                | 0.50        | 0.51  | 0.52        |
| 95   | Tonga                  | 0.50        | 0.51  | 0.53        |
| 94   | Kenya                  | 0.50        | 0.52  | 0.53        |
| 93   | Algeria                | 0.51        | 0.52  | 0.53        |
| 92   | Nicaragua              | 0.51        | 0.53  | 0.54        |
| 91   | Panama                 | 0.52        | 0.53  | 0.54        |
| 90   | Paraguay               | 0.51        | 0.53  | 0.55        |
| 89   | Tajikistan             | 0.51        | 0.53  | 0.55        |
| 88   | Macedonia, FYR         | 0.53        | 0.53  | 0.54        |
| 87   | Indonesia              | 0.52        | 0.53  | 0.55        |
| 86   | Lebanon                | 0.52        | 0.54  | 0.55        |
| 85   | Jamaica                | 0.53        | 0.54  | 0.56        |
| 84   | Philippines            | 0.53        | 0.55  | 0.56        |
| 83   | Tuvalu                 | 0.53        | 0.55  | 0.57        |
| 82   | West Bank and Gaza     | 0.54        | 0.55  | 0.56        |
| 81   | Brazil                 | 0.53        | 0.56  | 0.57        |
| 80   | Kosovo                 | 0.53        | 0.56  | 0.57        |
| 79   | Jordan                 | 0.54        | 0.56  | 0.58        |
| 78   | Armenia                | 0.56        | 0.57  | 0.58        |
| 77   | Kuwait                 | 0.56        | 0.58  | 0.59        |
| 76   | Kyrgyz Republic        | 0.57        | 0.58  | 0.59        |
| 75   | Moldova                | 0.57        | 0.58  | 0.59        |
| 74   | Sri Lanka              | 0.57        | 0.58  | 0.59        |
| 73   | Saudi Arabia           | 0.57        | 0.58  | 0.60        |
| 72   | Peru                   | 0.57        | 0.59  | 0.60        |
| 71   | Iran, Islamic Rep.     | 0.57        | 0.59  | 0.61        |
| 70   | Colombia               | 0.58        | 0.59  | 0.61        |
| 69   | Azerbaijan             | 0.58        | 0.60  | 0.62        |
| 68   | Uruguay                | 0.59        | 0.60  | 0.61        |
| 67   | Romania                | 0.59        | 0.60  | 0.62        |
| 66   | Ecuador                | 0.59        | 0.60  | 0.61        |
| 65   | Thailand               | 0.59        | 0.60  | 0.62        |
| 64   | Mexico                 | 0.60        | 0.61  | 0.61        |
| 63   | Argentina              | 0.60        | 0.61  | 0.62        |
| 62   | Trinidad and Tobago    | 0.59        | 0.61  | 0.63        |
| 61   | Georgia                | 0.60        | 0.61  | 0.63        |
| 60   | Qatar                  | 0.60        | 0.61  | 0.63        |
| 59   | Montenegro             | 0.61        | 0.62  | 0.62        |
| 58   | Bosnia and Herzegovina | 0.61        | 0.62  | 0.63        |
| 57   | Costa Rica             | 0.61        | 0.62  | 0.63        |
| 56   | Albania                | 0.61        | 0.62  | 0.63        |
| 55   | Malaysia               | 0.61        | 0.62  | 0.63        |
| 54   | Oman                   | 0.61        | 0.62  | 0.63        |
| 53   | Turkey                 | 0.61        | 0.63  | 0.64        |
| 52   | Mauritius              | 0.60        | 0.63  | 0.65        |
| 51   | Mongolia               | 0.60        | 0.63  | 0.65        |
| 50   | Ukraine                | 0.62        | 0.63  | 0.68        |
| 49   | United Arab Emirates   | 0.64        | 0.66  | 0.67        |
| 48   | Vietnam                | 0.65        | 0.67  | 0.68        |
| 47   | Bahrain                | 0.65        | 0.67  | 0.68        |
| 46   | China                  | 0.66        | 0.67  | 0.68        |
| 45   | Chile                  | 0.66        | 0.67  | 0.69        |
| 44   | Bulgaria               | 0.65        | 0.68  | 0.70        |
| 43   | Seychelles             | 0.65        | 0.68  | 0.71        |
| 42   | Greece                 | 0.67        | 0.68  | 0.69        |
| 41   | Luxembourg             | 0.68        | 0.69  | 0.70        |
| 40   | Slovak Republic        | 0.68        | 0.69  | 0.71        |
| 39   | Malta                  | 0.69        | 0.70  | 0.71        |
| 38   | Hungary                | 0.69        | 0.70  | 0.72        |
| 37   | Lithuania              | 0.70        | 0.71  | 0.73        |
| 36   | Croatia                | 0.71        | 0.72  | 0.74        |
| 35   | Latvia                 | 0.71        | 0.72  | 0.74        |
| 34   | Russian Federation     | 0.68        | 0.73  | 0.77        |
| 33   | Iceland                | 0.73        | 0.74  | 0.75        |
| 32   | Spain                  | 0.74        | 0.74  | 0.75        |
| 31   | Kazakhstan             | 0.72        | 0.75  | 0.77        |
| 30   | Poland                 | 0.73        | 0.75  | 0.76        |
| 29   | Estonia                | 0.73        | 0.75  | 0.76        |
| 28   | Cyprus                 | 0.74        | 0.75  | 0.76        |
| 27   | Serbia                 | 0.74        | 0.76  | 0.77        |
| 26   | Belgium                | 0.75        | 0.76  | 0.77        |
| 25   | Macao SAR, China       | 0.75        | 0.76  | 0.76        |
| 24   | United States          | 0.75        | 0.76  | 0.77        |
| 23   | Israel                 | 0.75        | 0.76  | 0.78        |
| 22   | France                 | 0.76        | 0.76  | 0.77        |
| 21   | New Zealand            | 0.76        | 0.77  | 0.78        |
| 20   | Switzerland            | 0.75        | 0.77  | 0.78        |
| 19   | Italy                  | 0.76        | 0.77  | 0.78        |
| 18   | Norway                 | 0.76        | 0.77  | 0.78        |
| 17   | Denmark                | 0.76        | 0.77  | 0.79        |
| 16   | Portugal               | 0.77        | 0.78  | 0.79        |
| 15   | United Kingdom         | 0.77        | 0.78  | 0.79        |
| 14   | Czech Republic         | 0.77        | 0.78  | 0.79        |
| 13   | Slovenia               | 0.78        | 0.79  | 0.80        |
| 12   | Austria                | 0.78        | 0.79  | 0.80        |
| 11   | Germany                | 0.78        | 0.79  | 0.81        |
| 10   | Canada                 | 0.79        | 0.80  | 0.81        |
| 9    | Netherlands            | 0.79        | 0.80  | 0.81        |
| 8    | Sweden                 | 0.79        | 0.80  | 0.81        |
| 7    | Australia              | 0.79        | 0.80  | 0.81        |
| 6    | Ireland                | 0.79        | 0.81  | 0.82        |
| 5    | Finland                | 0.80        | 0.81  | 0.82        |
| 4    | Hong Kong SAR, China   | 0.81        | 0.82  | 0.83        |
| 3    | Japan                  | 0.83        | 0.84  | 0.85        |
| 2    | Korea, Rep.            | 0.83        | 0.84  | 0.86        |
| 1    | Singapore              | 0.87        | 0.88  | 0.90        |



