

Guidance note to EIB promoters

On environmental and social performance
in EIB-financed operations in response
to the COVID-19 outbreak crisis

Annex 5 – Fragile contexts

May 2020



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Annex 5 – Fragile contexts

This document has been prepared with the support of Saferworld, an independent non-governmental organisation focusing on conflict prevention and peacebuilding.

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1. COVID-19: Global consequences

COVID-19 has shaken the world, with profound immediate consequences and uncertain longer-term implications for societies worldwide. As the virus continues to spread globally and no country is left untouched, the impact of COVID-19 is beginning to be felt in the most fragile and conflict-affected contexts, and among the poorest and most vulnerable communities.

This briefing note seeks to support and provide advice to promoters operating in challenging environments across the globe on how to deal with new COVID-19 related contextual and operational risks.

2. COVID-19 implications for fragility and conflict¹

COVID-19 will interact with fragility and conflict in complex and unpredictable ways. The ability of many states to respond to the virus and the changing context will be inhibited by weak state capacity and poor health systems. While the numbers seem to imply a limited spread of the disease in the global south so far, it is unclear whether this may also be partly attributed to obstacles to its detection or inadequate reporting² – particularly given that the speed of the spread of the disease has confounded precise reporting in developed nations. The ability to track disease transmission may also be inhibited by factors such as ongoing conflict, the politicisation of the response (or lack of response), access to technology, and levels of literacy across countries.

¹ Conflict is defined as a situation in which parties disagree and act on the basis of perceived incompatibilities. Violent conflict occurs when parties resort to psychological or physical force to resolve a disagreement. Fragility refers to the combination of exposure to risk and insufficient coping capacity of the state, system and/or communities to manage, absorb or mitigate those risks. Fragility can lead to negative outcomes including violence, the breakdown of institutions, displacement, humanitarian crises, or other emergencies. [OECD definition]

² <https://www.usip.org/publications/2020/03/dont-leave-fragile-states-behind-fight-against-coronavirus>

Overall, while the direct impact of the virus is having severe consequences, the secondary impact of the pandemic will be long-term and is likely to hit fragile and conflict-affected contexts the hardest. Around the world, difficult decisions will have to be made with regard to balancing the imperative to address existing needs through development, humanitarian and peacebuilding work, and urgently adapting to respond to the pandemic. COVID-19 is a threat multiplier, with the potential to compound existing shocks and interact with existing conflict dynamics. It may aggravate existing tensions, exacerbate inequality, and contribute towards widening divisions within and between societies.

COVID-19 response in fragile contexts

As COVID-19 has spread across the world, standardised public health measures and guidance have been rolled out. However, rolling out the same health policies in fragile contexts will present very different challenges. In areas of active conflict, access for health workers may be impeded, and efforts to slow or prevent disease transmission may be inhibited. Urban and rural contexts will require different approaches, and social distancing measures will be difficult to implement in overcrowded and densely populated areas such as slums and refugee camps. The lack of reliable access to water and sanitation facilities will also make regular hand washing challenging, compounded by rising prices of hand sanitiser and soap and their lack of availability in the market.

People who depend on daily income from informal economic activities may face a hard choice between adhering to social distancing measures and economic survival. Studies of previous disease outbreaks (SARS and Ebola) have suggested that poverty is an important factor in disease transmission.³ People in fragile contexts are unlikely to have access to the kind of social security or increased government support and stimulus packages that have attempted to soften the blow on household economies in many European countries for example, and coping mechanisms, which enable people to adapt at times of crisis, are already stretched and will be put under further pressure. For many, a contingency in times of crisis is usually found through social connections⁴, but access to this may be limited due to social distancing measures and also because other people and families will be under similar stress. The pandemic will also have implications for households and communities in countries which depend on remittances.

There is no 'one size fits all' approach to limiting the spread of the disease and protecting those most at risk. The success of public health measures depends on public compliance, which in turn depends on people having access to information they can understand from sources they trust. The latter presents another challenge in fragile contexts, where trust in governments and political leaders can be very low due to factors such as ongoing or historic internal armed conflict, marginalisation of certain groups, and corruption. Misinformation in social media, unreliable news sources and inaccurate health information have led to public mistrust, putting already marginalised and vulnerable groups at greater risk due to stigmatisation. Lack of trustworthy information and a plethora of fake news can stir up panic and discontent.

Those in positions of power may take advantage of the crisis and uncertainty to impose more draconian measures, which disproportionately target certain groups, limit civil society space and have negative consequences on human rights and freedom of speech. At the same time, the pandemic also has the potential to destabilise existing political structures, due to the escalation of negative public perceptions of the government response, for example. There is a risk that it will strain relationships between governments and citizens in areas where social contracts are already weak, as groups are forced to disobey policies or choose not to adhere to measures which they see as less of a priority than other critical areas of life, such as income-earning activities.

