

EIB Strategic Approach to Fragility and Conflict



**European
Investment
Bank Group**

EIB Strategic Approach to Fragility and Conflict

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Acronyms

ACP	Africa, Caribbean and Pacific
EEAS	European External Action Service
EFSD+	European Fund for Sustainable Development
EIB	European Investment Bank
ESSF	Environmental and Social Sustainability Framework
EU	European Union
FCC	Fragile and conflict-affected contexts
DG INTPA	Directorate-General for International Partnerships
NDICI	Neighbourhood, Development, and International Cooperation Instrument
OECD	Organisation for Economic Co-operation and Development
SDGs	Sustainable Development Goals
UN	United Nations

Executive summary

The EIB focus on fragile and conflict-affected contexts

- i. **The EIB (the Bank) recognises that to contribute to a prosperous, inclusive, resilient, and sustainable world, it must address the challenge of working in countries that are affected by fragility and/or conflict.** Rising numbers of people are living in fragile and conflict-affected contexts (FCC) and the relationships between fragility, conflict and major global trends — such as climate change, forced displacement and migration, poverty, digitalisation, urbanisation, inequalities, and the consequences of the coronavirus pandemic — demand increased attention. Addressing the threats posed by fragility and conflict is vital for the realisation of the global ambitions as formulated in the Sustainable Development Goals (SDGs) and other global agreements, like the Paris Agreement on Climate Change.
- ii. **The EIB supports development outcomes that contribute to resilience, peace and stability in situations of fragility and conflict, through the provision of effective financial support.** The Bank recognises the enormous needs and challenges of FCC as well as its strategic role — alongside other EU and international bodies — in overcoming them. This requires joint effort across national and international organisations, with development finance as a critical element.
- iii. **The conflict in Ukraine and its wide-ranging impacts on EU countries and beyond have reinforced the importance of this topic and of the role of the EIB as part of the collective EU response.** The EIB is committed to helping address those impacts, in addition to providing support for the recovery and reconstruction of Ukraine when conditions allow.
- iv. **The EIB acknowledges different levels of fragility and conflict among its countries of operation outside the European Union, and their corresponding different needs, capacities and evolving contexts.** Notwithstanding various existing approaches to classification of fragile and conflict-affected countries, this Strategic Approach for Fragility and Conflict places importance on the contextualisation and multidimensional nature of fragility and conflict and aligns with the EU approach with its emphasis on forward-looking risks feeding into a responsive and conflict prevention focus.

- v. **The EIB has long-standing experience of working in fragile and conflict-affected contexts (FCC), encompassing a wide range of activities.** It has been operating in developing countries, including FCC, for more than 60 years, and has played a prominent role in supporting the European Union's global policy objectives for that time. In 2021, the EIB signed agreements for investments benefiting FCC worth €1.7 billion.¹ These investments represent 23% of the total investments of the EIB outside the European Union.² Overall, the EIB is already active in 43 of 57 countries classified as fragile by the Organisation for Economic Co-operation and Development (OECD). The EIB was one of the first development finance institutions to promote conflict sensitivity in its operations and this document takes the lessons that were learned on board.
- vi. **Building upon this experience, this Strategic Approach to Fragility and Conflict consolidates the EIB's approach and outlines its vision for working in FCC for the 2022-2027 period.** It reflects the European Union's strong priority to promote peace and stability around the world in support of the SDGs, and provides strategic guidance, allowing the Bank to build stronger synergies under Team Europe³ and with other international partners.

¹ Based on the list in the OECD (2020) States of Fragility, OECD Publishing Paris.

² [European Investment Bank Activity Report 2021 \(eib.org\)](https://www.eib.org/press/2021/01/eib-activity-report-2021)

³ Team Europe consists of the European Union, the EU Member States, including their implementing agencies and public development banks, the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD). Since its launch as part of the European Union's global response to the coronavirus pandemic in April 2020, the concept of Team Europe has been broadened to further improve the coherence and coordination of efforts, notably at partner country level.

Strategic agenda

- vii. **This strategic approach addresses the conclusions on enhancing the European Financial Architecture for Development (EFAD) adopted by the Council of the European Union in 2021.** In these conclusions, the Council invited the EIB to produce dedicated strategies to enhance the development impact of its operations in partner countries, to enhance the Bank's local presence on the ground where appropriate, and to deepen partnerships through the Team Europe approach. It also stressed the importance of focusing investment on the areas where they are needed the most, such as countries in situations of fragility or affected by conflict.
- viii. **The strategic approach equally responds to the Neighbourhood, Development and International Cooperation Instrument (NDICI) — Global Europe⁴, the EIB's main mandate outside the European Union, which also calls for special attention to countries experiencing fragility or conflict.** In line with the Bank's treaty-based role of contributing to EU development policy, it operates through dedicated mandates and structures outside the European Union under an EU budgetary guarantee, now principally governed by NDICI in the 2021-2027 period. The NDICI creates space to step up coordination amongst all relevant players to support resilience, stable positive peace, and prevention of future violence. This strategic approach supports the implementation of NDICI, working towards the achievement of the broader global EU policy objectives.
- ix. **Also in 2021, the EIB Board of Directors approved the establishment of a dedicated branch for its activities outside the European Union: EIB Global. This new arrangement provides momentum to enhance the development impacts of the Bank's activities globally, including in FCC.** EIB Global will contribute to EU external action by supporting investments that help build peace and resilience and promote inclusive growth within partner countries outside the European Union. The strategic approach for FCC will form an integral part of EIB Global's approach.
- x. **Finally, most development players, including other multilateral development banks and development finance institutions, have dedicated strategies for fragility and conflict in place.** The EIB often partners and joins forces with these players when investing in FCC. The strategic approach will enable the Bank to further harmonise and align with its peers on this agenda and desired objectives.

⁴ European Commission, Neighbourhood, Development and International Cooperation Instrument (NDICI) 'Global Europe' (European Commission, 2021). [EUR-Lex - 52018PC0460 - EN - EUR-Lex \(europa.eu\)](#)

The rationale, vision and purpose

- xi. **The EIB recognises that dedicated efforts are needed to work effectively in FCC.** Investing in FCC is characterised by numerous challenges, including inadequate data availability, higher risks⁵ and higher levels of uncertainty, as well as a weaker legal and regulatory environment. The EIB may be called upon to act quickly in crisis situations and will have to contend with uncertainty and low levels of predictability. This strategic approach focuses on addressing these challenges, enabling the Bank to gradually design and implement specific solutions and approaches to facilitate the coherence, efficiency and effectiveness of its work in FCC. It represents a shift from reactionary to more anticipatory and preventive approaches. At the same time, the strategic approach reflects the multidimensional nature of fragility and conflict and acknowledges that different approaches complement each other and may occur at the same time.
- xii. **The EIB's Strategic Approach to Fragility and Conflict is intended to contribute to more resilient, stable and peaceful societies, where no place or person is left behind.** The EIB will not achieve this single-handedly, but its contribution is to be understood as part of a wider pan-European effort, and in alignment with NDICI-Global Europe and the priorities for the European Union's external action and strengthened partnerships with other organisations.

The EIB's new ambition in FCC is to: further enhance its support for impact-driven projects; strengthen the sustainability of its investments in those settings; support project origination; refine impact tracking and measurement; ensure institutional learning around fragility and conflict; and enhance the visibility of its work in such contexts. The strategic approach is intended to have a positive impact on all aspects of the EIB's organisation and operations in FCC.

- xiii. **The goal of the strategic approach is for the EIB's engagement in FCC to be efficient and effective, making strategic contributions to (1) conflict prevention and peace building; (2) reducing fragility and building resilience; (3) recovery; and (4) crisis response.** There are multiple ways in which EIB investments contribute to these goals. For example, progress in social sustainability and inclusion can reduce grievance-driven conflict; inclusive economic growth and private sector development creates job opportunities and livelihood choices that can generate more equitable growth and prosperity; and effective adaptation and mitigation with respect to climate change can increase resilience and reduce migration and forced displacement. Wherever possible, the EIB will aim to address these FCC-related strategic goals in its activities, in addition to other socioeconomic objectives.

⁵ Risks may include fiduciary, sovereign, macroeconomic, operational, safeguards, reputational risks, etc.

The engagement strategy

xiv. **The engagement strategy is underpinned by guiding principles that are intrinsic to the EIB's project identification, design, and implementation process, and therefore to the success of the Strategic Approach to Fragility and Conflict.** They are:

- **Policy first:** In practice, this principle calls for: (i) full alignment of European institutions with EU policies; and (ii) policy coherence across all EU levels and players. The NDICI-Global Europe mandate reinforces policy first by systematically associating the EIB with the overall EU programming process.
- **Contextualisation:** As part of EU efforts, the EIB will follow a context-specific approach to fragility and conflict. In partnership with others, the Bank will aim to strengthen its understanding of the context to inform the design of differentiated responses to specific drivers of fragility and conflict and ensure that the instruments deployed are appropriate for the context.
- **Impact-driven investment:** In FCC, EIB investment is geared towards achieving a high-level impact through support for productive, sustainable and inclusive economies and societies. This will be done through enhanced identification and promotion of investments with the highest impact, including in terms of their potential to contribute to preventing conflict, strengthening resilience and supporting recovery and peace building.
- **Conflict sensitivity:** As a minimum, the EIB seeks to avoid aggravating a conflict when operating in conflict-prone and affected environments (do no harm). Where needed and possible, EIB investments also seek to contribute to conflict prevention, recovery and peace building efforts (do good). The conflict-sensitive approach helps staff manage the project's exposure to conflict-related risks and identify opportunities to exploit potential peace-amplifying opportunities.
- **Social sustainability and inclusion:** Exclusion, inequalities, and perceptions of injustice are among the main root causes driving fragility and conflict. Social sustainability and inclusion sit at the heart of achieving the EIB's vision, mandates and policies, and therefore work in FCC will be aligned with the EIB's Social Sustainability and Inclusion Framework approach to *uphold* human rights; *include* for equal opportunity; *reach and target* to redress inequalities and leave no one behind; and *future proof* by building resilience and preparedness.