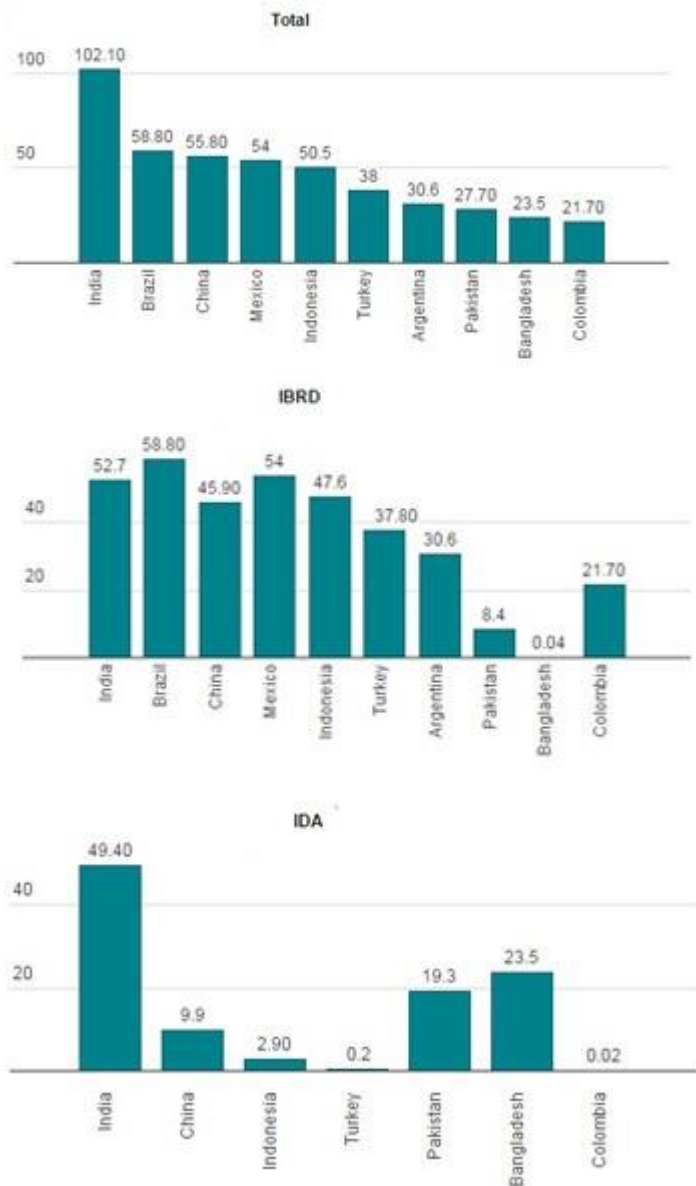
Source: World Bank staff calculations.

