

## Financial Cooperation in the context of peace, forced migration and fragility

On their path towards increased growth and prosperity, crises and conflicts pose particularly large challenges for developing countries. To overcome these, KfW uses a broad spectrum of measures to reduce fragility on the one hand, and promote peace on the other.

### Context

After a declining trend in armed confrontations since the end of the Cold War, the number of violent conflicts significantly increased between 2009 and 2018, from 33 to 52. As at 2018, the OECD identified ten more “fragile contexts” than a decade before. Fragile countries are mainly distinguished by their high potential for crisis, i.e. a significantly increased likelihood that violent conflict will occur. Due to the fact that armed conflicts can destroy many years’ worth of development successes very quickly, and significantly inhibit the development process towards achieving more growth and prosperity, promoting peace has become a core component of international development cooperation. Approaches to promoting peace cover a broad spectrum which extends from preventing the violent escalation of conflict to rebuilding for crisis prevention and structural development measures.

### The KfW development approach

In light of the core challenges arising from crises and conflicts, KfW Development Bank has continuously expanded its portfolio of measures over the past few years.

Although reactive measures were previously at the heart of KfW’s conflict-related work, the Development

Bank now increasingly deploys crisis prevention measures. These aim to reduce the likelihood of a violent (re)escalation of conflict and break existing conflict spirals. The objectives range from short-term avoidance of conflict escalation to the creation of long-term prospects for peace, and are based on the view that preventing violent conflict is not just the right thing to do morally, but that it is also significantly more efficient than rebuilding post-conflict. KfW is also increasingly adopting a resilience-strengthening approach which covers the capacity of individuals and institutions, societies and states to overcome crises that they encounter with a minimum of damage and recover as quickly as possible. The strengthening and expansion of social security systems is a typical example of this Financial Cooperation development approach — as well as, for example, the financing of public sector reform (see Current Topics “Crisis prevention and resilience strengthening”).

In acute violent conflicts, KfW is involved with emergency aid provision to secure essential supplies for the affected communities and re-establish basic socio-economic services. This is done to a significant extent by promoting measures to secure people’s livelihoods, such as programmes for food security, health care and the continuation of education. Alongside the short-term aid, KfW Development Bank’s projects are concentrated in particular on the medium and long-term rebuilding of public, economic and social infrastructure. This is how it supports the rebuilding of schools, health centres, roads and housing, as well as water and energy supply. Its proven goal in doing so is to use infrastructure rehabilitation, the improvement of the political situation as well as government services and promotion of private sector development to inspire the kind of capacity building that enables peaceful interaction. Such measures also aim to achieve a “peace dividend” which helps to re-establish the social contract and strengthen confidence in the state in the medium term. As part of conflict sensitivity, KfW Development Bank gives particular consideration to disadvantaged regions or groups within the population, in order to counteract existing inequalities.

Where possible, the construction measures are labour-intensive, so as to offer local people work, income and prospects for the future (see Current Topics “Emergency aid, rebuilding and peace consolidation”).

Closely tied to its development approaches in acute violent conflicts, KfW offers support to refugees, displaced persons and their host communities, all of whom are often in particular need of protection and assistance. This often involves providing food and basic social services (especially drinking water, basic health care and education) because the relevant supply infrastructure either does not exist or has been put under heavy strain by the influx of refugees. The host communities are often involved in such measures too, in order to strengthen local willingness to accept refugees and combat the further spread of conflict (see Current Topics “Forced migration and displacement”).

Another set of measures by KfW Development Bank as part of its commitment to reduce fragility and promote peace aims to reduce (domestic) violence and criminality. Since multiple types of political and social violence often intermingle in fragile contexts, violence prevention can be effective in stopping new conflicts. Here we prioritise programmes which contribute to slum improvement, encourage the building of women’s shelters and youth centres and boost the creation of employment programmes for young people (see Current Topics “Violence prevention”).

KfW Development Bank can choose from a wide range of approaches and tools to support the German Federal Government’s partner countries to preserve and promote peace. You can find further information in both the individual Current Topics and the “Financial Cooperation in the context of peace, forced migration and fragility” materials.

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