- xv. **Guided by these principles, the EIB will aim to tailor its engagement, based on the specific context and levels of fragility and conflict, as well as the EIB’s own comparative advantage, capacities and mandates.** Based on the EIB’s experience to date as well as international good practice, four broad orientations have been identified. These orientations are neither mutually exclusive nor linear; as such, they may be used simultaneously within one country experiencing different levels of fragility, or conflict(s) across its territory:
- a. **Promote prevention:** Promoting prevention of conflict and building resilience will be EIB’s intention in fragile contexts where failures in institutions, poor governance and/or economic, environmental, political, security and societal fragility create a high risk of conflict.
 - b. **Stay engaged:** In situations where a high-intensity conflict is ongoing, the Bank will coordinate closely with the EU Delegation in the country and other EU and development partners to determine whether and how the Bank should engage.
 - c. **Support recovery and peace:** The EIB will support reconstruction, recovery and the peace agenda in contexts where active conflict has receded, and positive investment prospects aimed at future resilience (national and regional), and growth have become realistic.
 - d. **Respond to crisis:** Crisis response and preparedness acts in support of the European Union's wider support for peace and stability in FCC. As part of the EU collective response, the EIB will seek to respond to different types of crises in FCC as appropriate (intensifying conflict, pandemics, financial or refugee crisis, natural disasters, etc.).
- xvi. **The engagement strategy rests upon three implementation pillars: (i) operational responses; (ii) institutional environment; and (iii) strategic partnerships.** Collectively, these three pillars address the core functions needed to allow for efficient and effective operations in FCC. This ranges from improving the knowledge base in the areas where the EIB is operational or promoting flagship initiatives (operational responses), to strengthening staff competencies and monitoring, evaluation and learning around the impact (institutional environment), deepening joint action with other EU bodies and enhancing collaboration with multilateral development banks/development finance institutions and other relevant organisations (strategic partnerships).
- xvii. **Taken together, the implementation pillars are expected to lead to increased focus matched by sound operational and institutional capabilities on the part of the EIB to meaningfully engage in FCC.** The EIB’s operational responses — including instruments used, resources committed, blending innovations and risk approaches — will be more FCC-responsive in alignment with EU policies. Bank staff will be better equipped and empowered to work in FCC in a manner that is suitable for these settings. They will be able draw on the enhanced institutional environment that enables effective monitoring, evaluation, learning and communication on the EIB’s work in FCC, and be supported by strategic partnerships. Increased efficiency and effectiveness will enable the EIB to adapt its approach or delivery arrangements at short notice, if required.

The way ahead

- xviii. **The Strategic Approach to Fragility and Conflict is designed to strengthen the EIB's contribution to the European Union's external action goals related to conflict prevention, peace and stability, and boost the Bank's ability to act swiftly as needed in crises, within its business model and mandates.** It builds on the EIB's value proposition as a major provider of finance, working with partners to tackle key developmental challenges in FCC. The strategic approach reflects the Bank's way of working and capacity to support good practice in project design and implementation. The improvements planned under the implementation pillars will help to strengthen the identification and implementation of impactful and conflict-sensitive projects. The partnership arrangements will amplify opportunities for collaboration with other development partners and continued constructive engagement along the humanitarian-development-peace nexus, seeking to tackle the root causes of crises and develop durable solutions.
- xix. **EIB Global brings the resources, knowledge, and networks of the EIB to bear in its operations outside the European Union.** Its structure fosters strong, focused partnerships within Team Europe. This strategic approach will help EIB Global better promote EU external action goals in FCC, including those related to peace and security, climate action and economic resilience, gender equality and women's economic empowerment; and enhanced assistance for disadvantaged communities. With this strategic approach, EIB Global is better equipped to enhance the EIB's development impact in FCC and is supported by specific mandates from the European Union to back it up.
- xx. **The EIB's experience, as well as the experience of peer organisations, indicate that one-size-fits-all solutions do not work in FCC settings and that the complexity of the different contexts require adaptive management.** This affects how investments are designed, how the Environmental and Social Standards are implemented, how the procedural environment is shaped and how projects are monitored in their context. This strategic approach outlines the main elements to further strengthen the internal and partnership arrangements that are needed to realise the above and that in the coming years will be developed further.
- xxi. **The strategic approach will guide a phased, internal implementation plan to be developed subsequently.** Further identification of specific actions to be undertaken, their prioritisation and sequencing will be outlined in the implementation plan.

SECTION I: Introduction

Why are fragility and conflict important?

1. **Fragility and conflict are among the key obstacles to the achievement of global development ambitions.** With rising numbers of people living in fragile or conflict-affected contexts (FCC) and the concentration of the extreme poor in those contexts,⁶ tackling the drivers and impacts of fragility and conflict has become ever more important to achieving the Sustainable Development Goals (SDGs) and other global agreements like the Paris Agreement on Climate Change.
2. **Fragility has worsened globally, underpinned by a range of social, political, economic and environmental factors and megatrends.** Rising inequality, lack of opportunity, discrimination and exclusion fuel grievances and perceptions of injustice, particularly in contexts with poor governance and inadequate services to meet the needs of diverse populations. Climate change, demographic change, forced displacement and migration, food insecurity, digital transformation and violent extremism are interconnected megatrends. These factors can increase vulnerability to shocks and crises, raise the risk of violent conflict and create cross-border, regional and even global spillover effects. The impact of the coronavirus pandemic has further compounded these factors and is likely to remain significant for the foreseeable future.

Why “fragile and conflict-affected contexts” (FCC)?

While fragility and conflict often play out at the country level, referring to contexts highlights that fragility and conflict may have both sub-national and supra-national or regional dimensions. The specific context of fragility and conflict is key in understanding the dynamics and providing development support that has transformation impact at the right level (sub-national, national or regional). The term FCC used in this strategic approach encompasses countries in crisis, post-crisis, fragile and vulnerable situations.

3. **Conflicts have become increasingly complex and protracted while non-state armed groups have proliferated in number, further complicating conflict dynamics and prospects for peace.** Most armed conflicts today are internal and involve elements of localised insurgency, intercommunal violence and organised crime. Active and post-conflict phases are increasingly blurred. Third-party intervention in conflicts has increased since 2010, adding another layer of complexity to internal confrontations that often spill over into neighbouring countries. Internal armed conflicts more than doubled in number between 2001 and 2016, from fewer than 30 to more than 70⁷. Peace and security in Europe and the maintenance of the rules-based international system remains a top priority for the European Union, and the EIB supports the related civilian aspects of crisis management where the situation permits.

⁶ In 2020, before the coronavirus (COVID-19), fragile contexts were home to 23% of the world’s population and also to 76.5% of all those living in extreme poverty globally. [Executive summary | States of Fragility 2020 | OECD iLibrary \(oecd-ilibrary.org\)](#)

⁷ ICRC, ‘The Roots of Restraint in War’ (ICRC publication, 2018) 13

4. **The interlinkages between fragility, conflict and other development themes are increasingly evident, such as:**

- **Fragility, conflict and climate change are in a mutually reinforcing relationship.** Increased pressure on ecosystems and resources, inequitable benefits from climate mitigation efforts and increased vulnerability of already marginalised groups all increase conflict and fragility risks. Fragile contexts are at particularly high risk of being affected by disaster hazards and therefore expected to face disproportionate impacts from climate change, as they typically have lower capacity to cope with natural hazards and disasters. These impacts do not manifest themselves equally across a population or geography, creating potentially destabilising effects. This is becoming an increasingly urgent challenge in many FCC. At the same time, this nexus opens up the opportunity for the Bank to achieve a greater impact through targeted climate action in FCC that has the potential to tackle both the climate and conflict prevention-related objectives.
- **Fragility and conflict can lead to forced displacement.** The world is facing the largest refugee crisis ever recorded.⁸ Migration and displacement are often driven by conflict and fragility in source countries, whilst the presence of migrants and refugees can add to fragility in transit and host countries. The challenges are pronounced due to the frequent concentration of displaced persons in confined geographic areas, leading to coping crises, overcrowding and loss of livelihood and educational opportunities. As the global fragile and forced displacement crisis continues to worsen, the role of multilateral development banks/development finance institutions including the EIB is more critical than ever.
- **Gendered drivers and impacts of fragility and conflict are increasingly recognised.** The roles and experiences of men, women, girls and boys during conflict are diverse, as are their efforts and capacities to build resilience and peace. Men and women experience different forms of violence during conflict, such as increasing exposure of women to gender-based violence, and they have different forms of vulnerability and of power to drive change.⁹ Men and women also have different roles in peace building, conflict mediation and recovery work, where the positive roles women can play often need dedicated attention. In many post-conflict settings, reconstruction efforts can only be effective if women are recognised as valuable economic participants, rather than as a vulnerable group. Investing in women's economic participation, including through entrepreneurship, is often crucial for the stability of the already fragile economies of conflict-affected societies — and thus for private sector companies' stability.
- **Conflict and fragility are also interlinked with wider political and macroeconomic challenges.** The political engagement of different groups in society, external influences, and macroeconomic realities like balance of payment, trade relation and financial flows all influence and are influenced by conflict and fragility. The complexity of their interaction calls for dedicated and strong context understanding to share development action.

⁸ According to the UNHCR, the UN Refugee Agency, at least 82.4 million people around the world were forcibly displaced at the end of 2020 as a result of persecution, conflict, violence, human rights violations or events seriously disturbing public order. See: [UNHCR - Figures at a Glance](#)

⁹ For example, the [Women, Peace and Security Index](#) that draws on data in 170 economies shows that displaced women and girls face a higher risk of intimate partner violence, economic marginalisation and financial exclusion, and often felt less free to move about. Displaced women experienced an average disadvantage of about 24% compared to host community women.

5. **Conflicts often have significant repercussions beyond the country itself, particularly in the bordering countries, but also on a regional scale and even worldwide.** This can relate to: (i) the flows of displaced persons; (ii) reduced output, trade and disruption of value chains; (iii) threat to the energy and food security and related price increases; (iv) knock-on effect on the economic confidence in bordering countries; (v) indirect impact of conflict-related sanctions; and (vi) the increasing difficulty of managing cross-border resources.
6. **The EIB and other multilateral development banks/development finance institutions play a critical role in achieving sustainable and inclusive growth and stability in FCC.** If countries remain in a cycle of weak institutions, poor governance and underinvestment, they will remain at risk of continued stresses and violent conflict, remaining entrapped in fragility and poverty. The role of investment in preventing and mitigating conflict is to help: (i) re-establish the conditions for sustainable economic growth and human development; and (ii) reduce the risk factors nurturing a vicious cycle of conflict and poverty, including low and declining incomes (consumptive power), poor employment opportunities (especially among young people), and deepening socioeconomic inequalities.
7. **Protecting assets, reversing the damage and investing in people and institutions is essential.** Collectively, the EIB and other multilateral development banks/development finance institutions offer a broad range of support to stimulate sustainable and inclusive development, seeking to leave no one and no place behind, and focusing investments on building back better. This is not a question of simply contributing to restoring war-torn societies to the very pre-war conditions that fuelled violent conflict in the first place, but rather to supporting the *transformation of these societies* politically, economically and socially by helping build the resilience of institutions and communities and creating enabling conditions for investment to spur socioeconomic development. Together with its partners, the EIB aims to support such transformation.