Note: The Human Capital Index ranges between 0 and 1. The index is measured in terms of the productivity of the next generation of workers relative to the benchmark of complete education and full health. An economy in which a child born today can expect to achieve complete education and full health will score a value of 1 on the index. Lower and upper bounds indicate the range of uncertainty around the value of the HCI for each economy.

### IBRD Member States

There are currently 189 members of the IBRD. UN states which are not part of the IBRD are Cuba, Andorra, Liechtenstein, Monaco, and North Korea. The top 10 borrowers as of 2019 were: India, Jordan, Egypt, Argentina, Indonesia, Ukraine, China, Turkey, Colombia, and Morocco, which in total reported 23.3 billion dollars that fiscal year.

Top Ten World Bank Borrowers, 1945-2015



The top borrowers from the World Bank in US Dollars (Billions).

Source: Ministry of Finance, Government of India.

### Weaknesses of IBRD partnerships

While IBRD partnerships are beneficial, and, quite frankly, crucial at some point, for post conflict reconstruction and conflict prevention, it does not play an active role in conflict resolution. The sequence of events which follow reconstruction differ greatly from those which follow rehabilitation; if states manage to peacefully resolve their conflict, issues such as ideological conflict would not be a concern of the future. However, without the process of rehabilitation, the conflict produced can further cause humanitarian disasters, such as the great famine in Yemen, with an expected death toll of 18.4 million by the end of 2020. Infrastructure can be demolished, neighbouring states can be affected, and an immense amount of debt, which a conflicted country is unable to pay off at the time, can accumulate. This can result in more conflict, resembling an endless, disastrous cycle which is what the IBRD should aim to break. Inflation, a problem a country can face during times of conflict, can further encumber the process of post conflict reconstruction, which is why the IBRD should develop specific policies regarding loan-giving doctrines which are catered to the needs of conflicted countries.

Country specific case studies: [Projects By Country / Area](#)

## MAJOR COUNTRIES INVOLVED

### Chile

Chile was the first of many developing countries to seek aid from the IBRD in 1946. Chile sought financial help from the IBRD, as inflation had skyrocketed, and thus, the nation was dependent on foreign loans, which resulted in debt.

### Timor Leste

Timor Leste is the first specimen of the CPF programme of the IBRD, which is going to be implemented from 2020-2024.

Timor Leste case study for CPFs:

<http://documents1.worldbank.org/curated/en/353111574777310081/pdf/Timor-Leste-Country-Partnership-Framework-for-the-Period-FY2020-FY2024.pdf>

### India

India is the largest borrower from the IBRD, receiving \$52.7 billion as of 2015. India stopped qualifying for IDA loans in 2014, thus turning towards the IBRD. In May 2020, the IBRD lent India \$1 billion to protect its impoverished population from COVID-19.

## Colombia

Colombia was the first country to be subjected to the Judicial Conflict Resolution Improvement Project. \$5.27 billion was put into the project, 90% of which went to the legal sector, and 10% going towards Information Technology, with the objective of conflict prevention, market economy, mechanisms for dispute resolution, and post-conflict reconstruction.

## Venezuela

Venezuela also went through the Judicial Conflict Resolution Improvement Project; however, its objectives were to establish good governance (see previous attempts to solve the issue) and improve its efficiency in conflict resolution. A total of \$35 million was put into the project, which mostly went to the legal sector.