³ https://www.odi.org/sites/odi.org.uk/files/resource-documents/coronavirus_from_pandemics_to_poverty.pdf

⁴ <https://www.preventionweb.net/news/view/71078>

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Disproportionate economic effect on low-income countries

While it is clear that the economic consequences of the pandemic will be felt by every country, the economic shocks are expected to be felt most in fragile and least developed countries with increased levels of exposure and the least resilience⁵. Low-income countries will be affected in varying ways – with downturns in tourism and air transport, reductions in oil and commodity prices, and supply chain disruption⁶. Global foreign direct investment may be a sixth lower in 2020 than in 2019. The United Nations Development Programme (UNDP) estimates that income losses will reach \$220 billion in developing countries, and that half of all jobs in Africa could be lost⁷. A growing body of evidence shows that a sudden commodity drop or trade imbalance can intensify or prolong violence in a fragile context⁸. An economic downturn can incite people to resort to violence, while at the same time reducing government income and capacity to maintain security.

Economically, the damage to fragile states and emerging markets is likely to be deep, long-lasting and accompanied by political instability and even outbreaks of violence. The pandemic, which itself has illustrated the extent of global connectivity, offers opportunities for enhanced global cooperation and positive change after the crisis.

3. Implications for development operations in fragile and conflict-affected contexts

COVID-19 and its implications for fragile and conflict-affected contexts will have both immediate and long-term consequences for development operations financed by international financial institutions such as the EIB. These implications build on the contextual implications outlined above.

Direct and immediate implications

- **Logistical challenges:** The immediate impact on global supply chains and increased demands on restricted infrastructure will have repercussions for ongoing operations. It may result in a temporary halt to some operations, or limited or slower implementation of other activities.
- **Ways of working:** With travel restrictions and border closures, this will affect usual ways of working, meaning, for example, a greater dependency on remote management and working with local partners. This will have further ramifications for building and maintaining important relationships with local and national partners and authorities from a distance, which will rely to a greater extent on technology and remote communication.
- **Implications for local conflict dynamics:** As described above, COVID-19 will interact with existing local conflict in vastly different ways according to context, and in some cases will contribute towards catalysing new or recurring conflict.
- **How investments fit in with shifting national priorities:** As the immediate national and global priorities of each country dramatically shift to try to limit and slow the spread of the disease, operations financed by international financial institutions may be placed under increasing pressure to rapidly change or adapt to fit in with these changed priorities. In some cases, this may defer or detract from existing long-term objectives.

⁵ <https://www.odi.org/blogs/16764-economic-impact-coronavirus-five-lessons-and-challenges>

⁶ <https://www.odi.org/blogs/16764-economic-impact-coronavirus-five-lessons-and-challenges>

⁷ https://www.undp.org/content/undp/en/home/news-centre/news/2020/COVID19_Crisis_in_developing_countries_threatens_devastate_economies.html

⁸ https://chrisblattman.com/documents/research/2014_EconomicShocksConflict.AEJ-M.pdf

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Longer-term trends and challenges

- **Changing geopolitical dynamics:** The global landscape is being substantially altered by the pandemic, and this will have further ramifications for regional and domestic politics. This will have far-reaching consequences, affecting shared global priorities, multilateral institutions and the speed of the global recovery. Whether the overall approach is one of cooperation or self-interest will have ramifications for development operations worldwide.
- **Global economic trends:** While all countries will need some degree of assistance to recover from the effects of the pandemic, the poorest and most fragile countries will need the greatest degree of assistance. The state of the global economy will have implications for operations financed by international financial institutions, and may lead these institutions to rethink their priorities.
- **Social and economic development:** The pandemic is setting back social and economic development gains. Governments in wealthier countries may come under increasing pressure to prioritise domestic recovery, which may in turn impact the amount of support going to the poorest countries.
- **Power and inequality:** As resources become more scarce, competition for access to resources will become even more acute, and inequality may worsen. This may also have wider implications for job creation, livelihoods, who can access loans, and who benefits from resources. How operations financed by international financial institutions interact with these relationships may come under increasing pressure.
- **Human rights and civic space:** Operations financed by international financial institutions will take place on more challenging contexts with greater risks in relation to human rights, public participation and freedom of expression, which may have implications for ways of working, access, areas of focus, and how projects are able to function.
- **Attitudes towards multilateralism:** Despite the need for a globalised response, multilateral and international organisations are less popular than a decade ago. How multilateral organisations are perceived may have implications for the operations they finance.