Understanding conflict and fragility

Definitions

8. **The EIB acknowledges different levels of fragility among its countries of operation outside the European Union¹⁰, and their corresponding different needs, capacities and evolving contexts.** This strategic approach places significant importance on the contextualisation of fragility and conflict. However, whilst recognising the value of a nuanced approach, some overarching definitions (see Box 1) are helpful to unpack the terminology associated with FCC.

Box 1: Key definitions

- **Fragility** occurs when a state is either unable or unwilling to manage or mitigate risks, including those linked to social, economic, political, security or environmental and climatic factors. Fragile contexts tend to be characterised by deep grievances, lack of trust and/or high levels of exclusion, lack of capacity, limited provision of basic services to the population and/or a lack of freedoms.
- **Conflict** occurs when distinct groups have, or believe they have, incompatible goals. This may manifest itself in a range of ways beyond immediate physical violence, including human rights abuses, exclusion and inequalities including around economic resources, political voice and representation. Violent conflicts occur when organised groups or institutions, sometimes including the state, use violence to settle grievances or assert power.
- **Conflict prevention** refers to actions undertaken to reduce manifest and latent tensions and prevent the outbreak or recurrence of violent conflict.
- **Stabilisation** is an activity undertaken as an initial response to violence or the immediate threat of violence.
- **Recovery** refers to the restoration or improvement of livelihoods and health, as well as economic, physical, social, cultural and environmental assets, systems and activities of a society or community, aligning with the principles of sustainable development and build back better, to avoid or reduce future risk.
- **Resilience** is the ability to withstand, adapt and quickly recover from stresses and shocks. This approach to resilience aligns with conflict prevention and peace-building concepts.
- **Peace building** involves a range of measures to: (i) mitigate the risk of conflict or recurrence of conflict; (ii) strengthen national capacities at all levels for conflict management and; (iii) lay the foundations for sustainable peace and development.
- **Peace-positive investments** are defined as investments that intend to tackle fragility drivers by enabling people and communities exposed to fragility to build up their resilience against environmental, social, and economic vulnerabilities.

¹⁰ Beyond the European Union, the EIB provides substantial financing to other regions across the world, including the Southern Neighbourhood, Eastern Neighbourhood, enlargement countries, Africa, Pacific countries, Americas and the Caribbean, and Asia. In the 2012-2021 period, the EIB invested more than €70 billion outside the European Union.

9. **With the increasing attention paid to conflict and fragility, conceptual definitions and operationalisation have evolved.** Whilst there is broad agreement on high-level definitions of fragility and conflict, there is less agreement on how this is measured and how different countries are subsequently classified. Initially, fragility and conflict were interpreted more as a state of affairs, where according to a number of criteria countries and regions are classified in groups that have common characteristics. However, recent research and practice suggest that the variation in dynamics in each of the different contexts needs to be understood to allow for the appropriate design of supportive action to tackle the root causes or amplify positive trends and opportunities. Nevertheless, classification using criteria remains helpful for specific purposes, for example with respect to reporting or monitoring flows of funds.
10. **In its approach to fragile and conflict-affected contexts, the EIB aligns with the European Union under its main non-EU mandate, NDICI-Global Europe, with its emphasis on forward-looking risks feeding into a responsive and conflict prevention focus.**¹¹ The OECD's list of fragile contexts is used as a reference point for the classification of countries for reporting purposes.¹²

Evolving approaches

11. **Thinking on fragility and conflict has evolved considerably over the last decade, and the EIB's approach is built around this understanding and good practice.** Key trends include:
 - **From stand-alone analytics to complex ecosystem approaches.** A major trend concerns a gradual shift from focusing on fragility or conflict in its own right, towards approaches that explicitly explore the relationships between fragility and conflict and other major developmental themes like climate change, gender, migration or inclusion. Working across different geographies, market dynamics and regulatory arrangements, the EIB recognises the need for contextualisation of its activities.
 - **From single entry analytics to multiple concepts related to fragility and conflict.** A series of concepts have been developed to capture the complexity of FCC contexts, such as vulnerability, stabilisation and instability, durable solutions, peace building, conflict prevention and/or resilience¹³. They are not mutually exclusive and collectively enrich our understanding.
 - **From response to prevention.** Increasingly, multilateral development banks/development finance institutions are moving away from reacting to conflict towards preventing conflict through understanding and actively reducing the drivers of fragility and conflict based on risk-based forward-looking analytics that enables preventive action.¹⁴

¹¹ The European Union's approach is based on consideration of the Global Conflict Risk Index (GCRI). The index was designed to display countries' risk vis-à-vis violent conflicts, allowing for a comprehensive global scan to identify countries at risk of both internal and interstate disputes. GCRI collects 24 variables in five dimensions (social; economic; security; political; geographical/environmental) and uses statistical regression models to calculate the probability and intensity of violent conflict.

¹² [States of Fragility 2020 | en | OECD](#)

¹³ See in particular, World Bank (2020) World Bank Group Strategy for Fragility, Conflict, and Violence 2020–2025; OECD (2020), States of Fragility 2020, OECD Publishing, Paris.

¹⁴ See in particular United Nations; World Bank (2018) Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict. Washington, DC: World Bank.

Lessons for development finance institutions

12. **With the increasing understanding of the complexity of fragile contexts, partnerships have emerged as critical for multilateral development banks/development finance institutions.** Individual investments tend to have a limited scope, and results are often influenced by events that are beyond the immediate purview of the investment. However, no single agency has the capacity to address all the issues interlinked with different drivers and impacts of fragility and conflict in the context of a specific project. Networking with other, like-minded, complementary players to influence these events thus becomes necessary to realise the desired results. To be successful, partnerships require staff skilled in partnership management, alignment of policy and strategic objectives, synergy in development interventions, harmonisation of operating procedures, and joint tackling of common challenges (see Box 2).

Box 2: Common challenges for multilateral development banks/development finance institutions operating in FCC

- a. Insufficient availability of data and quality analytics related to the often dynamic and fast-changing context in which investments are considered, leading to limited understanding of the risk environment and potential impact (both negative and positive) of the investments.
- b. Insufficient options for fine-tuning investment instruments in the local context (such as blending).
- c. Risk-averse organisational culture that makes investment decisions difficult when there are perceptions of high risk, compounded by high transaction costs, longer deal-making processes, lack of flexibility in the administrative procedures, and uncertainty in decision-making.
- d. Difficulties in establishing partnership arrangements due to (perceived) incompatibility in standards, procedures and operational management arrangements.
- e. Managing harmful effects of stop-go cycles of investment in cyclical crisis settings, and abrupt disengagement in emergency or crisis situations.

13. **The public sector as an enabler of private investment is critical, helping the private sector to overcome investment challenges.** Private sector investors are often hesitant to invest in FCC due to the high levels of perceived uncertainty and risk. Go-ahead decisions often depend on guarantees or other support public investors can provide, and investments are often accompanied by a high level of expected return on investment. Moreover, private sector investments in FCC can also be short-term, extractive, and prone to corruption.
14. **Collective action from private and public players is necessary to build trust and create favourable conditions for investment.** Conflict distorts the local economy, particularly prices and wages, creating perverse incentives, market failure and short-term thinking, and opportunistic behaviour not conducive to medium-term investment, recovery and longer-term sustainable development. In FCC, private and public sector investors are faced with a shortage of investment-ready bankable partners and projects, often due to deficits in the legal, regulatory and policy environment, the local banking system, an immature private sector and governance issues. The engagement of both sectors is necessary to tackle these challenges.

Strategic agenda

15. **For more than 60 years, the EIB has been the EU bank representing the European Union's interests inside and outside the EU, including in countries affected by conflict and fragility.** In line with the Bank's treaty-based role of contributing to EU development policy¹⁵, it operates through dedicated mandates and structures outside the European Union. Its mission is to invest in viable projects that contribute to poverty reduction, job creation and sustainable and inclusive economic growth, whilst supporting the achievement of the EU's external action objectives. The European Union recognises conflict and fragility as key impediments to sustainable development. In line with the EU's key policy commitments,¹⁶ this strategic approach enhances the Bank's policy coherence with the EU external action and facilitates its work towards achieving objectives related to socioeconomic development as well as conflict and fragility.
16. **The drive for a more strategic orientation on the conflict and fragility agenda by the EIB comes from several recent policy developments.** NDICI-Global Europe, the EIB's main mandate outside the European Union for the 2021-2027 period, calls for special attention to FCC and greater coordination amongst all relevant players to support resilience, stable positive peace, and the prevention of future violence, including through the Team Europe approach.¹⁷ In addition, in the context of the European Financial Architecture for Development (EFAD), the Council of the EU¹⁸ has invited the EIB to ensure dedicated strategies for development, and focus investments where they are needed the most, in particular in countries in situations of fragility or affected by conflict. Moreover, the establishment of EIB Global has created momentum for enhancing development impacts through Bank activities globally, including in FCC. The Strategic Approach to Fragility and Conflict responds to these policy drivers.
17. **An increased focus on fragility and conflict is a priority theme that boosts the Bank's position on the global development agenda.** The EIB is fully committed to and aligned with the 2030 Agenda, and this strategic approach will facilitate its stronger support for SDG 16 to promote just, peaceful and inclusive societies. The strategic approach enables the Bank to be involved more deliberately on this agenda with its EU partners, Member States, other multilateral development banks/development finance institutions and the partner countries, as well as private sector clients. Considering the negative, mutually reinforcing relationship between fragility, conflict and climate change, the approach also reaffirms the Bank's commitment to Paris Agreement alignment and strengthens the rationale for financing directed towards FCC, including for climate action.

¹⁵ See [Treaty on European Union \(TEU\) Articles 21-46 — the EU's external action and the common foreign and security policy](#); and [Treaty on the Functioning of the European Union \(TFEU\) Articles 205-222 — EU's External Action 208](#)

¹⁶ [2016 EU Global Strategy \(EUGS\); 2017 New European Consensus on Development; 2018 EU Integrated Approach to External Conflicts and Crises](#)

¹⁷ Team Europe consists of the European Union, the EU Member States, including their implementing agencies and public development banks, as well as the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD). Since its launch as part of the European Union's global response to the coronavirus pandemic in April 2020, the concept of Team Europe has been broadened to further improve the coherence and coordination of efforts, notably at partner country level.