## TIMELINE OF EVENTS

| DATE              | EVENTS  |
|-------------------|---|
| July 1944         | Establishment of IBRD after WWII devastation in Europe.   |
| 1946              | Chile seeks help from the IBRD to curb national inflation. It was one of the first countries to actively utilise the mandate of the IBRD. |
| 1965              | IBRD refuses to impose sanctions on Portugal and South Africa despite the UN's request.   |
| December 12, 1966 | The UN further appeases IBRD to impose sanctions.   |
| 1981-1985         | Failure of the Polonoeste project in Brazil.  |
| 1989              | Policy changes regarding environmental concerns.  |
| 2020-2024         | The implementation of TSS and CPF in developing countries.  |

## **UN INVOLVEMENT: RELEVANT RESOLUTIONS, TREATIES, AND EVENTS**

### **The Strategic Partnership Framework (SPF)**

On May 8, 2018, Secretary-General António Guterres of the UN and President Jim Yong Kim of the World Bank Group signed a SPF which inaugurated a fortification of the UN and WBG's reciprocal commitment to collaborate in helping countries to ensure the imposition of the 2030 Agenda for Sustainable Development. There are four key zones of collaboration incorporated in the SPF, which are:

- Funding and administration backing to assist nations in reaching the Sustainable Development Goals (SDGs),
- Definitive worldwide activity on facing and combatting climate change and global warming,
- Conjoint action aiding post-conflict/crisis and humanitarian sites (IBRD involvement),
- Harnessing information to refine development results.

### **Agreement between the United Nations and the International Bank for Reconstruction and Development, Approved by the General Assembly on November 15, 1947**

This agreement was basically a laid-out foundation of the relationship between the IBRD and the UN, enabling collaborations, drafted on September 2, 1947.

Link: [Agreement](#)

### **Altercations between the UN and the IBRD**

In 1965, in its endeavours to punish Portugal and the Republic of South Africa for their politically-sanctioned racial segregation arrangements, the General Assembly had bestowed upon specialized agencies to reject the advantages of the enrolment of those states in their particular organizations. However, the IBRD would not do so on the basis of its claims of impartiality in political situations, and lacking the power to force sanctions upon members for actions that are not in accordance with its motivations. This strained the relationship between the UN and the IBRD, and also posed the question of whether or not the IBRD should remain impartial or impose sanctions in these situations.

## Resolutions

- A/RES/2107, December 21, 1965
- A/RES/2184, December 12, 1966

These resolutions regard the Portugal and South Africa situations, in which the UN directly addresses the IBRD and requests the imposition of sanctions.

## PREVIOUS ATTEMPTS TO SOLVE THE ISSUE

The World Bank has prepared a short to medium range economic plan for countries coming out of conflict called the Transitional Support Strategy (TSS), which can bestow emergency loans and grants for reconstruction and recovery. Its purpose is to ensure a smooth transition from a conflicted state to a stable state, and although it is specialised for each country of operation, there are usually 5 basic categories under which the measures that need to be taken fall:

- Protection of the poor, private sector recovery, health and education,
- Assisting governance and civil society in policy making post-conflict by providing research and capacity building,
- Establishing local ownership of the development process,
- Cultivating viable donor coordination,
- Grouping interventions in order to coordinate programme implementations.

The TSS is currently in operation in Haiti, Kosovo, Serbia, Montenegro, Angola, FYR Macedonia, Comoros, Timor Leste, DR Congo, the Republic of Congo, Burundi, Sierra Leone, Afghanistan, and countries of former Yugoslavia (Bosnia-Herzegovina, Croatia, Slovenia).

Another plan aimed at the easing of the process of post conflict reconstruction is the clearing of arrears (part of a debt that is overdue after missing one or more required payments) to moderate the effects of debt, a process currently taking place in Afghanistan. This is done so that countries are able to receive new loans allotted by the World Bank for the purpose of post-conflict reconstruction.

Also, the World Bank reconstruction programmes highlight a main feature of instantaneous implementation of free market reforms (reducing the state's influence on the economy, allowing prices to be set by market supply and demand), which include:

- Legislative arrangements for foreign ventures,
- Complete repatriation of benefits to foreign financial specialists,
- Private property rights,

- No subsidies on food and fundamental administrations.

Included in the implementation of free market reforms is the initiation of “good governance”. Good governance is a means of measuring how government institutions and the public sector in general conduct affairs and manage public resources. It is based on meeting the needs of society as best as they can with their resources. It has 12 basic principles:

- “Participation, Representation, Fair Conduct of Elections,
- Responsiveness,
- Efficiency and Effectiveness,
- Openness and Transparency,
- Rule of Law,
- Ethical Conduct,
- Competence and Capacity,
- Innovation and Openness to Change,
- Sustainability and Long-term Orientation,
- Sound Financial Management,
- Human rights, Cultural Diversity and Social Cohesion,
- Accountability<sup>6</sup>.”