Key opportunities for EIB-financed operations

- **A positive role for multilateral financing:** The immediate response to the pandemic calls for coordinated global action, and in the long term addressing the long-lasting consequences will require international solidarity, particularly in those countries which are worst affected. Multilateral institutions and development banks have a critical role to play, and have been called upon to further expand their response.⁹
- **New opportunities to address climate change and environmental sustainability:** COVID-19 has highlighted the close connection between environment, human well-being, and economy, as carbon emissions and pollution have fallen¹⁰ and emphasis has been drawn towards links between biodiversity loss and the potential for pandemics.¹¹ There are significant opportunities to seize the moment for change, and as the climate bank the EIB could help to play a significant role.¹²
- **Address inequality with pro-poor, conflict-sensitive approaches:** As attention is drawn towards the disproportionate direct and secondary impacts of the pandemic on the poorest and most vulnerable,

⁹ <https://www.odj.org/publications/16843-financing-coronavirus-response-sub-saharan-africa>

¹⁰ <https://www.bbc.com/future/article/20200326-covid-19-the-impact-of-coronavirus-on-the-environment>

¹¹ <https://www.theguardian.com/environment/2020/mar/18/tip-of-the-iceberg-is-our-destruction-of-nature-responsible-for-covid-19-aoe>

¹² <https://www.sei.org/events/webinar-the-geopolitics-of-covid-19-and-climate-change/>

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the EIB's response and its commitment to working in fragile contexts and least developed countries mean that it is well placed to assess where its investments can benefit wider societies.

- **Existing relationships and structures:** With many existing relationships and engagements across fragile and conflict-affected situations, the EIB can leverage this experience to quickly respond and adapt to the changing context.
- **Integrate COVID-19 response with peacebuilding and development approaches:** An integrated response can both enable COVID-19 responses to be more effective by building on trusted networks and platforms, while also enabling valuable peacebuilding and development work which addresses underlying issues at the core of long-term fragility, poverty and conflict.

4. Key advice for conflict sensitivity

Conflict sensitivity refers to an explicit awareness of the operational, institutional and contextual risks related to violent conflict. It is about flagging and understanding these risks, and, in turn, mitigating them in EIB investments through suitable project design and implementation measures.

In times of crisis and extreme change when there is immense pressure to respond and adapt rapidly, conflict sensitivity is even more relevant. The need for analysis to understand how COVID-19 may affect each country and its conflict dynamics will be essential for informing decisions and ensuring that they do not inadvertently worsen the likelihood of conflict or rising tensions – both in the immediate and longer term. Here are key areas of action to help ensure a conflict-sensitive approach:

- **Ensure analysis is up to date and keep revising it:** The EIB stands ready to support its promoters in conducting an up-to-date contextual analysis that will enable projects and investments to be informed by how the effects of COVID-19 are impacting the specific context of the operation. This analysis can be revised on a regular basis, and flexibility should be built into plans to ensure that they are responsive to the change context.
- **Pay attention to relationships and power dynamics:** As competition for resources becomes heightened and national economies are squeezed, inequality is likely to increase, which may increase the likelihood of social tensions and change how planned operations are perceived. These factors should be carefully considered in decision-making and project design.
- **Consider investments that contribute to conflict prevention and stability** by targeting the most vulnerable and exposed segments of the workforce and local population, whilst looking for opportunities to promote and support social inclusion, and by building the resilience of business and projects to sustain such future shocks, and do so in an inclusive manner that avoids disproportionate impacts on more vulnerable segments of a population (for detailed advice see [Annex 3](#)).
- **Ensure public participation to provide up-to-date information, ownership and buy-in:** Public consultations and community-based guidance can help to ensure that both existing operations and new or adapted operations are informed by how COVID-19 is affecting the local context (for detailed advice see [Annex 4](#)). This will help to mitigate the risk of causing tensions with or between key stakeholders. It will also help projects to build on and complement existing relevant structures and projects.
- **Technical approaches should be adapted to fit the context:** Technical approaches can backfire if not tailored to changes in the context. What works in one context may not work in another, and so both the direct implementation of operations and the processes, which contribute to decision-making, should build on analysis, insights from local and national stakeholders, and experience of the context.

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- **Balance short and long-term objectives:** Pressure to respond very quickly to external priorities may result in difficult choices between addressing immediate priorities and resolving long-term issues. A process for balancing these perspectives should be established to facilitate prioritisation and decision-making, make the most of opportunities to build on existing initiatives, and address to the extent possible both short and long-term objectives at the same time.
- **Monitor risks of new ways of working:** New and adapted ways of working may bring new risks and require additional attention to monitor how such approaches may interact with the context and with fragility dynamics.

Overall, EIB operations should be tailored to each context and be flexible enough to adapt to context changes – this will both ensure that the chances of causing harm with regard to conflict and social dynamics are minimised, and also ensure that they are able to most effectively achieve their objectives.

5. Other key guidance and sources of information

- [World Health Organization – Country and technical guidance on COVID-19](#)
- [The World Bank’s Strategy for Fragility, Conflict and Violence](#)
- [Overseas Development Institute – Resources examining the vulnerability of countries to the coronavirus outbreak, the economic impacts, and policy responses \(including specific country analyses\)](#)
- [Conflict Sensitivity Consortium – How to guide to conflict sensitivity](#)
- [London School of Hygiene and Tropical Medicine – Free online course on COVID-19](#)
- [Human Rights Watch – COVID-19 human rights checklist](#)
- [Political Settlements Research Programme – Conflict and COVID-19 resources](#)

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