¹⁸ Council of the EU, General Secretariat of the Council. Council conclusions on enhancing the European financial architecture for development. 10 June 2021. [pdf \(europa.eu\)](#)

18. **The Strategic Approach to Fragility and Conflict consolidates the EIB’s commitment to engagement in FCC, and the actions outlined therein will strengthen the additionality of its operations.** Intentionally addressing fragility and conflict will enhance the EIB’s overall development impact in FCC. The strategic approach will enable the Bank to identify high-impact and conflict-sensitive operations and track and measure that impact more efficiently, to communicate and learn from it, leading to more effective engagement and new business opportunities. The strategic approach complements the EIB’s work on other social sustainability and inclusion areas, such as human rights, the social dimensions of climate change,¹⁹ gender equality²⁰, and forced displacement and migration. It also aims to address the challenges faced by project teams working on investments in such environments and to create a foundation for more differentiated approaches.

¹⁹ The EIB’s Climate Bank Roadmap acknowledges opportunities to promote more cohesive and peaceful societies through targeted climate and environmental sustainability investments. At the same time, it stresses that reducing fragility can also contribute to the success of environmental and climate interventions. See: [The EIB Group Climate Bank Roadmap 2021-2025](#)

²⁰ [The EIB Group Strategy on Gender Equality and Women’s Economic Empowerment \(2017\)](#)

SECTION II: Engagement strategy in FCC

19. **The EIB recognises that a dedicated approach is required for working in FCC to achieve more resilient, stable and peaceful societies, where no one and no place is left behind.** The Strategic Approach to Fragility and Conflict focuses on EIB activities outside the European Union and provides guidance for activities in FCC. Through this strategic approach, the EIB aims to clarify its intentions and ambitions and to set out a coherent approach that will enhance the efficiency and effectiveness of its operations in FCC.

The EIB value proposition

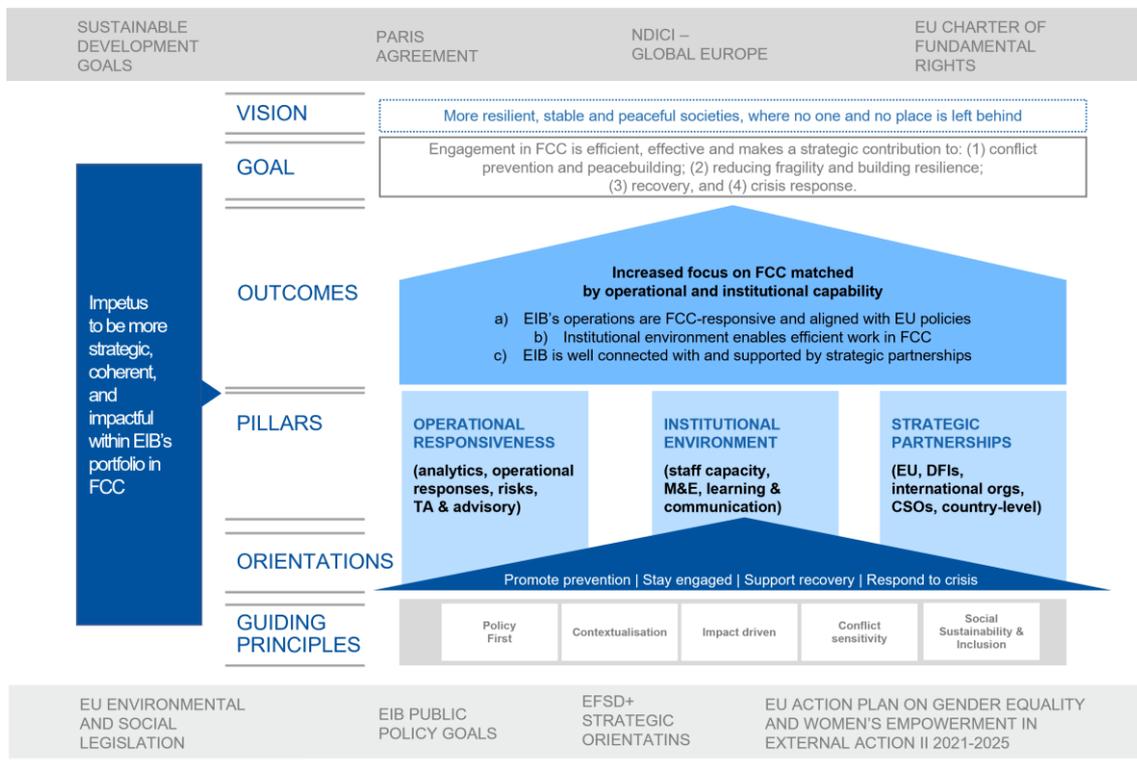
20. **The EIB has a unique value proposition for supporting FCC:**
- a) **Building on a long-track record:** Considerable portfolio and experience of providing financing and promoting conflict sensitivity in sustainable investments in both private and public sectors in FCC across the globe.
 - b) **Offering relevant and tailored instruments:** Evolving range of financing and client support options, including innovative financial products, concessional financing, advisory and technical support.
 - c) **EU policy-driven:** Promoting long-term development models fully aligned with EU democratic and inclusive values and policy objectives.
 - d) **Assuring quality:** Strong sectoral expertise and promotion of EU know-how, standards and norms through investments in specific sectors.
 - e) **Leading the way:** Playing a catalytic role enabling projects and institutions to attract additional funding from development finance institutions and other investors.
21. **The needs in FCC are enormous and the Bank recognises that it cannot address all issues in all contexts.** Situations vary from full scale conflict to varying fragility necessitating tailored approaches. The EIB will seek to support innovative, transformational investments in FCC that contribute to tackling the root causes underlying fragility and conflict in specific development contexts. Transformational investments in FCC are investments that can lead to strategic and systemic change. These investments, often large-scale, can deliver sustainable impacts that can shift and/or accelerate the trajectory toward sustainable, inclusive, climate-resilient development and achieving peaceful recovery in conflict-affected contexts.²¹ The EIB will strive to prioritise its investments in FCC based on their transformational impact in the areas identified in different sector, country, or regional level strategies and approaches, and included in NDICI's investment framework for external action — the European Fund for Sustainable Development Plus (EFSD+). These priorities will be in line with the EU Multi-Annual Indicative Programmes and informed by the related context-specific analysis.

²¹ Such investments are often associated with more stable economies and contexts. In acute conflict emergencies, the emphasis is more likely to be on remaining engaged and planning for recovery once conflict calms down.

The engagement strategy

An overview

22. The following diagram illustrates how the different elements of the Strategic Approach to Fragility and Conflict will work together to deliver the desired outcomes and make a contribution to the goal of more resilient, stable and peaceful societies where no one and no place is left behind. Since the rationale, objectives and framing of the strategic approach (the upper half of the model) has been discussed in earlier sections, this section focuses on the guiding principles, approach and implementation pillars (the lower half of the model).



Guiding principles

23. In order to ensure effective and impactful delivery of its activities in FCC, the strategic approach is based upon the following guiding principles: policy first; contextualisation; impact-driven investment; conflict sensitivity; and social sustainability and inclusion.

Guiding principle 1: Policy first

24. **The EIB is fully committed to the policy first principle.** EU funds should support EU external policies. In practice, this calls for: (i) full alignment of European institutions with EU policies; and (ii) policy coherence across all EU levels and players, meaning that global strategies should be translated into regional and country strategies, operational policy objectives and, ultimately, concrete projects.
25. **As the EU bank, the EIB follows EU policies, values and procedures, with all projects subject to policy first scrutiny.** The NDICI mandate reinforces policy first by systematically associating the EIB with the overall EU programming process, including financing from the EIB's own resources. This further enhances the consistency and coordination of overall EU development finance resources. At the same time, it also contributes toward a more strategic alignment of all EU-supported interventions, irrespective of the implementation partner, based on common EU policies, rules and procedures. The EIB will be a more systematic and active partner of the European Commission and European External Action Service (EEAS) both on the ground and at headquarters levels, using its expertise and experience to inform the programming process.

Guiding principle 2: Contextualisation

26. **As part of the EU efforts, the EIB will follow a context-specific approach to fragility and conflict.** The Bank will collaborate with EU partners to analyse the nature of fragility and conflict, contributing to the country-level conflict analysis screening, and complementary diagnostics when needed so that an appropriate programme of support is tailored to the situation. Working closely with the EU partners and other multilateral development banks/development finance institutions, it will aim to respond to the specific drivers of fragility and conflict and develop differentiated operational responses.
27. **The EIB's engagement in FCC is aligned to and informed by the EU country and regional Multi-Annual Indicative Programmes and the associated assessments.** The EIB will continue to work closely with EU Delegations in FCC to support Multi-Annual Indicative Programme development and reviews, as well as the related conflict analysis screening and other analytical processes, undertaking its own additional research *where necessary* to complement existing analysis. These regional and country planning and analytical processes help to form and design the EIB contributions to EU policy objectives in their specific contexts, especially in terms of moving out of fragility and building resilience (nationally and regionally), recovery, peace building, addressing and preventing conflict, and crisis response. Ongoing attention to conflict analysis also offers an opportunity for continuous dialogue to enhance the collective understanding of conflict dynamics.
28. **The Bank's engagement in FCC will be tailored to the degree of fragility and conflict.** The context of fragility and conflict can vary significantly spanning contexts at risk of conflict or a breakdown in state institutions, to situations of high-intensity conflict and violence, through to situations of emerging recovery and stability, and of macroeconomic and political challenges. Context analysis, stakeholder identification, sound judgement and monitoring are required in understanding the specific environment. The EIB will seek to work with other finance institutions to better understand the conflict's relationship with the private sector and its impact on sustainable investments.

Guiding principle 3: Impact-driven investment

29. **Wherever it invests, the EIB is committed to development that helps build economies that are productive, sustainable and inclusive.** Investments need to be economically and socially viable and underpinned by solid analysis. In FCC, the EIB will direct its investments towards the overarching strategic priorities²² of the EFSD+, whilst seeking to augment its potential to contribute to the European Union's broader peace and stability agenda. It is understood that in times of acute crisis, emergency measures are developed in a collective effort with attention paid to addressing the greatest needs.
30. **In FCC, the EIB's investment will aim to actively contribute to conflict prevention; reducing fragility and building resilience; recovery; and peace building.** These objectives may be the primary intent (the most important outcome of the project or investment), or secondary in that the successful delivery of a development project will have positive outcomes for resilience and make a significant contribution. Although not every project will be able to make a measurable contribution, the EIB's overall approach to investments will be more proactive in this regard. The EIB will seek to assess the full potential development impact when making its investment decisions and expand its efforts on monitoring, evaluation, and learning related to fragility and conflict.
31. **Investments in climate adaptation and mitigation present multiple peace-amplifying opportunities.** As the EU climate bank, the EIB provides substantial climate-related investment and will also bring its expertise and resources to bear in the countries of operation that suffer from fragility or conflict. Increased competition over fertile land and deteriorating food security means that many developing countries will face social unrest, inward and outward migration, conflict and fragility and increased mortality, unless efforts are made to limit the impact of climate change — indeed, many countries are already experiencing these pressures. By supporting inclusive and green growth, and by investing in both adaptation and mitigation, the Bank can address drivers of conflict and support resilience in affected populations, whilst also achieving some of the social outcomes to which it is committed. For example, gender responsive climate investments can strengthen climate and environmental outcomes, address inequalities, open up business opportunities and be financially more effective.
32. **The Bank will make investments in vital economic and social infrastructure, notably healthcare, education and housing, and in creating opportunities to help young people and women in particular build prosperous futures, to boost economic resilience and promote inclusive growth.** The Bank will support projects that promote social cohesion, gender equality, women's economic empowerment and social inclusion and peaceful community relationships. Ensuring the application of the EIB's Environmental and Social Standards and a strong commitment to equality and inclusion are important elements of the investments, regardless of the sector in which they take place.