The benefits of free market reforms are that they allow businesses and International Financial Institutions (IFIs) to be very profitable as barriers to multilateral corporations, development experts, bilateral and international support agencies, and international consulting and contracting agencies are broken down.

### **Country Partnership Framework (CPF)**

The CPF is the focal device of Management and the Board for evaluating and controlling the WBG's nation programmes and checking their adequacy. The CPF distinguishes the key goals and development results through which the World Bank Group (WBG) plans to help a member state in its efforts to end mass poverty and increase shared prosperity in a sustainable way. While setting up a CPF, the WBG begins from the member state's own vision of its progression objectives, which ought to be laid out in a poverty-centred national development strategy. The WBG and the nation draw upon the Systematic Country Diagnostic (SCD) to aid in the construction of the CPF targets

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<sup>6</sup> Tatarenko, Alina. “12 Principles of Good Governance: Municipalities for Europe.” *12 Principles of Good Governance | Municipalities for Europe*, 2018, <http://www.bpe.al/en/12-principles-good-governance>.

conjointly. They are retrieved from those nation development objectives that mirror the WBG's similar standards along with arrangement with the twin objectives and take into consideration plausible opportunities in the utilization of the private sector in giving a multiple of sustainable solutions for development issues. The CPF at that point outlines a particular and adaptable programme that will enable the nation to accomplish the CPF targets. This framework is currently in practice in Timor Leste, from 2020-2024.

Timor Leste case study for CPFs:

<http://documents1.worldbank.org/curated/en/35311157477310081/pdf/Timor-Leste-Country-Partnership-Framework-for-the-Period-FY2020-FY2024.pdf>

### **Judicial Conflict Resolution Projects**

As stated before, these projects each have individual goals, where budgets and funds are customised to the country's needs. They target societal sectors, and set percentages of which the funds go to.

- [Colombia](#)
- [Venezuela](#)
- [Palestine](#)
- [Lebanon](#)
- [Israel](#)

## **POSSIBLE SOLUTIONS**

In order for the Bank to have an active role in conflict resolution, they must first identify the different types of internal conflict in regards to state failure, and the different stages and intensities of the aforementioned conflicts. For example, state failure can occur on the basis of ineffectual governance, ideological conflict, ethnic conflict, etc. In addition, the different stages of conflict can be distinguished as the following:

1. Pre-conflict vulnerability,
2. Governance failure,
3. Civil strife or violent conflict
4. Resolution,
5. Resettlement,
6. Rehabilitation,
7. Post-conflict reconstruction.



Furthermore, as the Bank's general activities relating to post-conflict reconstruction, including development policy, sectoral investment, institution building, and governance, imposes a significant effect on the generation of social capital, which can also afflict interethnic relations, the Bank must review its financial assistance and advisory services so as to avoid consequences which can lead to the severing of inter-ethnic relations. As it should focus on calming tensions between groups and mitigating conflict, the Bank should also enrich its policies and expand its project analysis to focus on permanent inter-ethnic consequences.

Moreover, the lack of a general policy frame on the Bank's part has led to many delays and uncertainties, which are really inconvenient at a time of conflict and crisis. Thus, policies should be enhanced and established which are rich in clarity, as well as proactiveness, which then the Bank could be able to capitalize on their foundation as the pre-eminent international institution for reconstruction. The Bank will also be enabled to handle the operational outlook of reconstruction in a constantly updating framework. Consequently, a policy position would identify the states involved as (relatively) high risk clients, who feasibly have lower success rates than normal.

Additionally, the creation and incorporation of macroeconomic policies in conflicted states themselves can be very effective in conflict resolution and reconstruction keeping in mind that their purposes are to minimise conflict risks and promote growth and security, while facing moderate inflation and short-term budget deficits. Monetary strategy and sectoral ventures should be custom made to assess the particular issues of traumatized populaces and social orders with vigorously harmed social capital. The sequencing of standard financial strategy changes and of administration redevelopment should likewise be tailor-made to implement the perpetuation of circumventing negative impacts on the maintainability of peace treaties and the assessment of the regularly extreme inaccuracies in monetary conditions. Examination and assessment ought to be attempted to fill the requirement for better comprehension of post-conflict elements and for a more refined sense of timing of intercessions. They could likewise help develop proficient ethos in open issues and a feeling of nearby approach, a sort of possession where policy is, as a rule, intensely affected by warning ability. The Bank could likewise advance a taking-in process among nations rising up out of conflict, exemplified by a class the Economic Development Institute is anticipating to dislodge in Angola.

Further research on solutions: [World Bank Document](#)

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### **Pictures and graphs:**

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