²² These are: (i) Global Gateway: Digital infrastructure and transport; (ii) Green Deal: Energy, sustainable agriculture, biodiversity, forests and water; and (iii) Jobs and sustainable and inclusive growth: Micro, small and medium enterprises (MSMEs), sustainable finance and impact investing, sustainable cities, human development (health, education).

33. **Sustainable and inclusive economic development is mostly driven by business.** Small and medium enterprises (SMEs) also play a key role in economies recovering from conflict. Economic and private sector development are particularly important in FCC where the inequality in access to economic opportunity, resources and services are often root causes of fragility and conflict. Economic and private sector development that leads to job opportunities and livelihood choices for marginalised groups can generate more equitable growth and prosperity, a valuable outcome in itself, and one which may also address the underlying drivers of conflict and fragility. The Bank has a large and productive portfolio of work in this area, including in FCC, and through this strategic approach aims to further strengthen its impacts in this field. However, it is understood that in complex settings the relationships between SME development and peace or conflict prevention are not straightforward. It is therefore important to ensure understanding of the context, including the key drivers of conflict and fragility.

Guiding principle 4: Conflict sensitivity

34. **The EIB has a defined operational approach to conflict sensitivity in place and has significant experience in applying it in FCC operations.** In the EIB context, conflict sensitivity is defined as an explicit awareness of the operational, institutional, and country risks related to violent conflict. The conflict sensitivity operational approach helps staff manage the EIB's exposure to conflict-related risks and identify opportunities for EIB investments to take advantage of potential peace-amplifying opportunities through impact-driven investment. At a minimum, the EIB seeks to avoid aggravating conflict when operating in conflict-prone and conflict-affected environments (do no harm) and mitigate the conflict/fragility-related risks to the extent possible within the project context. Operations in FCC are screened for conflict and fragility dimensions, and the appropriate levels of additional conflict analysis, risk management and/or adjusted project design measures are decided upon on a case-by-case basis.
35. **Not all EIB investments in FCC will have the potential to contribute to conflict prevention, recovery and peace building.** However, where possible this will be actively pursued and in line with the conflict sensitivity principle, EIB investments should at a minimum do no harm and mitigate the fragility-related risks to the extent possible within their remit. In all cases, the EIB will be aligned with the EU approach.

Guiding principle 5: Social sustainability and inclusion

36. **Social sustainability and the promotion of social inclusion are at the heart of the Bank's ambition.** The promotion of social sustainability and inclusion has relevance for all EIB geographies, but in particular in FCC, where rights, resilience and equality are often critically absent. In FCC, the Bank will seek to enhance its focus on the most disadvantaged, vulnerable and excluded groups. Applying the social sustainability and inclusion principle will mean systematically assessing the extent to which a project contributes to gender equality, to the social inclusion of vulnerable people and communities, such as young people, people with disabilities, migrants and refugees, amongst others, and to reaching those communities in isolated, fragile or conflict situations. It will also include assessing how best to prepare for the impacts of future trends and build the resilience of the most vulnerable people, communities and regions, reducing the risk of them spiralling into further poverty, exclusion and fragility.

37. **The values to which the Bank adheres are captured in its Environmental and Social Sustainability Framework (ESSF), implemented through Environmental and Social Policy²³ and Standards²⁴.** The ESSF is based on the relevant EU policies and legislative framework as well as international good practice, and reflects what it takes to do business in line with respect for human rights, protection of the environment, and addressing climate change, whilst applying transparent and sound governance arrangements. The implementation of the Environmental and Social Standards advances the business environment and enables both public and private sector partners to engage with their responsibilities in addressing development challenges and harnessing opportunities in a responsible manner. The EIB recognises that the application of the Environmental and Social Standards in different FCC may require support and an approach that is fine-tuned to the specific context.²⁵
38. **The EIB recognises that gender equality is a key to contributing to sustainable development.²⁶** Societies with more gender equality tend to be more resistant to violence and conflict. The EIB therefore applies a gender lens to financing operations, due diligence and conflict analysis. It also promotes gender-smart investments, and through its social sustainability and inclusion approach, its dedicated Gender Action Plan and the use of its Gender Tag, it seeks to systematically increase and track its positive impacts on gender equality and women’s economic empowerment.
39. **In line with its existing policies and commitments, care is taken to ensure EIB investments and activities meet the highest standards with respect to protection from sexual exploitation and abuse/gender-based violence and harassment.** Gender-based violence and harassment-related challenges are particularly acute in the volatile contexts of FCC, where people often have reduced access to resources and services and feel under increased pressure to conform to gender stereotypes and where the rule of law may be weak. Bank investments in FCC will recognise and mitigate the increased risks in this regard.

²³ [The EIB Group Environmental and Social Policy](#)

²⁴ [European Investment Bank Environmental and Social Standards \(eib.org\)](#)

²⁵ When co-financing with other development finance institutions, the Bank seeks to follow a common approach for the assessment and management of environmental, climate and social impacts and risks.

²⁶ European Parliament and Council, “Decision No 466/214/EU of the European Parliament and of the Council of 16 April 2014” (European Parliament and Council, 2018).

Engagement orientations

40. **The EIB will aim to adjust its engagement based on the context and levels of fragility and conflict, as well as its own comparative advantage, capacities and mandates.** Building on the context analysis, tailored engagement is expected to facilitate more strategic targeting of projects, and high-impact and conflict-sensitive design and implementation in a manner that fits the context. To this end, the Bank has identified four broad orientations: (i) promote conflict prevention; (ii) stay engaged; (iii) support recovery and peace building; and (iv) respond to crisis. These orientations are neither mutually exclusive nor linear: they may be used simultaneously within one country experiencing different levels of fragility or conflict across its territory.
41. **The engagement of the EIB in each of the settings will be informed by:** (i) the guiding principles; (ii) the EU policy objectives, including through the conflict analysis, in the context of the EU programming exercises and the priorities outlined in the Multi-Annual Indicative Programmes; (iii) the value added the EIB's activities can provide; and (iv) the EIB's capacity and resources.
42. **Importantly, the EIB's interventions are typically directed at narrow parts of the economy and the use of resources therefore requires a strategic outlook and prioritisation based on the highest potential impact.** In defining its engagement in a specific fragile setting, the Bank will seek to make best use of the mandate and limited financial and human resources available.
43. **In certain situations, in FCC, the Bank may not act in a given setting.** Decisions on engagement will need to consider factors including the EIB's mandate, potential complementarity of its operations within Team Europe and with other multilateral development banks/development finance institutions; the European Union's policy direction regarding engagement; the likely impact of its operations and activities; and security of Bank staff and assets. Levels of engagement may also be impacted by the capacity of both the host government and the private sector. As such, the contextualisation of EIB activities in FCC is paramount for successful engagement.

Promote prevention

44. **Promoting the prevention of conflict and building resilience will be the EIB's intention in fragile contexts where failures in institutions, poor governance and/or economic (such as growing indebtedness, financial instability), environmental, political, security and societal fragility create a high risk of conflict.** This approach is about helping prevent high-risk situations from spiralling out of control and ending up in violent conflict. Such efforts are based on a recognition of the drivers of vulnerability and fragility as well as an understanding of the spatial patterns of conflict, including climate-related²⁷ factors. The analysis of the drivers and impacts of fragility and conflict or other relevant analysis together with the priorities outlined in the Multi-Annual Indicative Programme will inform the actions supported by the EIB.
45. **Most of the contexts that require conflict prevention are characterised by relatively high levels of complexity and uncertainty.** The Bank will work with the European Union and other partners on understanding the risks, through participation in horizon scanning and enhanced diagnostics, whenever feasible. The Bank will seek to participate in the regional or country platforms for dialogue and partnerships fostering investments to support stability and build (socio) economic resilience. The analytics and EU Multi-Annual Indicative Programme will direct the Bank to proactively support specific themes or sectors as well as addressing the impacts of fragility, such as forced displacement and migration.
46. **The EIB added value in conflict prevention action is clearly biased towards addressing the drivers of fragility and conflict and building resilience.** Tackling climate-related fragility drivers, supporting gender equality and women's economic empowerment, promoting inclusion of vulnerable and disadvantaged groups, and in particular fostering economic opportunities and employment for young people in such contexts is of paramount importance and relevance for EIB activities. The risks of conflict are generally high where institutions are weak, or inequality, in terms of geography or social groups, leads to exclusion. Whenever possible, the Bank will promote peace-positive investments that aim to tackle these root causes, for instance by ensuring investments benefit marginalised groups or deliberately focusing on geographic areas that are underinvested.

²⁷ Tobias Ide, Michael Brzoska, Jonathan F. Donges, Carl-Friedrich Schuessner, Multi-method evidence for when and how climate-related disasters contribute to armed conflict risk, *Global Environmental Change*, Volume 62, 2020

Stay engaged

47. **In situations where a high-intensity, often protracted conflict is ongoing, the Bank will coordinate closely with the EU Delegation in the country and other EU and development partners to determine whether and how the Bank should engage.** Whenever possible, the Bank will seek to stay engaged, protecting investments, examining support for investment in viable areas, and/ or preparing for future operations at an appropriate point. When necessary, the Bank may also help address urgent needs within its mandate and ability.
48. **Conflict is increasingly diverse in nature and does not necessarily mean that a country's whole economy or territory is off limits.** In many geographies characterised by conflict, there are significant regional differences in intensity of conflict, and investments in certain sectors, for example the digital economy, banking or infrastructure remain possible — there may be potential for investments in pockets of stability. In contexts of (active) conflict, the Bank will maintain a focus on innovative, transformational investments, and mainstream building back better and leave no one and no place behind principles, as its core contribution. Approaches in the context of the humanitarian-development-peace nexus have been developed, such as the durable solutions approach, which combines humanitarian-focused action with investment to address the root causes of the conflict.
49. **In these situations, investments that focus on limiting or counterbalancing the impact of conflict are generally important.** This kind of investment may focus on protecting key infrastructure and basic services, support for political stability, or partnerships that can promote stability and recovery. Where feasible, the Bank will support projects that contribute to a peace-building impact. Investment in conflict-affected areas should benefit people who most need it — the most marginalised and hard-to-reach — and they need to have a voice in how this is provided. Inclusive engagement is therefore an essential ingredient of the EIB approach.
50. **Investment in active conflict settings carries high fiduciary, political, reputational and security risks, as well as risks to the achievement of investment objectives.** Careful consideration of the risks will inform the decision-making concerning the type of action the EIB can undertake and the specific deployment arrangements that need to be made, in terms of personnel and partnership development, but also in terms of specific product design, repurposing of loans, restructuring of projects, and, for example, loan conditionalities, controls and safeguards. Directly linked to the high-risk environment are the challenges for mobilising funds resulting from these risks. The EIB, in collaboration with partners, will explore the feasibility of dedicated flows/investments and guarantees that will facilitate and stimulate investment in the contexts concerned.

Support recovery and peace

51. **The EIB will support recovery and the peace agenda in contexts where active conflict has receded, and positive investment prospects aimed at future resilience and growth have become realistic.** In these contexts, where a turnaround has commenced, support is typically required to help decrease risks, strengthen emerging pathways towards resilience and actively build positive peace. The EIB sees significant options for engagement in post-conflict contexts, building on its long-standing experience in these situations, complemented by strong engagement with local and global partners.
52. **In a stabilising context, the institutional arrangements, investment environment and security arrangements all show signs of improvement.** While the risks that violent conflict may re-emerge remain important, development action will take a more positive angle towards building resilience, focus on reconstruction, economic growth, expanding institutional capabilities and in general support for rule of law-based democratic governance and human rights.
53. **The EIB investments will align with the EU Multi-Annual Indicative Programme and the EIB focus areas, and tune into the specific opportunities of the local context for investment.** Investment priorities will increasingly focus on restoring economic productive capacity. Other immediate objectives might include facilitating private investments, supporting private sector-led job creation, and advancing regional economic integration supporting the transition to a stable situation. In certain situations, the Bank may support other development partners in designing and implementing post-crisis needs assessments (PCNA), recovery and peace building assessments (RPBA), or joint damage and needs assessments (JDNA), which would drive subsequent planning and coordination in reconstruction and prioritising investment.
54. **In recovery situations, the EIB will promote a tailored approach to take full advantage of its instruments.** The priorities of the EU Multi-Annual Indicative Programme or alternative measures (such as special measures packages) and the collaboration and coordination arrangements with other multilateral development banks/development finance institutions and development agencies will inform the focal areas for EIB investment. The Bank will seek to strengthen its catalytic role in bringing together financing partners with an explicit development mandate, including to support private sector development. Overall, the Bank will aim to help build long-term institutional development within major investments and future proof investments to help build resilience and preparedness.

Respond to crisis

55. **Crisis response and preparedness acts in support of the European Union's wider support for peace and stability in FCC.** Whether rooted in (a mix of) violent conflict, economic destabilisation, food insecurity, environmental decline, climate change, a pandemic or another natural disaster, crises mostly trigger a significant humanitarian response and assistance. As indicated through the emerging humanitarian-development-peace nexus, to realise long-lasting development impact it is critical to tackle the root causes behind the crisis in FCC, beyond the provision of urgent assistance.
56. **The EIB will carry out urgent interventions when circumstances demand an immediate response.** As part of Team Europe, the EIB will leverage its existing portfolio and know-how to support emergency responses when necessary and plan to stay engaged over the long term to shape the more transformational investments required to tackle the root causes of crisis. In these circumstances, speed of response, flexibility and adaptive management arrangements are critical, as is maintaining transparent and sound safeguards. Internal and external coordination arrangements are vital to this work and the EIB will further enhance its preparedness for responding to crises in an appropriate manner. Box 3 sets out recent examples of the EIB's responses to different types of crisis in FCC.

Box 3: Recent crisis response by the EIB in FCC

War in Ukraine: At the outset of the conflict, the EIB prepared an emergency solidarity package for Ukraine in close collaboration with the European Commission. This included the repurposing of existing loans and the provision of immediate liquidity assistance to the Ukrainian authorities. As part of this package, the Bank is also accelerating the delivery of additional commitments for infrastructure projects. In parallel, the Bank is developing a support package for the EU Eastern and Southern Neighbourhood, the EU Enlargement Region and Central Asia to mitigate the consequences of the refugee crisis and help address the social and economic fallout caused by the war.

Coronavirus pandemic: The EIB supported the European Union in tackling the economic consequences of the coronavirus pandemic, successfully scaling up significant support for small and medium-sized businesses. The pandemic has shifted the global financing picture by exacerbating needs and challenges, and FCC will struggle to pay for their recovery from the COVID-19 crisis. The costs will be a huge extra expense for countries that are already dealing with many development challenges and the mounting effects of climate change. The EIB will continue supporting projects that address pandemic impacts and improve countries' readiness to respond to future pandemics.

Forced migration: The EIB will continue to work with partners to design and deliver an effective response to ongoing global forced displacement affecting many FCC. This approach focuses on the socioeconomic components, promoting the acceptance and inclusion of forcibly displaced people in host communities, and supporting economic resilience for host communities and forcibly displaced people through job creation. The EIB is committed to tackling displacement in host countries, transit countries and countries of origin.

Pillars and implementation areas

57. **The strategy will be operationalised through three pillars, each of which comprises different implementation areas**, representing tangible entry points for action towards the FCC strategic vision.

Pillar 1: Operational responsiveness

Enhancing diagnostics and analytics for FCC

58. **In FCC, NDICI-Global Europe programming will be informed by the analytics, diagnostics and pre-programming work done at country, regional and thematic level, as well as by conflict analyses.** Under NDICI, actions should be implemented through geographic programmes to foster coherence and effectiveness. Multi-Annual Indicative Programmes represent the backbone of EU programming with a specific country or group of countries. They set out priority areas, specific objectives, expected results, performance indicators and the indicative financial allocations.
59. **The EIB plays a key role in support of Multi-Annual Indicative Programme development and review, including support for all programming activities and required diagnostics.** This requires the EIB to contribute to enhanced upstream analytics to ensure programmatic complementarity and to ensure that during implementation, investments remain aligned with policy direction in a fast changing and dynamic environment. With its expertise and country operational knowledge, the EIB will continue contributing to the European Union-led conflict analysis screening processes in the relevant countries of operation. EIB activities will be informed by the European Union-led conflict analysis screening, and complemented by the EIB's own analytical work, as needed.
60. **The Bank produces a wealth of analytical work²⁸, which informs and feeds into EIB operations.** These various analyses already include many elements of relevance for understanding conflict and fragility, such as political economy, access to finance and infrastructure, gender equality, infrastructure, etc. They are produced by the Bank's teams of economists or sectoral experts, often in collaboration with other partners, such as multilateral development banks/development finance institutions²⁹. Over the course of the implementation of this strategic approach (2022-2027), the Bank will seek to optimise the use of existing analytical products for its activities in FCC, and, to the extent possible, expand them further.
61. **The Bank will undertake more forward-looking analytical work focusing on critical themes and sectors in specific geographies.** As part of its work on future-proofing (under the social sustainability and inclusion approach), the EIB will perform periodic scanning to inform how best to adapt to evolving megatrends and to build resilience to unforeseen shocks in FCC. Similarly, the Bank will seek to enhance its understanding of the contribution of its investments to the pathways out of fragility and develop evidence about what works.

²⁸ This includes but is not limited to ratings, early warning systems, financial sector reviews, sectoral/thematic analysis (such as on digital economy in Africa), regional reports on challenges and opportunities (such as Finance in Africa), the Bank's Enterprise Survey, Bank Lending Surveys, Economic Vulnerability Index, and country diagnostics.

²⁹ For example, the Enterprise Surveys or country diagnostics.

62. **Under the aegis of the EIB's Conflict Sensitivity Helpdesk, learning from the collective application of conflict sensitivity will be strengthened, which will contribute to fine-tuning the overall approach.** Ensuring feedback and analysis concerning project implementation and the impact that conflict sensitivity measures have on how the project manages (potential) conflict situations, in particular related to do no harm and do good principles (such as in terms of potential contribution to conflict prevention), but also in terms of how effectively they are integrated into the project cycle, will be of critical operational relevance. The helpdesk's findings will be complemented by targeted assessments and research that will continue to build up a systematic picture of the EIB's growing experience in FCC.
63. **In partnership with other development and investment agencies, the EIB will work on strengthening data availability and analytical capacity.** Contextualising the EIB's investment action in FCC requires a sound understanding of the context, which in turn requires reliable data and analytical capacities. The EIB recognises that the investments in terms of human and financial resources and the required competency profiles cannot be fully internalised and that collaboration with other agencies will be part of the solution. Partnerships will be strengthened and deployed to jointly tackle these challenges.

Enhancing operational responses

64. **The EIB will take advantage of the changing development finance landscape to support investment in FCC (see Box 4).** The Bank will look to use EFSD+ in tandem with other support to improve the investment climate in partner countries, including FCC. EFSD+ implies investment should be accompanied, where appropriate, by policy and technical advisory services to enhance the investment climate, including governance reforms, training, and skills development. The latter is more likely to be successfully addressed through a diversity of partnerships and increased presence on the ground. Wherever relevant, the EIB will seek to improve its processes, to facilitate its operations in FCC under EIB Global.

Box 4: EIB Global operationalisation

EIB Global will implement EU priorities with dedicated investment windows under NDICI-Global Europe,³⁰ including the exclusive sovereign window 1 as the backbone, complemented by its own risk facilities.³¹ In addition, EIB Global will implement these priorities with backing from other investment windows and mandates.

The framework for EIB Global mandates from the European Union will be:

- The geographic programmes established by the NDICI-Global Europe Regulation, specifically dedicated investment windows 1-3. Dedicated investment window 1 (DIW1) provides comprehensive risk cover for operations with sovereign counterparts and certain state-guaranteed sub-sovereign counterparts. DIW1 is expected to be the largest DIW under NDICI-Global Europe for the EIB and enable sovereign operations at scale, including in FCC.
- EFSD+ investment window 4 and the ACP Trust Fund, also dedicated to the EIB. DIW4, which will cover ACP private sector operations, and the new trust fund, which will enable high-risk, high-impact operations in the ACP, are of particular relevance for FCC.
- An EFSD+ open architecture component, accessible by all pillar-assessed implementing entities including the EIB, which offers a remunerated EU budgetary guarantee in different forms to facilitate a broad range of financial instruments (debt, equity) with private and sub-sovereign counterparts.

The EIB Group Operational Plan plans for a progressive increase of the overall financing for EIB Global over time, with €9.6 billion in 2022, €10.1 billion in 2023, and €10.6 billion in 2024.³² This includes a substantial portion of higher-risk activities and mandates.

65. **To maximise its impact in FCC, the EIB will enhance its operational focus on interlinkages between fragility, conflict and other development themes, such as gender equality, climate change, and migration and forced displacement, including in situations of crisis.** Opportunities to do this include:

- **The Bank will build on its experience of dealing with crisis to date, and work on improving its readiness to respond at both international and local level.** Sudden-onset emergencies and subsequently required recovery plans are, by definition, difficult to predict and plan for. Nevertheless, much can be done by way of preparing and strengthening an organisation's capacity to respond. This may include developing protocols for emergency situations, setting up a dedicated task force to facilitate coordination of action across the Bank's departments, and developing scenarios and an action perspective for the short to long term.

³⁰ Comprehensive information about the NDICI-Global Europe structure, targets, and volumes is available on a dedicated website. [Neighbourhood, Development and International Cooperation Instrument – Global Europe - Performance | European Commission \(europa.eu\)](https://neighbourhood-development.com/en/ndici-global-europe)

³¹ EIB Global's operations will be carried out under windows periodically approved by the Board of Governors in line with Article 16 of the Bank's Statute.

³² [The EIB Group Operational Plan 2022-2024](#)

- **The Bank will build on its current gender-smart portfolio to promote further gender equality and women’s economic empowerment in FCC.** Notably, SheInvest is the EIB initiative to support gender equality and women’s economic empowerment throughout Africa. The EIB has mobilised more than €2 billion in gender-lens investing since the beginning of the initiative in late 2019, thereby unlocking much-needed business and social transformation potential. Within SheInvest and beyond, the EIB will promote conflict-sensitive and gender-smart investments and explore further operational opportunities in this area.
 - **The EIB will put more emphasis on the intersection of climate change, conflict, fragility, migration and forced displacement that presents opportunities for achieving positive development impacts — towards more stable and peaceful societies.** As part of its activities outside the European Union, the Bank will pay special attention to expected socioeconomic impacts of climate change-related policies in FCC. In line with the EIB Climate Adaptation Plan³³, the Bank will focus on supporting efforts for enhancing the adaptive capacity of populations at risk of forced displacement due to either future climate shocks or slow-onset climate impacts. The EIB will also aim to enhance the resilience of urban and rural communities hosting large numbers of internally displaced people, migrants or refugees, and support cities and economies in responding to increased pressure on scarce resources and infrastructure services.
 - **The EIB will build on its successfully established and validated contribution to long-term resilience.** The Economic Resilience Initiative (ERI) achieved its targeted increase in EIB financing by €6 billion in the EU neighbourhood regions, successfully achieved through investments in essential infrastructure, job creation and SME financing contributing to more resilient host countries, transit areas and countries of origin, with the aim of better equipping them to sustain future shocks. In 2021, a new and expanded operational approach on migration and forced displacement, including in crisis situations, was developed by the EIB.
66. **The Bank will leverage both public and private finance solutions to support private sector development in FCC.** It will seek to develop bankable projects by providing financing, advice and technical assistance to SMEs and local companies, mainly through financial intermediation. The EIB will target private sector investments with high additionality and impact, demonstrating its value proposition on the basis of its financial structuring expertise, risk-taking capacity and ability to mobilise finance on terms that are usually not easily available in these markets.

³³ [The EIB Climate Adaptation Plan: Supporting the EU Adaptation Strategy to build resilience to climate change](#)

67. **The Bank intends to target strategically its lending and non-lending instruments for maximum impact, as well as combine EIB funds with other sources of financing³⁴ in FCC.** The Bank will seek to use and enhance existing upstream analysis, consult with partners and stakeholders, and consider using a range of financing terms to implement differentiated approaches that will maximise development impact. Whenever available, the Bank will seek to provide concessional finance in FCC within the context of its specific investments and expand its upstream support to clients that are not able or ready to develop bankable projects.
68. **The EIB Conflict Sensitivity Helpdesk helps staff translate conflict sensitivity into practice.** The helpdesk supports the EIB in assessing contextual risks and opportunities and makes recommendations for project design and/or implementation adjustments, in order to make projects more conflict-sensitive. In order to enhance the integration of conflict sensitivity into the Bank's project appraisal and monitoring, the Bank will develop support tools on the application of the conflict-sensitive approach in operations in FCC.

³⁴ This will include co-financing from other development finance institutions and blending and grants from the European Commission and donors. The allocation of EFSD+ guarantees and complementary grants under NDICI-Global Europe will be based on the relevant programming documents and respective priorities and will take the specific realities and needs of each partner country or region into consideration.

Addressing risks in FCC

69. **The complex risk environment in FCC and the frequent absence of solid data and diagnostics tend to fuel high risk perceptions.** Improved understanding of the context and better availability of data and analysis are likely to provide more granular insight regarding the risks. In particular, more clarity is often needed on the potential for actively mitigating and reducing risks through well-targeted support. In partnership with other development and investment agencies, the EIB will undertake efforts to improve the availability of data and analytics around different kinds of risks.
70. **Risks are not the same for all involved in an investment and differ per region and sector.** Different groups in society and different partners in FCC face different types of risks. Understanding how different financial and non-financial risks impact different groups in society is critical in shaping investment projects and accompanying arrangements, for instance regarding resettlement, inclusive decision-making, or the financing structure of the investment, and in understanding how projects influence risks of fragility and conflict. Risks also vary by geography and sector — not every sector or region is equally exposed to risks of fragility and conflict. This means that risk analysis needs to be informed by an adequate level of granularity. The EIB will enhance its standardised risk tools where appropriate.
71. **The Bank recognises that working more in FCC will mean more risk but potentially higher rewards in terms of development impact.** The EIB will continue to develop and enhance appropriate risk management guidelines to safeguard the investments and to mitigate the risk that the objectives associated with the investment might fail to be realised. It will also seek to develop new tools to help share financial risk, de-risk projects and identify development gaps that can be addressed through private sector solutions. Using the options available under the EFSD+, it will explore opportunities for instruments and structures that can help to mitigate risk, such as innovations in microfinance, blended finance and guarantees.

Optimising advisory services and technical assistance for FCC

72. **The Bank will aim to strategically deploy its technical assistance and** advisory services to enhance investment readiness to increase investment in FCC. Working directly and through enhanced partnership arrangements, the EIB will provide those countries with the expertise needed to address challenges and opportunities for investment. Technical assistance is not only necessary for preparatory work, but also to support the disbursement of funds and successful project implementation. For this reason, the EIB will seek, whenever feasible, to work with partners that already have an extensive presence on the ground in FCC, such as UN agencies. The access of additional technical assistance under NDICI will be considered on a case-by-case basis. To reduce transaction costs, the Bank will seek to establish thematic technical assistance envelopes whenever possible.
73. **Technical assistance is necessary to meet the requirements of often more complex operations, in complex contexts, and to mitigate the higher degree of project and performance risk associated with FCC.** For FCC, where the opportunities for private sector engagement may be limited for commercial reasons, particularly with regards to inclusiveness of more remote and underserved segments of the population, the Bank will seek to contribute to the enabling environment for private sector investment in specific areas, with a medium-term objective of creating opportunities for investment. This may involve the provision of advice and technical assistance to SMEs and local companies (borrowers and final beneficiaries), with a particular focus on support for women-owned enterprises.
74. **The EIB has a number of options for support for FCC under the existing trust funds.** The Bank has set up a partnerships platform for funds as a new framework for managing donor funds,³⁵ in addition to several trust funds³⁶ that were created beforehand. Most of these trust funds support innovative, high-impact financing solutions across the globe, including in many FCC. Based on operational demand and needs, the Bank may explore additional trust fund options, including those for activities supporting conflict prevention, resilience building, recovery, and peace building in FCC. Any design of further dedicated trust funds would need to ensure that support is targeted, focused, and with specific outcomes.

³⁵ The funds managed under the platform are the Economic Resilience Initiative Fund, the Financial Inclusion Fund, the Gap Fund, the Green Hydrogen Fund, the International Climate Initiative Fund, the Luxembourg-EIB Climate Finance Platform and the Water Sector Fund.

³⁶ These include the EPTATF and FEMIP Trust Fund for which it seeks replenishment from existing and prospective donors. In addition, the EIB manages EU-AITF, which is currently in the winding down stage, but with two envelopes of reflows secured for the Bank's exclusive use. In addition, the European Commission and the EIB are setting up an Africa, Caribbean and Pacific (ACP) Trust Fund, which will focus on high-impact high-risk finance operations in the ACP region, including lending to FCC.

Pillar 2: Institutional environment

Enhancing capacity

75. **The creation of EIB Global fundamental to enhancing EIB engagement in FCC.** EIB Global will have a dedicated organisational structure and a strong association of development stakeholders in its governance.³⁷ The EIB will enhance its local presence outside the European Union, based on local expertise, knowledge, and contacts, notably through greater reliance on locally recruited agents and the creation of regional hubs. The new regional hubs and increased local presence will make it possible to strengthen understanding of the local context, and better adapt EIB products. The EIB's country presence will be located within EU delegations wherever possible to strengthen synergies with EU partners.
76. **The EIB's external offices outside the European Union are expected to strengthen their local presence in terms of the number of staff and the level and depth of their technical skills.** This will enable better engagement by the EIB in the deployment of EU development programmes. Strengthening local presence will enhance the visibility of the EIB as a key development player outside the European Union, reinforce EU policy alignment, and contribute to closer and more robust relationships and cooperation with the EU delegations and other Team Europe partners. As the local presence is scaled up, the EIB will aim to cultivate and deploy staff with experience from and knowledge about FCC.
77. **One of the Bank's strengths is its technical sector expertise across a wide range of areas that are relevant to progress on the SDGs.** This includes sectoral expertise in mobility, energy, health, digital, education, housing, SME innovation, industries, urban development, water management, agriculture and the circular economy. Opportunities exist to leverage several of these areas of expertise in FCC, with a particular emphasis on the cross-cutting theme of climate, in alignment with commitments under the Climate Bank Roadmap, as well as other principal development themes like gender equality, inclusion or poverty.
78. **Building staff capacity to work in FCC will be one of the key areas of enhancement under this approach.** Over the years, the Bank has developed a tailored training scheme on conflict sensitivity for its staff; over 350 operational staff have undergone this training since 2017. The offering will be reviewed and a comprehensive approach toward internal capacity development will be implemented.
79. **Wherever possible and relevant, the Bank will seek to strengthen human resources with the appropriate expert staff.** Strengthening the staffing base is important to ensure sufficient in-house competency related to fragility and conflict. This would include staff with specialist knowledge of conflict and fragility as well as other experts working on impact-driven investments in FCC.
80. **Internal capacities need to be complemented by external resources.** The EIB is active in a varied and large number of contexts. It is inconceivable for all potentially required competencies, skills and knowledge to be fully sourced internally, nor would that be an economically sensible approach. Internal capacity will therefore be complemented by call-down consultancy procurement and strong partnerships with agencies that have complementary knowledge, competency and skills profiles as well as potentially a bigger footprint in-country.

³⁷ The work on further development of dedicated strategies and operational arrangements for EIB Global is ongoing.

Enhancing impact measurement and learning

81. **The Bank will seek to expand the tools for monitoring, evaluating and learning from its FCC engagements.** The EIB has developed an appropriate methodology to capture projects contribution to the achievement of the SDGs, by ensuring its individual data elements have been mapped.³⁸ Further work may be done to refine the mapping of EIB contributions to the achievement of SDG 16. Building on its Additionality and Impact Measurement Framework (AIM), the EIB will enhance tracking of its development impact in FCC, to better capture the EIB's contribution to conflict prevention, peace building, and recovery. More systematic case studies on its flagship projects and instructive operational experiences in FCC will also contribute to institutional learning around this topic.
82. **The EIB will prioritise development of a robust knowledge base that enhances its expertise in tackling conflict and fragility through lending, blending and advising.** So far, the EIB has had a primarily thematic or sectoral systematic approach to learning about its operations in FCC, but without a specific fragility lens. Going forward, evidence-based learning and continuous reflection on the most effective approaches for the EIB to contribute to conflict prevention, resilience building, recovery and peace building will be essential. To that end, the Bank will establish a comprehensive knowledge management approach concerning the implementation of conflict sensitivity in operations in FCC.
83. **In FCC, the EIB will also rely on a monitoring and early warning capability of the European Union.** Moreover, whilst each situation is different, situations of high volatility, where operations are ongoing, may justify the preparation of contingency plans to deal with likely disruption to business plans and threats to investments. In certain circumstances, it could be helpful for the EIB, the European Union and other partners to carry out a joint scenario planning exercise to model a more complete and thought-through set of responses.
84. **The Bank commits to an evaluation of the implementation of this strategic approach by its evaluation team within five years.** In the meantime, the Bank will systematically seek to learn from complaints submitted to the EIB's complaints mechanism coming from operations in FCC; facilitate knowledge exchange and joint learning with other multilateral development banks/development finance institutions and partners; and gather more evidence of the impact of the conflict-sensitive approach in operations and activities.

Strengthening communications on FCC

85. **The Bank will promote internal and external communications around the implementation of this strategic approach.** Tailored and strategic communications are pivotal to the Bank's approach in FCC, including for mobilising financial support for the EIB's operations and activities. Communications will be fully integrated into the implementation of the strategic approach and monitored to ensure they are aligned with wider goals and are achieving the desired effects. Managing expectations will be an important element of the approach.

³⁸ [EIB impact report 2020](#)

Pillar 3: Strategic partnerships

86. **Recognising that constructive partnerships are critical to increasing its development impact in FCC, the EIB will seek to strengthen and nurture its partnerships with respect to specific geographies and themes.** The complex and interlocking nature of development challenges, especially in FCC, requires simultaneous action in a variety of different sectors and themes including security. It is therefore critical to engage in partnerships with agencies that retain complementary competencies, capacity, and in-country presence. The EIB will work closely with other parts of the European Union, and enhance collaboration with humanitarian, development and peace players that support sustained progress in FCC. The EIB will seek to identify obstacles to successful partnership and address them, including by helping partners to become familiar with Bank's policies and procedures.
87. Of particular importance will be the partnerships with i) the European Union and the Team Europe approach; ii) the other multilateral development banks and development finance institutions; iii) the United Nations and other international agencies; iv) civil society and academia; and v) partnerships in the countries where EIB is investing.

EU and Team Europe approach

88. **Key partnerships with other EU players are enhanced through the Team Europe approach.** The EIB is involved in 98 out of a total 150 Team Europe initiatives currently in place.³⁹ Strengthening the Team Europe approach on the conflict, peace building and development agenda is critical to EIB investment efficiency and effectiveness in FCC and has been called for in NDICI, with an integrated approach to conflict prevention with shared responsibility across institutions. This is particularly important in areas like support for strategic investments, in-field coordination, and emergency response arrangements. Furthermore, the EIB's status as the EU bank also underlines the importance of working closely with the EEAS, ECHO and other EU players in the development sphere and beyond. The policy first principle encompasses all players engaged in promoting the European Union's external action and the common foreign and security policy.

Multilateral development banks and development finance institutions

89. **The EIB has strong partnerships with other multilateral development banks and development finance institutions, including the bilateral investment banks, through different frameworks and arrangements, such as the Mutual Reliance Initiatives.** In FCC in particular, operational partnerships with other multilateral development banks and development finance institutions, in particular the European development finance institutions, through co-financing platforms or parallel financing arrangements, facilitate strategic investments and harmonisation of development priorities. An example is the Joint Partnership Action Plan with the African Development Bank to fast-track development in Africa signed in 2021.⁴⁰ Active and continuous engagement with other multilateral development banks/development finance institutions enables the EIB to exchange knowledge and experiences from FCC. Concrete joint initiatives with other multilateral development banks and development finance institutions at country level in FCC will be explored.

³⁹ 89/130 for DG INTPA regions, 9/20 for DG NEAR regions

⁴⁰ <https://www.eib.org/en/press/all/2021-027-african-development-bank-eib-sign-joint-partnership-action-plan-to-fast-track-development-in-africa>

United Nations and other international agencies

90. **The EIB has a series of cooperation arrangements and collaborative agreements with several UN agencies and other international organisations.** Whenever possible, the EIB will seek to complement the UN-EU strategic partnership on peace operations and crisis management and the new extended priorities set out for the 2022-2024 period. These priorities aim to respond more effectively to the evolving threat landscape and cross-cutting challenges such as climate change, disruptive technologies and misinformation, and the consequences of the global coronavirus pandemic.
91. **The increased attention to the Youth, Peace and Security agenda and the enhanced joint UN-EU efforts on the Women, Peace and Security agenda are also of relevance for the work of the EIB.** The EIB will further operationalise its existing agreements with a number of UN agencies, such as UNDP, UNEP, UNOPS and UNICEF. The partnerships with these agencies are particularly important to deepening understanding of the specific context in which the EIB is investing, broadening the instruments available for joint deployment in specific settings, and enabling a collective response to crisis and other urgent situations.

Civil society and academia

92. **The Bank is committed to meaningful stakeholder engagement and sees civil society as an important player and potential partner of the Bank in FCC.** Active and inclusive civil society organisation participation in EIB-supported investments can add value, especially in FCC contexts where state entities may have limited or no engagement in service delivery.⁴¹ The Bank will continue to engage in and further explore options for concrete cooperation with civil society in FCC, for example with women's organisations, in conflict prevention, economic recovery and peace-building processes. The EIB will seek to build on its partnerships with the climate and scientific community to help communities better prepare and respond in anticipation of future shocks.

⁴¹ EIB Standard 2 on Stakeholder Engagement of the EIB's ESSF specifies the requirements for promoters for engagement with local communities and civil society organisations.

Country-level partnerships

93. **The partnerships in the countries where the EIB is investing cover all partners outlined above as well as the national government/public sector.** The engagements of governments committed to reforms are essential to driving progress in FCC. While the broader, global partnerships with the international community are critical, partnerships with the same agencies in specific countries are equally important, and the EIB often partners with other multilateral development banks/development finance institutions or UN agencies to jointly implement and co-finance operations. It is through these national level partnerships that more operational and practical cooperation arrangements are shaped through, for example, knowledge and analytical arrangements, consultation structures or blended or parallel action design and support arrangements.
94. **While partnership arrangements are important in all types of fragility and conflict, collaboration in crisis response is particularly important to ensuring urgent support can be provided as efficiently and as effectively as possible.** This support is based on commonly understood needs, and — in the spirit of the humanitarian-development-peace nexus — goes beyond immediate life-saving support and addresses the underlying drivers and root causes of the crisis. When relevant for the EIB’s activities in a specific fragile context, the EIB will seek to join — or feed via the EU partners — design and implementation of post-crisis needs assessments, recovery and peace building assessments, and joint damage and needs assessments to share the analysis of the problem(s), coordinate a division of labour, modes of operational collaboration and financing to address challenges. The EIB recognises and values the importance of dialogue and partnerships at the local level where they add value to local delivery.

The way forward

95. **The EIB's Strategic Approach to Fragility and Conflict is designed to strengthen its contribution to the European Union's external action goals related to conflict prevention, peace and stability, and boost the Bank's ability to act swiftly as needed in crisis, acting within its business model and mandates.** It builds on the EIB's value proposition as a major provider of finance, working with partners to tackle key developmental challenges in FCC. Its approach reflects the Bank's way of working and capacity to support good practice in project design and implementation. The improvements planned under the implementation pillars will help to strengthen the identification and implementation of impactful and conflict-sensitive projects. The partnership arrangements will strengthen opportunities for collaboration with other development partners and continued constructive engagement along the humanitarian-development-peace nexus.
96. **EIB Global brings the resources, knowledge, and networks of the EIB to bear in its operations outside the European Union. Its structure fosters strong, focused partnerships within Team Europe.** The strategic approach will help EIB Global better promote EU external action goals in FCC, including regarding peace and security; climate action and economic resilience; gender equality and women's economic empowerment; and enhanced assistance for disadvantaged communities. With this approach, EIB Global is ready to enhance its development impact in FCC and is supported by specific mandates from the European Union to back it up.
97. **The EIB's experience, as well as the experience of peer organisations, indicate that one-size-fits-all solutions do not work in FCC settings and that the complexity of the different contexts require adaptive management.** This affects how investments are designed, how the Environmental and Social Standards are implemented, how the procedural environment is shaped and how projects are monitored in their context. This strategic approach outlines the main elements to further strengthen the internal and partnership arrangements that are needed to realise the above and that in the coming years will be developed further.
98. **The strategic approach will guide a phased, internal implementation plan to be developed subsequently.** Further identification of specific actions to be undertaken, their prioritisation and sequencing will be outlined in the implementation plan.

EIB Strategic Approach to Fragility and Conflict



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